Change Management Bridges the Gap between Japanese and Western Companies

10 Examples of Changes and Their Management

Founder & CEO of Global Edger, Inc
Change Management & Business Consultant
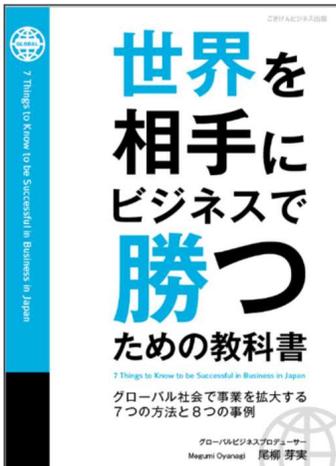**Megumi Oyanagi megumi.oyanagi@global-edger.com**
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Agenda

1. Who am I?

2. Kinds of change / change management methodologies

3. Significance of change management

4. Change management in Japan - with 10 examples
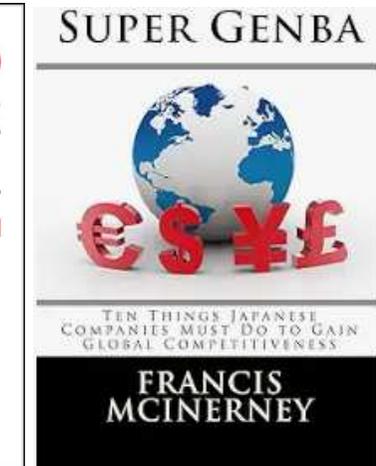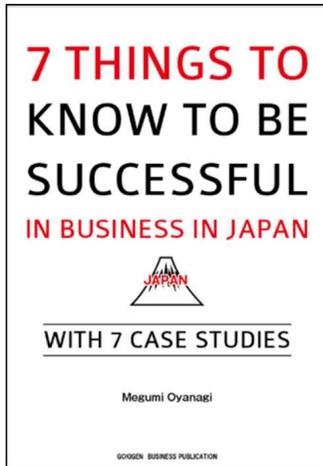
5. Conclusion

6. Q&A

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・Lived in UK 8-15 years old; Education in Japan and UK.
・BA from Kobe College & active AIESECer; MBA (Marketing) from University of Wales, UK.
・Global & local Marketing and Business initiations as "Change Agent" in start-up & established global companies based in Japan, Europe, US and China, mainly in technology and healthcare industry, as permanent/full time employee and consultant.

・Business owner from August 2015, set up Global Edger, Inc in Sep 2017. Consulting in marketing, business & change management.
・From 2018 help Japanese SMBs going global as official JETRO (Japan External Trade Organization) consultant.
・60+ companies of 300+ consultancies in total.
・Ebooks about Japanese & non-Japanese SMBs going global.

My eBooks in Japanese & English   Included in Acknowledgement

Changes at All Levels Everywhere

Country / Worldwide
- War, cultural shifts, global warming, population shift
- Globalization, recession, technological advancements

Organization
- Restructuring / Transformation / Globalization
- M&A / Acquisitions / PMI
- New business in an established companies (new market in geography/products & services)

Project
- Roll-out of Global IT Project / Digital transformation project
- New business model / process deployment

Individual
- Work: start to work, new job, lose job, transfer within a same company in a new workplace
- Location: relocation domestically / internationally
- Family: get married, have child, lose family

Managing Change is Challenging

- People do not know about the upcoming Change, **especially Japanese people >> resistance**
- If they know, they may not know the (positive) outcome of the Change
- Even if they understand the benefit of the Change, they do not want to change the way they live, work, get things done
  i.e. They do not want to get out of their comfort zone; They hold fast to vested interest
- The Change may mean something negative for them

