

### 3-4 Interview with Senior Executive Officer in charge of Domestic Sales for Medical Business

As a leading guide wire company based on our unique sales structure, we strategically develop the global market.



**Yuichi Iizuka**

Senior Executive Officer  
Asahi Intecc Co., Ltd.

#### We expand the global share by switching to direct sales

- Previously, our Group sold products through distributors in all regions, but the proportion of direct sales has gradually increased globally, and currently they account for 50% of our medical business. Japan was the first country in which we switched distributor sales to direct sales. Senior Executive Officer Iizuka joined our company to launch direct sales in Japan and you surely established the first direct sales channel of our company. Could you tell me more about why you joined the company and your background?

**Iizuka:** Previously, I worked for a foreign company selling medical equipment in Japan and handled medical equipment for cardiovascular diseases in general. Foreign-based companies are often subject to M&As, and on each such occasion their products and corporate policies change. This made it extremely difficult for me to do business while having sufficient talks with doctors on the clinical frontline, and I felt the difficulties in doing activities rooted in the medical frontline. At that time, I was approached by Asahi Intecc to start direct sales. Since I had been dealing with Asahi Intecc's products for nearly 30 years since my previous job, I

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was familiar with them, and so I decided to join the company immediately because I wanted to work from the standpoint of the manufacturer.

- When we switched to direct sales, our market share was around 55%, but it is now over 80%. Many said that it would be difficult for us to sell products directly because we are a manufacturer, but after switching, we were able to keep increasing our market share without ever decreasing it. I think in this process there were various difficulties at the frontlines of sales. Could you tell me if there are any memorable episodes or things you have been conscious of?

**lizuka:** Immediately after the launch, the number of products we handled was limited. There were six people in charge of sales and our sales amount for the year before the launch started at about 100 million yen. After that, we began to handle the second major line of products such as penetrating catheters, and by handling the products necessary for CTO\*<sup>1</sup> procedures, we gained recognition for our direct sales. Five years after the sales company was established, Masahiko Miyata, who was the president at that time, decided to start direct sales of PCI guidewires and asked me to prepare for it. Then what I did first was to change the company's name. We thought it would be better to call ourselves Asahi Intecc if we were to sell its core products, so we changed our name to Asahi Intecc J-sales. At the time, the revenue of the whole company was around 15 billion yen and sales of guidewire products in Japan were around 3 billion yen, so I felt a great sense of tension. After that, as we are a sales company

directly under a manufacturer, sales staff need to be trained so that they have enough product knowledge to talk about product features and benefits. So the product marketing department of the Headquarters trained them for two years. At first, they received detailed training on PCI guidewires for CTO and then received explanations on materials, structures, and features of each product lineup to deepen their knowledge. I was originally in charge of sales in the cardiovascular field, so I had some knowledge about clinical practice and autopsy, but I think I was able to use this opportunity to deepen my understanding of the products.

\*<sup>1</sup> CTO (chronic total occlusion): It means a lesion in which the blood vessels are completely blocked and left untreated for a long time. Among catheter treatment cases, it has been considered especially difficult to treat.

- It was very tough work and a burden to supply products to over 1,000 facilities across the country, and I think that was the biggest challenge at that time. How did you deal with that?

**lizuka:** We made preparations to deliver products to customers in a stable and speedy manner by improving the supply chain and logistics, moving to new warehouses, and improving ordering and receiving operations. At that time, we had only about 10 sales staff, but we realized that we needed at least about 30 sales staff to cover the entire country. We also realized that we needed the operation to set up a base covering all areas in Japan, and to expand our back offices, and we worked on these measures



while discussing them. I thought we couldn't achieve the purpose of the launch if the market share went down, though we became a direct sales company of the manufacturer. At that time, we had already gained an overwhelming share of the market for PCI guidewires for CTOs, so the key point was how to expand our market share of workhorse\*<sup>2</sup> guidewires. I believe that we were able to increase our market share by promoting sales activities unique to a technological manufacturer, under the slogan of "conveying the passion of the manufacturer," and by firmly appealing to doctors with the improved performance that comes from incorporating our company's technology.

