

How to initiate and accelerate management innovation of companies

Republican Graduate School of Business and Management

Yuji Akaba

Advisor of Infinity Blockchain Group and KOBEA Group

akaba@b-t-partners.com

<http://www.linkedin.com/in/yujiakaba>

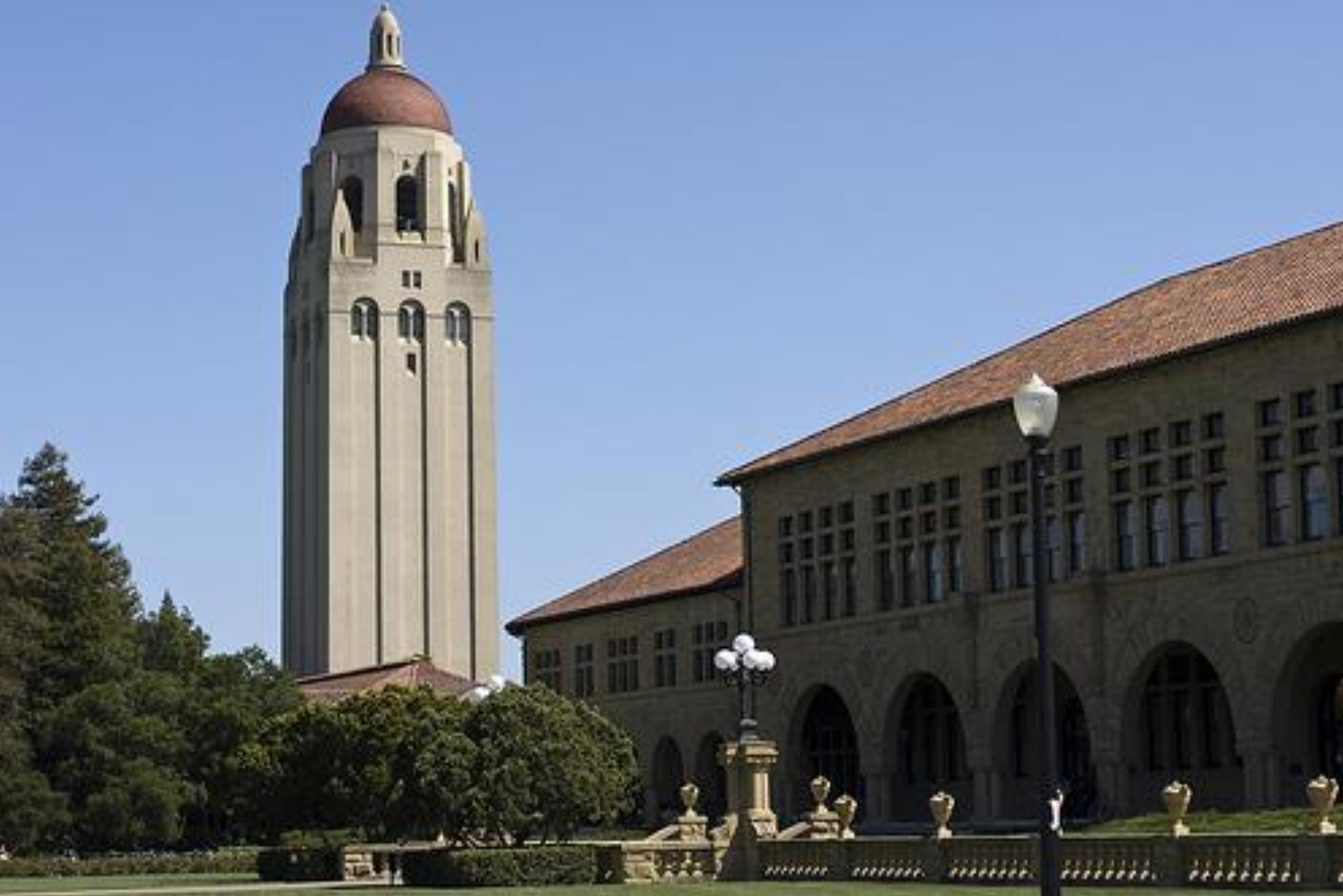
January 21, 2020

My career briefly . . .

