

Overview

Hitachi’s Views on How to Achieve Work Style Reform and Solutions for Reform Implementation

Satoshi Bannai
Eiji Sonoda
Kunihito Uchida

1. Introduction

Against a background that includes an incident that rocked Japan in 2016 in which the stress of work led to a person taking their own life, reforming working practices to deal with long working hours has become a pressing concern. With other societal factors including a falling workforce due to the aging population and low birth rate and people taking time off work to care for parents or children, action on work style

reform is now starting to happen across both the public and private sectors (see **Figure 1** and **Figure 2**).

2. Categorization of Customer Needs and Identification of Issues

Figure 3 shows a breakdown of the different things customers are looking for. These customer needs cover a wide range of topics, a major one being ways of cutting down on overtime that have prompted reviews of working practices. Others include operational reforms, human resource development, healthcare, and office

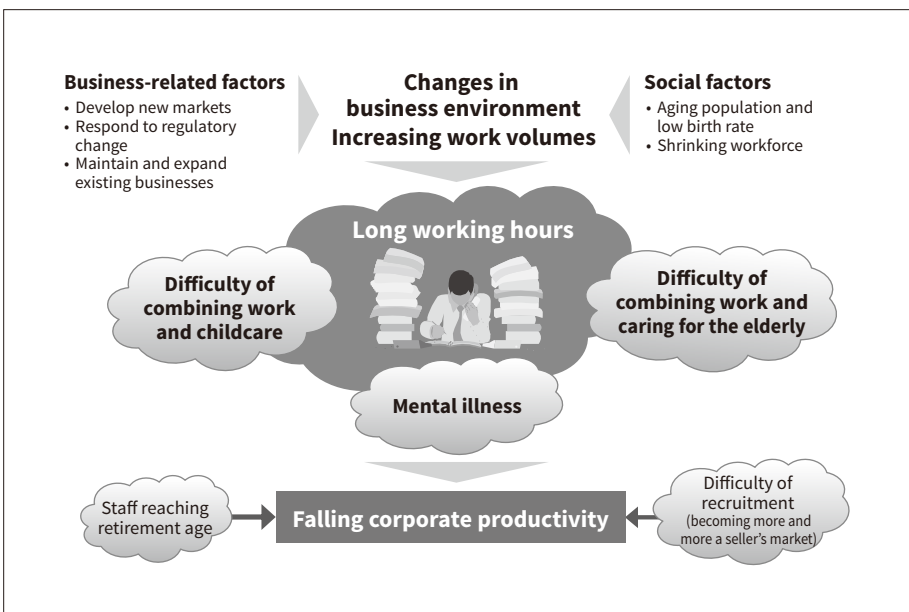


Figure 1 — Latent Problems Raised by Work Style Reform
Long working hours give rise to a variety of problems and become an obstacle to improving corporate productivity.

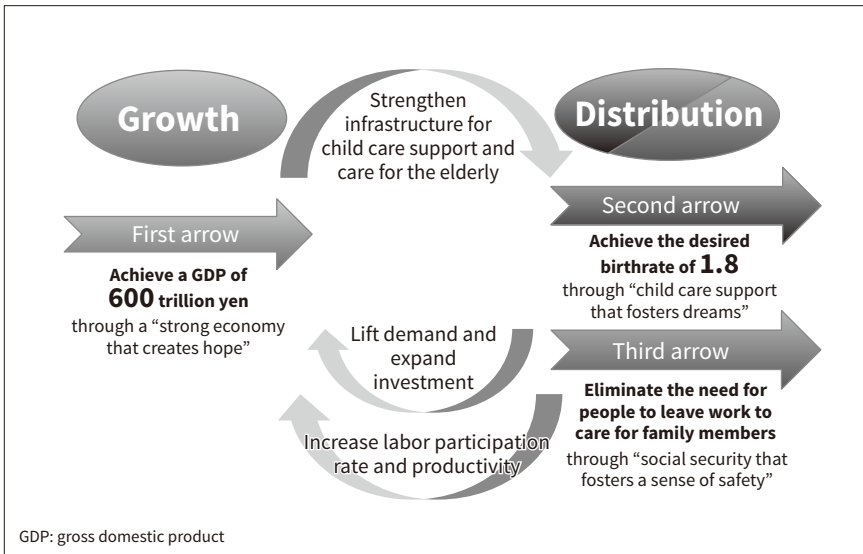


Figure 2 — Abenomics Growth Strategies and Promoting the Dynamic Engagement of All Citizens

Japan is working collectively to tackle its structural problems of an aging population and low birth rate head on, promoting the dynamic engagement of all citizens with the aim of implementing the “new three arrow policy” of a “strong economy that creates hope,” “child care support that fosters dreams,” and “social security that fosters a sense of safety.”

