

## **Transforming Learning and Talent Operations at Mitsubishi Real Estate in Japan**

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### **Abstract**

One of the largest real estate developers in Japan, Mitsubishi Real Estate Co., Ltd. has been going through a series of transformation initiatives in talent operations and organizational architecture. This paper illustrates the organizational efforts behind the corporate initiatives of developing a learning culture sustained by cognitive technology across the business. Furthermore, the authors have analyzed the organizational impact of various initiatives geared at enhancing organizational agility at Mitsubishi Real Estate Co., Ltd. during the Covid-19 pandemic in Japan.

**Keywords:** Talent, Culture, Organization, Technology, Digital, Management, Covid-19, Collaboration, Japan

### **1. Introduction**

One of the core Mitsubishi companies, Mitsubishi Estate Co., Ltd. (hereinafter MEC) is headquartered in Tokyo (Japan) and is one of largest and oldest real estate developers in the country. Founded in 1937 as a spin-off of the Mitsubishi *zaibatsu* real estate holdings, MEC's main areas of business activity are property management, architecture research and space design. In 1953, MEC was listed in the Tokyo and Osaka stock exchanges. Most of its Tokyo business properties today are located around Tokyo Station in the Marunouchi area and the Yurakucho area, districts purchased by the Mitsubishi *zaibatsu* from the Japanese government in 1890, during the Meiji era. The Mitsubishi *zaibatsu* later transformed these areas into a business district. Most of the Mitsubishi group main

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companies, including Mitsubishi UFJ Financial Group, Mitsubishi Corporation, Mitsubishi UFJ Trust & Banking, MUFG Bank, Mitsubishi Electric, Mitsubishi Heavy Industries, Nippon Yusen, Meiji Yasuda Life, etc., are either headquartered or have offices in this district. The overseas expansion of MEC culminated in the 1990s, starting with the acquisition of the Rockefeller Group in New York City, the owners of the Rockefeller Center, in 1990. In its continuous pursuit for growth, modernization and expansion, MEC announced in 2015 that it would play a major role in a redevelopment project of the north side of Tokyo Station, which would also include a 1,279-foot skyscraper, building which, in 2027, would be the tallest building in Japan. In 2018, MEC was estimated to have the most valuable business portfolio within the real estate business in Japan, amounting to approximately JPY 7.4 trillion (Maeno, 2018).

In 2019, MEC president Hiroataka Sugiyama made an internal announcement that the organization would shift operations to embrace digitalization and to create a transformative culture based on innovation, agility and collaboration. Later, throughout the Covid-19 period, MEC saw an unprecedented investment of resources to embrace cognitive technology at all levels, to redesign organizational architecture and to propel enterprise innovation.

## **2. Research Objectives, Methods and Objects**

### Objectives

The authors of this research aim to illustrate the benefits for businesses to develop a cognitive enterprise and to use talent analytics and innovation metrics to drive performance and enhance business agility in Japan. Secondly, this research will provide examples of successful collaboration with external value creators and providers of professional consulting services in the areas of talent operations, organizational architecture and international business management.

### Research Objects

MEC talent managers working in HR, Corporate Planning, Corporate Communications, Talent and Organizational Development, Leadership & Learning, corporate executives and consulting partners.

### Research Methodology

The authors conducted research based on an actual business case study, engaging in first-hand participant observation (Yin, 2003) of this change management process. We could, therefore, observe various stages of the change management process, including executive message cascading, cultural disconnection, miscommunication, corporate confusion, leadership re-alignment, training and culture engineering, as well as various stages of

decision making, from the vintage point of in-house, on-the-board team members, at the start of the project until implementation.