KOMATSU

6 years as a design engineer at Komatsu





MS in Mechanical Engineering at Stanford University in USA

McKinsey & Company

14 years in McKinsey, opened Seoul Office

Helped Korean business groups for 10 years in their achieving miracle growth

Commuted 500 times in 10 years between Seoul and Tokyo

Developed more than several hundreds of Change Agents in LG Group who can lead management innovation

Deployed more than one hundred McKinsey consultants from all over the world for the client



Cofounded in January 2002

Cofound start-ups, with extremely hands-on approach, helping entrepreneurs

Not a venture capital

Help management innovation of large companies



Panasonic

SONY

CASIO®
® logovaults

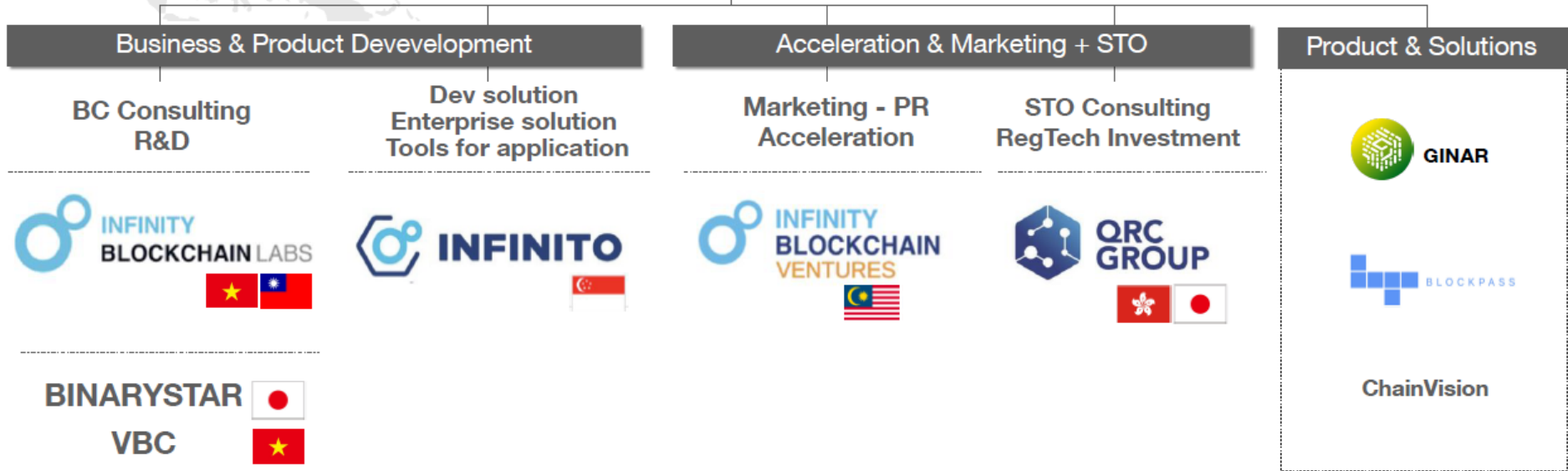
RENEASAS



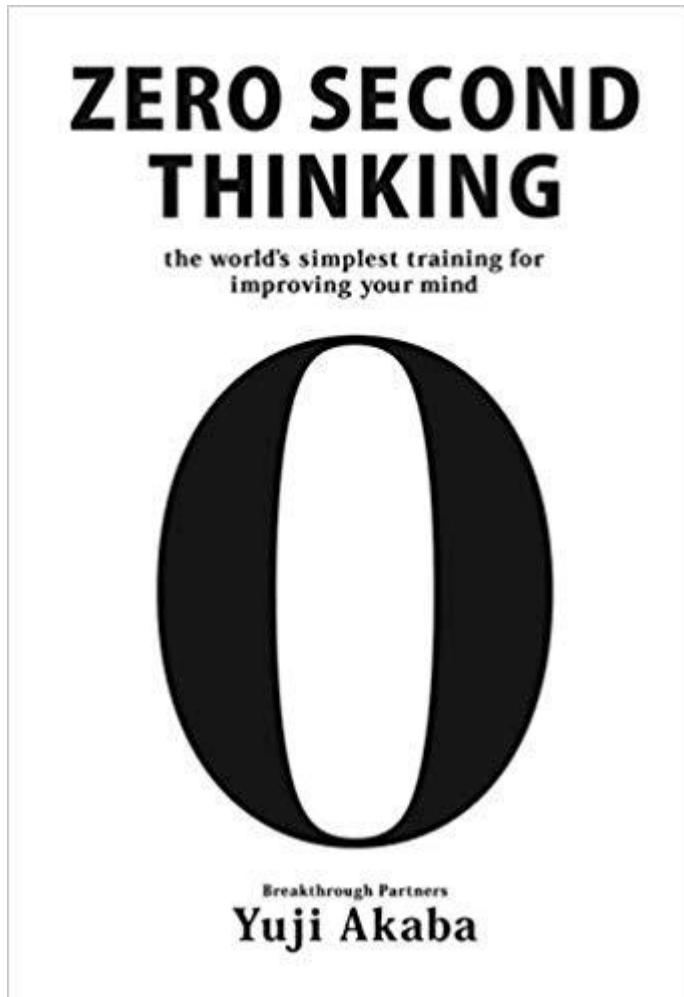
The third largest motorbike company in India.

