



DENSO MANUFACTURING *wraps up its second decade in East Tennessee*

BY ALEXEI SMIRNOV

It was an economic development official's nightmare. Gary Hensley was up against Richmond, Ind., in an effort to entice Denso Corp., one of the world's largest suppliers of automotive components, to build a plant in Maryville in 1988. Out of more than 100 sites across the country, the Japanese had narrowed their search down to two. The stakes were high. Having lured a Nissan auto manufacturing plant to Tennessee eight years prior, then-Gov. Lamar Alexander was keen on the prospect of making auto assembly and the ancillary components business the cornerstone of the state's manufacturing industry. Hensley, Maryville's city manager at the time, had done his homework and was ready to receive the high-ranking delegation from Japan. He had consulted with the ivory tower



where they travel, and that Jack Daniel's whiskey would be a good gift (since it is overpriced in Japan). That last nugget especially left Hensley confident of one-upping Richmond.

But then, on the evening of the main reception in 1988, he watched the Maryville mayor lay a hearty bear hug on a high-ranking member of the Japanese delegation—an off-limits gesture in this storied culture of the East.

As twenty years and a recent expansion of its Tennessee operation—a fourth plant in Maryville—show, the Denso ambassador was not too offended by the hug. Nonetheless, Hensley, who is retired now, learned an important lesson: as economic development junkets go, one never knows what will seal or break the deal.

The recent April 4th grand opening of Denso's fourth facility, attended by Gov. Phil Bredesen and Tennessee Economic Development Commissioner Matt Kisber, marked a \$185 million investment by the company into a production line that focuses solely on high-tech gadgets for the automobiles of the future.

dwellers of Maryville College on matters of Japanese protocol and etiquette. Hensley knew that the Japanese would be honored to have catfish, as it is customary to sample local fish every

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At a time when auto manufacturers and their suppliers face a new crisis seemingly every day, companies like Denso that supply multiple car makers are more resistant to economic troughs, says Matt Murray, professor of economics and associate director of the UT Center for Business and Economic Research. "Denso is a very viable concern, and they have a diverse set of auto assemblers that purchase their products," says Murray, also chair of the Blount County Economic Development Board. Even more so, the focus on

has in companies like Denso and in private aircraft, marine and R V parts supplier G&T Industries, the UT-Knoxville and Oak Ridge National Laboratory joined six southern universities last year in forming the Automotive Research Alliance. Focusing on research and development efforts in the supply chain and sustainable manufacturing niches of the auto industry, the Alliance may compete for research dollars with Detroit and other tech hubs, such as the North Carolina Center for Automotive Research. But the found-

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manufacturing that requires more brains than brute manual labor will safeguard the region from losing manufacturing operations like Denso to Mexico in the next several decades. Denso's new facility is "all about smart cars, remote and keyless entry—it's not the same product line as the existing Denso facility," Murray adds.

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ers of the Alliance say the ultimate goal of their efforts is collaboration for the sake of propping up auto manufacturing across the country, which has been experiencing a slowdown.

Denso, on the other hand, is looking to keep hiring through 2010. "It is my goal to continue to grow and strengthen [Denso's reputation]," said Atsuhiko "Art" Shimura, who recently became the new president of Denso Manufacturing Tennessee. He has worked in human resources and business planning, and was instrumental in helping Denso research Maryville as a manufac-

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turing location in 1988. Hensley remembers how they poured over papers well into the wee hours , tearing topographical maps into pieces and faxing them to Denso headquarters in Japan from the Maryville Chevrolet dealership, the only place Hensley knew to find a fax machine.

Times are different now . Bryan Daniels, vice president of Blount County's Economic Development Board, has plenty of resources to keep Denso happy . The state and



county began boosting incentive packages some 10 years ago , as competition for manufacturers like Denso intensified nationwide . To open the fourth plant, he says, Denso received a five-year tax incentive, 55 acres worth \$1.5 million, as well as \$10 million from the state of Tennessee for infrastructure development and training. Also, TVA promised \$1 million in upgrades, and TDOT said it would improve the road adjacent to the plant.

The incentives have borne fruit. Employing some 3,000 people in Blount County , Denso surpassed Alcoa as the area's largest employer five years ago. As evidenced by the ribbon cutting during Denso's most recent expansion, the Japanese are here to stay , and no ill-timed, if well-meant, bear hug will convince them otherwise. **tn**

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