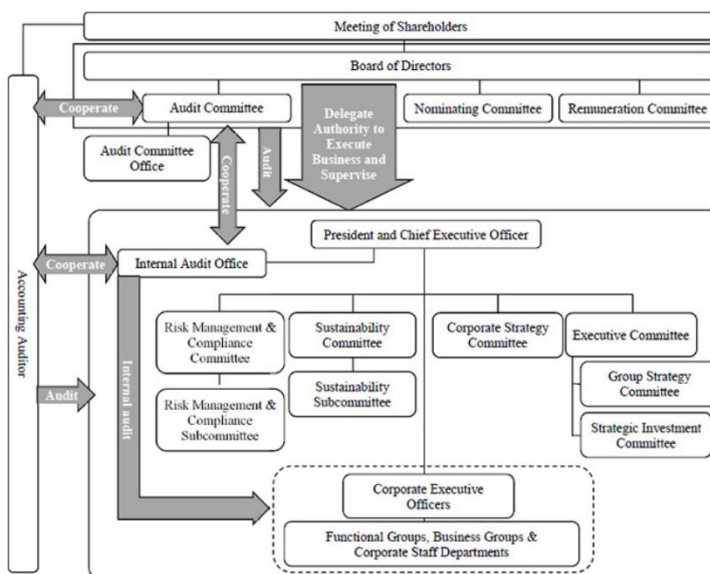
The consulting agency appointed for supporting the change management process, IBM Japan, utilized a reiterative combination of “Culture Jam Sessions” and Organizational Design as the “intent behind an outcome”. A Design Thinking approach was employed for the organizational engineers and talent operators to better focus on user-centered design, engaging multidisciplinary teams and continuous reinvention around the value creation process for customers, employees, shareholder and society (IBM 2018). Throughout the Design Thinking session, the authors conducted qualitative research through focus group interviews with all participants in an effort to determine in-depth emotions, perceptions and affinity with key cultural symbols. Quantitative data was collected between April 1st 2020 and December 18th 2020, consisting of a self-completed questionnaire.

### **3. From “Talent as Usual” to “Data-Driven HR”**

As he was taking over the organizational reigns as President and CEO at MEC in 2019, Junichi Yoshida knew that there was a greater effort that needed to be accelerated beyond re-engineering the enterprise around cognitive technology and innovation – re-wiring talent and people operations in an agile manner, conducive to collaboration, inclusion and value creation seemed to be an act of ultimate priority. Not only did the organization need to catch up with newly emerging technologies in talent operations and organizational collaboration, the need for adopting a growth mindset and a culture of agility and continuous learning at all layers of the organization was strikingly obvious. Small, incremental changes in the incumbent HR structure had been made over the decades, based on market needs and industrial trends. However, the business was still operating on a strong top-down hierarchical architecture, structure which had been conceived in the 1950s in order to ensure total alignment and response to executive command, inspired by a rapidly growing market domestically in Japan and its local demands. As the business had grown to embrace global markets (US, Asia, Oceania and Europe), there was an increasing need for enhancing visibility across geographies in order to determine emerging talent and to create regional and local succession pipelines, with timely nominations for the right candidacy.

This transformation implied re-engineering the whole HR process – starting with talent acquisition and continuing to talent management and modern leadership development. To ensure the acceleration of the talent and organizational transformation process, Bunroku Naganuma was appointed as HR Senior Executive Officer, in charge of re-engineering talent and enhancing the corporate value of the Group on a medium to long term basis.

The organizational architecture was also re-engineered in order to support this large-scale transformation.



MEC Corporate Governance Organizational Chart (as of April 1<sup>st</sup>, 2020)

As one of his early change initiatives in talent operations, Naganuma lead the shift from the traditional “one-time hiring” of new graduate students from Japanese universities in April each year to a more flexible and more strategic, all-year-round hiring process of candidates with diverse backgrounds, qualifications, expertise, who had graduated from prominent education institutions from all around the world. A strong internal resistance to this bold transformation was met with an executive commitment to protect the existing environment of operations and executive decision making in the Japanese language, with indications that English (and other languages of business relevance) may be utilized based on need.

As a secondary initiative, Naganuma invited his team of organizational engineers and talent operators to explore emerging cognitive technologies for attracting and managing talent, in order to develop and sustain competitive advantage throughout the global HR strategy. The team was initially reluctant on relying on technology for attracting and managing talent. At this time, 18% of the surveyed population indicated that they would trust digital technology for talent operations, while 36% of the survey respondents indicated that using cognitive technology in their jobs would enable them to achieve enhanced value and complete tasks more efficiently.

Throughout a series of Talent Value Creation jam sessions, the main stakeholders familiarized themselves with a series of emerging cognitive technologies and gradually developed interest in exploring AI, Intelligent Networks, Intelligent Learning Management Systems (I-LMS), Robotic Process Automation (RPA), Intelligent Talent Databases, Blockchain and the Internet of Things (IoT) for global talent attraction, hiring, talent reviews, learning and talent management.

