

# Human Resource Development for Front Talent in Social Innovation Business

In April 2016 (the first fiscal year of the 2018 Mid-term Management Plan) Hitachi switched to a new business unit structure to promote its Social Innovation Business. The new structure enhanced front-line functions to accelerate the pace of collaborative creation with customers. At the same time, recognizing the training of personnel tasked with promoting this system as a management issue, Hitachi began working on augmenting the human resources in its front-line departments. Providing phase-based human resource development extending from department leaders to the on-site staff while also getting management executives involved is an attempt to develop training as an arena for learning new ideas. The initiative has been valuable in providing training to the participants themselves, as well as in developing an organization for teaching employees about Social Innovation Business approaches and the mindsets needed to work on them. This article presents the specific work being done on this initiative and its features.

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## 1. Introduction

April 2016 was the first fiscal year of Hitachi, Ltd.'s 2018 Mid-term Management Plan. At that time, Hitachi upgraded its old product-based company structure by switching to a market-based business unit structure with enhanced front-line functions to accelerate the pace of collaborative creation with customers. The new structure is expected to promote the development and release of Hitachi technologies and expertise in the form of services by bringing them together in areas of proximity between customers and the front-line. Enabling front-line departments to play a new role in promoting the Social Innovation Business called for greater focus on customer value than was possible with the old product-based company organization, along with a switch from selling tangible objects to selling intangible experiences.

The 2018 Mid-term Management Plan defines the employees expected to take positions in the front-line roles that drive Hitachi's Social Innovation Business as core talents. Through hiring and training, Hitachi has planned to increase the number of personnel from about 36,000 at the end of FY2015 to about 42,000 through FY2018. The business roles and functions that are particularly important to promoting the business have been clearly defined, and efforts have been put into human resource development initiatives. This article presents these efforts.

## 2. Human Resource Development to Promote the Social Innovation Business

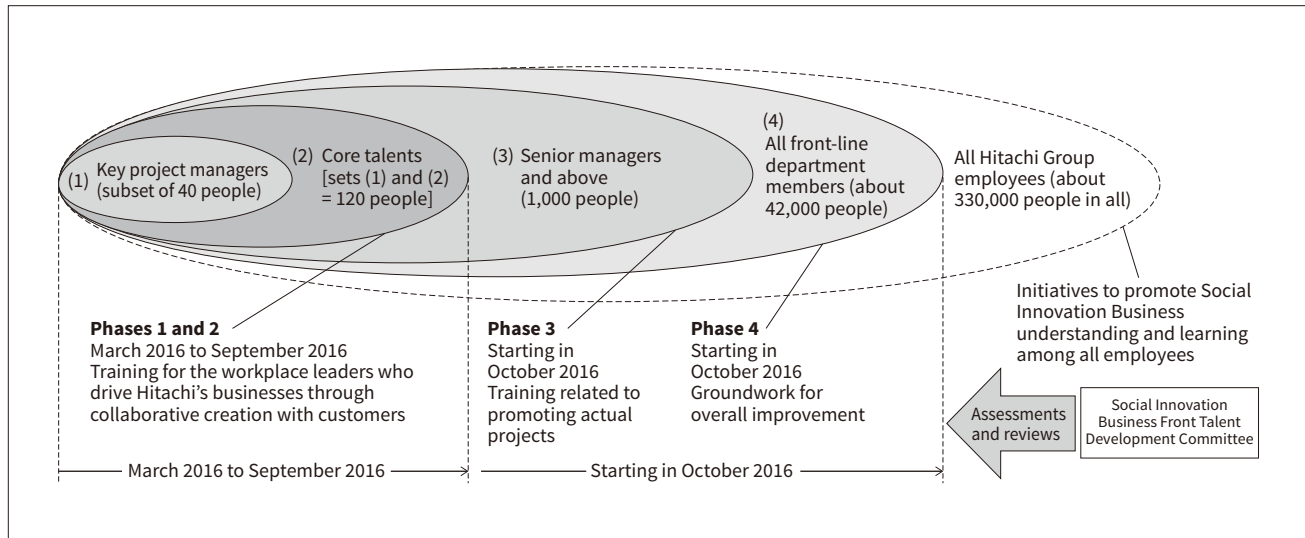
### 2.1

#### Approach to human resource development

Discussions on human resource development were initiated by a preparatory committee created in 2015 before the 2016 start of the new front-line structure.

**Figure 1 — Social Innovation Business Front Talent Development Program**

Phase 1 and Phase 2 consisted of ‘action learning’ that drew on actual projects presented by the workplace leaders who drive Hitachi’s businesses through collaborative creation with customers. The successes gained in these phases were used to implement measures for Groupwide improvement in Phase 3 and Phase 4.