Advisor of Infinity Blockchain Group with 300 blockchain experts

Infinity Blockchain Group (IBG) provides support to develop and grow Universal Blockchain Ecosystem for Businesses, Researchers, Education and Governments enabling Mass adoption of Blockchain. IBG has the over 300 experts with technical expertise, know-how in blockchain product incubation and development.



Published 20 books in Japan and 19 translated in US, China, Taiwan, Korea and Thailand. Total 760,000 copies, all for skill building and management innovation



Anybody can grow substantially within several weeks by writing A4 memos 10-20 pages a day

The simplest way to become smarter and quicker in decision making



















Very effective way to develop strong leaders for management innovation

Now,



















In the world, competition is getting fierce.

And, leading players are becoming even larger and further dominant

Market Cap Top 20 @April 30, 2019

01	01 →	マイクロソフト Microsoft	Microsoft	1,000.764		アメリカ	11	10 ↓	エクソン・モービル Exxon Mobil	339.970		アメリカ
				\$1Trillion								
02	03 ↑	アマゾン・ドット・コム Amazon.com	Amazon	948.487		アメリカ	12	12 →	ビザ Visa	328.213		アメリカ
				\$948Million								
03	02 ↓	アップル Apple	Apple	946.215		アメリカ	13	14 ↑	中国工商银行 Industrial and Commercial Bank of China	310.052		中国
				\$946Million								
04	04 →	アルファベット (クラスA / クラスC) Alphabet	Alphabet	828.721		アメリカ	14	13 ↓	ネスレ Nestle	299.688		スイス
05	06 ↑	フェイスブック Facebook	Facebook	552.058		アメリカ	15	16 ↑	ウォルマート Walmart	295.118		アメリカ
06	05 ↓	バークシャー・ハサウェイ (クラスA / クラスB) Berkshire Hathaway		533.434		アメリカ	16	17 ↑	バンク・オブ・アメリカ Bank of America	290.761		アメリカ
07	07 →	アリババ・グループ・ホールディング Alibaba Group Holding		477.273		中国	17	15 ↓	中国建設銀行 China Construction Bank	277.601		中国
08	08 →	テンセント・ホールディングス Tencent Holdings		474.583		中国	18	19 ↑	P&G Procter & Gamble	267.087		アメリカ
09	11 ↑	JPMorgan Chase JPMorgan Chase		379.976		アメリカ	19	20 ↑	ロイヤル・ダッチ・シェル (クラスA / クラスB) Royal Dutch Shell	262.347		オランダ
10	09 ↓	ジョンソン&ジョンソン Johnson & Johnson		376.035		アメリカ	20	18 ↓	サムスン電子 Samsung Electronics	260.564		韓国

Market Cap Top 20 @December 31, 2019

01	↑	サウジアラムコ Saudi Arabian Oil	Aramco	1,879.198		サウジアラ ビア	11	11 →	ジョンソン&ジョンソン Johnson & Johnson	383.911		アメリカ
02	01 ↓	アップル Apple	Apple	1,304.765		アメリカ	12	10 ↓	ビザ Visa	370.036		アメリカ
03	02 ↓	マイクロソフト Microsoft	Microsoft	1,203.063		アメリカ	13	12 ↓	ウォルマート Walmart	337.170		アメリカ
04	03 ↓	アルファベット (クラスA/クラスC) Alphabet	Alphabet	922.946		アメリカ	14	19 ↑	サムスン電子 Samsung Electronics	320.114		韓国
05	04 ↓	アマゾン・ドット・コム Amazon.com	Amazon	916.154		アメリカ	15	13 ↓	ネスレ Nestle	319.887		スイス
06	05 ↓	フェイスブック Facebook	Facebook	585.321		アメリカ	16	15 ↓	バンク・オブ・アメリカ Bank of America	316.808		アメリカ
07	06 ↓	バークシャー・ハサウェイ (クラスA/クラスB) Berkshire Hathaway		553.690		アメリカ	17	14 ↓	P&G Procter & Gamble	311.477		アメリカ
08	07 ↓	アリババ・グループ・ホールディング Alibaba Group Holding		548.715		中国	18	20 ↑	台湾・セミコンダクター・マニユ ファクチャリング Taiwan Semiconductor Manufacturing	301.311		台湾
09	09 →	テンセント・ホールディングス Tencent Holdings		456.790		中国	19	16 ↓	マスターカード Mastercard	301.237		アメリカ
10	08 ↓	JPモルガン・チェース JPMorgan Chase		437.226		アメリカ	20	17 ↓	エクソン・モービル Exxon Mobil	295.247		アメリカ

