

sustainable japan

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Shipping firm ONE steams ahead with nimble efficiency

Unraveling Japanese companies

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CONTRIBUTING WRITER

Few people probably have heard of the Japanese shipping company that made ¥2 trillion in profit for two years in a row.

When the joint venture, Ocean Network Express, posted an after-tax profit of \$16.76 billion — five times more than a year earlier — for the business year that ended in March 2022, the jaw-dropping result startled investors because, compared with Japanese listed companies, ONE was behind only Toyota Motor Corp. The following year, it posted \$15 billion in profit after tax.

These profits benefited its three Japanese shareholders and helped them mark record profits as well, although forecasts are unclear for the maritime transportation market and it is widely believed to be extremely volatile.

What supported ONE's rapid growth is its business philosophy to always keep a global perspective and focus on operational efficiency without sticking to the slow conventional Japanese way of doing business. "In order to survive the dynamic and severe global competition, we needed to seek a new way — something that is neither an old Japanese way nor a Western way," ONE's Managing Director Yasuki Iwai

said in a recent interview, part of a monthly series by Naonori Kimura, a partner for the consulting firm Industrial Growth Platform Inc. (IGPI).

Headquartered in Singapore, ONE was founded in 2017 when three big Japanese maritime transportation firms — Nippon Yusen, Mitsui O.S.K. Lines and Kawasaki Kisen — integrated their weakening container shipping businesses to survive the intensifying global competition. The three had achieved substantial growth during the 1980s and 1990s, when the Japanese economy was thriving, but their market shares then dwindled during the country's subsequent three-decade economic downturn. Meanwhile, overseas shipping firms flourished in the expanding global logistics market, driven particularly by China's surging demand for raw materials. After the failure of the U.S. investment bank Lehman Brothers caused a global financial crisis in 2008, many shipping firms turned toward mergers, acquisitions and alliances to survive, Iwai said.

By the time of ONE's launch, the three major Japanese firms' container shipping businesses had each shrunk to a mere 2% or so, according to Iwai. The three invested 38%, 31% and 31% into their joint venture, which became the sixth-largest shipper in the world, although it is still far behind European shipping giants.

Today, ONE services more than 120 countries with a fleet of over 200 vessels. It



ONE's Managing Director Yasuki Iwai ONE

has a total of 11,000 workers, and the Singapore headquarters is a particular symbol of workforce diversity, with 19 nationalities.

The rapidly growing firm aims to play a leading role in the industry mitigating its environmental impacts. ONE's homepage cites estimates by the International Maritime Organization that growing maritime traffic due to rising international trade is expected to result in a nearly threefold increase in greenhouse gas emissions by 2050.

In 2019, ONE developed a sustainability strategy focusing on four areas of priority: environmental, social and governance issues plus operational excellence. Iwai said ESG is one of the most important factors determining a shipping firm's fate in global competition. With an increasing number of countries and businesses pledging to achieve net-zero carbon emissions by 2050, shipping firms are responsible for emis-

sions that vary depending on the fuel they choose and how much they use, Iwai said.

Also, a smaller container shipping firm like ONE cannot beat shipping titans on economies of scale without operational excellence. "By achieving greater efficiency in asset utilization and yield management with the power of information technology and human resources, we can fill the gap with others enjoying economies of scale or offset their benefit," Iwai said.

ONE has improved its operational efficiency since its foundation. For example, various sensors onboard vessels track navigation, engine functions and any accidents. The company analyzes the massive amounts of data produced, along with external factors such as weather and ocean conditions, including winds, tides, currents and waves, as well as data on port congestion. Also, it has improved the efficiency of its overall operations by checking data on

fuel costs and profitability. Moreover, ONE tied up with university experts last year to improve its operational efficiency by using, for example, autonomous technologies, alternative fuels and greater digitalization.

"Teamwork has been very important" for achieving operational excellence, Iwai said. "We bring together captains who are experienced navigators, people who specialize in vessels' functions and people who know a lot about fuel. We bring them all together to realize operational improvement."

In order to bolster a team spirit among members from different nations, ONE created eight business credos as its "core values." Iwai said, "I honestly believed that we needed something spelled out so we could share it with each other."

The first credo is to be "lean and agile" to break through conventions, because one of the big reasons that many Japanese companies failed to grow in the country's "lost decades" was that they were slow to make decisions and take action, Iwai continued.

The second one is "teamwork," meaning to "respect individual diversity to build a team that can work together to create new value," the homepage says.

Third is that the joint venture should choose "best practices" even when competing proposals are made by people with different business backgrounds based on the three original shipping firms. To "meet challenges" is also important because without that spirit, it wouldn't be able to boost its smaller market share, Iwai said.

He also said "quality" and "reliability" mean ONE wants to protect the aspect of Japanese corporate culture that aims for high-quality services. "Innovation" is essential when trying new things. Lastly, "customer satisfaction" means that the company always works with its customers and cannot grow without satisfying them, he said.

