

# Realizing Innovation & Challenges in Business Operations

OSG's aim is to be a "company shining brighter than ever before" as we strive to implement our Medium-Term Management Plan "Beyond the Limit 2030" and prepare for the year 2038 when we commemorate the 100-year anniversary of OSG's founding.

In order to achieve that, OSG needs personnel capable of adapting to change and those with the ability to continue to take up challenges and grow.

We gathered four mid-level employees, who will be the standard bearers of OSG's future, to talk about how they refuse to put limits on themselves so they may embrace challenges and innovation going beyond anything that has ever been done before.

## Roundtable Participants' Backgrounds and Jobs

**Moriguchi:** I joined OSG right after graduating from university in 2016. I have been working in investor relations since 2018, and have since moved on to the sustainability team, where I am responsible for promoting sustainability. I will be moderating today's discussion. To start off, I would first like to ask everyone to introduce themselves.

**Mizutani:** I joined OSG as a mid-career hire in 2003. In my previous job, I was in charge of recruiting and other personnel matters. At OSG, I have had the experience of working in technical support, management planning, investor relations, marketing, and other areas. Currently, I am leveraging my language and marketing skills to launch new businesses and brands with our affiliates overseas and doing other work involved with strategic businesses that have a direct bearing on our Medium-Term Management Plan.



**Kanako Mizutani**, Manager  
Global Engineering Group  
Design Center

**Sasahara:** I was a mid-career hire in 1998, joining the company to work in sales and marketing. My previous job was also in sales. Then, when searching around for opportunities to grow, I talked to my supervisor about changing career paths and was reassigned to the Machining Technology Group where I have been for roughly seven years, learning CAD, machine operation, and processing technology. I am currently working as a sales engineer assigned to the Growth Industry for Global Share up (GIGS) Sales Group.

**Suzuki:** In my previous job, I was involved in the design and manufacture of dies and molds and the company I worked for was also a customer of OSG. In 2006, I joined OSG and was initially assigned to a unit developing products. Later, after working in production management at Oike Factory, I was put in charge of operations for launching the NEO Shinshiro Plant. In my current work, I am always conscious of delivering products to customers on the proper deadline.

**Enomoto:** I was hired by OSG mid-career in 1997. This year marks my 26th year with the company. Previously, I was in the service industry, but found the irregular working hours incompatible and left that job after one year. At OSG, I have always been in marketing. Despite my studies in the humanities, I have been involved in launching core systems and promoting IT. Currently I am involved in digital support operations on domestic sales.

## Embodying Challenge & Innovation

**Moriguchi:** Could you please share an example of how you have embraced challenge and innovation in your work?

**Enomoto:** OSG has been promoting digital transformation company-wide. My department has been actively working to develop and introduce our own robotic process automation (RPA). It has allowed us to completely automate data input and other operations, use data to provide strategic sales tools, visualize demand using electronic data interchange (EDI) with customers, and achieve other innovations. This has reduced simple tasks, enhanced operational efficiency, as well as been useful in making use of extracted data to support the digital transformation of sales.

**Suzuki:** In May 2020, I was involved in setting up the NEO Shinshiro Plant where we tackled the challenge of introducing an innovative digital production management system that would free us from the analog production system. We proceeded to create a visualization platform that linked ordering, production, equipment, and all other data aspects. This digitalization, which has boosted frontline capabilities, has helped augment production planning and on-time delivery. In addition, I feel that the improved communication among departments has strengthened coordination. This is anticipated to improve profitability as well as optimize production operations and inventory management. It also appears to have enhanced our connections with the Medium-Term Management Plan numerical targets.



**Hideaki Suzuki**, Manager  
Production Management Division  
Shinshiro Factory

**Sasahara:** We are taking on a challenge of carrying out GIGS activities to pioneer new growth markets. Against the backdrop of changes taking place in the automobile industry, we need to create pillars for new businesses, so we have been actively developing sectors related to semiconductors, healthcare, precision dies, and robotics. In order to identify new customers, it's necessary to develop new strategic products. That is why we have been facilitating activities that transcend our organization as we strive to generate demand. In fact, we are starting to see results in areas where OSG has traditionally not been an active player, such as hard brittle materials and resin processing.

**Mizutani:** It gives me a sense of fulfillment when I think about how I have been entrusted with tasks that start from scratch, and knowing that these tasks are linked to the realization of our medium-term plan. One actual example of a challenge is our polycrystalline diamond (PCD) tool business for machining ceramics, quartz glass, and other hard and brittle materials used in the semiconductor sector. This is part of our strategic operations targeting the micro-precision machining sector as set out in the Medium-Term Management Plan. The culture of OSG, which encourages us to take on any challenge and supports challenges throughout the organization, is propelling this business to get on track.

## Structure & Internal Systems Encouraging Employees to Take up Challenges

**Moriguchi:** Does OSG have an internal system in place that provides support for realizing challenges and innovation? Please talk about the system and organizational management that motivates employees to take on challenges, taking into account the evaluation system and compensation system.



**Tomono Moriguchi**  
Strategic Planning Division  
Sustainability Team

**Suzuki:** I think there is a substantial support system in place. When employees want to take up a new challenge, they are able to make use of the career plan reporting program. Inspiration and new ideas are required to improve operations and build innovative production lines. Opportunities to find those hints are readily provided with the company's support for attending outside seminars and other learning opportunities as well as visiting customers production facilities. Such opportunities also encourage employees to take up new challenges. I think there is a good support system in place, one that is focused on creating an environment where people are able to speak up and hear others' ideas as well. OSG has built an organization that makes it easier for employees to set about trying to do something new.