\$1.3Trillion

\$1.2Trillion

\$922Million → \$1Trillion

Samsung

Toyota Motor is 41th with \$199 Billion.

Huge upside if you are smart

But, severe downside risk

Unknown challenges

Winners take all

Cannot survive unless you change

**We should acknowledge that
company performance depends
more than 90% on the CEO**

That means,

**CEOs should initiate management
innovation aggressively and in a
wholehearted manner**

However, the fact is,

**Most CEOs do not necessarily know
how and where to initiate
management innovation**

**This is the reality I have seen in
many countries**

Management innovation is not:

Simply ask numbers

Intimidate subordinates

**Brutally fire people and sell
business units**

Management innovation is:

**Systematic approach how to
change the way of thinking and
behavior of the entire
organization**

Imagine:

There is a door with seven locks

**You have to unlock all of them at
the same time**

**If you unlock only one, you cannot
open the door obviously**

So, seven keys to open the door: Only when management innovation becomes possible

- 1. Need to change vision and strategy, and let everyone know**
- 2. Rapidly improve existing businesses**
- 3. Develop multiple new businesses**
- 4. Assign dedicated management innovation team to support**
- 5. Introduce Human Resource Development Committee**
- 6. Innovate boss-subordinate relationship**
- 7. Change culture by introducing positive feedback and active listening throughout the organization**

Pitfalls we should avoid while executing management innovation

- **Have too high expectation for the rate of change.** It would take at least one year to feel the first change.
- **Show a contradictory attitude** for the management innovation, often seen by the CEO and senior executives. **Typically, CEO and senior executives do not practice what they preach.**
- **Appoint only a few, rather weak people** and expect that they would change the organization.
- **Give up the effort in the middle.** People would be confused and demotivated. Management innovation would take typically more than five years because the entire behavior of the people and company must change.

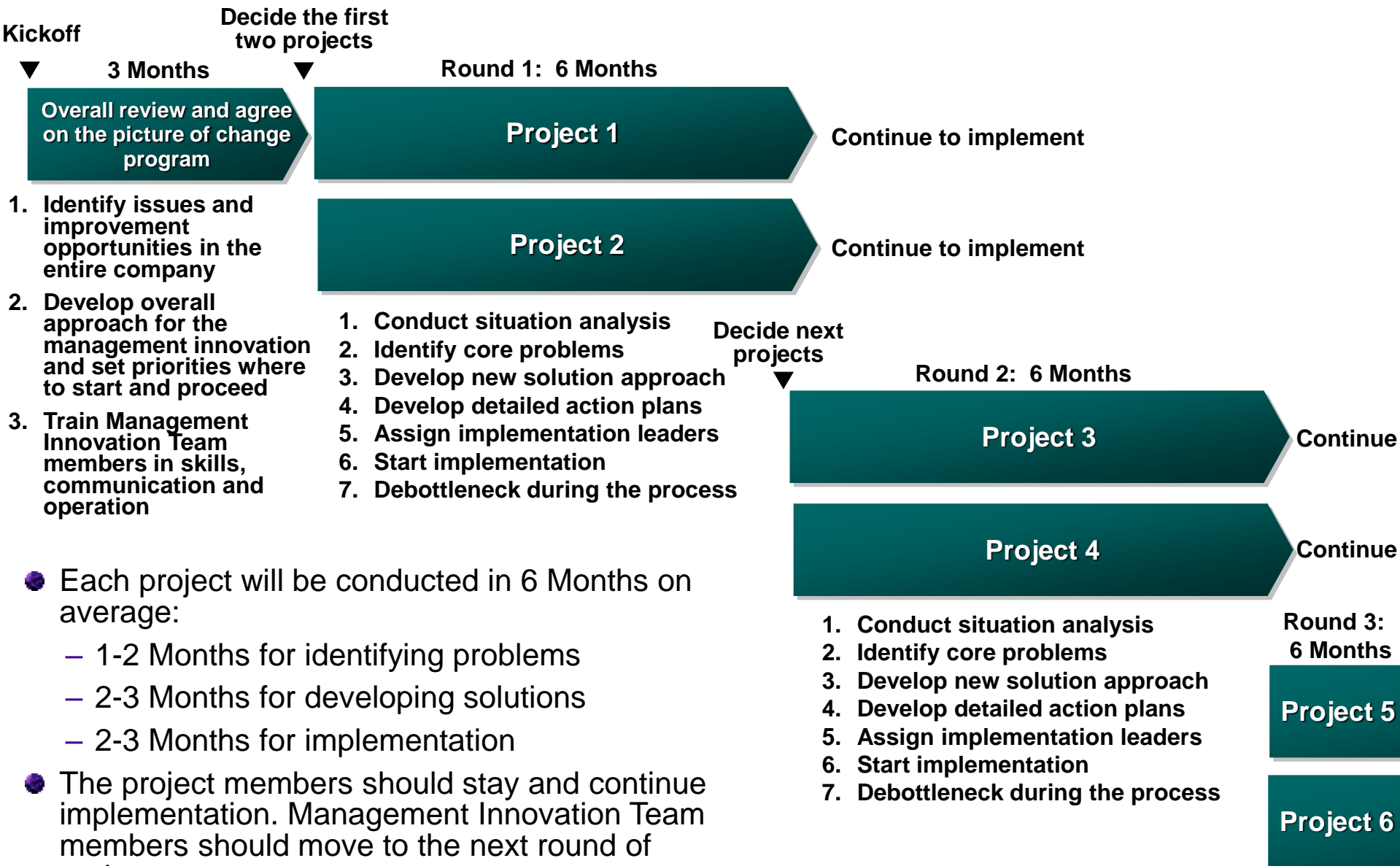
When do employees change their behavior?

