

Creating Innovation

The Challenge: New Value Generation

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Innovation is essential if we are to create new value and, by 2030, achieve the vision of our long-term management goals. As food and health become ever more important concerns and the need for Group-wide promotion of new value becomes increasingly evident, we have begun to create a mechanism with that in mind.

Company Innovation

The Group's long-term management goals formulated in FY2020 state that, "the Company will promote innovation to create new value that solves the problems of customers and society." Another of our goals is to achieve net sales of ¥1 trillion by 2030.

Enter into the picture COVID-19. The pandemic has significantly changed the world, the previously commonplace is gone, and the creation of new value is more necessary than ever.

Nichirei believes that innovation is not limited to be innovative, but includes combining existing knowledge and resources to create new economic and social value. This can be achieved by transforming our core business model and creating new business opportunities.

When it comes to realizing our long-term management goals, the one of the material matters is the creation of new markets and customer value by taking on challenges that don't adhere to our existing food- and health-related business areas.

Producing New Value

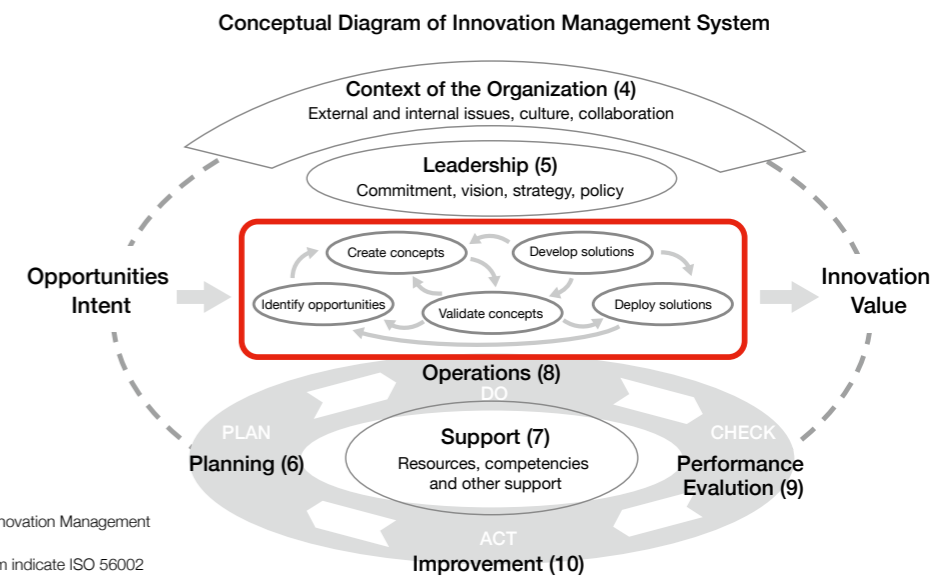
While the Nichirei Group already has taken on many challenges, we recognize the difficulty of continuing to do so in these times of uncertainty. We thus decided to discuss, with those in charge at the time, how in the past they had dealt with obstacles.

Over the course of nearly three months, we asked some 50 people about close to 40 challenges they had handled. We learned that, although these people had tried to generate ideas and take on challenges, they had tended to rush through their paces in order to achieve results quickly, rather than take a medium- to long-term approach. Further, the Company had not supported or nurtured their efforts.

Diagram Explanation

Innovation activities (identifying opportunities, creating and verifying concepts, developing and implementing solutions) are shown in the central red frame; uncertainty is reduced through rapid trial and error of hypothesis testing that goes back and forth within the frame leading to the creation of value through innovation. In addition, we aim to more smoothly promote the activities through organizational support. Human resource development, which we are focusing on this year, is an initiative related to the "competence" of the support system.

Source: ISO 56002 Innovation Management—Innovation Management System Guide
Note: The numbers in parentheses in the diagram indicate ISO 56002 chapter numbers.



It became clear that innovation is not achieved by one specific and capable individual. Rather, it is realized by all the Group's employees who, as ideas are generated, will pull together to support the taking on of challenges, resulting in greater innovation.

To this end, we must create a Company culture that fosters and nurtures challenges.

The mechanism currently being developed is based on ISO 56002, the 2019 internationally validated guideline for how to set up an innovation management system (IMS). We now are creating a Nichirei-specific IMS to reflect the Group's distinctive features.

The aim of our IMS is to provide organizational support for nimble trial and error attempts to cultivate ideas, from conception to fruition. The mechanism has two special features.

Regarding the first special feature, it is through the development of human resources that we aim to inculcate a shared awareness and understanding of innovation. At present, we are conducting workshops on how to use the Business Model Canvas (BMC), a tool for game changers that helps design thinking.

We expect that using the BMC strategic management building blocks as a common language will facilitate smooth communication among those engaged in innovating and those who support them, thereby enabling the entire Group to promote innovation activities.

Some 200 employees have attended BMC-related workshops to date, and our goal is to have 80 % of our employees participate in these over the coming five years.

The second special feature is the development of infrastructure to collect and refine ideas. We plan to stimulate innovation by encouraging new ideas and innovative techniques, refining and evaluating them for all involved to see.

Future Developments

Societal issues related to food and health—including food loss, a super-aged society, and problems resulting from natural disasters—are diverse and complex. For this reason, we wish to make the best use of Nichirei resources and work together with our stakeholders, other companies (including ones in other industries), universities, and research institutes.

In the face of the major changes that society is undergoing, we believe that it is up to us to propose, from perspectives unique to Nichirei, the adoption of values that the world and consumers are demanding.

As innovation efforts are not quick to bear fruit, we plan to allow a little more time before the IMS currently being developed is used to establish a culture that will enable the entire Nichirei Group to create new value.