The committee members, including officers and business unit managers, were tasked with teaching the front-line departments the new work style that they were expected to learn. The style consists of dialoging with customers to uncover specific issues, working with them to devise solutions, and then providing these solutions in the form of services that combine Hitachi’s operational technology (OT), IT, products, and systems. To familiarize the front-line personnel with these ideas, the committee needed to teach them new skills and ways of thinking. The committee also spent about six months discussing what to keep the same and what to change, defining the front-line functions, roles, and personnel requirements that needed to be improved. It recognized, in particular, that urgent improvements were needed to develop personnel capable of taking charge of collaborative creation with customers, which entails dialoging with customers to identify the management issues they face and devising the framework of a solution, along with solution-building personnel capable of designing the solution as a business, while managing everything from pitching customers to delivering work products. Hitachi’s Social Innovation Business is expected to continually evolve in response to changing global trends, competitors, and customers. So, to enable human resource development to adapt to these changes, the committee decided to provide learning

opportunities adapted to new ideas and to create a mechanism for continually refining them. The committee’s discussions resulted in the start of the Social Innovation Business Front Talent Development Program, a special training program for the front-line personnel of Hitachi’s Social Innovation Business. Consisting of four phases, the program is designed to provide phase-based human resource development of the personnel responsible for promoting the Social Innovation Business. It trains employees ranging from department leaders to on-site staff (see **Figure 1**).

## 2. 2

### Human resource development for leaders

Guided by the preparatory committee’s discussions, the Phase 1 initiative was aimed at the human resource development of Social Innovation Business leaders began in March 2016. The committee felt that training based on existing educational content would not cover all the aims of the new training, so it used an action learning-based method\* with actual projects to conduct team-based practical study over a period of roughly three months. Eleven projects were chosen using a top-down approach, and included collaborative creation with customers projects that had already begun at the time, along with fields

\* A process used for learning by individuals, groups, or organizations through studying, implementing, and reviewing group-derived solutions to actual issues set as exercises.

and customers expected to start in the future. The roughly 40 participants were mainly managerial-level employees associated with the chosen projects and represented various departments and job types. The start of the program was commemorated by presentations from Hitachi's President and Vice President. The presentations outlined the approach to Hitachi's Social Innovation Business and the expectations for the projects. A coach was assigned to each team to assist project study by providing a broader perspective. The coaches were experts from Hitachi and outside organizations who had no relation to routine business operations. The first set of project presentations was attended by the Vice President. The final set was attended by the President, Vice President, and related officers. Although its objective was training, the program also resulted in project-related discussions from more practical standpoints.

The second initiative for the human resource development of front-line department leaders (Phase 2) was a four-session (five-day) front-line personnel improvement workshop that ran from May through September of 2016. It was attended by about 80 participants from front-line business areas, ranging in rank from section heads to department heads. Like Phase 1, this workshop was again inaugurated with presentations by the President and Vice President who described Hitachi's approach to the Social Innovation Business and the expectations for each member. Following these presentations, participants studied digital and service business case studies representing both Hitachi and outside companies. They learned approaches and methods for focusing on value to customers and creating and providing value in the form of services. On the final day of the workshop, the participants created and delivered presentations on how the lessons learned from the case studies can be applied to customers they work with. The workshop's practical relevance was also augmented by including descriptions of Lumada (a platform designed to speed the pace of collaborative creation with customers) and NEXPERIENCE (a methodology for collaborative creation with customers) which had just been released at the time. The final day presentations were attended by the Vice President and executives of the Social Innovation Business Division and practical

discussions were held as in Phase 1. In both Phase 1 and Phase 2, the President, Vice President, and other officers took part directly by giving lectures and discussing actual projects. Their participation helped teach workplace leaders about approaches to the Social Innovation Business and the 2018 Mid-term Management Plan.

In the past, workshops were offered mainly to employees in Japan, but in January 2017, a worldwide workshop was offered. Thirteen workplace leaders who drive Social Innovation Business at Hitachi companies in the USA, Europe, and Asia took part in this workshop. It was attended by the Vice President, Chief Human Resource Officer (CHRO), and executive officers of the Social Innovation Business Division. Topics such as problems encountered during projects in different areas around the world were discussed.

The aim of the new program was to provide early human resource development for workplace leaders. Initiatives in Japan were concentrated in the first six months of the term of the three-year Mid-term Management Plan. While standard training can sometimes take over six months to plan, the new program was planned in just a few weeks and was revised as needed during the program. In Phase 1, for example, the participants and auditing officers were changed to adapt to the program content. In Phase 2, the following session's syllabus was revised extensively and case study selections were changed to reflect questions from participants and feedback from presentations. From the outset, continual changes to the Social Innovation Business were anticipated in response to changes in world trends, competitors, and customers. The need to respond to these changes was therefore considered during the training. The training was flexibly revised whenever needed in ways that are unprecedented for standard training. This approach let the training planners also learn what needed to be studied for promoting the Social Innovation Business, and then incorporate the lessons learned into the training.