\*<sup>2</sup> Workhorse: Guidewires used for general disease cases

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#### We realize multi-selling to maximize our company's strengths

- I hear that doctors would rather talk to engineers than sales people, but judging from what you said, I think the strength of our company sales people is that they can talk about technology. A high percentage of salespeople are mid-career employees, and many of them moved from other companies in the same industry, but I think they had few opportunities to talk about technology in their previous jobs. Tell me how they have been trained.

**lizuka:** It was probably a new realization for doctors to learn that the performance of a product that was recognized in the market could also lead to clinical benefits. I heard that when Asahi Intecc entered the PCI guidewire market, American products almost dominated the market and it was difficult to gain market share at first. The reason we were able to increase our market share after the launch of Miracle, a PCI guidewire for CTOs, in 1995 was mainly because doctors recognized there was a right product for treatment while they had compromised and given up on the quality and operability of conventional PCI guidewires until then.

- Our company is currently promoting a strategy to expand our guidewire business beyond the cardiovascular field to peripheral, neurovascular, abdominal, and even gastrointestinal fields. In Japan, we are already gaining a high share in these new fields. In the cardiovascular field, we have come to understand the

needs of KOL (Key Opinion Leader) doctors in Japan and have commercialized the products through joint development. Also, we place importance on product performance and have worked together with doctors to improve the quality of cardiovascular treatment, including on-site education on the use of wires. I think this led to maintaining a high market share. Is there a similar trend in the fields we are going to expand? In the past, it was common understanding in the industry that there were dedicated sales representatives in each field, but in the process of expanding the field, you are now moving forward with a multi-sales system of sales representatives who can cover all fields. Tell me how you have been transforming it?

**lizuka:** I think that our company's passion for improving the performance of guidewires and our eagerness to make better products are rooted in each product. For example, in the cardiovascular and peripheral vascular fields, we have developed our products upon understanding the required performance. As our sales representatives who understand and believe that our products offer high performance explain it to doctors, I feel that they will be able to understand the features of our guidewires. Our competitors tend to adopt a divisional system, but because our company is a technology seller, each sales representative has the skills to properly explain the features and performance of guidewires that are appropriate to specific lesions and disease conditions in any clinical department. They may need to acquire a high level of knowledge, but in terms of helping customers understand our products,



I think multi-selling is the best way to maximize our company's strengths. As for access devices, for example, in order to sell the same group of products in all departments, I think that we can build a sense of trust when sales representatives promote our company's technology. It is important for each sales staff to acquire knowledge about various clinical departments in order to develop future products. As for guidewires, I think they are common to all fields. I think the fact that we currently hold the top market share proves the reliability of our product performance.

- Currently, we are gradually switching to direct sales overseas, too, and expanding our sales staff, but I feel that having sales representatives understand the technology and sell the products is common around



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enhance the way we approach it.

- I believe that it is the assets of our company that you have established a system to nurture our company's most important human resources and to raise the value of the company. In the medical device industry, there is a tendency that sales representatives are paid relatively high compensation and easily move to other companies. However, many of our sales representatives have worked for the company for a relatively long time, and the ES survey shows that they are highly satisfied. What is the

secret behind our success in realizing a structure and operations that differ from the industry trends?

**lizuka:** As an R&D-oriented company, we, Asahi Intecc, would like to be committed to contributing to medical care spotlighting our products. Salespeople should be evaluated based on how helpful they are rather than how much they sell. I would like to value the manner in which qualitative aspects lead to high evaluations. Those who want to be evaluated by sales amount will be successful as sales representatives in different industries. I think it's very important to secure human resources who have a sense of fulfillment or accomplishment by contributing to health care, who prefer to engage in a job that benefits

others with a sense of altruism. As a result, they can talk to doctors with a great sense of security and confidence in our product capabilities. I think that kind of satisfaction makes our staff stay longer at the company. The profit structure of the industry changes owing to revised reimbursement prices. And when considering how to invest resulting profits, we need to change the quality of our investments in people. To this end, we balance satisfaction and reward. Recently, we have started hiring new graduates and young people with no experience. Industry practices and structures also need to change in response to changes in society, and our company is beginning to address this.

- You mean the purpose of the organization is gradually penetrated and understood throughout the group companies?

