



Nippon Shikizai Enjoying the best of Japan and France

What does a traditional French town with its cows and stone-built houses have in common with a modern Japanese university town? You would be forgiven for thinking “not a lot”. However, for cosmetics and pharmacy specialist Nippon Shikizai, the link could not be more obvious. This international Japanese group has a cosmetics production foothold in both. Mortagne-au-Perche on the one side. Tsukuba on the other. Separated by 9,781 kilometers, several continents and two cultures. United by innovation.

OTC production

Nippon Shikizai has big ambitions. Its production center in the north-east of Tokyo continues to grow. Implanted on the outskirts of the university town of Tsukuba, the company enjoys the modernized Japanese public transport that links the town to the capital in record time. But this also means that the province’s inhabitants can access the capital and its opportunities more easily. To retain its staff and attract new expertise, Nippon Shikizai is left with no choice. It has to be at the cutting edge and foster a desire to join its workforce. In this respect, the Tsukuba plant is a model of its kind. That its premises are clean and welcoming goes without saying. The factory is OTC and cGMP qualified as well as ISO 22716 certified, so respecting hygiene is not an option. “*This ISO certification is essential for working with France, but not for Japan*”, announces Junichi Koizumi, General Manager of the Tsukuba plant. In a very wooded and perfectly maintained environment, nearly 200 employees work in a space measuring almost 35,000 m², including 11,000 m² of buildings. It was in June 2012 that the group acquired the site for building its factory. There, everything is organized for effective production, to serve the client. “*We are very attentive to how factory space is used*”, specifies the General Manager. Here employees are responsible for filling and packaging activities in clean rooms with a controlled atmosphere, essential for OTC production, and fully modulable. Over several levels, a suc-



Junichi Koizumi and its staff at Tsukuba factory.

cession of rooms requiring only a few employees on each line thanks to the robotization and automation that facilitate the work of the operators. For example, to fill a box, just place it on the workstation and it will open automatically. Cameras then inspect the centering of the labels. However, human operators remain. “*Not everything can be automated. Visual inspection is very important. It guarantees a good surface condition, essential for the reputation of Japanese quality*”, it is explained in the factory. In another room, the group is very proud to present a unique filling process for lip-product sticks. “*We use hot-pouring, enthuse Junichi Koizumi and his operations director. As the bullet is beveled, the tube needs to be tilted then cooled and retracted for it not to stick to the walls. Otherwise we have to apply an oil to unstick it. It is a rare process that we use often.*”

Modularity and reactivity

In the corridors, other modules await ready for use in a subsequent operation. Almost

like a construction game. A parts store (conveyor belts, pickers, control stations, etc.) is available for building the best line – that which will make it possible to perform the various operations required by the client. And this line differs among clean rooms and can, of course, be modified even within the same room. Here everything is modulable. “*As an OEM manufacturer on behalf of our clients, we work on various products. Sometimes, the production changes daily. It does happen that we prepare a room for 7 to 8 hours’ work, the time needed to prepare 25,000 mascaras, for example*”, mentions Junichi Koizumi.

The group is planning its third site extension in September 2019 with the construction of a new building to increase the production lines. “*We are preparing for a marked growth in our production capacity linked to a strong increase in our objectives. We expect to raise our factory workforce from 189 to 300 and then to 500. But that will pose real recruitment problems. We are even envisaging a variation in the forms of employment so that we can welcome the right staff*”, states Junichi Koizumi. But increasing production capacity is not everything – as part of a group approach, production also needs to be ensured in the event of any issues. For that, the group has implemented a business continuity plan and can count on its other OTC production center (Zama), the biggest in the group, next to Tokyo...

