

CHAPTER 3 | Development

i-Company

One key element for creating a high level of employee engagement is the development of independent human resources. The following is an excerpt from our DNA Book, through which we pass down our management philosophy.

As a pro, deepening professional expertise and contributing to the organization are inextricably linked. At a higher level, both are synonymous. Pros are fully aware of their role in the organization and concentrate on performing to their maximum ability for the organization. This attitude builds the organization's trust in the individual, and consequently, it also leads to maximizing the satisfaction of his or her needs.

(Vol. 35: The Team Orientation of a Pro, *DNA Book*)

We emphasize that each employee should adopt the viewpoint of being the manager of their own "i-Company" to independently develop their careers. By doing so, they gain a new perspective on their i-Company's customers, partners and competitors, as well as its strengths and challenges, facilitating independent and autonomous career development.

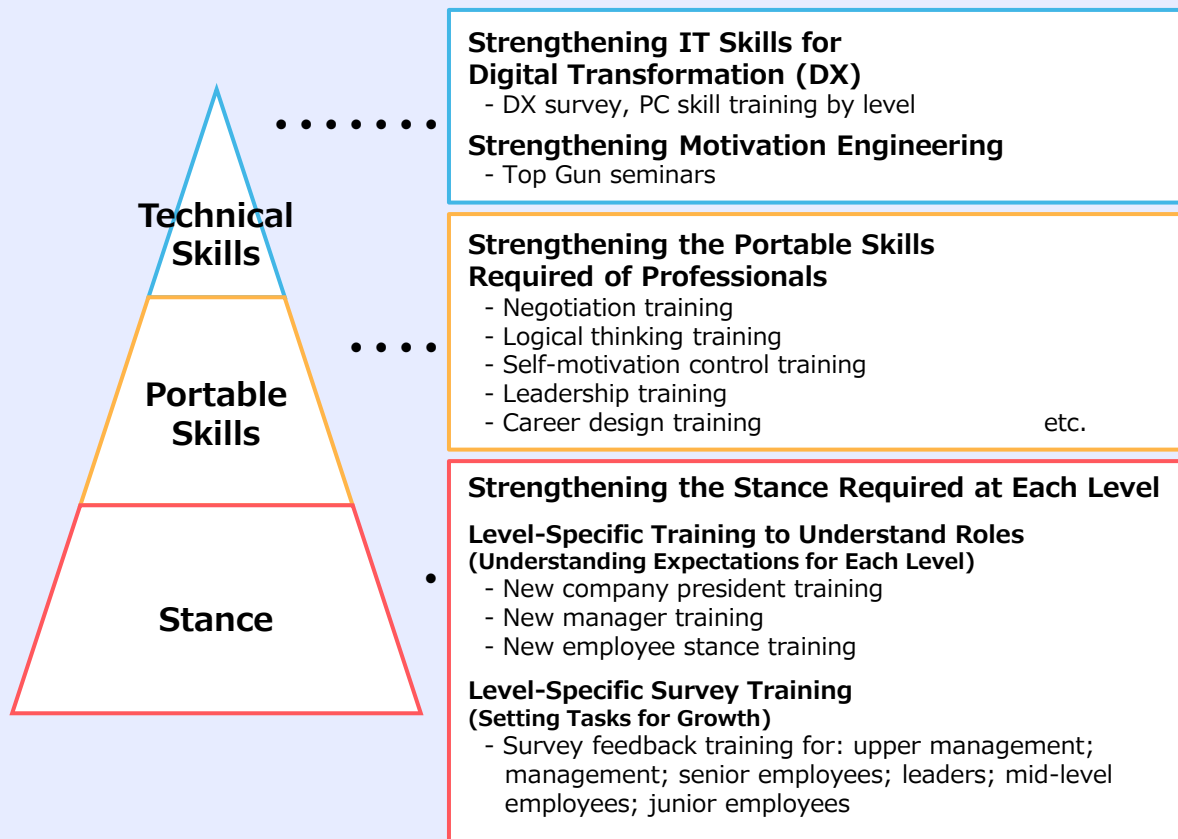
Moreover, learning about Motivation Engineering, which is our core technology and the source of our competitive advantage, is an opportunity that other companies cannot provide. We have operated LM College as an institution for developing human resources since its establishment in 2004. One of its main goals is to develop management skills consistent with our principles and to serve as a model that embodies our message to society, "Our people are our greatest, most powerful asset."