**lizuka:** It is important to clearly present what we will be working for. I think top management is required to constantly communicate what this company is for and what kind of company it wants to be, so that employees' can adjust and correct their work goals little by little.

### Supply chain management changing the industry practices

- In domestic sales, we have adopted a vender managed inventory (VMI) system, which is a unique scheme in which we keep an inventory of our products at clinics or hospitals so that doctors can use them

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whenever necessary and the products used by doctors become our sales. As our products are subject to expiration of sterilization, the management of inventory and distribution is complicated, and operational management is important to avoid write-downs. What improvements have you made so far to make such process more rational and appropriate?

**lizuka:** As I have worked in sales and marketing functions for a long time, I did not place importance on inventory management, and I had thought that the products with the expiration of sterilization was a necessary promotion cost. However, when I reported a large amount of obsolete products at a meeting, the founder Miyata got angry and yelled at me, saying “You threw away the products we worked so hard on without even opening the seal!” I still remember the shock I felt at that time. I learned firsthand the essence of a manufacturing company. After that, we launched an in-house project to improve on-site capabilities and began working to reduce obsolete products due to expiration of sterilization. We have been working on this problem as a priority issue for more than ten years, and the number of these obsolete products and relevant loss have been less than that time. The system jointly established by the operation group and the sales division has been effective, which allows us to check the consigned inventory on a periodic basis and to relocate facilities to which we place our inventory efficiently. I believe this is a testament to our company's ability to play a role as a sales company under a manufacturing company. Considerable parts of the medical device industry are an-



alog, so I think there are many issues in supply chain management. Going forward, we would like to further advance digitalization and build an industry standard model to become a company that can lead DX in the medical device industry.

#### **We will strengthen the aspect of a sales organization selling technology to cultivate new markets**

- Our company will also sell medical robots such as ANSUR. Please tell me how to promote robot sales.

**lizuka:** This was our first entry into the field of surgery, and it was an entirely new endeavor, in part because it required a budget approval from hospitals for non-consumable products. As in past sales transfers, we needed to hire staff who can serve as a pilot with experience and connections in the relevant field.

Furthermore, in order to ensure the safe use and dissemination of the robots, it is necessary to carry out procedures associated with its introduction, such as conducting prior training for medical professionals and attending surgeries in accordance with rules, so we have formed a team of clinical specialists separate from the sales department. In addition, since surgical societies are organized by organ, we need to coordinate with each society regarding regulations for the qualification of robotic surgery. Therefore, as the ability to work with doctors in important positions such as key persons at academic conferences was necessary, we faced a very high hurdle to lead the surgical business. Currently, our robots are being used for operations for colon, gallbladder, and appendix. We will promote this business in consultation with doctors so that they will use the robots in gynecology and hernia fields. As surgical support robots are attracting attention for their potential to contribute to the Work Style Reform for Doctors introduced in 2024, I would like to carefully promote them to become the next pillar of our company.

- Based on what you've said so far, I think there's a culture ingrained in our company where if there's a need, employees should go beyond their scope without sticking to their area or role. Taking advantage of these strengths, you are now focusing on promoting direct sales from Japan to Asia, especially Korea. Are there any differences in the way you conduct business in each country or region?

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**lizuka:** Our philosophy of contributing to medical care is universal in all countries and regions. There is no difference in terms of strengthening the aspect of a sales organization that sells technology, but I have the impression that it will take time to gain understanding. In Japan, we have been consistently communicating what we should be and our ideal vision to our employees since we first hired them. We teach and succeed the way of thinking and behavior to them through meetings and accompanying sales activities. This kind of corporate climate cannot be generated overnight. Therefore, we place importance on motivating employees and conveying our company's values to them. In addition, there are differences in business practices and values, so we try to quantify and explain the need

so that our people understand it. First of all, I try to actively accept the culture and customs of their country and region in order to build a relationship of trust and an environment where people can listen to me. In Korea especially, I think there are many opportunities to communicate over meals. The food is delicious and there are many friendly people, which is helpful. In Korea, as for Seoul, our company sales representatives sell directly to hospitals. With regard to regional areas, we are building a hybrid organization that covers the whole country while using distributors to conduct sales activities together. However, we will keep the Asahi-ism for our sales style and promote technology with our products as the main focus.

