

NEWS Letter

<http://www.jafe.jp/>

11th JAFE seminar

On June 20, 2018, JAFE invited Mr. Masahiko Uotani, President and CEO of Shiseido Company, Limited to give a speech, and he spoke on the theme of “Be a Global Beauty Company Originating from Japan that is a Winner throughout the World - Be a Global Winner with our Heritage”. Mr. Uotani, who told us that he had visited every single Shiseido base, of which there are many both in Japan and abroad, graciously answered all of the questions from our JAFE members, which resulted in fervent discussions.



Excerpt from the speech given by Mr. Masahiko Uotani, President and CEO of Shiseido Company, Limited.

I became President of Shiseido in April 2014. The catalyst for this was “it was the first time in the company’s 140-year history for the company to appoint a CEO from outside, and also the desire to show this change to the world”.

Shiseido is a symbolic company of Japan. Although I worked for a foreign company for many years, I had thought, “Someday I want to make use of this experience to benefit Japan”. As my mission and resolve, I strongly embraced the concept of Shiseido as a “global beauty company from Japan” that would last 100 years into the future.

When I first joined the company, although all of the employees were doing their best, our sales and market share continued to fall. There were many employees who wanted to do something about this, and through talking to a total of about 65,000 employees, various problems such as a ten-

dency to depend on new products, a focus on short-term sales performance, the existence of a monoculture, hierarchical system, compartmentalized organization, and an inward-looking orientation came to light. I also heard descriptions used abroad, which left a deep impression on me at the time of my appointment. This was, “Shiseido is a Sleeping Beauty”, “The quality is good, but as a company it does not make a creative impression”.

As a B2C company, marketing is paramount. First, I made a commitment both inside and outside the company that we would not cut down on marketing costs, and I broke off the vicious circle that we were stuck in at the time which was reduced sales → increased inventory → suppression of marketing costs → reduced sales. We held a camp for all of our officers, and also created a road map “VISION 2020” with target sales of 1 trillion yen in 6 years and a minimum operating margin of 10%.

Now, we are focusing on initiatives aimed at the future, such as new investment in research fields, globalization, and the cultivation of



female leaders.

In the consolidated settlement of accounts in 2017, we were able to achieve the plan mapped out in “VISION 2020” three years ahead of schedule. The total market value has increased fivefold. It was the “people” in Shiseido who were the ones who accomplished this. All I did was to make a commitment, “I’ll be the one to prepare the environment, and you give it all you’ve got.”

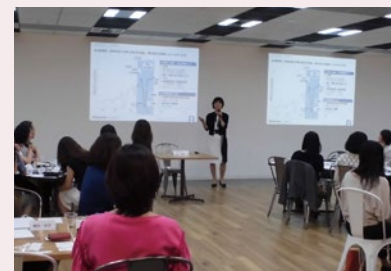
Now our employees have regained their energy believing they can do it if they try! However, our operating profit margin is still 8%, which is only halfway when compared to our global competitors. Our goal is to be the most trusted cosmetics company in the world. But I believe that we must gain further TRUST from our customers, business partners and all our stakeholders.



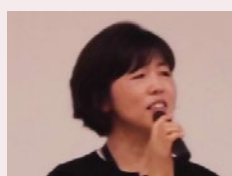
Report 1

JAFE 2way Seminar

The JAFE 2-way seminar was held at Connected Solutions Company of Panasonic Corporation on July 9, 2018. After the speech given by JAFE member, Ms. Masae Yamanaka, Managing Officer of Panasonic Connected Solutions Company, Ms. Ayako Shotoku, Director of the Legal Center and Managing Officer of the company announced the company's efforts to promote diversity. The participants had time to engage in some table talk while enjoying the cuisine and drinks, and there was also an opportunity for each group to present what they had discussed. The members were able to interact with one another in a convivial atmosphere.



Extract from the speech given by Ms. Masae Yamanaka, Managing Officer, Connected Solutions Company of Panasonic Corporation.



Ms. Masae Yamanaka,
Managing Officer,
Connected Solutions
Company of Panasonic
Corporation (JAFE Member)

Of the new graduates who joined IBM Japan, Ltd. in 1987, 11 of my colleagues became the first women to be put in charge of sales at a major corporation. That number was halved one year later, and after a few years, that number was whittled down to just myself. In fact, even I wanted to quit at the time, but before quitting I decided to give it my best and gave some thought to what I could do for our customers, and by im-

plementing these plans, I found that my sales figures grew. I was once demoted within this huge organization, but owing to the results I achieved at a major distribution company, I was named IBM's first female top sales representative, and was promoted to the position of head of the department.

People do not grow in an environment of smooth sailing. Wanting to feeling blocked in and stretched, and to feel like I was being kept on my toes, I accepted an offer from Microsoft Japan Co., Ltd. in 2009. I set a goal of "creating the best team

in the IT industry", and I felt this with my team.

The Japanese subsidiary of a foreign company is basically a sales company. Compared with this, companies with a Japanese headquarters are able to make their own decisions. In 2014, I transferred to LIXIL since the management team at the time made me an offer. When these people in management retired and I was wondering what path to take next, I received an offer from Mr. Higuchi, the President of Panasonic Connected Solutions Company. So I decided to challenge myself once again at a Japanese company, and joined Panasonic Connected Solutions in 2017, which is where I am now.

What is important in business is not only to win but to keep on winning. In order to keep winning, I believe that a culture, organization and business process that supports this winning strategy is essential, and achieving this is what gives it meaning. For this, we also need a team that values its members. I myself strive not to simply be a boss who talks at staff, but to communicate by pushing my staff so that they are able to make "To Be", a reality.



JAFE Executive Committee member

Ms. Ryoko Nagata

Standing Auditor, Japan Tobacco Inc.

Ms. Nagata joined Japan Tobacco Inc. in 1987. After working in the Pharmaceuticals Division, Human Resources Division, and studying abroad, Ms. Nagata was seconded to Burger King Japan Co., Ltd. After working as Head of the Product Group of the Food Business Division, Executive Officer and Head of the Soft Drink Business Division, and Chief CSR Officer, she was appointed Standing Auditor in March 2018.

Report 2

Power breakfast

Mr. Gian Luca Giraudi, CEO of the long-established French cosmetics manufacturer O'rlane expressed a wish to exchange opinions with our female Japanese executives on the occasion of his visit to Japan, and therefore, JAFE held its first "Power Breakfast" on June 6, 2018 open to a limited number of members. After giving a speech on the day on such matters of interest as branding, family businesses and wellness, Mr. Giraudi discussed Japanese concepts of beauty with all the participants, and our members were delighted with this very fruitful early morning session.