We are also committed to nurturing our next generation of managers. To continue to change and grow, we must continuously develop new leaders. These leaders must be able not only to advance our business, but also to understand and embody our philosophy, increase employee engagement, and link those attributes to successful results. We have invested considerably in this area, and in 2021 we ramped up our efforts by launching Top Gun Selection, a new selective program for developing the next generation of managers.

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01 Developing i-Companies

Training System Based on Our Framework of Requirements for Human Resources



		2019	2020	2021
Total developing and training costs	Actual costs (thousand yen)	195,891	146,799	94,793
	Converted to amount charged for services to customers (thousand yen)	412,642	404,515	385,674

Cultivating i-Companies for Independent Career Development

The growth of every employee is essential for carrying out our business strategies. The Link and Motivation Group places great importance on **cultivating “i-Companies,”** in which individuals regard themselves as corporations **to independently develop their own careers.** We have therefore systematized the elements necessary for generating individual performance as a framework of requirements for human resources and **offer numerous opportunities for their development, mainly through the various types of training that Link and Motivation also provides as services outside the Group.**

Total developing and training costs in 2021 are shown on the left. They are calculated as external expenditures for training and personnel expenses, but actual costs are not that high because we utilize our own services. However, **when converted to the amount that would be charged for providing the same services to customers,** these figures make it apparent that **we invest a considerable sum.** Costs decreased in 2021 compared with the previous year because we switched to online implementation, but we intend to continue investing in developing our human resources.

Rank-Based Survey Training

Diagnosis

Evaluation by supervisors and workplace colleagues based on items that vary depending on rank



Transformation

Employees of same rank take part in multilateral discussions to provide advice

Strengths and weaknesses

Goal setting

Action plan

Target Rank	Survey* Conducted	Number of Participants in 2nd Half of 2021
Upper management	Plato Survey	52
Management	Lincoln Survey	106
Senior employees	KOSI Survey	17
Leaders	Einstein Survey	130
Mid-level employees	Columbus Survey	729
New employees	Darwin Survey	209

* Surveys conducted are products of Link and Motivation Inc., and the product names are listed.

Accelerating Individual Growth by Frequently Implementing the PDCA Cycle

To accelerate the growth of individuals, all employees, including directors, complete a **twice-annual 360-degree evaluation survey**, a service of Link and Motivation, **to identify individual growth issues and create an action plan.**

First, each supervisor and workplace colleague evaluates the individual on 40 items that vary depending on the roles required for the relevant rank. This entails evaluation on two axes—degree of expectation and degree of satisfaction—to measure whether the individual is meeting the expectations of those around them. The survey results are then used for training in the form of multilateral discussions to provide advice. Employees of the same rank are grouped randomly, and these five-member groups give each other advice on issues they are facing. Joining each group is one employee of a higher rank who plays a facilitating role in raising the field of vision of group members. For example, in the advice session for directors, Link and Motivation Group Chairman and Representative Director Ozasa Yoshihisa participates in the facilitation role.