Confusion & Chaos
Resistance

Performance Downturn
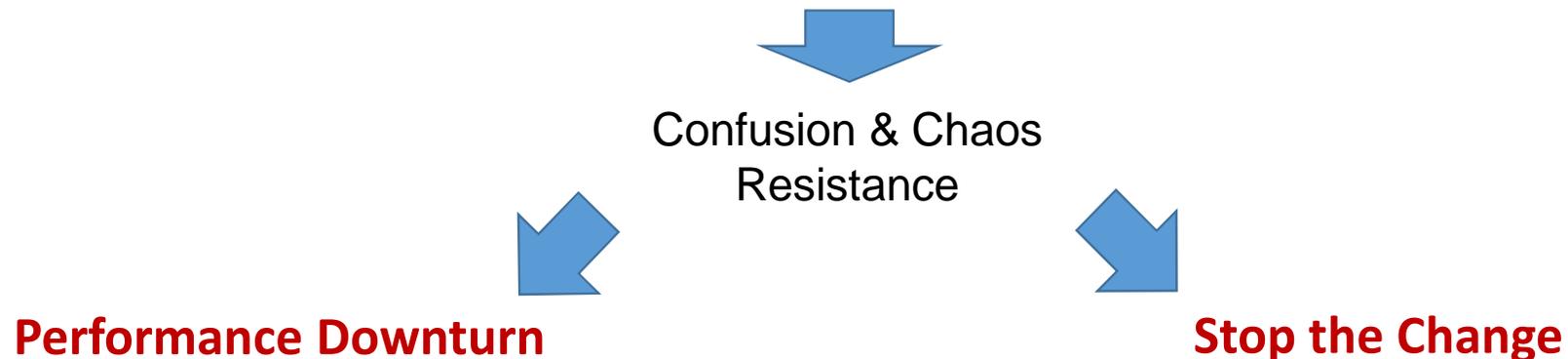
Stop the Change

**Even if the Change is once managed,
things will go back to what it was if not truly & successfully managed**
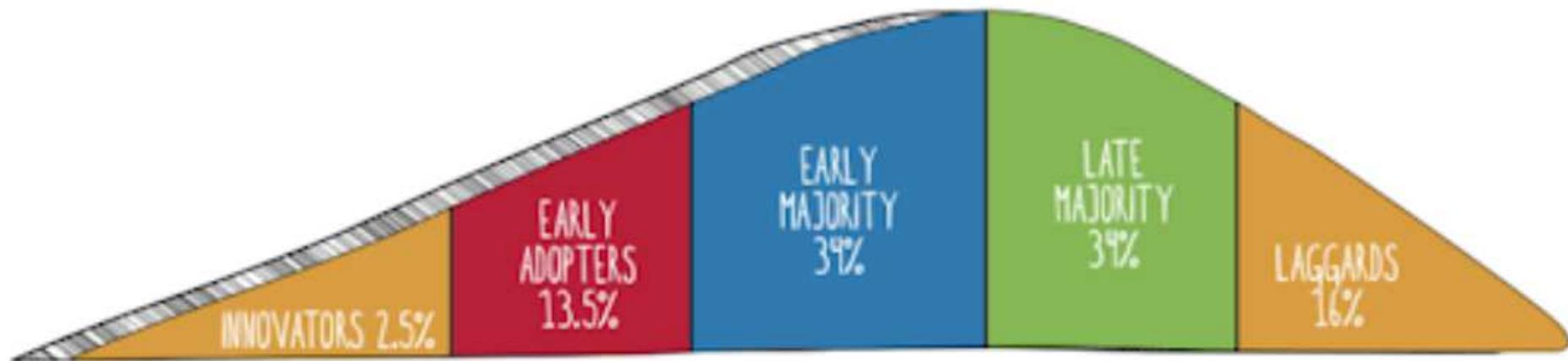
Solution: Change Management

How It Started

- Started in US in 1990s to succeed in BPR（Business Process Re-engineering)
- Simply IT and/or business process change DOES NOT WORK

Why

It is people of the organization that use IT and get processes done.
But majority are reluctant to adapt to change; want to stay in their comfort zone

Why Change Management

Change Management Framework
- Practically a requirement for any organization undergoing change
- Choosing the right framework is vital for success, whether change is digital, cultural, or organizational
- A method for dealing with and minimizing the impact of problems that do arise

Benefits of Change Management Frameworks
- Increased chances of successful change
- Lower resistance from employees
- Staff that are more motivated and productive
- Decreased budgets and faster change implementation

Finding from an American Change Management Consultancy:
70%+ more successful when Change Management methodology is used

Change Management Frameworks
(Not known in Japan)