- **Employees change their behavior when and only when:**
 - **CEO sets a clear direction for change**
 - **Senior executives show a clear support for that change and behavioral changes themselves**
 - **Their direct boss asks them to change**
 - **Their colleagues show some sign of change**
- In other words, they would not initiate any change on their own. So many CEOs expect self-driven change because the necessity is so obvious for the CEO, and they get discouraged and frustrated to see that there is no change. It is totally absurd.
- Employees have no incentive to change their behavior. They begin to change when they feel that there would be no risk and penalty for the change themselves.

How the management innovation of LG Group was organized, guided and evolved?

- The management innovation of LG Group in Korea was initiated by the second generation Chairman of the group.
- McKinsey helped their entire change process including:
 - New vision and strategy development
 - Entire reorganization of the group and 50 group companies led by all professional CEOs
 - Substantial improvement of all the operational aspects including product marketing, sales force management, profit improvement, cost reduction and the enhancement of customer satisfaction, etc.
 - Introduction of executive assessment committees and its implementation and facilitation
 - Development of Management Innovation Team which started from 10 members and grew up to 35 members at the group level, 10-15 each at 50 companies. The members became presidents and senior executives of the group later.
- I was assigned in the early days and led the entire process for 10 full years quite successfully.
- The process was well known by the entire Korean business community and the Chairman's book describing his effort and the change ("There is no other way") became the best seller in Korea. This book was prepared under my guidance so that employees would understand the magnitude of the effort and be motivated. The objective was fully met because the book was quite sensational.