In this way, we are putting considerable effort into individual development, and provide **an environment where people can continue to grow no matter their seniority or position.**

Transfers

Developing Portable Skills through Transfers

Portable Skills

Skills that are transferable regardless of industry or occupation

Task-directed capabilities	Ability to attempt	Ability to change	Ability to be agile	Ability to create
	Ability to plan	Ability to propel	Ability to perform	Ability to analyze
Self-directed capabilities	Ability to make decisions	Ability to deal with ambiguity	Ability to act quickly	Ability to take risks
	Ability to persevere	Ability to maintain discipline	Ability to persist	Ability to be prudent
Interpersonal skills	Ability to assert opinions	Ability to deny	Ability to persuade	Ability to lead
	Ability to listen	Ability to accept	Ability to support	Ability to cooperate

	2019	2020	2021
Average period in the same field ¹ (years)	3.4	3.7	4.1
Internal mobility rate ² (%)	73.2	56.4	69.7

1. Group businesses are categorized into specified fields, and the period an individual spends in each field is calculated.
2. Transfers among occupations and the fields in note 1., as well as changes in roles due to promotions or demotions, are defined as internal transfers for the purpose of calculating the internal mobility rate for the year.

Accelerating Individual Growth through Strategic Transfers

In addition to development through training, **appropriate transfers to acquire a full range of competencies** are important for cultivating i-Companies. Human resources whose experience is exclusively in the same field or occupation find it difficult to achieve a full range of competencies and skills, and thus tend toward specialization. Experiencing multiple fields and occupations broadens a person's range of competencies and skills, and we believe that enables us to contribute to the development of i-Companies. Therefore, the Link and Motivation Group focuses on how long an individual is assigned to the same field, and conducts transfers once every four years as a rough guideline.

At the same time, we believe objectives other than individual development should also be considered in making transfers. Considerations include **appropriate allocation of human resources** to supplement organizations that lack personnel, as well as **organizational revitalization**, in which transfers prevent the human resources in an organization from becoming set in their ways. We aim to build more productive organizations by **considering these various objectives to conduct the most appropriate transfers**.

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02 Developing Management Personnel

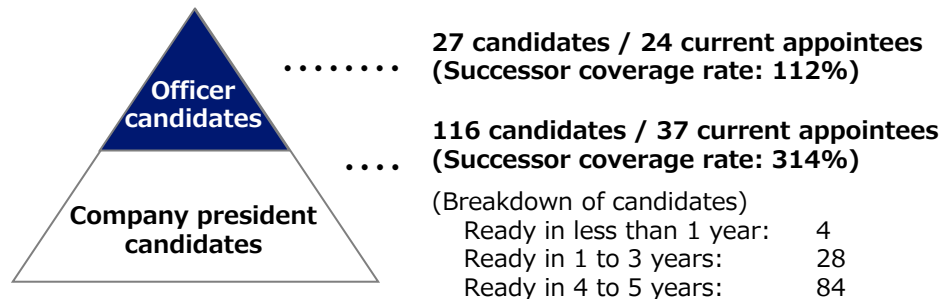
“Top Gun Selection” Training for Management Personnel

Selective Training Program (Excerpt)

PROGRAM 1 Proposal Presentation Meeting Presentations to directors on various themes and feedback	PROGRAM 2 Survey Feedback Training Setting tasks and targets with Group Representative Director Ozasa Yoshihisa	PROGRAM 3 Group Dinner Sharing views from various angles and socializing with Group Representative Director Ozasa Yoshihisa
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Class	Objective	No. of Participants	
		2021	2022
Corporate officer	Raise the level of corporate officers	—	5
Company president	Cultivate the next group of officer candidates	5	5
Manager	Cultivate future officer candidates	5	12
General employee	Cultivate the next group of manager candidates	6	6

Prospective Management Personnel (As of December 31, 2021)



Discontinuous Corporate Growth through the Cultivation of Human Resources Who Can Adapt to Product, Labor and Capital Markets

Cultivating management personnel to lead the organization is indispensable for business expansion and growth. The Link and Motivation Group’s management personnel are expected to be **able to adapt to product, labor and capital markets, and to think from a Group-wide perspective**. However, in carrying out day-to-day duties, there is a tendency to adapt only to the product market and to take the perspective of one’s own particular field. Therefore, since 2021 we have been implementing the selective training program **Top Gun Selection** as an opportunity for growth separate from actual work. The year-long program selects members from each level, from general employees to senior managers, to **learn the perspective and approach a manager should have**.

