More Than Routine Performance

Saburo Sugiyama’s Impact on His Country’s Construction Industry
Is Such That Even Japanese Emperor Hirohito Has Honored Him

Not just for routine performance in the interests of his country and industry did Emperor Hirohito of Japan personally extend to him Japan’s highest civilian accolade as a plastering contractor—the Third Order of the Sacred Treasure.

When he stood at ceremonies earlier this year in Japan’s Imperial Palace and had the great medal placed around his neck, ninth generation plasterer Saburo Sugiyama had reached another plateau in an illustrious career that has carried him from residential plasterer to industry giant.

Born in Tokyo’s famed Ginza section where his family had lived for 250 years, the 71-year-old Sugiyama’s award served as recognition that he has been a major architect in building and re-building Japan—and has left an indelible stamp on his country’s construction industry. As chief executive officer of Sugiyama Construction Company, with a volume of more than $20 million a year, and the Sugiyama Plastering Company, with a volume of more than $46 million a year, he is a force to be reckoned with in Japan’s construction industry.

A long time member of AWCI, he joined the international association in 1954 when R. Floyd Jennings, Sr. was president. Since then—because he believes strongly that international cooperation and technology exchange is vital—he has been a frequent visitor to the U.S. and, especially, to international conventions.

As president of the Japan Plasterers Association for more than three decades, he has steered his own industry carefully toward an expanded and improved status. Recently, to compensate for an expected slow return to construction activity, he has organized a Fire Protection Association while working to expand the modernization and remodeling market throughout Japan.

Little wonder then that AWCI, recognizing the many contributions that he has made to international relations, voted last year to extend a lifetime membership to Sugiyama. Or that contractors from all over Japan came to Tokyo in May to help their association president celebrate the award he had received from the emperor.

As a 13-year-old, Saburo Yabe went to work for his plasterer father, along with three of the Yabe brothers. After working for his father for 10 years, he worked for other plastering contractors and, at age 25, married Tsuru Sugiyama, the mother of his two sons and two daughters.

Following ancient Japanese tradition, when a son-in-law marries into a family without a son, Saburo assumed the name of Sugiyama upon his adoption by the family. He also became the president of the Sugiyama Plastering Company, a change that...
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did not involve putting down his trowel. It was not until after World War II that the Sugiyama companies went into a huge growth program.

Today, Sugiyama follows a strict regimen that would stagger most men only a fraction of his age. Arising before the sun is up, Sugiyama jogs 4-5 miles. He then follows his run with a one and one-half hour Judo or Aikido workout to keep the sharp edge on his Seventh Degree Black Belt.

Then follows a shower and a long workday as President of The Sugiyama Kozai Company, Ltd., of 2-24-4 Nishi Azabu Minato-ko, Tokyo, beginning at 7 a.m.

CONSTRUCTION DIMENSIONS caught up to the fast-moving Sugiyama in Tokyo when a group of AWCI contractors visited Japan to attend the 41st annual convention of the Japan Plasterers Association. The interview was conducted in Tokyo and later in Sapporo with Yasuo “Duke” Suzuki serving as an interpreter and translator. Suzuki, a son-in-law, heads up the company plastering operations. He is an aeronautical engineering graduate of Boston University, and is well known in AWCI circles.

DIMENSIONS: Mr. Sugiyama, you mentioned that the construction business in Japan may not rebound as quickly as in past years, or even in keeping with the rest of the world. Why such a pessimistic outlook?

SUGIYAMA: There are two principal reasons for my outlook. First, in recognition that Japan’s trading balance may be due for some radical changes, government expenditures are remaining low.

Second, the price of oil is still very high here so discretionary income in
the private sector is still going into savings rather than being directed into expenditures.

DIMENSIONS: But banks are in business to lend. Sooner or later they must find somewhere to place surplus funds, mustn’t they?

SUGIYAMA: That’s true, but the money flow hasn’t loosened up yet. Also, I feel we may have overbuilt to a certain degree and must therefore digest all of this construction before we can start on another round.