The group’s teams accept the challenges of innovation posed by its clients. Although



COSMETICS MADE IN JAPAN



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marketing the product is the role of the end client, Nippon Shikizai can suggest new developments or show its R&D capacities. *“Our asset is formulation and the technology used to develop formulation, adds Chitose Oba, from the International Marketing Department. We are capable of formulating, manufacturing and packaging innovative products such as spiral creams, bi-phase products that combine hydration and coverage, all in a large tube that we are capable of packaging. We have also developed a transparent lipstick requiring a complicated formulation and for which we have installed a fully automated filling line. Concerning textures, we are proud of our ultra-high SPF sun products that remain comfortable to apply.”*

Nippon Shikizai, this Japanese group with its foothold on two continents, can also enjoy the best of both. For example, a profitable segment in Asia which is still forbidden elsewhere is that of quasi-drugs. *“Yes, we are looking to grow in this segment”*, acknowledges Junichi Koizumi. And should the European regulations authorize these products that go beyond cosmetics, then the group will be ready! R&D is for the

most part steered by Japan when it comes to makeup, while the French factories specialize more in the development of innovative skincare formulas and textures (see boxed text). But is the Nippon Shikizai

output “Made in France” or “Made in Japan”? *“It depends on customer demand. We can do both!”* What more could you want? ●

Nicolas Gosse

Nippon Shikizai in brief



Founded in 1930, the company Nippon Shikizai counts just over 600 employees for five production centers. Three are located in Japan (Zama, Suita, Tsukuba) and the remaining two in France (Thépenier Pharma & Cosmetics in Mortagne-au-Perche, Nippon Shikizai France in Orléans, itself subsidiary of Thépenier Pharma & Cosmetics). The group presents itself as a global player, an OEM and ODM serving the biggest cosmetics brands and its 200 clients. It produces more than 80 million items, 100 tons of bulk. Half of its production is focused on skin and lip products. The group generated sales of around €100 million, €20 million of which in France.

The group dedicates 85% of its production to makeup and 15% to pharmacy. In France, the proportions are inverted, with 60% of its production in pharmacy and the rest in cosmetics.

Thépenier Pharma & Cosmetics was established in 1973. It produces cosmetic and pharmaceutical products, essentially for the European market. It



“We are capable of formulating, manufacturing and packaging innovative products such as spiral creams”.

achieved sales of around €17 million. With the annual organic growth of the sector being 1 - 2%, this site achieves 40%.

Nippon Shikizai France is the new name of Orléans Cosmetics founded in 2013, specialized in makeup and generating annual sales of around €2.5 million.

R&D: the DNA of the company



The world of cosmetics is dedicated to the expression of beauty and is continually evolving, as it collects science and technology from a lot of different related fields. Nippon Shikizai has apprehended cosmetic creativity and innovation from all different angles, including skin physiology, the science of colors and color materials,

interface science, and microbiology. To these know-how the company has recently added the new scientific theories of nanotechnology and anti-aging, and it is fair to say that its skills and business belongs to the chemical synthesis industry.

The reason why the company is able to set itself out of the competition in

the harsh world of leading-edge science is because Nippon Shikizai has always devoted unsparing efforts to R&D. Since its founding, the company has managed to be recognized as a leading global OEM. What it strives to achieve as a partner to cosmetic brands is the “essence of beauty”. That is exactly to this end that Nippon

Shikizai conducts pure R&D through constant innovation. The formulas resulting from these R&D endeavors are widely recognized as extremely refined and high-end, which gives Nippon Shikizai a comparative advantage, that arouses interest from brands from all over the world.



Three questions for... Tsuyoshi Hasuo and Bertrand Lasserre⁽¹⁾



Tsuyoshi Hasuo (on the left) is the Chairman of Thépenier Pharma & Cosmetics and Bertrand Lasserre is the CEO, subsidiary of Nippon Shikizai.

Thépenier Pharma & Cosmetics has wanted to change image since your arrival and is currently positioned as a global player. Do you have any results to share with us?

