

“Be the Change” Project Progress Report: Efforts to Revamp Our Organizational Framework



A Message from the Executive Officer in Charge of Human Resources

The Changes & Challenges Must Go On

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What Made You Decide to Work on the “Be the Change” (BTC) Project?

The Sumitomo Rubber Group is currently working on the “Be the Change” (BTC) Project as a Groupwide initiative to overcome various issues that transcend departmental barriers with the aim of improving our overall organizational framework and reinforcing our foundation for profitability. BTC takes its name from the words of Mahatma Gandhi, who famously said, “You must be the change you want to see in the world.” We chose this name in the hope that each and every employee would take a personal interest in change and then take the initiative in bringing about such change.

The BTC Project grew out of the conversations that President Yamamoto had with many diverse employees while visiting our bases of operations around the world after assuming office in March 2019. During these conversations, he noticed that enthusiasm levels varied between bases of operations. This prompted him to conduct an Organizational Health Index (OHI) throughout our group in order to quantify and diagnose these enthusiasm gaps.

While our overseas bases scored relatively high on the OHI, we found a

litany of issues at our bases in Japan. The BTC Project was launched in response to these results in January 2020.

First of all, in order to pinpoint weaknesses in our organizational framework and identify their causes, we selected members from various departments to participate in BTC from the onset. Working together with a team from our Human Resources Division, this group spent some three months mining the OHI results for issues, looking closely at the free comment section of the survey and other data to analyze low-scoring areas and delve into the underlying causes.

As a result of our analysis, we next initiated Groupwide efforts to tackle four key organizational issues: “Environment That Stifles Challenges,” “Barriers to Communication,” “Old-Fashioned Leadership Styles” and “Low Productivity Due to a Lack of Awareness of Overall Corporate Strategy.”

In July 2020, President Yamamoto shared these results throughout our group, declaring that our group would now come together to tackle and overcome the issues that had come to light.

How Have You Gone About Entrenching BTC?

At first, we planned to travel to each base of operations to explain the project and provide training to change employee awareness, etc. Holding these kinds of events at each base would have required a great many people to put in an enormous amount of work covering everything from securing venues to scheduling and arranging for instructors to handling various other administrative tasks. However, everything changed in the blink of an eye with the onset of the COVID-19 pandemic.

Due to the pandemic, we soon found ourselves with no other option but to rethink our plans for face-to-face workshops. However, we stayed positive in spite of the dour circumstances and began looking into holding the seminars online instead. As a result, we were not only able to hold seminars on a much larger scale than we could have done in person, but also greatly simplified and reduced the workload involved in making venue arrangements and preparations. The online format also made group discussions and other activities more efficient, which made for more effective workshops all around compared to what we had originally planned.

Beyond these BTC workshops, we would later adopt this same online format for workshops to disseminate “Our Philosophy” and so on, and this

has had the effect of greatly improving employee engagement. Looking back, I think perhaps that BTC would not have taken off as quickly as it did if the pandemic had never happened.

As a first step toward more substantial reform involving systems and organizations, the first activities that we selected for bringing positive change to our organizational framework revolved around more casual themes in order to make it easier for employees to participate. Designed to create opportunities for employees to experience change, these early activities included “dropping formal titles in favor of the universal -san,” “1-on-1 meetings” and “team-building exercises.” At first, some people questioned what these activities had to do with improving our organizational framework. However, once these activities got under way, people started to change their tunes, saying things like, “My workplace is not as stuffy as it was before,” “Sharing things with the other members of my team lowers the psychological hurdles to getting things done,” and, “I now feel free to openly discuss my vision for my career.” With an eye toward accelerating the spread of this positive mood, we made sure to include plenty of articles about these activities in our in-house magazine and on our intranet as part of our efforts to normalize and entrench these activities.

BTC is Forever

To further accelerate BTC, we then expanded responsibility for these activities from the initial team members to include members from all departments, appointing Task Force Ambassadors (TFAs) to spearhead efforts to tackle issues in each organization. As a result, project teams began receiving much more information, their efforts began producing real results and BTC got up and running in full swing.

For example, after each department came up with an exhaustive list of the issues that they were facing, some departments planned meetings in which employees formed small groups to engage in unfettered chat among themselves and with the executive in charge of their organization, while other departments created and issued their own PR materials as a way of sharing information. At the same time, more and more people were volunteering to take part in teams tasked with coming up with Groupwide policy measures. Then, in 2021, we launched a new “Career Support System” with the input and cooperation of the TFAs. Under this system, more and more employees are now thinking seriously about their careers and how they can enhance

their own value, which has led many employees to take on challenges in new fields. This is all thanks to employees who have the courage to take that first step forward, as well as bosses who have the leadership capabilities to respond to this courage with understanding and encouragement.