The housing market in Japan is also undergoing radical change as people now seem to want bigger houses with a very strong insistence on quality. Quite frankly, in the past the rush to build a supply of housing has not been totally consistent with Japanese emphasis on quality.

DIMENSIONS: Is the current round of trade talks and limitations on Japanese automobile exports—that sort of thing—having a trickle down impact on Japanese construction?

SUGIYAMA: Of course. Everything is connected to something else. It’s important to realize that Japan has few natural resources other than people so we must import nearly everything, refine or manufacture it, and then sell overseas.

The import/export situation right now is having a powerful influence as many big Japanese companies are holding back on their production—and their building plans—to minimize any further unnecessary antagonizing of foreign governments.

DIMENSIONS: You said that your company—and other construction companies—are now down about 30%. Yet, I see no statistics on that kind of unemployment. Where is everyone?

SUGIYAMA: They are working. We Japanese are a very industrious people and we don’t like to be idle.

When work drops off for the big contractors, the workers go out and obtain their own work.

DIMENSIONS: You mean they become self-employed... contractors in a word?

SUGIYAMA: That’s correct. He goes into business for himself doing patching, repairing, remodeling work.

This means that the reservoir for skilled labor is always available. When we get into a large hiring position, we...
can quickly put out the word and the workers—plus the apprentices—return.

DIMENSIONS: You mentioned apprentices. Keeping the industry supplied with a trained, available workforce is a massive undertaking. Yet the construction industry in Japan is non-union. How do you manage this function?

SUGIYAMA: It’s true that there are only a few labor unions in Japan’s construction industry. It is the traditional Oriental attitude for worker and employer to identify with each other, that the worker should do everything in his power to improve his employer’s competitive position.

We therefore simply have no need for a third party—a union—to intervene in our affairs.

DIMENSIONS: How about apprentices? How about assuring the industry of a trained workforce?

SUGIYAMA: Our plastering association conducts apprentice training—and each contractor recognizes his obligation to train apprentices. I used to have many. Only the recent economic downturn has curtailed the association and individual training programs. But father-son training is still powerful.

DIMENSIONS: The trust factor between company and worker is recognized throughout the world as a unique Japanese phenomenon. How is this possible?

SUGIYAMA: I think there will always be this trust. A Japanese has the right to go anywhere and work anywhere he desires. As an employer—and as a Japanese—I must respect that right and treat him with dignity and honor while he is my employee.

This is easy to achieve in Japan. You must remember that Japan is relatively isolated as regards nationality. We are here talking about Japanese workers under Japanese supervision, working for a Japanese employer. We are all one. Were I to demean a Japanese worker—which to me is totally unthinkable—then I really demean myself because I, too, am Japanese.

DIMENSIONS: And the United States being a melting pot with many different nationalities, ethnic groups, religious persuasions—it’s more difficult to achieve this easy rapport?

SUGIYAMA: It is possible that some difficulty can be experienced in trying to overcome these differences in this particular application.

But this melting pot has been responsible for an explosion of creative thought, of innovation, of technological achievement, of people breaking down barriers for the good of everyone, for the building of a great society.

Everything has its place in the scheme of things.

DIMENSIONS: You have traveled extensively throughout the world. Where do you see differences between the Japanese contractor and his American counterpart?
SUGIYAMA: The best place in the world to evaluate contractors is at one of your AWCI conventions—and I’ve attended many of them.

Here in Japan there are about 22,000 contractors. The preponderance of these contractors are 1-2 man shops, and there are a few contractors who comprise the major share of the big markets.

In the United States, your average contractor hires about 40-50 men, with many large contractors—but not just a few who dominate the market place.

DIMENSIONS: Summarizing your comments, you have many residential contractors and a few who dominate the industrial-commercial scene whereas in the U.S. there are more medium size contractors competing in all markets. In other words, the competition is spread about more in the U.S.?

SUGIYAMA: Yes, I’d say that’s my impression. Here, our plastering company will compete against two or three other contractors on a bid job. In general construction, we usually go up against 15 to 20 other firms. Then, too, we have two or three general contractor customers who, when they obtain a job, the plastering work goes to us.