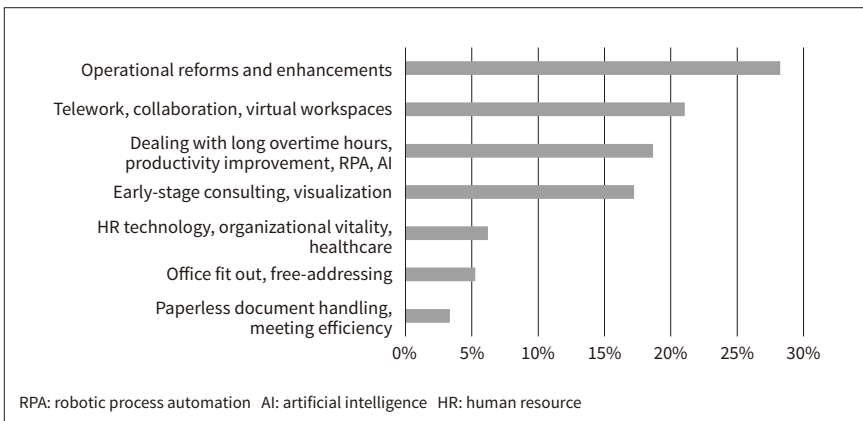


Figure 3 — Diversity of Customer Needs

The graph shows a breakdown of the different things customers who contacted Hitachi between November 2016 and April 2018 were looking for in regard to work style reform.

environments. In some instances, a number of issues have been considered at the same time whereas in others the focus has been on one issue in particular, and there have also been customers for whom the range of issues considered has been too broad, leaving them uncertain about where to even start. Accordingly, rather than marketing specific products or solutions, the work style business requires a mix of consulting and sales that identifies the challenges faced by the customer and offers ways of dealing with them. Looking back at past activities to review the key issues raised by customers indicates that a wide variety of measures have been considered, with the two big issues of dealing with long overtime hours and labor shortages predominating (see **Figure 4**). Accordingly, while there are many ways of going about work style reform, what is needed before deciding which approach to adopt is to consider better ways of doing things by clarifying the different objectives that companies have

for work style reform and expanding the available options for achieving them. To make this possible, the service provider, in this case Hitachi, needs to be able to provide consulting to identify the objectives and challenges when considering work style reforms, and to supply a wide range of solutions and products for overcoming these challenges. Also needed for those customers whose needs cannot be served by Hitachi products alone is to offer a wide range of solutions and services through alliances with partner companies.

3. Hitachi’s Views on How to Achieve Work Style Reform

As noted above, customers have a variety of needs for undertaking work style reform, with diverse objectives and means of achieving them. Accordingly, the top priority is to identify the current challenges and to transform issues of tacit knowledge into digital (numeric) form.