**Takehiro Sasahara**, Manager  
GIGS Sales Group  
Application Sales Division

**Sasahara:** When we reach the year 2038 which is OSG's 100th anniversary, our younger employees, the ones who currently have been with the company for less than five years, will form the core of the sales departments in Japan. When I take a hard look at what OSG will be like 10 years from now, I believe the even higher engineering level of our sales staff will provide a significant boost enabling the company to grow further. I hope that telling younger employees the story of my own experience of returning to sales after I gained knowledge by learning product technology as an engineer even though I came from a sales background will raise the level of the entire sales department and pique employees desire to take up challenges and not be held back by fixed ideas.

**Mizutani:** At OSG, it might be that we naturally acquire the habit of stepping forward to take up challenges. Looking back on my own experience when I had only been in charge of my work for a short time, I was approached by my supervisor who prompted me to try new things, saying: "What do you think of being the instructor for the next engineering workshop?" and "I'm going to Tokyo for an investor relations briefing and want you to come along." I feel the more opportunities I had to gain a variety of experiences, the more I started to take the initiative to face up to challenges. Personally experiencing what is actually happening on the front lines, I feel, generated in me new ideas and innovations. OSG's philosophy encourages people to take up a challenge.

**Enomoto:** OSG has a total of 222 e-learning courses. As part of the company's self-development program for employees, the entire tuition is covered if you complete a course within the designated time period. In addition, the company also offers a certification incentive payment if you obtain a specific qualification set by the company. So, I talked to my team members about getting qualified in personal computer skills last year, and some of them even acquired those qualifications. It is evident that OSG's active support encourages employees. In the Digital Promotion Group to which I am assigned, digital training is provided not only to those who wish to do so within the same department, but also others within the same office. Everyone has jumped at the chance to take such courses.

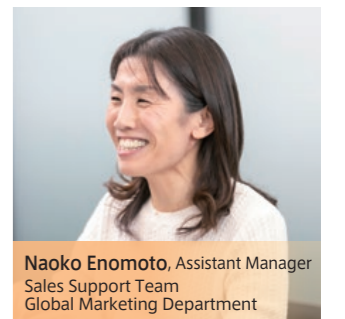
## Personnel & Training Program Challenges

**Moriguchi:** How do you consider the challenges and required measures for human resources and education systems towards the realization of 'Beyond The Limit'?

**Sasahara:** Just as with other companies, OSG has also faced the problem of young employees leaving in recent years. When I was young, we didn't receive any feedback about our performance evaluations, nor did we feel that much anxiety or dissatisfaction about it, either. However, times have changed. Now, I'm in the position of evaluating others. To motivate people, I again feel it's important to have a personnel and performance evaluation system that is fair and transparent. I have heard that some companies in the same industry have already introduced it, but I think it would also be effective for the company to introduce a multifaceted evaluation system, such as a 360-degree evaluation that is not a one-sided evaluation from the boss, and to conduct appropriate evaluations according to the results.

**Mizutani:** Even though OSG's overseas sales account for nearly 70% of all sales, I feel our daily operations and activities still don't have a sufficient global tinge. This may be a consequence of the extent to which the pandemic curbed our activities, but there has also been less exchange with our overseas group companies and fewer of our younger employees going overseas on business trips. Enhancing mutual understanding through communication with people of different nationalities, cultures, and business customs turns out to be an important asset for generating challenges and innovation in the future. I think OSG needs to expand its programs and opportunities, regardless of department, to encourage employees globally to take on challenges.

**Enomoto:** Even before the current medium-term management plan was formulated, there were items to evaluate the challenges of employees, and I believe that there is no excess or deficiency in the personnel evaluation system for the realization of "Beyond The Limit." However, it remains a question whether a proper evaluation is being made in line with the seven human resource criteria OSG requires. It might be a challenge for the personnel evaluation to clarify the evaluation items for each of the seven human resource criteria, not just for challenges, and to promote the creation of indicators that can challenge without fear of failure. For instance, it might be necessary to strengthen how the personnel evaluation system is administered by enhancing training for both evaluators and those being evaluated.



**Naoko Enomoto**, Assistant Manager  
Sales Support Team  
Global Marketing Department

**Suzuki:** I think it is important for each and every one of our employees to orient themselves toward achieving goals that will accomplish the Medium-Term Management Plan. Nevertheless, I feel there is a gap between the company's goals for having all employees understand and imbue this target and the reality that we face. I feel we need to instill in all our employees the concept of asking what they should do and how they should do it, so that we move toward achieving the Medium-Term Management Plan. Along with taking a step toward having each and every one of our employees understand the Medium-Term Management Plan measures, I think we also need to develop a system that facilitates collaboration among working groups and extends that to small group activities closer to the front lines so that we may better share the overall direction of our organization and increase the speed with which we realize our goals.

**Moriguchi:** Thank you everyone for your valuable comments today. You allowed us a glimpse into the challenges and innovations generated in your daily activities. Seeing once again how OSG has established culture that encourages individuals to take on challenges has made me also want to continue to tackle challenges not only to realize "Beyond the Limit" but also for my own growth.