A total of 16 participants from all levels received training in 2021. Comments included, “**I felt an urgent need** to develop the perspective of a manager” and “**It prepared me** to take charge of my company someday in the future.” We believe that the program has been effective in developing human resources as management personnel.

In 2022, 23 people have been selected and training is under way. We will continue to focus on developing human resources who will be leaders in the future.

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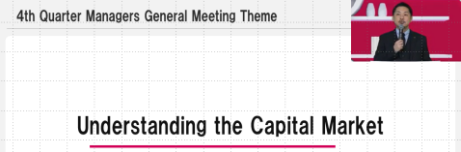
02 Developing Management Personnel

Leadership Development Policy

**Managers Serve as a
"Junction Point"**

Explanations	Decisions
Awareness	Support

**Managers General Meeting
(Held Quarterly)**



Development Program	Objective	Participation Rate (%)		
		2019	2020	2021
New manager training	Understand the role expected of a manager	100.0	100.0	100.0
Level-specific training for managers	Understand current situation to set tasks and targets	92.2	94.2	91.0
Managers General Meeting	Broaden perspective as a manager	-	-	100.0

Manager Leadership Evaluation

Five Sources of Influence Expected of a Manager

Expertise	Appeal	Reciprocity	Consistency	Strictness
4.5	4.3	4.7	4.3	4.1

Note: Calculated as the average for all managers, based on the results of individual surveys regarding managers. Responses are scored on a five-point scale from 1 ("not satisfied at all") to 5 ("very satisfied"). Figures are results for 2021.

Training for Managers Who Serve as a "Junction Point" to Broaden Their Perspective and Fulfill Their Roles

We believe that the role of a manager is to serve as a **"junction point" that connects a company and its members**—it is a role crucial for maintaining a high level of employee engagement while producing business results. To that end, we conduct manager training and monitor how others evaluate managers' leadership as a core metric.

Our main manager training programs consist of new manager training so they understand the role they should play, level-specific training so they recognize their current situation to set tasks, and participation in the Managers General Meeting to broaden their perspective.

We also monitor how others evaluate managers' leadership based on the results of individual surveys. In 2021, results **for all five metrics scored 4.0 or higher** (of a maximum of 5), so we feel that **the managers of the Link and Motivation Group are functioning well as junction points**.

We intend to continue to enhance manager leadership going forward by conducting the development measures managers need.

Leadership Team Skill Matrix

Name	Current Position	Corporate Management		Areas of Expertise					
		Managerial Experience	Employee Engagement	Industry Knowledge	Finance & Accounting	Legal & Risk Management	Research & Development	DX & IT	Sales & Marketing
Ozasa Yoshihisa	Chairman and Representative Director	●	●	●			●		
Sakashita Hideki	President and Representative Director	●	●	●					●
Ohno Shunichi	Director		●		●	●		●	
Yuasa Tomoyuki	Outside Director	●		●				●	●
Kakuyama Takashi	Outside Director		●	●			●		
Kuriyama Hiromi	Audit & Supervisory Board Member (Full-time)				●	●			
Kimura Hidekazu	Audit & Supervisory Board Member (Part-time)	●	●	●					
Tominaga Kenji	Audit & Supervisory Board Member (Part-time)	●	●	●					

Appointing Directors Capable of Making Management Decisions That Link Business and Organizational Strategies

The Board of Directors of the Link and Motivation Inc. is composed of five directors (two outside directors). The three internal directors **make management decisions that link business and organizational strategies** as professionals in organizational transformation, with extensive experience as organizational and personnel consultants. The two outside directors leverage their deep insight into corporate management and expert knowledge of industrial and organizational psychology, which has affinity with the Group's business.

In January 2022, the Company **introduced a corporate officer system** with the aim of separating management decision-making and supervision from business execution, thereby enabling the execution of management based on judgments that accurately grasp both the business environment and changes in it. Three managing directors oversee the Organizational Development Division, the Individual Development Division and the Matching Division, respectively, and five corporate officers oversee various Group-wide functions.