People are becoming familiar with our approach and finally showing a certain level of understanding. As part of our efforts to develop sales representatives, we have been working to communicate in what situations our products are useful and how to use them through role-playing with the setting of the background of doctors and treatments, and to gain common knowledge. As a result, we feel that our know-how to sell clinically useful and needed products has taken root. In local areas, as we are selling mainly through distributors, we need to exchange opinions on inventory management with them. It is becoming common knowledge at our Korean branch that inventory management is very important not only for direct sales but also for sales through distributors and agents.

- Our company is currently positioning the enhancement of non-cardiovascular areas as one of our major strategies in overseas markets, particularly in the peripheral and neurovascular areas in the United States. Direct selling and the expansion of the therapeutic fields means that you will aim to realize the current trend in Japan overseas. What are your thoughts on this?

**lizuka:** We need to consider what kind of coverage we plan depending on the country and the number of hospitals. There may be a hybrid type like Korea, and depending on a clinical department, we can think of using a distributor or agency. We need to build a sales organization that focuses on products and increases coverage. We also need to instill in our distributors the awareness that we are a company that sells technology by focusing on products, even if it is direct sales. For example, if we can obtain a high share in the cardiovascular field, we can expect a high share in the peripheral field as well, and I think the same is true for areas other than the neurovascular field. I believe the key is to build a sales structure and an organization that takes advantage of our company's strengths.

- So in that sense, we still need to expand our product lineup, don't we?

**lizuka:** Our company is developing new product lines by repurposing our proprietary technologies, introducing technologies we don't have, and improving the performance of existing products. In enhancing our



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product portfolio, I think that we will be able to develop better products than those of other companies, improve products that were initially inferior in performance to better ones, and develop products that doctors want. I also believe that we can continue to rotate the cycle of informing our headquarters of the opinions of doctors we have heard at medical frontlines. When our company's value is proven in this way, we, those who are working on-site, can work with confidence in our company's technology. I feel that we are proud that our domestic sales representatives who have worked for us for a long time meet the expectations of doctors and contribute to medical care.

- I think there can be disagreements between marketing and sales departments and development departments because they have different roles, objectives, and expectations. What about cross-sectional relations among departments in our company?

**lizuka:** At present, there is still room for improvement, and we would like to promote the creation of an environment where development staff can have more contact with medical frontlines. Since the development work is diverse, it is necessary to increase opportunities to directly observe the procedures in the medical field and to ask doctors' opinions on the products. In order for our company to develop better products, it needs to make doctors want us to listen to their requests. It is the responsibility of sales representatives to lay the groundwork for that. And, we would like to

build a cycle in each clinical department in which development staff make better products based on the opinions brought by sales staff. On the sales side, we are increasing the number of clinical departments for which our development staff will accompany the sales visit and the frequency of such visits in order to build a sense of trust in clinical departments in which we have newly entered. In this way, we would like to expand our resources to make better products in the future.

#### We connect the power of individuals to the power of organizations

- Given the growing importance of human capital, it is imperative that our group moves ahead with the transfer of authority and strengthens its organizational structure. What are your thoughts on nurturing the next generation and strengthening the organization?

**lizuka:** The issue of nurturing the next generation has been discussed for a long time, partly because what is required is changing owing to the historical background and changes in the environment. In order to create an environment in which young people can work comfortably and play an active role, it may be necessary to make flexible organizational changes and revise the direction. What I've been trying to do was to give the person who is going to be my successor a book that will help him or her understand the nec-



essary knowledge and know-how, to convey what I had experienced, and to make the successor actually experience my work. I will express my expectation to employees who can be the core of the company so that they will aim for important roles and positions. I believe that when they understand the gaps between expectations and their actual situation, they are motivated to make efforts. Once we have accumulated a certain amount of experience, we don't feel difficulties in doing daily tasks, and the job becomes routine, which can slow down the speed of our growth, but I have experienced many times that I can accelerate my growing speed by setting goals and expectations. I feel that raising awareness of meeting expectations will lead to strengthening organizational capabilities. At the same time as enhancing individual capabilities,

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we believe that the synergistic effect of multiplication of capabilities is important for maximizing business performance. Therefore, we have started to make the concept of the development of human resources with abilities to think for themselves and the strengthening of cooperative organizations, which was mentioned in our last Integrated Report, more concrete and have examined how organizational communication should be to increase employee engagement. Companies don't get better on their own. I feel that we can strengthen our organization little by little if each of the employees thinks proactively about what we should do, speaks up, and continues to act without giving up. In that sense, rather than dictating the corporate purpose and importance for existence, it is better for the management to increase opportunities to interact with employees and subordinates so that they will be always conscious of the purpose, etc., which may lead to both human resource development and organizational strengthening.