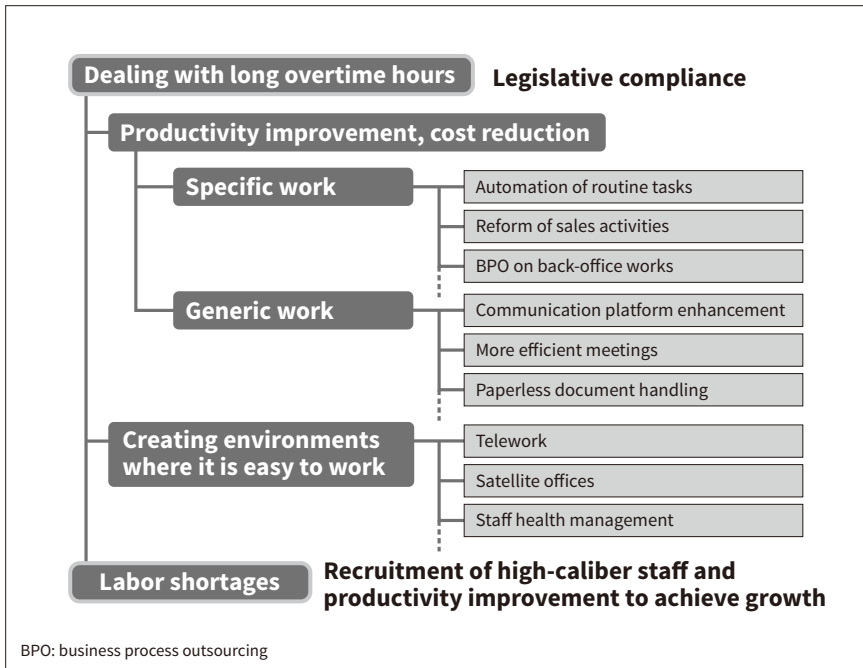


Figure 4 – Two Big Issues of Work Style Reform and Approaches to Resolving Them

A wide variety of measures have been considered, with the two big issues of dealing with long overtime hours and labor shortages predominating.

The purpose of expressing the current situation in terms of digital data is to facilitate the setting of key performance indicators (KPIs) and to provide managers with the basis on which to make investment decisions. This is because the success or failure

of particular measures can be determined by assessing their investment cost-benefit, and the outcomes of work style reform initiatives can be better linked to management indicators through ongoing monitoring of these outcomes (see **Figure 5**).

Figure 5 – Hitachi’s Views on How to Achieve Work Style Reform

By using a variety of different data to shed light on working practices, Hitachi is undertaking the quantitative assessment of current circumstances, the development of policies and target outcomes, and ongoing performance measurement.

