

From employees

Proposals for the Future

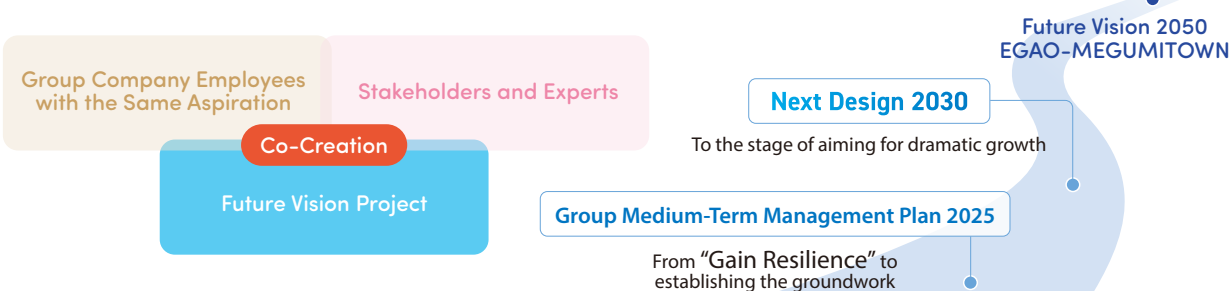


Overview of the Future Vision Project and Activities to Date

The Future Vision Project was launched on April 1, 2023, with President Masatoshi Sato serving as the project owner. It is primarily composed of a young team of future leaders from various organizations, including employees from Group companies. In the “VUCA” era of volatility, uncertainty, complexity, and ambiguity, the future is full of uncertainties and difficult to predict. In such an environment, rather than relying on predictions or leaving ourselves at the mercy of the changes in the world, we should take the initiative and change the world ourselves. This is the concept behind the Future Vision Project. Under the project, we fashioned Future Vision 2050, reflecting our strong resolve—not just a strategy based on future predictions—to pursue co-creation with roughly 2,700 internal and external stakeholders who share the same aspirations. During the process, we repeatedly engaged in two-way communication with all Group employees through dissemination of information, surveys, and workshop discussions, with a commitment to formulating Future Vision 2050 for the entire Group. Additionally, through participation in food tech events and dialogue with external stakeholders, we continuously considered what kind of future the world expects, and how the future vision we envisage will take shape in society.



Tetsuya Fukuda
Project leader
(now at
PT. Megmilk Snow Brand
Indonesia)



EGAO-MEGUMITOWN

Working Together with Our Co-Creation Partners in Four Themes

In the future vision we envisage for 2050, we presented our aspirations as a town called EGAO-MEGUMITOWN. The town has four themes, which are expressed as areas. Each area contains our hopes and challenges for the future. We will join hands with our co-creation partners to foster a better future where people and nature exist in harmony, and everyone can live with a smile.

Yuko Haruta
Marketing Department, Megmilk Snow Brand Co., Ltd.



Future Vision Video and Dedicated Website

Sharing the Excitement and Co-Creation as Much as Possible

We produced a video to do our best to share the key messages of excitement and co-creation with stakeholders. We conveyed the concept of “circular” by beginning and ending the video with the Earth and structured it to link the free thoughts of children in the first half with the future the company envisages for 2050 to show that the future the company envisages is not just an extension of the status quo.



Takuya Nishijima
New Business Creation Dept., Megmilk Snow Brand Co., Ltd.



EGAO-MEGUMITOWN: The Future We Want to Design

Dairy farming and agriculture have become more attractive, helping people around the world live healthy lives and enjoy a rich food culture. We want to realize such a society through co-creation with everyone who shares the same aspiration. This is the future we want to create, which we expressed as a town called EGAO-MEGUMITOWN in Future Vision 2050.

Under Future Vision 2050, based on *Kendo Kenmin* (“a healthy earth ensures human health”), which is our Purpose and Commitment, we are aiming to help build a sustainable and circular regenerative society for the next 100 years.