#### Toward further enhancing our corporate value

- The other day, the president was replaced on short notice. External people often ask me about how this replacement of the company president will affect the value or advantage of our top sales scheme developed based on the relationship between Mr. Miyata, the former president, and top doctors, and who will assume such role in the future. They also ask about risks and losses. Please tell me the situation regarding those aspects.

**Iizuka:** It has not been long since the replacement, so I think there are quite a few items that need to be considered. Our company's corporate value has steadily increased thanks to the current chairman's top-level diplomacy. He has devoted his time to sales activities while traveling around the world and leading our company. Watching him doing this for long time, we have learned a great deal from him. The chairman's thoughts and efforts are well known not only to employees in Japan but

also to employees at overseas bases. It's time for us to do what he has taught us. At the same time, the new president has supported our company's strength as a manufacturing company, the company's starting point of "monozukuri (manufacturing)". I am confident that we will be able to make further strides in the future based on a stable foundation for creating better products and the trust that the chairman has built up in his global sales operations. I believe that the establishment of a new





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corporate style by our executives will further enhance the growth of our mid-level employees who are currently active in their respective fields and enhance our corporate value. I feel that we are now at a transition point where technological progress and succession, as well as the growth of our human resources and organization, will take place at a high level so that our company can exist for a long time.

- What do you think the management issues and business risks for further growth of our company are?

**lizuka:** At present, our strength lies in our small but elite team. But as the company is growing at a rapid pace and the scale of the company is becoming larger, I think there will be a risk that the allocation of personnel and the change of organizational structure will follow behind and that the organization will become more complex. It will become even more important for us as an organization to raise the level of our expertise. I would also like to promote the building of an organization under our jurisdiction with a concrete image of what kind of organizational structure we need in the future and what kind of skill set our employees will have to lead the organization. We will also need to take unprecedented measures to verify product performance and quality when entering new clinical departments. Our successful model is to work with KOL doctors to gather clinical needs and realize specific product performance requirements. In new fields, it is increasingly necessary to expand the

channels of feedback. It is also necessary to build supply chains and complex business processes that are not existing business models. Based on the knowledge and experience we have gained so far, we will continue to develop environments for new medical contributions.

- The key challenge is to systematically strengthen the middle-level employees, isn't it?

**lizuka:** Our scale is no longer small enough to cover everything. Even in Japan, when we are in the process of moving from an organization having 100 employees and 15 billion yen in sales to that with 100 billion yen in sales, nobody can see everything from start to finish. If we express what we will do, determine the roles of each division, and incorporate them into our operations, I think the synergistic effect will add value to the company. And the level of growth and evolution and collaboration of each department will be more important than ever.

#### About the future

- Finally, based on your experience and our company's strengths, what are your aspirations for the future?

**lizuka:** I believe that one of our company's strengths is its sales system, which is close to clinical frontlines. Since the use and combination of access devices affect the results, it is necessary to thoroughly understand the features of each product. I believe that our sales structure is excellent in that we have built a

strong relationship of trust with doctors through the opportunity to exchange specific opinions with them on a case-by-case basis. Based on the strength of our sales structure that we have built to date, I would like to strengthen our global sales capabilities by utilizing my knowledge and experience as a manager of a domestic sales company. As a leading guidewire company, we aim to capture the world's top share of guidewires in every field. I would also be very happy if we could provide innovative therapeutic devices by accumulating our company's technologies. I would like to further increase the value of our company by the synergy effect of the development and marketing departments that never give up on creating better products, and the sales department that can convey our good points to customers.

〈Interviewer: Mizuho Ito, Director, CFO, Asahi Intecc Co., Ltd.〉