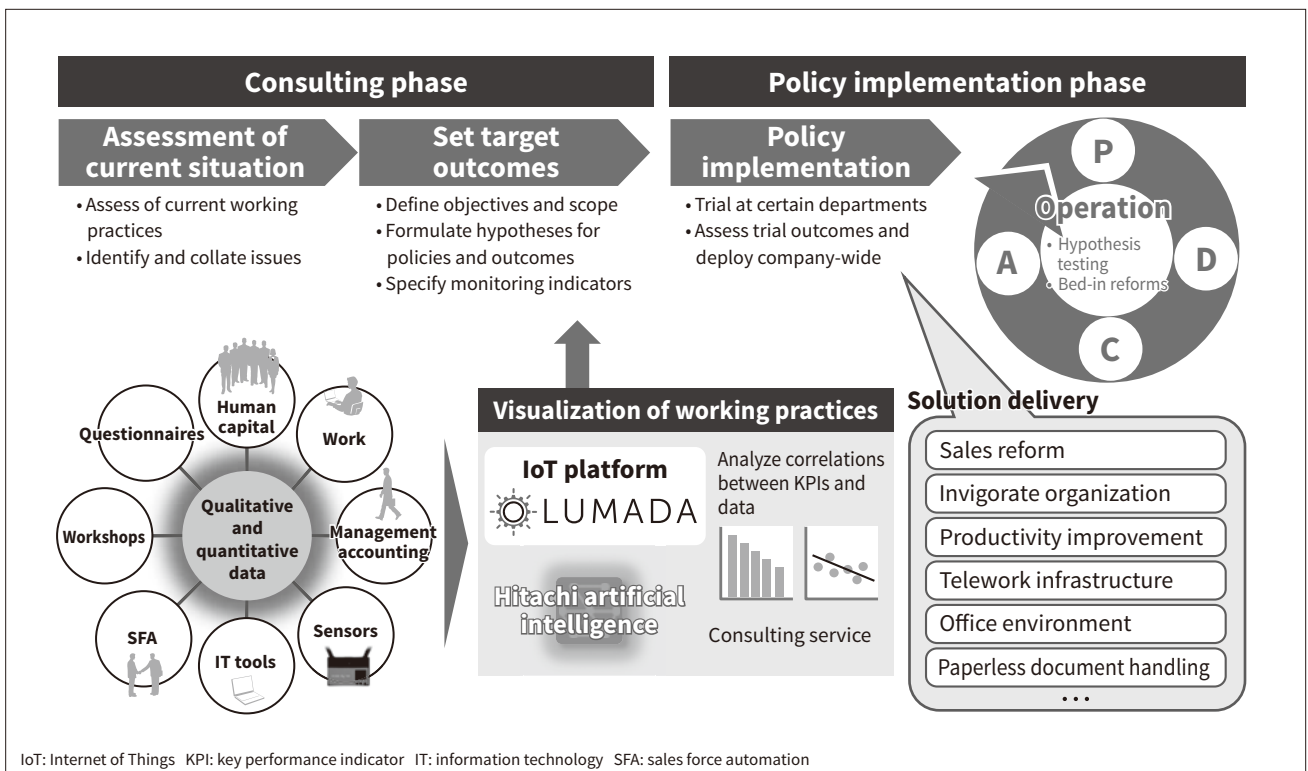
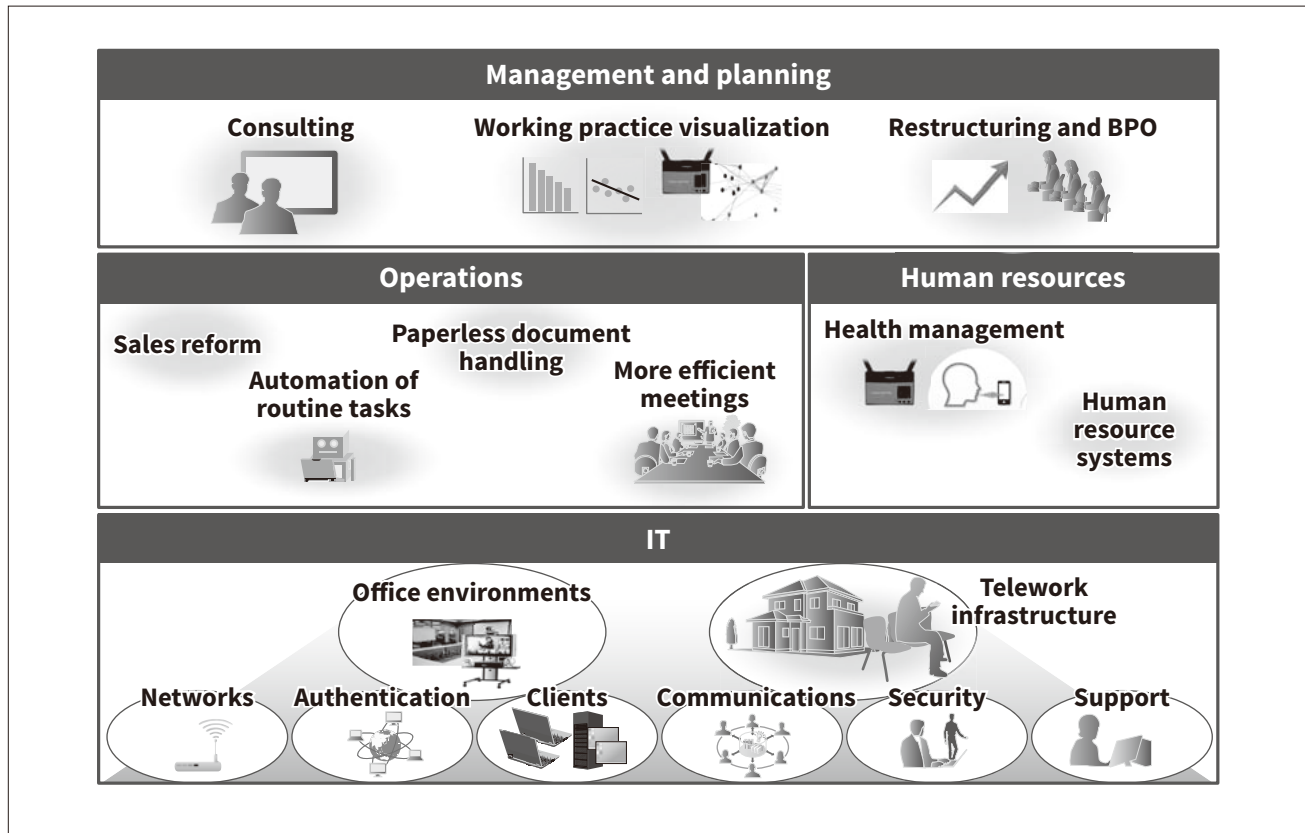


Figure 6 — Overview of Hitachi’s Work Style Reform Solutions

Hitachi’s work style reform solutions encompass the establishment of systems and practices, operational support, and the provision of infrastructure. The starting point for these is the consulting service that analyzes and exposes the challenges faced by customers.