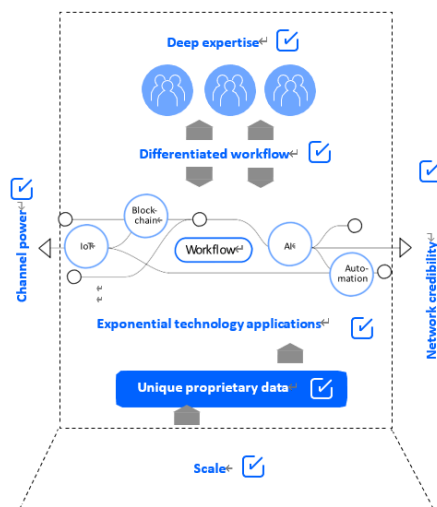
#### **4. Choosing the “Right” Technology**

After another series of “Value Jam Design Thinking Sessions” the group agreed that there was not a single technology that was more important than other. Rather, it would be a collective effort of “connecting the dots” between legacy systems and emerging technologies that would enable speed adoption and would render the transformation process successful. Technology was to be chosen and utilized in order to have better visibility and strengthen the decision-making process around “softer” areas of talent operations, such as employee engagement, learning and development, culture, leadership development, talent reviews and business transformation. Employee satisfaction was traditionally measured through on-line insights collected through Survey Monkey, consolidated and shared through Excel files. The possibility of utilizing cognitive technology for overall talent operations was taking the HR conversation to a different level, accelerating the organizational understanding of talent-related issues and offering a new opportunity of monitoring effectiveness in a more timely and agile manner.

#### **5. Executive Discussions and Actions**

In order to determine the process of redefining the talent operations strategy and to transform the traditional HR administrative team into a strategic group of organizational engineers, Naganuma adjourned his executive team and invited external corporate advisors to a process of re-designing the business platform concept.

The existing talent strategy had to be revised fast in order to align with the overarching corporate strategy of growth and the brand slogan of “A love for people, a love for the City – Forever taking on new challenges 人を、想う力。町を、想う力。—私たち三菱地所グループは、チャレンジを続けます。” (*Mitsubishi Estate Co., Ltd.*, 2020). A new and intelligent business platform had to be developed as the new instantiation space for fine tuning the organizational strategy. The executive team decided to invest in the development of an Artificial Intelligence (AI) empowered platform which would constantly monitor change programs and provide timely recommendations on investment opportunities, helping the business shift from legacy operations to future structures and smart organizational architecture. Along with developing such an intelligent integration platform, the executive team decided to invest resources into the creation of a smart ecosystem of collaboration with internal and external stakeholders, such as industrial thought leaders, research institutes, academic organizations, think tanks and other networks and innovation initiatives globally. The smart ecosystem would continuously learn, both through the accumulation of quantitative data and through qualitative insights collected through in-person and on-line human collaborations. These collaborations would be enhanced with big data utilization and machine learning initiatives, in an ultimate effort to collect and process market and insights in a timely manner.



IBM Institute for Business Value (2020)

The live collection of data around employee actions, ranging from happiness and wellbeing to project engagement and participation in wider business operations, supported HR, HR business partners and people managers to develop timely insights and measure the efficiency of new initiatives. With the help of cognitive technology and intelligent platforms, talent operators managed to extract insights necessary for improving people performance, perceived culture and cross-divisional collaboration. Furthermore, the global talent operators could estimate, understand and evaluate the business impact of their people and support the executive leadership board with timely recommendation for talent-related decision-making matters.

During a pulse survey conducted internally in January 2021, 68% of the surveyed population indicated that they would trust digital technology for talent operations, while 89% of the survey respondents indicated that using cognitive technology in their jobs enabled them to achieve enhanced value and complete tasks more efficiently. Most of the population surveyed indicated that cognitive technology brought a significant impact to the business, enabling the organization to better achieve strategic goals.

Throughout Focus Group Interviews (FGIs) and individual executive discussions, further indicated that building a cognitive enterprise at MEC helped executives enhance their visibility of operations globally and make better decisions, based on an influx of live data, business analytics and organizational insights collected globally in a timely and agile manner.

## 6. Conclusions

1) Testing cognitive technologies and prototyping induction concepts early helps develop

organizational confidence in these technologies and enhance individual willingness to adopt, learn and operate with these emerging technologies.

2) Japanese businesses benefit from revamping, upgrading and adapting legacy systems to intelligent technologies (RPA, Intelligent LMS, Intelligent Data Bases, etc.) and utilize this transformative opportunity to re-skill and up-skill their talent.

3) Covid-19 has proven to be a propeller for cognitive technology adoption in Japan, as businesses could utilize funds initially allocated to fixed-cost initiatives, traditional advertising, promotions and events, to revamp technological infrastructures and to train talent on remote-work practices and collaborative technologies.

4) Working with internal and external collaborators from an early stage of the operational model transformation initiative enhances the speed and the agility of the change management process.

5) Data-driven talent management generates added value to the business through the provision on business-critical insights, collected, clustered and analyzed through a multitude of technological tools and information sources: sensors, analytics, Artificial Intelligence (AI), Robotic Process Automation (RPA), machine learning, intelligent Learning Management Systems (LMS), big data, etc.

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