### 2.3

#### Site staff training

Subsequent to the training for workplace leaders described above, site staff training (Phase 3) began in October 2016. Designed to broaden the knowledge

and skills of site staff who promote the Social Innovation Business, it focused on three requirements for working in these business areas: (1) understanding customer issues and needs, (2) using data, and (3) providing services. It started in 2016 as an irregular workshop consisting of lectures and exercises. It was then restructured into a 12-course group training program in 2017. It was again restructured in FY2018 to reduce participant workload. The latest program is about five days in duration. Participants use e-learning to learn abstract concepts and ideas, and then do exercises in group training. The participants come from a variety of business units. By bringing them together in group training, the program also seeks to provide opportunities for noticing in-house differences in work styles and terminology, and to promote the creation of alliances between different business units. About 1,300 participants took part in these initiatives between 2016 and 2018, exceeding the initial estimate of 1,000 (see **Figure 2**).

The content used was created under the editorial supervision of the Social Innovation Business Division. It consisted of a portfolio of expertise accumulated from the Division's sites throughout Hitachi, along with common problems encountered by Hitachi employees. It was recompiled into an easily accessible format to enable use during training. The content represents the minimum amount of knowledge required for promoting Hitachi's Social Innovation Business. It focuses on teaching topics such as differences between old and new work methods, and

insights that are difficult to put into practice even when understood conceptually. Training participants do not finish maturing just by completing the course. They need to put their acquired knowledge into practice, drawing on higher-level training as needed to continue learning in more depth. If participants are unsure of themselves when putting knowledge into practice, there is a place for consultation created in the Social Innovation Business Division that makes practical support available even after completing the training.

#### 2.4

#### **Initiative to bring approaches to a wider range of recipients**

Phase 4 was designed to share Social Innovation Business approaches and methods with a wider range of recipients not limited to the core talents. It was directed at front-line departments and various other Hitachi employees. It used the same e-learning method as the site staff training described above, along with handbooks containing the same content. In 2017, a course on the basic approach to Hitachi's Social Innovation Business (entitled Basics of Social Innovation Business) was provided to over 42,000 participants through e-learning. In 2018, content covering topics such as using data and providing services was created and provided to many different Hitachi employees. The e-learning content and handbooks have been translated into English and Chinese, and are in widespread use worldwide.

**Figure 2 — Phase 3 Group Training**

Group training participants studying and presenting topics.



### **3. Refinement Mechanism**

Human resource development requires continual refinement as the requirements for Hitachi's Social Innovation Business evolves in response to changing global trends, competitors, and customers. To respond to this need, Hitachi created a committee (the Social Innovation Business Front Talent Development Committee) composed of the Chief Marketing Officer (CMO), Chief Strategy Officer (CSO), CHRO, and business unit representatives in July 2016. The Committee meets regularly several times per year to discuss areas such as each department's state of

training and the issues it faces. The Committee's discussions are not limited to training, and also cover areas such as hiring, placement, and other measures for employees. Information on business unit initiatives is also shared at Committee meetings, enabling a wide range of employee issues to be discussed and response measures to be taken.

#### 4. Assessing Initiatives

To assess the benefits of initiatives and subsequent performance, a questionnaire survey was conducted in December 2018. It surveyed participants who had taken part in a series of training sessions in 2016 and 2017. The survey found that over 80% of respondents felt the training had improved their attitude or mindset for promoting the Social Innovation Business, demonstrating the training's effectiveness at improving the mindset of employees in front-line departments. Over half of the Phase 1 and Phase 2 participants who had received training on practical areas reported that they had applied a lesson learned in the training to an actual customer pitch. And when respondents who reported applying the training to their work were added to this figure, the survey showed that over three-quarters of the respondents had made widespread practical use of what they learned in the training. About three-quarters of Phase 1 and Phase 2 participants reported making concrete use of what they had learned in the training in a meeting discussion or to provide guidance to a subordinate. These findings indicate that the workplace leaders who took part in the training have played a key role in assisting the initiative to teach a wide range of Hitachi employees the approaches used in Hitachi's Social Innovation Business. In a number of departments, these participants have actually taken on the role of instructor or adviser by organizing their own initiatives such as workshops for studying actual projects. While the series of initiatives organized by Hitachi began mostly as a way to train the participants themselves, they have also been valuable in developing an organization for teaching Hitachi employees the approaches and mindset needed for working on the Social Innovation Business.

#### 5. Conclusions

This article has presented the methods implemented in association with the 2018 Mid-term Management Plan to train Hitachi employees ranging from workplace leaders to site staff. Hitachi is promoting its Social Innovation Business to improve the lives of users around the world by providing them with advanced infrastructure driven by digital technologies. Since it is Hitachi personnel who help achieve this goal, finding and training these personnel is always a crucial management issue. But training alone is not enough. It needs to be combined with hands-on experience to teach employees how it is applied in the field, and what methods are needed to enable its application. The link between training and experience must be kept in mind to enable comprehensive planning. Hitachi will continue to take the necessary steps by examining the benefits and lessons learned from the initiatives of the past three years.

#### References

- 1) Hitachi, Ltd., Lumada, <http://www.hitachi.com/products/it/lumada/global/en/>
- 2) Hitachi, Ltd., Development Story, Creating Social Innovation through One Hitachi with NEXPERIENCE—A Methodology for Collaborative Creation with Customers, <http://www.hitachi.com/rd/portal/contents/story/nexperience/>

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