As overturning current practice is one of the issues considered when embarking on work style reform, it is common for some staff or parts of customer organizations to react negatively. Quantifying the current issues is therefore critical if people are to appreciate the importance of work style reform measures.

This means that the following steps are needed when undertaking work style reform.

- (1) Express (quantify) the current situation in terms of digital data
- (2) Set objectives and develop policies
- (3) Implement policies
- (4) Bed-in policies
- (5) Ongoing measurement of outcomes

4. Hitachi’s Proposed Solutions

Based on action taken on working practices at Hitachi and its group companies over more than 20 years, Hitachi’s work style reform solutions are made up of a range of solution products for overcoming customer

challenges, including consulting on how to implement work style reform, and the IT infrastructure services needed to underpin these solutions.

Given the diverse requirements for work style reform, an approach is needed that seeks to address the different challenges and needs of customers in ways that draw on past successes and failures at Hitachi. These solutions encompass the establishment of systems and practices that underpin operations, support for those aspects of operations that are aimed at improving work efficiency and value, and the provision of infrastructure such as flexible workplaces, with the key means of getting to grips with reform being consulting services that analyze and visualize the challenges facing customers (see Figure 6).

5. Past Successes and Failures

As noted above, Hitachi’s work style reform solutions are built on the base of its own experience and involve the commercialization of the successful experiences

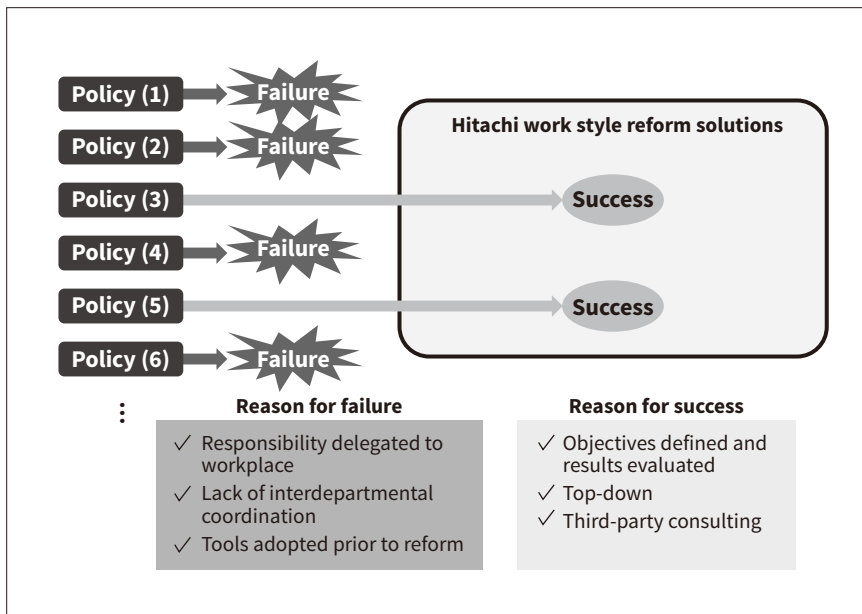


Figure 7 — Giving Customers the Benefit of Hitachi's Experience

Hitachi's work style reform solutions are built on its own experiences and involve the commercialization of the successes and know-how so acquired.

and know-how so acquired. It is also the case that Hitachi and its group companies have experienced numerous failures along the road to commercialization. Among the main reasons for failure were that the introduction of tools in advance of reforms meant that the benefits of introduction could not be determined, and that implementing measures from the bottom-up resulted in a lack of coordination between departments. There were also instances in which implementation was left to the workplaces themselves, with the result that current practices remained in place and few measures were actually adopted.