Management Innovation project image



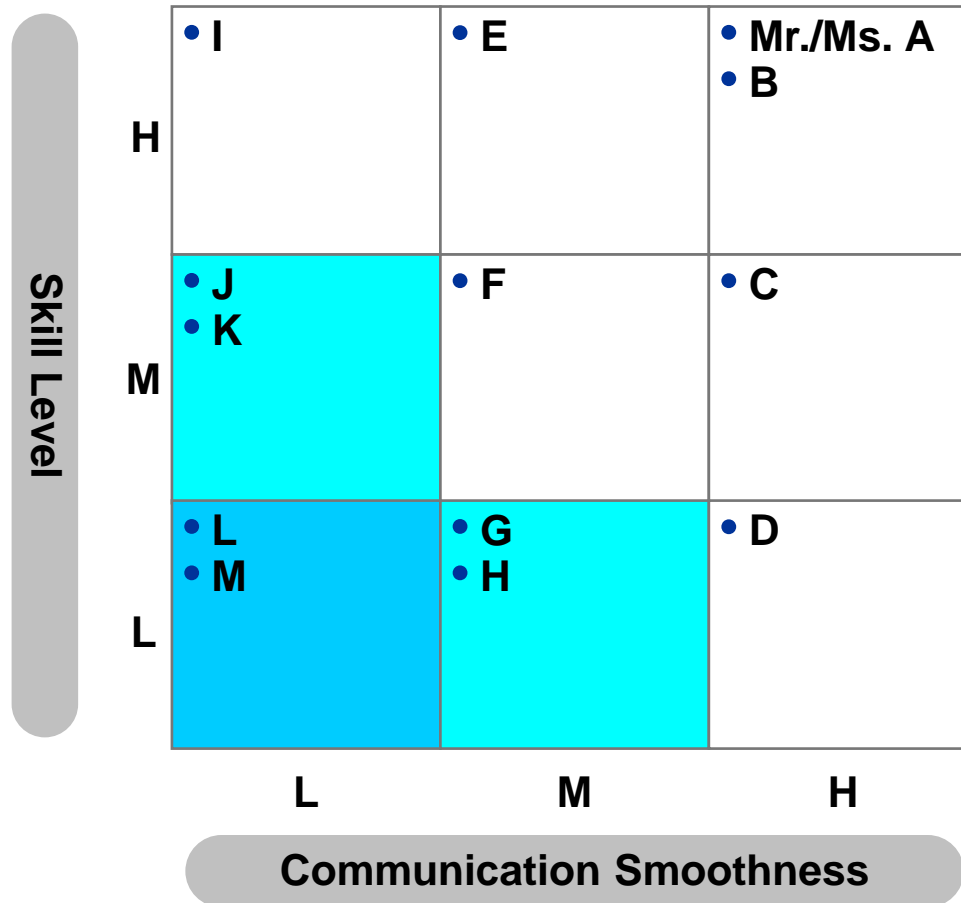
Development of Management Innovation Team as a change agent

- We need to set up Management Innovation Team (MIT) as a change agent organization which provides problem solving capability to tackle different issues in the company, and facilitates and accelerates changes.
 - Assigned as full time, fully dedicated in the management innovation for the next few to several years
 - Participate in the project, supporting the project members from business unit
 - Initially start from 10 selected members. Full training program will be provided so that they understand their mission and begin to acquire required skills and proper attitude
 - After confirming their value, increase to 20-30 members (hopefully within a year)
 - After their completion of the mission, they will become business unit leaders. If they do not perform as expected during the course, they will be sent back to their original organization
- The qualification of the members:
 - Respected managers/leaders in the thirties to early forties, expected to become an executive level in the next 3-10 years.
 - Probably No.2 person in each department because getting the No.1 person is usually very difficult under performance pressure.
 - Need to have strong problem solving capability, communication skills, strong commitment and enthusiasm, burning desire to learn, self confidence, modest and honest attitude.
- The selection of the members is very important because it will reveal the real commitment of the executive team. They will be a role model to change the entire organization.
- Especially, the selection of the leader for the Management Innovation Team is the key, and basically decide whether this effort would be successful or not.

Why I believe that anybody can develop and grow substantially

- I have a strong opinion that anybody can develop and grow substantially if given a proper coaching and proper environment. I was one of the strongest or the strongest believer of this notion in the entire McKinsey. I developed this belief in my helping LG Group's management innovation and have been implementing since then quite successfully.
- Of course, there is a precondition that the person is fully committed to grow and contribute to the organization. I hope the executives and managers share the aspiration.
- The key is that
 - Responsibilities, authorities, evaluation and compensation should be fully aligned.
 - All the executives and managers should coach their subordinates and they should be motivated to do so.
 - Positive feedbacks are always given by the seniors and among each other.
 - Consistent effort should be sustained for at least several years until the new culture is fully developed and implemented.

Subordinate Communication/ Skill Mapping



Skill Development Sheet

Date:
Name:
DL:
Boss:

Strength (7-8 points)

-
-
-
-
-
-
-
-

Development needs (4-5 points)