1. Kotter 8-Step Process for Leading Change:
Create → Build → Form → Enlist → Enable → Generate → Sustain → Institute

2. McKinsey & Company's 7-S Framework:
Style, Skills, Systems, Structure, Staff, and Strategies = Shared Values & Goals

3. Kurt Lewin's Change Model:
Unfreeze → Change → Refreeze

4. ADKAR* Model:
Awareness → Desire → Knowledge → Ability → Reinforcement

5. The Kübler-Ross Model:
Shock → Anger → Bargaining → Depression → Acceptance

6. Satir Change Management Model:
Late Status Quo → Resistance → Chaos → Integration → New Status Quo

7. William Bridges' Transition Model:
Ending → Neutral Zone → New Beginnings

***A**wareness of the need for change, **D**esire to support the change, **K**nowledge of how to change, **A**bility to demonstrate skills and behavior, **R**einforcement to make the change stick. Used by PROSI

Change Management in Japan

1. Japanese people more reluctant to change than others

2. Change Management had not been structured
1) Change Management / its framework had not been known
2) Few people with Change Management expertise and know-how

3. Change Management now Buzz word even in traditional Japanese Companies
1) Western companies operating in Japan
   - Expat from HQ / assign non-Japanese based outside Japan for transformation
   - Bring in change agent with global mindset
2) Japanese companies
   - Japanese internal CEO drive change (rarely with external consultant)
   - Scout western leader / Japanese leader as CEO worked in western companies to transform
   - Scout Japanese CxO / Executive Officer to drive change, esp from HR system revamp

>> 10 cases (mostly based on my own experiences) from next slide

Case 1: Turnaround by a Foreign CEO

Company
Japanese global car maker

What They Wanted To Achieve, When
Objective: Company-wide restructuring/transformation for V-shared recovery
Timing: 2001-2005

What They Did
- Assigned a Brazilian from French parent company as the CEO to restructure

Result
Survival Plan succeeded (cost cut to turn into black then growth)

Case 2: Turnaround by a Japanese CEO

<u>Company</u>
Japanese global Consumer Electronics company

<u>What They Wanted To Achieve, When</u>
Objective: Company-wide restructuring/transformation for V-shared recovery
Timing: 2001-2005

<u>What They Did</u>
- Assigned a Japanese executive as CEO to restructure, who brought in a foreign business consultant whom had helped him previously in Americas business

<u>Result</u>
Two 3-year mid-term plan succeeded to achieve V-shared recovery
(Destruction then Value Creation for 2010 Global Excellence)

Case 3: Turnaround by a Japanese CEO from a Western Company

<u>Company</u>
Japanese global Consumer Electronics company

<u>What They Want To Achieve, When</u>
Objective: Company-wide restructuring/digital transformation for V-shared recovery
Timing: 2018-

<u>What They Have Been Doing</u>
- Get financial help from Japanese financial institutions etc.
- Headhunted a Japanese, who worked for Siemens for over 10 years, as CSO (Chief Strategy Officer) in 2018 then made him CDO (Chief Digital Officer) in 2020 then CEO in 2022.
- Terminate being listed Dec 2023.

Case 4: Japanese Company Acquired by a Chinese Company to Restructure

Company

Home Appliance Affiliate of a leading Japanese Consumer Electronics of Case 3, acquired by a Chinese Company

What They Want To Achieve, When

Objective: After acquired by a Chinese company and returned to black in 3 years, want to enhance brand awareness and revenue/market share >> to develop global organization/talent to achieve it
Timing: 2023-

What They Have Been Doing

- Allowed executives of Chinese company to lead turnaround to recover profitability to turn from red to black in 3 years
- Worked on how to shift to growth phase to conclude they need change agent professional to develop global organization & talent to compete globally
  >> trying to headhunt change agent with HR and business background to revamp global HR system and organization development as a part of PMI

Case 5: Japanese Company to Restructure Globally

Company

A global Japanese Die Maker (#1 or 2 market share in Japan and China)

What They Want To Achieve, When

Objective: Restructure domestic business / grow overseas business for sustainable growth
Timing: 2018-

What They Have Been Doing

- First 3-year plan (2018-) then second 3-year plan (2021-) for 2030 vision
- Revamp business systems globally, implement flexible work arrangement including remote work, allow side business
- Restructure Japan domestic business including shifting a function from Japan to overseas
- Strengthen Asia business, invest in India which is an emerging market
- Also grow Americas and Europe business
- Trying to headhunt a senior executive for the first time as a key change agent: Executive Office & Head of HR/General Affairs to revamp HR systems aligning with their business, as diversity recruiting (female candidate)

