

How the Company Was Born

Looking Back 90 Years Ago



Iwata four brothers
From left :
Harukichi, Sukezo, Hatsutarō and Fukutarō

Foundation

On May 1, 1926, our company started out as a small workshop renting a part of a factory in the town of Toyosawa in Shibuya, Tokyo, and it was equipped with only two used lathes. The company was founded by two brothers: Hatsutarō Iwata and Sukezo Iwata. The older brother, Hatsutarō, was born in August 1901, and the younger brother, Sukezo, who continued to support his older sibling throughout his life, was born in May 1905.

When Hatsutarō and Sukezo were little, the Iwata family was in dire poverty. Their father, Kosaburo, was a self-centered, haughty person with an artisanal disposition and spent his wages on gambling and alcohol, never caring about his family. Their mother, Umeno, barely managed to make a living by doing a side job of dressmaking and borrowing money from relatives. The boys entered elementary school a few years apart, but the family

was too poor to buy pencils and notebooks or even to pay the monthly school fee of 10 sen (or 0.1 yen). To supplement the family income, the two brothers worked for one of their uncles every day, making parts of tea strainers.

In the hope of helping the financially struggling family, Hatsutarō left elementary school when he was in fourth grade and joined a small local factory. He initially became an apprentice at an electric firm and engaged in the manufacturing of sockets. Disappointed by the tedious work and lack of future prospects, however, Hatsutarō quit the job two years later and became an apprentice lathe worker at Sanko Seisakusho, a company specializing in the manufacturing of steel pipe joints, spinning machinery, and printers among other things. He earned 17 sen a day at the company. At the age of 21, his term of apprenticeship ended. It was common at the time for time-served craftsmen to change jobs in order to hone their skills. People at the company, who highly regarded Hatsutarō's craftsmanship and personality, asked him to stay with them. They offered to pay him 60 yen by the month and assigned him to instruct and supervise employees as well as to take charge of external business negotiations.

The younger brother, Sukezo, was able to graduate from elementary school, partly thanks to the financial assistance from his big brother. Sukezo's academic performance was excellent, and his teacher urged him to go to junior high school. Despite all that, however, he decided to work at the uncle's factory to help with family expenses. A year later, he resigned from the factory and joined Sanko Seisakusho to work with his beloved sibling.

At the time, the brothers already earned enough money to make ends meet. But they thought they should not settle for being in the service of someone else for the rest of their lives and promised each other to go independent sometime in the near future. The two young men saved money little by little from the income they got from the side job of tea strainer making in addition to their monthly salaries and kept on buying tools and equipment they considered necessary.

Later, Hatsutarō left Sanko Seisakusho and hopped between a number of jobs, working at different places such as a wood working machinery factory and an iron factory. Having faith in the saying, "Keep yourself prepared for luck," he continued to refine his skills to prepare for the time when they would go independent.

In May 1926, Hatsutarō tried to borrow 450 yen of the initial fund of 500 yen from an uncle, who was serving as manager of the Japan National Railways factory in Omiya, Saitama Prefecture. The uncle turned down his request, saying, "We are now in a recession. This is not a good time. Wait a little longer." But nothing could stop Hatsutarō's aspiration to go independent. Thinking that it would be "now or never," he borrowed money from another uncle running a tofu shop and founded Iwata Seisakusho in Toyosawa, Shibuya.

Encounter with a spray gun

Iwata Seisakusho initially engaged in subcontract work of manufacturing parts of typewriters, bench drilling machines, and radios, but its business was not as successful as Hatsutarō had expected. At the time, Sukezo worked at Mizushima Shokai, a company selling foreign cars, providing limousine taxi services, and offering after-sales and repair services for the automobiles they sold. His salaries were indispensable for keeping Hatsutarō's workshop in business. Two months after Hatsutarō founded Iwata Seisakusho, Sukezo left Mizushima Shokai and began to work with his brother. It was as if the two men had to fight with their backs against the wall.

One month after he quit, Sukezo was summoned from Mizushima Shokai.

Sukezo went to see the president of Mizushima Shokai, who took out a brand new piece of brass-made equipment and asked:

"Can you make something like this?"

It was the latest spray gun model from Binks Corporation of the U.S.A. When President Mizushima travelled to America to buy cars, the lacquer coating that was at the cutting edge at the time caught his attention and he made a contract to import Binks' coating equipment in addition to materials such as lacquer and thinner. But Binks' products were extremely expensive and that was the bottleneck in the popularization of lacquer coating. The president then thought that creating spray guns in Japan would make them more affordable.