What was learned from these experiences was that implementing work style reforms requires the overturning of current practices and the top-down creation of a cross-functional structure that breaks down the barriers between departments. Because reform involves investment, it is also important to assess the current situation and set KPIs so that outcomes can be reflected in management indicators. Another reason why it can be a good idea to use a consulting firm able to adopt a third-party perspective is that pointing out the challenges facing other departments as well as one's own and overturning current practices are all stressful tasks. Factors seen as important to the success of work style reforms at Hitachi's IT divisions were a top-down implementation process, digitalization (quantification), and use of third-party consultants (see **Figure 7**)

When Hitachi looked at the outcomes at sales departments where work style reforms had been implemented on an experimental basis and those where it had not, the reformed departments had order levels 27% higher than those that had not introduced reforms. Even given that order levels are fluid, a difference of close to 30% leaves little doubt that work style reform can contribute to corporate performance. A variety of outcomes are evident in the numbers following the practical implementation of work style reforms (see **Figure 8**).

6. Conclusions

This article has described the make-up and operation of Hitachi's work style reform solutions. Hitachi sees the following as being key to successful work style reforms.

(1) Work style reform requires resolve and strong leadership from senior management. Taking a bottom-up approach gives rise to a variety of difficulties when it comes to coordination between departments and the overturning of current practices. Third-party consulting provides a good way to overcome these challenges.

(2) When undertaking work style reform, it is important that KPIs be set for the objectives and expected benefits, and that outcomes are linked to performance

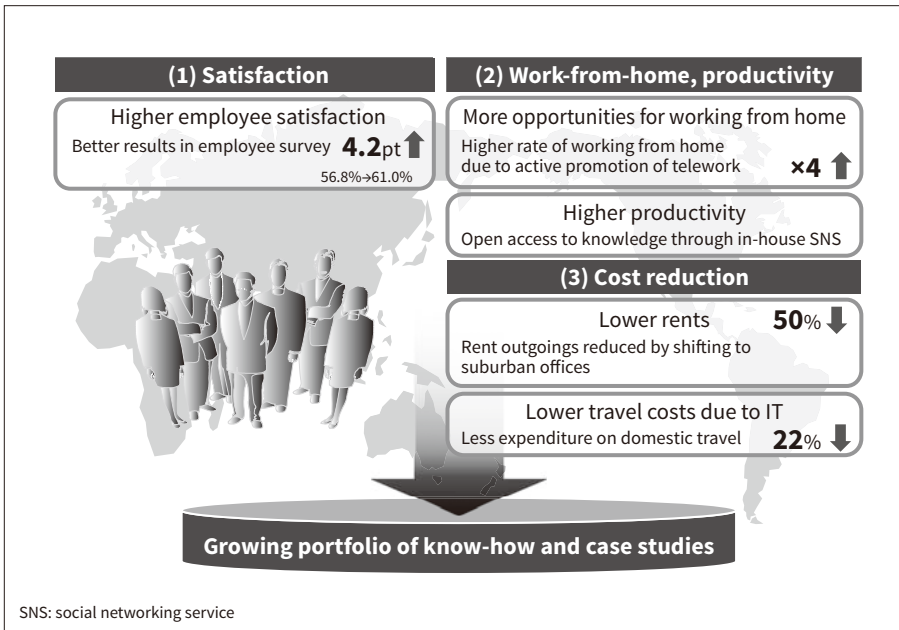


Figure 8 — Benefits of Work Style Reform at Hitachi's IT Division

The results shown here are for Hitachi's IT division in FY2015.

indicators such as sales growth and cost reduction. Failure to clarify this point increases the possibility that reforms will be abandoned.

(3) It is important that careful attention be paid to early-stage planning by assessing the current situation and deciding what the organization wants to become. In other words, rather than rushing the introduction of tools, it is essential to get all stakeholders on board by expressing the current situation and desired outcomes in digital (quantitative) form.

References

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Authors



Satoshi Bannai

Solution Business Sales Department, Service Business Sales Promotion Division, Sales Management & Accounting Division, Systems & Services Business Division, Hitachi, Ltd. *Current work and research:* Sales and marketing of Hitachi Work Style Innovation solutions. *Society memberships:* Consortium for Economy and Empowering Social Structure (CESS).



Eiji Sonoda

Solution Business Sales Department, Service Business Sales Promotion Division, Sales Management & Accounting Division, Systems & Services Business Division, Hitachi, Ltd. *Current work and research:* Product planning and development of Hitachi Work Style Innovation solutions.



Kunihito Uchida

Work Life Integration Solutions Department, Work Life Integration Solutions Development, IoT & Cloud Services Business Division, Services & Platforms Business Unit, Hitachi, Ltd. *Current work and research:* Product development of Hitachi Work Style Innovation solutions.