DIMENSIONS: It’s my impression also that Japan contractors are not hampered by anything similar to our
anti-trust laws which prohibit collective action by competitors to calm down a market and see that an excess of competition doesn’t hamper the participants?

SUGIYAMA: Again, tradition plays a large role here. Most plastering contractors in Japan are members of the association; you won’t stay in business in Japan unless you’re a member.

We do meet and discuss jobs and market conditions and take actions that will lead to an orderly flow of work in the market place. Now that doesn’t necessarily imply the elimination of competition, but market stability is just as important as competition.

DIMENSIONS: Japan is traditionally a plastering country. Is drywall technology having much of an impact here? I notice an almost total reliance on adhesives?

SUGIYAMA: As for drywall, it is having an impact but it has a long way to go before replacing plastering—if it ever does, which is doubtful.

In Japan, drywall is basically used as a substrate for plastering. We attach it directly to concrete or block walls with adhesives. This method of attachment is much more economical than screws or other mechanical techniques.

DIMENSIONS: Why use drywall only as a substrate?

SUGIYAMA: We put on the plaster coat to achieve the necessary fire rating. Our drywall product isn’t of the same specifications as in the United States—it’s much thinner for one thing—so I believe its penetration is limited.

DIMENSIONS: Getting back to the Japanese emphasis on quality, how does a Japanese contractor reconcile piecework wages with quality?

SUGIYAMA: Piecework and quality are not inconsistent with each other and we Japanese contractors have no more difficulty with it than do American contractors.

A firm believer in international cooperation, Sugiyama points to a photograph of himself and AWCI officials with whom he has had a long, working relationship.

Every single man on the job has quality in mind, and we also keep a sharp eye out for our best quality workers. Each job is constantly patrolled—not to catch a worker who doesn’t do quality work—but merely
to assure that the best job overall is being done.

Our plastering and drywall employees are paid a base wage and then go on piecework per square meter. Carpenters are also on a per square meter basis, and iron workers go by the per ton basis.

Most workers really want to do a good job and our piece prices are not established at a level which would prompt fast, shoddy work.

**DIMENSIONS:** How about worker benefits? Who establishes this vital component of compensation?

**SUGIYAMA:** We have the same package of hospitalization, pensions, and unemployment benefits as other employers. There is no competition—or differences—in this area.

The government obligates all employers to contribute half and the employee to match. This area isn’t even open to negotiation.

**DIMENSIONS:** Mr. Sugiyama, you’ve sewed your country and your industry for more than five decades. Where do you see Japanese construction headed... what are the trends you detect?

**SUGIYAMA:** Where do you see Japanese construction headed... what are the trends you detect? We’ll need to find new markets and new technologies. Our population in Japan has now apparently leveled off. The average family has two children—and this will have enormous repercussions.

We’ll need to look overseas for construction opportunities—and many companies, like ourselves, are doing that now.

**DIMENSIONS:** But you personally are leading your industry into new changes right now, aren’t you? I refer to the fire association and the surge into remodeling.

**SUGIYAMA:** I’m glad you noticed. Yes, the fire rating problem is a serious one and the new association I helped form is taking direct action. Our Anti-Fire Association was actually formed thirteen years ago although we have been sounding the alarm for the past 20 years.

Now, I’m happy to say, we have succeeded in generating interest in the idea of plaster as an anti-fire technique.

At the same time, we have a serious problem of concrete oxidation in Japan. There is a vast market for plasterers in doing anti-oxidation work.

As commercial markets remain slow, our association has negotiated special contracts with the insurance companies to build home expansions, to modernize, and remodel. Our plastering companies will be doing this work—and our new Finishing Association, which was organized five years ago, puts all the finishing trades into one umbrella-like organization, should promote this market even further.

All in all, rehabilitation and modernization is a huge, largely untapped market.

Our Japanese contractors will have plenty to keep them busy for awhile.