Blithely thinking that making such a tool would be a no-brainer, Sukezo made a deal right there to produce a dozen of spray guns at a rate of 50 yen apiece on condition that payment would be made after delivery.

Hatsutarō and Sukezo studied the sample spray gun from every angle and, after three months, they completed the ordered spray guns and delivered them to Mizushima Shokai. But, when Sukezo went to the company several days later to collect the receivables, he was stunned that they rejected the spray guns because those were all defective.

Mizushima Shokai cited several reasons, which were insufficient spray power, uneven spray patterns, poor sucking performance, and heavy trigger pull. The brothers repeatedly reworked the spray guns and brought them back, but the company always refused to accept them. It was only natural considering that not only did the brothers know nothing about the basic principle of producing a vacuum to suck paint but they were also financially strapped to buy a compressor with which to test the spray guns. They asked Mizushima Shokai to let them use the company's compressor, but President Mizushima never allowed them to touch it, saying "We'll do the test for you if necessary." The brothers would not be paid unless the spray guns were complete, and they could not pay for materials, either.

After several tens of reworks, a few of their spray guns finally passed the test. It had been about six months since the brothers received the order, and they were nearly out of funds. It was an achievement that only the tenacity and will of craftsmen could accomplish.

Their spray gun, the first ever created in Japan, had a clumsy big head and a rugged grip. But it was capable of producing both flat and round spray patterns and delivering sufficient paint atomization performance.



First spray gun
(First ever created in Japan)



Iwata Seisakusho
(Photo taken in December 1930)



Compressor manufactured
around 1937



Factories in Shimo-Maruko
partially completed in 1940

Development of new sales channels and new products

As it received orders from Mizushima Shokai, Iwata Seisakusho became financially stable. When the era of Showa started, more orders poured in because of the growing use of lacquer coating and they also began to receive orders for air transformers (air purification pressure regulators) used to supply steady air pressure.

The brothers decided to make Iwata Seisakusho an independent manufacturer of coating equipment and relocated their company to a tiny factory in Toyowake, Shibuya in February 1927. At the end of the same year, Iwata Seisakusho got into trouble with Mizushima Shokai over payment and ceased to do business. Breaking off dealing with a major client was a massive blow financially. Considering that Mizushima Shokai would go bankrupt later because of a recession and the embezzlement by the head clerk, however, Iwata Seisakusho may have been rather lucky.

Iwata Seisakusho had to find sales channels on its own. They set their eyes on the wholesalers and retailers of paint. Sukezo Iwata, who took full charge of sales activities at the time, rode a bicycle and visited paint retailers in Tokyo one by one. He explained about how to use a spray gun and asked them to deal with it. As Iwata Seisakusho's products began to sell at these retailers, the number of dealers grew naturally. On his way back after procuring raw materials, Sukezo went to Itabashi and even Kawaguchi, Saitama Prefecture, to ask retailers there to deal with the company's products in an effort to further increase the number of dealers. However, it was through advertisements in newspapers and magazines specialized in paint, coating, or automobiles that Iwata Seisakusho boosted sales nationwide. In part because lacquer coating was coming into widespread use, the company started to receive orders from across the country.

In line with the increasing demand for spray guns, Iwata Seisakusho focused on the development of new products. What they did first was to develop a popular-type spray gun model. Based on his more than one year of experience struggling with spray guns, Hatsutarō made the head of the spray gun simpler and succeeded in cutting the price almost in half. Realizing the domestic production of compressors of the same type as those from Curtiss-Wright Corporation of the U.S.A. and the manufacturing of air transformers among other things, the company added various kinds of equipment necessary for lacquer coating to its product line-up.

Successfully riding the wave of popularization of lacquer coating, Iwata Seisakusho achieved a sharp increase in sales and repaid all the debts it incurred at the time of foundation. Moreover, they obtained funding for increasing production. In 1930, the company bought a land of about 12^{tsubo} (1 ^{tsubo} being roughly equal to 3.3 square meters) in Mukoyama, Shibuya, in front of the Ebisu Station, and built a factory and store there. The company changed its name to "Iwata Spray Coating Equipment Seisakusho" on this occasion. In 1932, they won a huge contract with Mitsubishi Corporation to supply 12 coating equipment units including compressors.

After that, the company continued to prosper with its spray guns and compressors becoming increasingly popular for their superb performance. Its customer base kept on growing to include large-scale customers such as gasoline meter manufacturers and car maintenance equipment stores, and its network of dealers expanded nationwide. (Excerpts from "80-yearHistory")