-
-
-
-
-

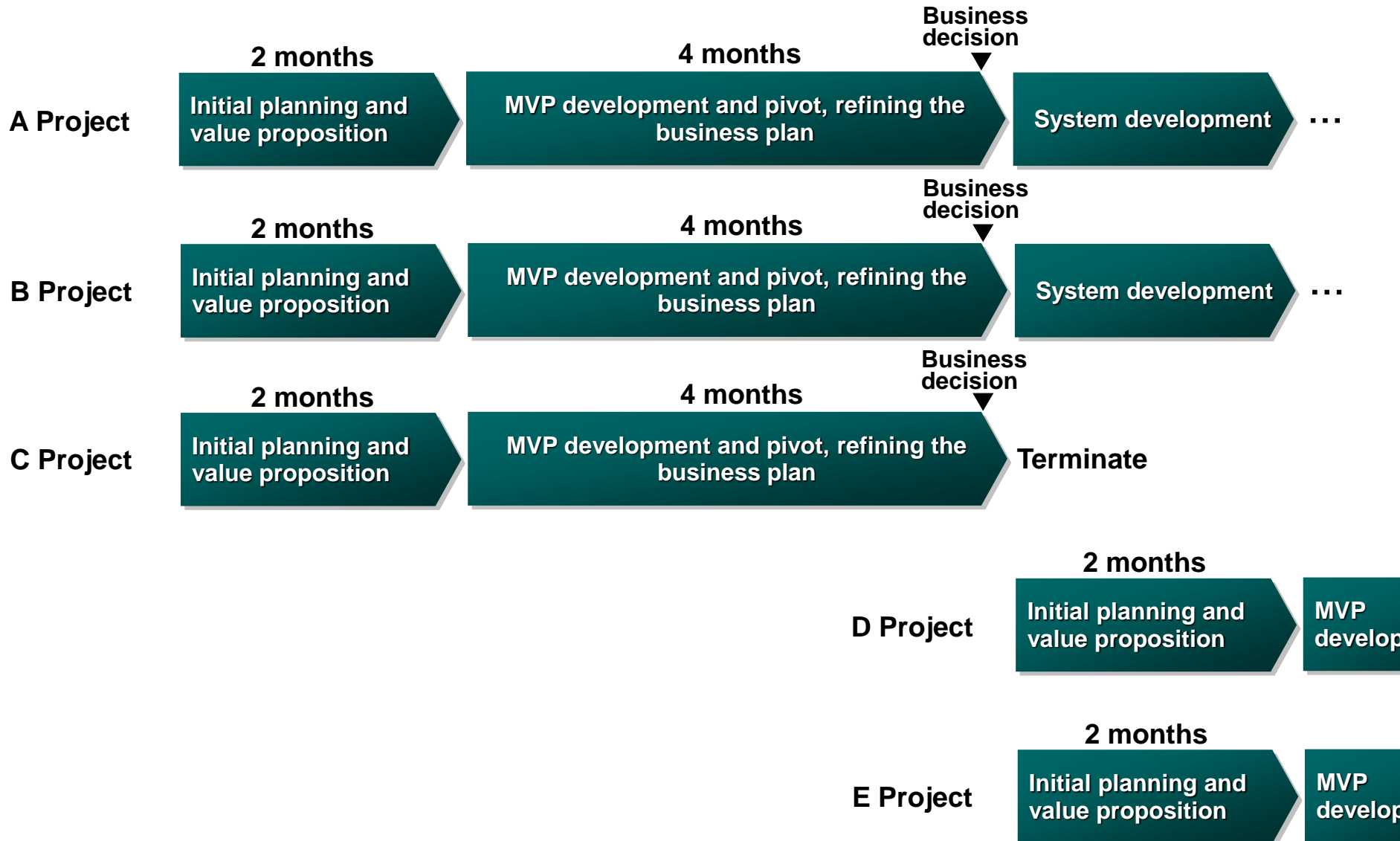
Target in the next 6 months

- Target level for business performance
 -
 -
- Target level for development needs
 -
 -
 -
 -
 -