Bertrand Lasserre: At the beginning of 2013, Tsuyoshi Hasuo and I took the helm of a company in great difficulty. After a diagnostic period of one year, we set up a recovery plan in agreement with the group. This involved revitalizing activity through major and ongoing investment. We were able to catch up technologically and formalize the working methods. We got markedly closer to the critical size needed to restore competitiveness to this production unit. Five years later, the indicators are favorable: productivity has more than doubled, turnover has multiplied by two and I am only talking about organic growth. The logical consequence is that profitability is restored in a sustainable manner. The level of non-quality has fallen to a historically low rate of below 1%. We are reinvesting around 10% of our turnover in R&D, in modernizing our equipment and information systems, etc. We are preparing our production facilities for the reality of Industry 4.0. The culture of the group to not draw dividends during the recovery phase has really helped us. We have also conducted the acquisition of Orléans Cosmetics, which has recently become Nippon Shikizai France, to facilitate the transposition of the know-how of our parent company. We have also prioritized external growth to add cosmetics to our legacy businesses of pharmacy, skincare and hygiene.

Finally, like any company based in areas remote from business centers, we are experiencing recruitment difficulties. To encourage staff loyalty, we have established a responsible and proactive social policy which includes, for example, an advantageous profit-sharing agreement, the desire to narrow the gap

between the lowest and highest salaries, the promotion of women to positions of responsibility and significant investment to ensure staff safety.

With this Franco-Japanese duality, how do you see the cosmetics market?

Tsuyoshi Hasuo: Japan is a very demanding and specific market. Consumers are constantly demanding new products and product ranges are markedly bigger than elsewhere in the world. In such a mature and structured market, competition is very strong. If we do not launch new products, if we do not prepare for the future, we lose market share very quickly. We need to continually expand our range. Nippon Shikizai R&D is working on this and ensuring that its 60 researchers innovate at an extremely rapid pace. While Japan produces essentially for the domestic market (70%), the situation is reversed in France. Clients can choose to manufacture independently their products in France or in Japan, often according to geographical or technical characteristics. For example, hot-pouring will be done better in Japan. In skincare and hygiene, there is no alternative. Innovation and production are French. But ultimately our desire is to be able to satisfy all client needs in Europe as in Asia. The acquisition of Orléans Cosmetics was also based on this logic. Other external growth operations are not ruled out.

Bertrand Lasserre: In the cosmetics sector, there is no doubt that most of the innovations come from Japan and South Korea. This innovation may be linked to a skin type, a local and ancestral culture or the maturity of the population, an extremely important subject in Japan. For us, it is a huge advantage to have direct access to this innovation and to take inspiration from

it when creating skincare and hygiene products. We want to be the first to propose these Japanese innovations to our European clients. We are blurring the time lag. However, we first need to transpose the Japanese basics to European particularities, from the regulatory or ingredient selection viewpoints, which is not always evident. At present, we are working more specifically on smart cosmetics to offer multiuse cosmetics that adapt to the skin, climate and environment but also hybrid products – the synthesis of our Japanese and French know-how – in makeup, skincare, hygiene and many other subjects that our clients will discover at the upcoming trade fairs which we will be attending.

What is the future of cosmetics?

Bertrand Lasserre: The current era is one in which cosmetics must be natural, clean and sustainable. The new generation of consumers is very sensitive to this. As such, cosmetics must impact the environment as little as possible. But what is more, we are convinced that the cosmetics industry is entering an era in which it will belong totally to the health sector. This means the increasing requirement to scientifically prove the effects of its products. Marketing can no longer embellish the reality of what the formulas offer. It will no longer be sufficient to demonstrate the absence of harmful effects on health. We must be able to demonstrate a beneficial effect on the skin or the body, that is to say the efficacy of the product. It is with this in mind that our R&D is working.

Tsuyoshi Hasuo: We need to remain innovative. In Japan, we are working as a group to exceed the usual frontiers of individual creativity. Innovation and the future are not just reflected in the production standards themselves but also in the finished products. In the Asian countries, what simplifies innovation is the average consumer basket price. A client is prepared to pay a lot more for her product than in Europe, making it a lot easier to incorporate more innovatio.

However, we need to keep a close eye on what is happening in China. The future is over there. The resources it has to innovate are colossal! It is a fantastic market in which the price will no longer be a discriminating factor.

⁽¹⁾ Tsuyoshi Hasuo is the Chairman and Bertrand Lasserre is the CEO of Thépenier Pharma & Cosmetics, subsidiary of Nippon Shikizai.