Case 6: Traditional Japanese Company Wanting to Go Global

Company
Logistics leader in Japan

What They Want To Achieve, When
Objective: Company-wide transformation to become a global company: increase their overseas business from 10% (before 2020) to 20% by 2023, and then 30% - 40% by 2030
Timing: 2018- (first 3-year mid-term plan) then 2021- (second mid-term plan) and succeeding mid-term plan until 2030

What They Have Been Doing
- Plan and execute subsequent 3-year mid-term plans to achieve their 2030 vision – to become a global company
- New CEO appointed in 2022 leading based on the predecessor 2030 vision, evolving the plan
- Acquired an American small logistics company in 2023
- Trying to headhunt a senior executive for the first time as a key change agent: Head of Management Planning, could be Executive Officer, as diversity recruiting (female candidate)

Case 7: Japanese Company to IPO

Company
A Japanese IT company

What They Want To Achieve, When
Objective: Become a full-fledged, global company
Timing: 2021-

What They Have Been Doing
- Acquired by a major Japanese Fund in 2021, who brought a seasoned Japanese business & management professional who had transformed multiple American IT companies operating in Japan as CEO
- Headhunt CFO from a Japanese bank & Finance head who worked in MNC operating in Japan, and then CRO/CRO from American IT companies operating in Japan; PR head who used to be an announcer, then CMO & CHrO as change agent
- IPO in 2025
- Expand their products & services, as well as going global

Case 8: European Global Company Japan Office

Company
European global Health Technology company

What They Want To Achieve, When
Objective: Company-wide transformation for #1 Health Technology Brand
        Make Japan aligned with Global instruction
Timing: 2010- (globally in phases); 2022- (Japan)

What They Have Been Doing
1) Global:
  - Transformed from Consumer Electronics to Health Technology Company in the last 10 years
  - Further worldwide organizational change in 2023 (stronger report line to Global)
2) Japan:
  - After Japanese CEO resigned in early 2022, assigned Expat from Global HQ to transform Japan, which has been evolving "independently from other parts of the world"
  - Bring in new female leaders (e.g. CHrO, Personal Health BU Head)

Case 9: American Global Company Japan Office

<u>Company</u>
American IT Hardware/Infrastructure global company

<u>What They Want To Achieve, When</u>
Objective: Company-wide transformation to become IT infrastructure company
       Make Japan aligned with Global instruction
Timing: 2018- (globally in phases); 2021- (Japan)

<u>What They Have Been Doing</u>
1) Global:
  - Acquired an American storage & server company in 2018 so their business include CSG & ISG
  - Frequent worldwide organizational change (stronger report line to Global)
2) Japan:
  - Japanese CEO of acquired storage & server company became the CEO of the new integrated company
  - For Produce Line Management of some LOBs, assign non-Japanese based overseas to lead, even if they cannot communicate at all in Japanese

Case 10: Japanese Local Company to Grow Inbound Business

<u>Company</u>
A local train company, also engaged in real estate, retail business of souvenirs in Service Area in motorways, airports etc.

<u>What They Want To Achieve, When</u>
Objective: Grow inbound business, of foreign tourists
Timing: 2024-

<u>What They Have Been Doing</u>
- Find a part-time professional to get advice about improving POP for a 2-months project as a starting point
- Kickoff the project from early January 2024
- Project also to drive change when leaders of their 12 shops seem to be rather reluctant to change

Conclusion of Change Management

**Change Management is about Leadership for High Performing Diverse Teams.
It is about energizing and navigating them to achieve your vision and goal for turnaround / sustainable growth, regardless of nationality, industry, organizational cycle stage.**

4Es - Change Management KFS

Empathy

Empowerment

Energizing

Engagement

Inclusion, Ownership, Commitment
Necessity for Managing / Driving Change

Q & A

Appendix

The Association of Professional Change Management (ACMP) Standard for Change Management

What Association of Professional Change Management (ACMP) is

- One of the most popular and widely accepted guiding approaches
- Includes a definition of practices, processes, tasks, and activities for change management
- Also includes guidance for any type of change and generally accepted practices and processes across industries, organizations, and roles