"To our company, human resources is our core and we invest in them," Iwai said. "I believe we don't have any unnecessary sectionalism."

NAONORI KIMURA
INDUSTRIAL GROWTH PLATFORM INC. (IGPI) PARTNER



One of ONE's driving forces is its operational excellence. The smaller-scale company has boosted its

profitability and achieved trust from customers around the world because it succeeded in differentiating itself in its operations.

ONE aims at its own sustainable growth as well as the realization of a sustainable world. This includes steps on climate change and is based on a framework with four areas of priority: environmental, social and governance issues plus operational excellence.

What has supported this operational excellence is ONE's workers around the world. With a determination to become a new company with strong originality and a real global presence, ONE decided on core values that aim for speedy decision-making as a global player and adopting best practices through overcoming differences among its original companies. It has used its core values as a compass to create cooperation among workers from different corporate cultures and managed its business by using these shared values for making daily decisions and performance appraisals. By adding the strong slogan "As ONE, we can," the company has helped its workers to agree on the core values and created a corporate culture with operational excellence "as one."

Looking ahead toward the coming decades, I believe ONE will not be satisfied to stick with just the successes it has achieved in the past five years and will continue to grow and develop globally — "As ONE, they can."



Ocean Cafe at ONE GHQ office in Singapore shows the message: "First we eat, then we do everything else." Through mottos and sharing, ONE builds a team spirit among its members from many nations.
ONE

Value Management revives towns through preservation for tourism

Sustainable Japan Award: Satoyama Excellence Award

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Century-old traditional homes, historic buildings designated as important cultural assets, actual castles — these are the kinds of regional resources that Value Management Co. Ltd. has been preserving and using to promote tourism-oriented community development since its establishment in 2005. The company won the Sustainable Japan Satoyama Excellence Award, presented by The Japan Times, in 2023 for its efforts to revitalize rural communities through preserving rural townscapes and culture based on the restoration and utilization of historic buildings.

"Tourism has the potential to create a flow of people and money to rural areas, and the key to unlocking that potential lies in how regional resources are used," Value Management CEO Jun Tarikino said in a recent interview with The Japan Times. But buildings are not the only resources — he also spoke of intangible values and resources such as people's livelihoods, food, culture and history. These things live on as long as people continue to live in an area. He thinks that for people to want to continue living in an area, it is important to preserve a townscape that they feel attached to and proud of. Preservation is costly, but it can be economically sustainable if the preserved buildings can generate profit. If a town is rejuvenated, people will want to stay there all the more. This is why the company focuses



The Ashura group demonstrates ninja techniques not only in Iga, their historic home, but also around the world. VALUE MANAGEMENT

on renovating historic buildings into tourism facilities such as accommodations and restaurants to revitalize rural communities through tourism.

Nipponia Hotel Igaeno Castle Town is one of Value Management's recent projects. Iga Ueno Castle stands in the Mie Prefecture city of Iga, historically known for its ninja and as the hometown of the legendary haiku poet Matsuo Basho, in the Ueno Basin to the south of Shiga Prefecture and east of Nara Prefecture.

In addition to several historic buildings that have already been renovated by Value Management and opened as hotels — including a tangible cultural asset dating back to the Edo Period that at various times housed a wholesaler of medicinal herbs or a restaurant and inn, a former lumber storehouse and a soy sauce factory — a project is underway to turn Iga Ueno Castle, which was originally built in 1585 and reconstructed in 1935, into a venue for special castle stays.

The company previously collaborated with the Ehime Prefecture city of Ozu in launching Japan's first plan for people to be able to stay at Ozu Castle. Drawing on this experience, the plan for Iga Ueno Castle will offer guests various opportunities to learn the history of the area and experience its traditions, including the martial art that true ninjas practiced.

Tarikino said that in many of the areas where the company has engaged in tourism-based community development, the residents began to understand what tourism could do for their town and more clearly saw the value of what they had when they witnessed tourists staying at renovated old buildings and appreciating the townscape. "Then they begin to say, 'Why not repair and use these buildings too' or start planning various events to welcome and entertain visitors more," he said, stressing the importance of making small initial successes in order to trigger the willing engagement of broader stakeholders, including local citizens, in the process of expanding the scale of tourism-based community development.

"Building consensus among all of the stakeholders involved in community development is important, and it is easier and faster when we start with a small project," he said, adding that Japanese are



On the top floor of Iga Ueno Castle, a guide talks about its history. VALUE MANAGEMENT

better at applying an approach that has already proved successful somewhere than starting from scratch.

Value Management has restored and managed historic buildings and promoted tourism-orientated community management in as many as 200 areas across Japan. Having these examples to draw on is also effective when new projects face legal limitations. Although in 2018 major changes were made to national laws related to the management of hotels and inns — to which Tarikino contributed as an expert on the utilization of historic buildings — municipal ordinances have lagged behind in many areas. Precedents help when Value Management tries to work together with municipalities to change either the ordinances or the interpretations of how to apply them.

