

Interview

with Outside Directors

Mariko Sugiyama and Eri Nakajima, appointed as outside directors in June 2022, were interviewed on behalf of IDEC employees by Yuki Takahashi, General Affairs & Legal Group Manager for the Strategic Planning Division, and Rieko Motoyama, Manager of the Corporate Communication Department.

The interview took place in the head office's courtyard and focused on the two directors' impressions of IDEC and their thoughts on some key challenges going forward—human capital, DX, and environmental action.



The “Forest of IZUMI” area of the head office's courtyard was certified in 2023 as a green space under the SEGES OMA program of the Organization for Landscape and Urban Green Infrastructure.

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Outside Director

Mariko Sugiyama

Outside Director
(Audit & Supervisory Committee Member)

Eri Nakajima

Almost one year has passed since you became outside directors. What are your impressions of IDEC as a company and the Board of Directors' atmosphere?

// **Sugiyama** IDEC's willingness to embrace new things and to take on challenges without fearing change ran counter to the image I had of the manufacturing industry. I think that's because the management has that sort of vision. The Board of Directors meetings aren't rubber-stamp gatherings. Instead, everyone frankly expresses their thoughts. The management listens carefully and I really gain new insights with each meeting.

// **Nakajima** I have the same impression. I strongly sense that everyone—from the CEO to the staffs—is passionate about taking on new things like DX and environmental and societal challenges and about staying ahead of the changing needs of the times. The Board of Directors has a climate that encourages everyone to speak freely. I think that it's wonderful to have such an environment where corporate matters can be discussed candidly.

As a recent trend, businesses are expected to take action to empower women and invest in human capital. What's your take on IDEC's initiatives in these areas?

// **Sugiyama** I think that those initiatives will gain momentum as leaders—not just top management but also worksite managers—acquire a better understanding of the significance and value that diversity has for the company, and as they strive to promote diversity. I believe that IDEC should powerfully communicate the message that it can provide customers with better value by developing the same balance of diversity as found in society and customers' organizations. I also feel that it is vital for those initiatives to be more strongly driven by an understanding of the significance of diversity, rather than by just the uniform opinion of people above a certain age.

// **Nakajima** I agree. I'd like to see the company cultivate an environment where all employees, both women and men, can stay motivated and work in a way attuned to their aspirations

and needs. The manufacturing industry's workplace culture was built up by men and remains an atmosphere. However, if manufacturers develop a culture that puts women in managerial positions and empowers them to exercise leadership in their own style, I think that the number of women who can play active roles will grow. Women's empowerment and diversity should be positioned as bigger priorities in management strategy.

How do you feel about IDEC's talent development efforts?

// **Sugiyama** Digital transformation requires creativity, so it's important to equip your people with thinking skills like design thinking and logical thinking. I think that one effective approach to talent development is to map out each person's skills—for example, you could plot the common skill set for internalizing the core values of “The IDEC Way” on the horizontal axis, and the specific technical skills needed for the job on the vertical axis—and then provide systematic training that targets the weaknesses identified.

// Nakajima One impression that I've gotten from the reports I read as a member of the Audit & Supervisory Committee is that IDEC's administrative functions should be beefed up a little more. I think that as a group with many companies under its wing, IDEC needs to strengthen its pool of talent who can support the administrative processes of subsidiaries. It would be a good idea for the company to strategically develop people who have a cross-functional perspective that enables them to take a bird's-eye view of many different departments.

IDEC has turned to both of you to share your experience and insights regarding the key challenges of digital transformation and environmental strategy. What sort of role do you want to play in addressing those challenges, and how do you want to leverage your professional expertise?

// Sugiyama IDEC's medium-term management strategy shows a strong commitment to increasing profitability, but the company cannot make sound decisions without a global perspective of the whole organization. For example, when dealing with procurement or inventory challenges through optimization on a company-wide level rather than a limited basis, you can gain much from the insights and precision that digital transformation provides. Digital technology enables you to rapidly evolve your



work processes in a short time. In fact, in many cases you'll gain access to a wider set of options after just a year. I see this as an area where I can input my expertise.

// Nakajima I think that IDEC as a whole, including the functions in charge of environmental measures, is taking a forward-thinking approach to environmental challenges. The Board of Directors' recent discussion of TCFD gave me the sense that IDEC's own people are carefully analyzing the related issues instead of relying on outside consultants, and that the company's environmental initiatives are being advanced not just by the environmental teams but also with the involvement of other functions. I would like for IDEC's messaging to spotlight the fact that its efforts addressing environmental challenges and other SDGs aren't just one element of its contributions to society, but represent an integral part of the strategic development of its business.

What challenges do you think IDEC should work on harder?

// Sugiyama One of the really big needs now for strengthening a business's foundation is to enhance the accuracy of its forecasting of things like demand and available-to-promise inventory. The next important step after that, I think, is to determine how to link your accumulated data within the value chain. Another concern for businesses going forward is figuring out how to successfully exploit AI as Japan's population shrinks. I don't think that we can move to the next level of human-machine coexistence by going through digital transformation processes where people end up doing the same things they were doing before. Instead, we need to ascertain what things can be accomplished through AI and how value can be added to them through human activity.

// Nakajima In terms of environmental challenges, I think that IDEC should work on moving away from the use of plastic, which makes up a significant proportion of the material used in switches. Reducing this type of plastic may not have a big impact on the oceans compared with the reduction of single-use plastics, but I believe that finding cost-effective plastic substitutes is an important challenge, including with regard to decarbonization. Another challenge that should be tackled is assessing the impact of climate change on the company's financials. This is something that investors look at, and I think that establishing a clear relationship between environmental initiatives and improvement of the company's profitability would make it



easier to integrate management strategy and environmental strategy.

Are there any other actions that you want IDEC to take for the future?

// Sugiyama A key step toward increasing your corporate value is to build up your people's expertise, so I think that IDEC should pursue strategic job rotation that provides employees with greater opportunity to gain new experiences. This would also help strengthen cross-functional ties, as employees get to learn about what other departments do.

// Nakajima The head office has a courtyard where employees can stop by, and I think IDEC should create similar green spaces at its factories as well, as one way of advancing environmental action while also improving productivity. This would also contribute to the local community's biodiversity. I would like for IDEC to develop its workplace environments in ways that enable employees to take greater pleasure in their jobs.

// Sugiyama & Nakajima We both would like to have opportunities to get together with employees for laid-back chats over coffee, so that we could hear their honest opinions about various issues and find out what things excite them. IDEC appointed us as outside directors even though we don't have a background in manufacturing. In a sense, we think that decision reveals an IDEC that is seeking to transition to its next turning point. That's why we think that we could be of greater service to IDEC if we more broadly and openly gain a better picture of the company and its people.