Dairy Farming and Agricultural Area

Serving as a Dairy Farming and Agricultural Orchestrator

In the dairy farming and agricultural area, we will take on the challenge of advancing the industry by developing a model for regenerative dairy farming and agriculture. To transform dairy farming and agriculture into a more attractive industry, we will implement actions that include promoting various forms of co-creation, serving as a dairy farming and agricultural orchestrator, developing and applying cutting-edge technology, and contributing to society through dairy farming and agriculture.

Tomohiro Fukushi
Hokkaido Research Station, Snow Brand Seed Co., Ltd.



Space Area

Applying Cutting-Edge Expertise from Space to Earth

In the space area, we will take on the challenge of delivering excitement by developing a food supply system for new living spaces. To realize the application of cutting-edge expertise developed for space to Earth, we will implement actions which include empirical research of initiatives to raise quality of life through participation in joint projects, development in space of existing ingredients (“MBP” etc.) and new ingredients (cultured milk, etc.), and the application of advanced, regenerative food supply systems constructed in space to Earth.

Taro Ko
New Business Creation Dept., Megmilk Snow Brand Co., Ltd.



Health Area

Exploring Undiscovered Health Needs

In the health area, we will take on the challenge of extending healthy life expectancy and creating joyful moments. To increase the percentage of the 100-year-old population who are mentally and physically healthy, we will implement actions that include exploring undiscovered health needs by establishing joint research frameworks with research institutes, government organizations, and others and meeting diverse health needs through personalization leveraging food tech and other innovations.

Yuki Shimizu
Milk Beverages & Desserts Marketing Dept.,
Megmilk Snow Brand Co., Ltd.



Food Tech Area

Setting the Challenge of Creating a New Food Culture

In the food tech area, we will take on the challenge of developing a food culture that goes beyond dairy products by transforming the process from production to consumption. In order to develop new products and services and upgrade production and supply systems, we will implement actions that include research into new value creation technology, construction of new infrastructure (systems) for providing value utilizing robotics, IoT, and AI, and creating a new food culture through two-way communication with consumers.

Shingo Amamoto
Production Technology Dept., Megmilk Snow Brand Co., Ltd.





100th Anniversary Feature: Special Dialogue



What Megmilk Snow Brand Must Accomplish for the Coming 100 Years

We invited business scholar Takashi Nawa to exchange views with president Masatoshi Sato on such questions as how we should view the 100-year timespan from a management perspective and how we should familiarize everyone with our redefined Purpose and Commitment.

Masatoshi Sato

Representative Director and President
MEGMILK SNOW BRAND Co., Ltd.



Takashi Nawa

Visiting Professor, School of International Corporate Strategy,
Hitotsubashi University Business School;
Management Consultant; Business Scholar

Introduction

Messages from
Management

Special Feature to
Commemorate
the 100th Anniversary

Value Creation Story

Management and
Financial Information

Three Keywords Behind a Century of Continuity

Sato When our company was initially founded around 100 years ago, the major issue facing Japanese people was “maintaining and improving health.” In an age when getting adequate nutrition was a challenge, the need was to deliver nutrition to the people. At the time, butter and cheese were not yet common foods, and they were hard to obtain. The company founders gradually mainstreamed these food items by processing products to suit Japanese tastes and providing them to the public. As symbolized by the phrase *Kendo Kenmin* (“a healthy earth ensures human health”), the company’s founders valued dairy farming and aspired to provide people with good health and good taste, and it is precisely this aspiration that is our starting point. Around 25 years ago, we faced a profound crisis caused by two compliance incidents that jeopardized our survival. From that point on, the Megmilk Snow Brand Group of today emerged in 2011 after going through business splits and mergers. We exist as we do today thanks to the support of our stakeholders, including customers, producers, and business partners, and society. Our aspiration to provide customers with good health and good taste while ensuring product quality and building a flexible corporate culture that embraces diversity has deep roots in our heritage.