Tarikino believes that their achievements will also be useful for foreign countries, especially other advanced countries that will experience depopulation and related issues similar to what Japan is going through at the moment. "Of course it is better to have many domestic consumers, but we already know that the population will decrease, so based on this fact, we need to find ways to keep our nation in good shape. Other countries are looking curiously at how Japan will approach its problems, and I think we should share with the rest of the world how to overcome various social challenges," Tarikino said.

The Sustainable Japan Award commends individuals, companies and organizations who have made advances in sustainable efforts. To learn more, scan the QR code or visit <https://sustainable.japantimes.com/sjaward2023>

The allure of Japan's food culture spread by visitors via social media

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Amid the growing global interest in Japanese cuisine, the Japan External Trade Organization and its Japan Food Product Overseas Promotion Center (JFOODO) recently welcomed international visitors deeply interested in Japanese food and food culture.

In partnership with the Council of Local Authorities for International Relations (CLAIR), JFOODO selected 21 individuals who had previously participated in the Japan Exchange and Teaching (JET) Programme, which has been under CLAIR's management since 1987, for this distinctive initiative. These individuals, hailing from six English-speaking countries — the United States, Canada, Australia, the United Kingdom, Singapore, and Trinidad and Tobago — underwent a special selection process to participate in the program.

From Feb. 18 to 24, participants toured the prefectures of Iwate, Miyagi and Fukushima in the Tohoku region, as well as Hokkaido. They had the opportunity to deeply immerse themselves in the "charm of Japanese food and Japanese food culture" by engaging in activities such as learning about the harvesting of produce, participating in agricultural tours, observing the processing of seafood and exploring the production of alcoholic drinks such as whisky, wine and sake. This program also sought to highlight the safety of Japanese food internationally and address local concerns regarding the discharge of treated water from the crippled Fukushima nuclear power plant.

Akane Umemura, assistant manager



A visit to Hokkaido Wine Co. Ltd. JFOODO

of the overseas promotion planning section at JFOODO, spoke of the safety of Japanese food products, saying, "During their time at Matsukawaura Fishing Port in Fukushima Prefecture, the participants received detailed explanations from a local tourism association representative about the 2011 Great East Japan Earthquake and the safety measures for food products." Japan has established the world's strictest standards for testing radioactive materials in food products. "They learned that these standards are 12 times stricter than those in the U.S. and the EU, making them exceptionally rigorous in comparison to global benchmarks. While many participants had prior knowledge of the earthquake's effects from media coverage, their visit to Fukushima significantly deepened their understanding of food safety," she said.

Umemura highlighted that the tour offered participants a chance to experience the flavors of Japanese cuisine firsthand, particularly the exceptional ingredients of the Hokkaido and Tohoku regions, and deepen their understanding of Japan's unique culinary heritage and dedication. The tour included a visit to the Hokkaido town of Toyoura, where participants explored the fishing port and a scallop-processing facility. The scallops from Toyoura, nurtured in calm and fertile waters, are known for their thick, firm flesh and rich flavor. One participant, familiar with other Japanese scallops from back home, praised the superior quality of the local scallops, describing them as "exceptional."

On one day in Miyagi, the group savored a variety of dishes showcasing the region's abundant local produce, with a special focus on oysters. After witnessing the harvesting and processing of oysters at the fishing port of Isozaki, they indulged in a full



Tour participants watch footage on Matsukawaura's fishing port, greatly affected by the 2011 earthquake. JFOODO

course of oyster dishes at a *kakigoya* (oyster hut). The menu included grilled oysters, oyster miso soup, oyster *takikomi gohan* (mixed rice) and other dishes. This unique dining experience in the *kakigoya*, alongside the diversity of Japanese food culture and the richness of local ingredients, was thoroughly enjoyed.

Participants were not only captivated by the deliciousness of Japanese cuisine but also impressed by the meticulous craftsmanship of the Japanese, Umemura said. Their visits to Nikka Whisky Distilling Co. and Hokkaido Wine Co. Ltd. allowed them to appreciate the carefully crafted Japanese whisky and wine. They also visited Sasanokawa Shuzo Co. Ltd. in the Fukushima city of Koriyama, where they observed the production processes of sake and whisky. "As they walked through each brewery, they were greeted by distinctive aromas tied to the specific beverages being crafted, underlining the deep pride Japanese craftsmen hold in their artistry," Umemura explained. One of the participants expressed admiration for the variety of Japanese cuisine and how it has evolved to suit modern times while still preserving traditional practices.

The participants visited many other places as well and have been sharing their experiences on social media, including with photos and videos, broadcasting the excellence of Japanese cuisine worldwide using the #JFOODO hashtag. Umemura said JFOODO will continue to support such dissemination to extend the wonderful elements of Japanese food and food culture to the world at large.