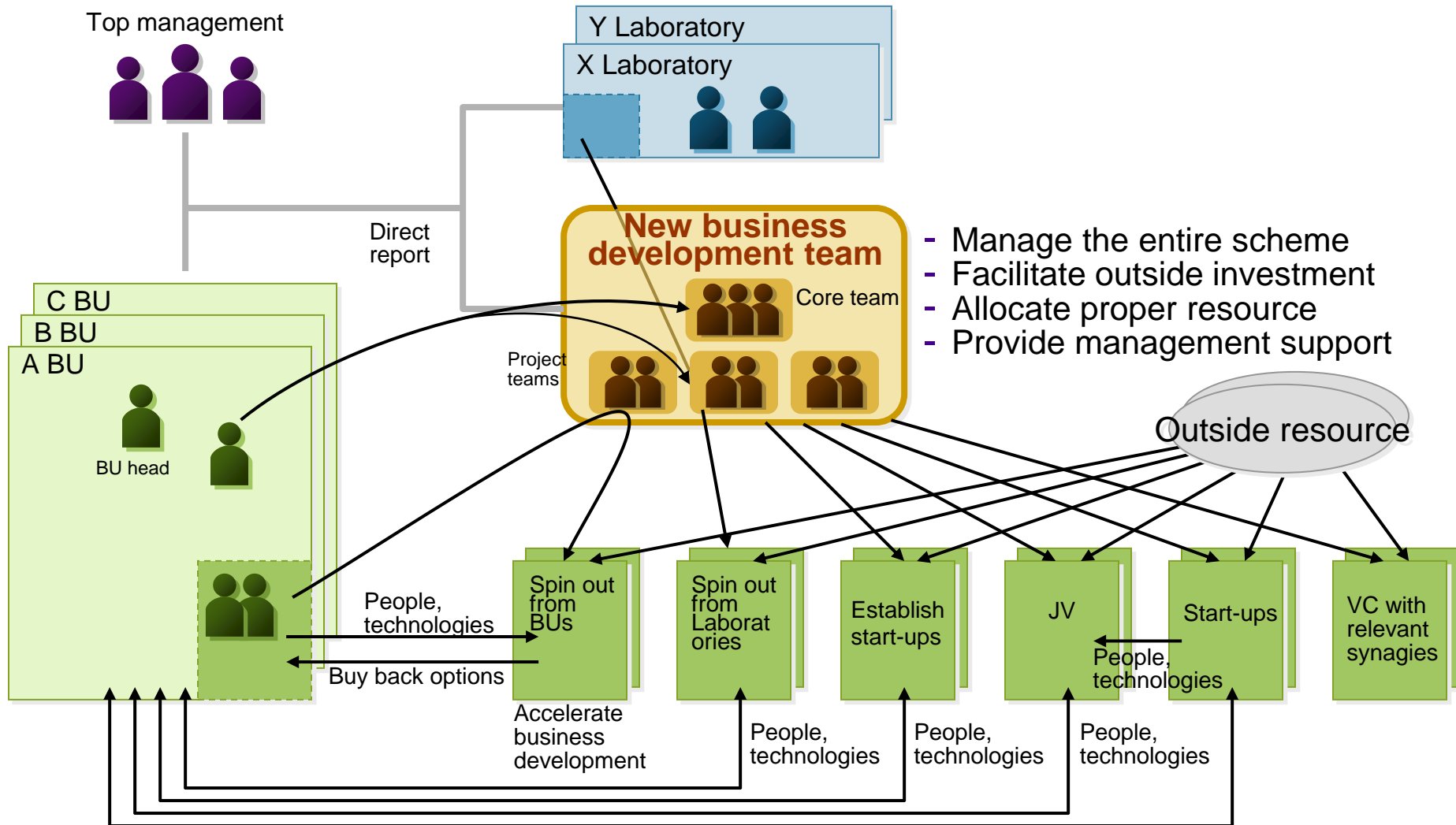
How to improve development needs

- What are the efforts by the individual?
 -
 -
- What are the efforts by the DL/boss?
 -
 -

Lean start-up approach for new business development



Build a dedicated expert team to support new business development



**For any question and discussion,
please feel free to contact:**

akaba@b-t-partners.com

**I am always very quick in getting
back to you.**

Yuji Akaba is a shareholder and an advisor of Infinity Blockchain Holdings based in Singapore, which is a parent company of Infinity Blockchain Labs, one of the largest blockchain R&D companies with 200 people in Vietnam. IBH has operation in Thailand and Malaysia working closely with associations, universities and governments. Yuji is a core member of other blockchain startups in Japan.

Yuji Akaba is also an advisor of KOBEA Group.

Yuji is a Managing Director of Breakthrough Partners based in Tokyo. The mission of Breakthrough Partners is, first, to help entrepreneurs build successful start-ups.

Second, to help large corporations in their management innovation, leadership development and succession management. Yuji's uniqueness is to work closely with CEOs to accelerate leader/manager development while executing various strategy development, profit improvement and organization effectiveness projects.

"The Seven Keys to Accelerate Management Innovation"
<https://b-t-partners.com/english-articles/5689>

Yuji published 20 books in Japan and 19 of them published in US, China, Taiwan, Korea and Thailand, total 760,000 copies in skill and perspective development.
<https://www.amazon.com/Zero-Second-Thinking-simplest-improving/dp/1642730467>

Before cofounding Breakthrough Partners, he was a partner at McKinsey & Company, spending 14 years. He spearheaded McKinsey's practice in Korea, growing beyond 120 staff in less than 10 years.

Prior to McKinsey, Yuji worked six years as a design engineer at Komatsu.

He holds a BS in Mechanical Engineering from University of Tokyo, an MS and the Degree of Engineer in ME both from Stanford University.