To assess the effectiveness of these activities, we are conducting regular surveys to measure our organizational health. We conducted quarterly surveys in 2021 and biannual surveys in 2022, asking employees around 20 questions relating to the four key organizational issues mentioned above. Our target is to receive a positive response rate of at least 80% on all of the questions in these surveys, and so we will continue working to improve our organizational framework toward achieving this goal.

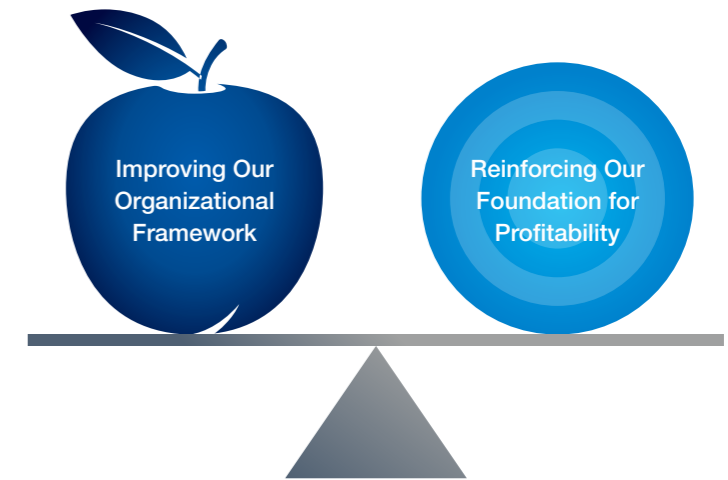
Right now, we are in the process of taking our BTC activities even further. Moving forward, the BTC Project will continue to serve as a driving force behind various activities that aim not only to accomplish the goals of our Midterm Plan, but also to live up to the ideals of “Our Philosophy” at the Groupwide level.

Be the Change

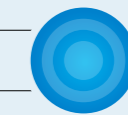
“Be the Change” Project: Efforts to Reinforce the Foundations of Our Business Toward Ensuring the Accomplishment of Our Midterm Plan

Launched in 2020, the “Be the Change” (BTC) Project is a Groupwide initiative that falls under the direct jurisdiction of the President of Sumitomo Rubber Industries. It is being undertaken with the aim of transforming our group into an organization that can align our vectors to push ahead with confidence while adeptly responding to these uncertain times of drastic changes.

Under the banner of the BTC Project, the Sumitomo Rubber Group is pushing forward with efforts to “Reinforce the Foundations of Our Business” on two fronts: “Reinforcing Our Foundation for Profitability” in order to equip our group with the capabilities that we will need to continuously generate profits and cash as well as “Improving Our Organizational Framework,” which involves identifying issues with the current state of our organization and culture so that we can then move ahead with various targeted improvements.



Major Areas of Activity



Improving Our Organizational Framework

Evolving Individual Leadership

360° Feedback

This system provides opportunities for leaders to examine and reflect upon their own leadership styles from an objective viewpoint through receiving and studying the results of feedback from superiors, colleagues, subordinates and even employees from other departments.

360° Feedback was first introduced for managers and executives (including the President and Board of Directors) in 2020. In 2021, it was expanded to include assistant managers as well as eligible expatriates at certain overseas bases of operations. This system is already producing results in terms of improved individual leadership as well as more active communication among team members.

Reinforcing Our Foundation for Profitability

Generating ¥30 Billion in Additional Cash by the End of 2022

Working Capital Task Force

Both in Japan and overseas, our Tire Business, Sports Business and Industrial Products Business are all working to reduce inventory levels while streamlining debts and credits as part of our efforts to improve our overall working capital situation. These activities are moving forward smoothly and according to plan thanks to the active participation of hundreds of members all over the world.

Encouraging Employee Challenges

Career Support System

Before launching the BTC Project, we conducted an Organizational Health Index (OHI), which brought to light several major issues with our organization. One of these was an “Environment That Stifles Challenges,” and so we implemented three measures to overcome this specific issue.

The first measure is a “Career Matching System,” which empowers employees to put forth their own career vision and identify new and challenging types of work that they hope to carry out in the future. The second measure is an “Employee Exchange Program,” which enables employees to work for a fixed period of time in another department that has close ties to their own. The third measure is “Open Calls for Project Participants,” which provides employees with opportunities to take part in new initiatives that interest them. Through these measures, we are working to support career development and the active tackling of various challenges.

Controlling the Allocation of Business Resources

Management Infrastructure Task Force

This task force is actively engaged in efforts to equip our group with the infrastructure needed to effectively control the allocation of various business resources that are essential to the management of our business operations.

These efforts include promoting “Business Portfolio Management,” which involves determining the strategic direction of each line of business based on an assessment of its current status, as well as “Financial Framework Management,” which focuses on the strategic allocation of investments with an eye toward investment capacity based on the potential of each line of business when it comes to generating cash. Through these and various other efforts, we are working to create systems that bring together all employees and managers for unified business management.