Change Management Consultancy take their own approach using the Change Management framework that they prefer. Regardless of their approach, in reality, they use ACMP guideline

The ACMP Standard for Change Management

Step 1
Evaluate Change Impact & Readiness
Examine the proposed change, its impact the organization, and whether the organization is ready

Stakeholder Interview
Stakeholder Analysis
Change Impact Analysis
State of Readiness

Step 2
Formulate Your Strategy
Develop an approach to take the organization from point A to point B while achieving specific outcomes

As Is >> To Be

Step 3
Develop Change Management Plans
Document scope, actions, timelines & resources for your plan

Communication Plan & Execution
Training
Regular monitoring & reporting

Step 4
Execute Change Management Plans
Monitor, measure and control delivery against baseline plans

Step 5
Close the Change Management Effort
Document the actions and resources needed to close the change

Evaluation, Lesson learned

Example of Change Management Consulting Activities & Deliverables

Activities & Deliverables	Description
Initial Change Impacts Analysis	Documents the high level people, process, technology, and behavioral impacts due to the program.
Visual Identity Workshop	Facilitated collaborative session to orient key stakeholders to the project objectives, timelines, roles and expectations, and key messages, with particular emphasis on successfully transitioning an organization through change. Output will include logo and tagline options, culminating in the Identity Architecture document
Identity Architecture Document	This document defines how the program's visual identity (including logo, tagline and colors) is to be used to create the narrative and support the overall Takeda brand. Defined supporting elements will include foundational templates for general use (Word, Email, PPT).
Future State Vision	Articulation of the future state processes, skills, behaviors required to achieve project objectives.
High Level Key Message Platform	Key messages are talking points about a project that support consistency of messaging among the project team, guide the creation of communications and deliverables, and guide conversations and discussions about the project. General audience key messages are often drafted in conjunction with a communication approach or plan (Phase 2) , or can be developed throughout the project lifecycle on an as-needed basis and/or as aids to specific audiences (i.e. manager talking points).
Communications Plan	The communications plan outlines the communication activities which will be carried out during the project. This deliverable will outline the main distribution objectives, the target audiences, the communication channels and the method of delivery.
Program Poster	Engaging digital and physical poster designed to provide key information at a glance. Produced for multiple formats.
Phase 1 Communications (Japan rollout)	Specific communications will be developed for the Japan audience and may include presentations, articles, emails, myTakeda posts, and other methods as deemed appropriate.
Change Strategy	The Change Strategy incorporates all of the deliverables and activities into a cohesive "roadmap" that clearly provides the approach, methods and activities necessary to successfully engage and inform users of the coming change.

Change Management: Japan vs The Rest

	Japan	The Rest (esp. US)
Positioning	Usually included in Project Management and people doing it unconsciously even partially	Change Management acknowledged as something vital for driving change successfully
Companies that adopt Change Management	Global IT projects of western global companies, implementing in Japan office	- Many global companies with global IT projects (e.g. SAP), digital transformation projects - Many have Change Management expert while ask for Change Management consultancy service
Leadership buy-in and engagement	Not easy	Relatively easy
Kickoff	Maybe held	Usually held
Assignment of key members	Needs to be assigned officially via line management	Assigned officially via line management but can be volunteering depending on the project/initiative
Communication (How, Style, Channel)	Structured & formal, top-down, good to use existing dept meetings and communication channels	Structured & formal communication + bottom-up informal/casual depending on project/initiative
Language	Needs to be in high quality Japanese	English is basically OK even for non-English speaking
Celebrating quick wins	Not easy	Relatively easy

Typical Corporate Culture Issues in Japan

Topic	What It Means
Structured and rigid	Top-down approach, assignment and communication via line management, meeting is often "ceremony"; less self-driven
Seniority	Senior people have loud voice; little speak out
Homogeneous	Social ostracism; Everything about relationship; Do not want to be innovator; "Me, too"; "Nail that sticks out is hammered down"; Once convinced, committed to achieve
High context	Silence is beauty; "Read the air"; "Why don't you understand? Don't make me tell you everything"
Face-to-face preference	Body language important; Covid changed Japanese to be more comfortable with virtual but this tendency still remains
Private vs Public Face	What one says = public face is often different from what one really feels; Unique way of saying "no"; Need to read between the lines
Language issue	Still limited people with English fluency so high quality Japanese communication vital