Nawa I think that one of the positives of Japanese culture is that it can change to suit customer tastes while, at the same time, remain dedicated to its aspirations. Listening to what you were saying, three keywords came to mind. The first is “resilient.” I get the feeling that the company is dedicated, resilient, and flexible. Since its founding, the company has consistently valued the spirit of *Kendo Kenmin* and has been dedicated to its original aspirations. In addition, it has demonstrated the resilience to rebuild from a management crisis caused by those two incidents. There is also flexibility in that you have leveraged challenging experiences as motivation to build a company that anticipates social issues and helps shape the future. The second keyword is “harmony.” The company truly has a resonance rooted in Japan’s “land” and “people.” I can see in your approach a dedication to top-notch Japanese-style management, as represented by the expression *sampo yoshi* (a business model in which sellers, buyers, and society benefit). You work hard to make employees, producers, local communities, and investors happy. The third keyword is “regenerative.” I sense the Group’s proactive stance on regenerative agriculture and its commitment to supporting a regenerative lifestyle and society.

One could describe such a company as a regenerative company. I believe the reason Megmilk Snow Brand has continued to be loved by people for a century can be summed up in these three corporate traits.

Sato I can relate to all three of these keywords. The Group has faced a variety of challenges and social issues in the past. We take pride in the fact that, in every case, we have deepened our relationships with stakeholders and shared value with them in order to deliver even greater value to society. Today, milk and dairy products are a normal part of everyday life for many Japanese people, and we believe we have provided great value in helping shape this new normal in everyday society. While continuing to preserve this value going forward, we would like to create even more value by taking on challenges in new fields.

Redefining Our Purpose and Commitment: Attitudes and Values Required for Growth

Sato Marking the 100th anniversary of the company’s establishment, we reaffirmed the founding spirit of *Kendo Kenmin* as our approach to resolving social issues and redefined it as our Purpose and Commitment. This is the conclusion we reached after considering what we should aim for as we head into the future. This phrase is also very meaningful for me on a personal level. At the press conference for my appointment as president in February 2022, I emphasized that *Kendo Kenmin*, the founding spirit of Snow Brand Milk Products Co., Ltd., which was one of the predecessors of Megmilk Snow Brand, is our purpose. This created a big impact both inside and outside of the company, and on my appointment as president, I wanted to state again for the record that “dairy farming strengthens the earth, and the milk and dairy products produced from this rich earth are the ultimate nutritious food that can foster healthy spirits and resilient bodies for human beings.” At that press conference, I further emphasized that my key mission as president is guiding the Group into a stage of growth and that I would focus on “speed,” “empathy,” and “challenge” in order to achieve it.

In fact, after my appointment, you responded to these statements, saying, “The Group has had a symbol of its goals and visions — the kind that cannot be achieved just by maintaining the status quo — its North Star or Moonshot (pointing to the company badge on my lapel) for 100 years. This North Star or Moonshot goal is the very essence of your founding spirit of *Kendo Kenmin*. In order to realize this aspiration, the Group has



Purpose and Commitment must meet three requirements: “exciting,” “unique,” and “possible”

— Takashi Nawa

continually implemented transformational initiatives. And the attitudes and values of ‘speed,’ ‘empathy,’ and ‘challenge’ have been the driving forces behind this process.” Hearing those words convinced me that we had taken the right path.

This then led to the creation of Future Vision 2050 and Next Design 2030 as well as the reconstruction of our corporate identity and corporate philosophy. Your words were very encouraging to me at the time.

Nawa *Kendo Kenmin*, which is your Purpose and Commitment, is certainly a phrase that resonates with people. However, it is ultimately a North Star goal and its value will not be actualized unless you provide a compass that points to it. I think that is what I wanted to communicate.

Spreading the Purpose and Commitment and Applying It to Business Activities

Nawa I am always saying that a purpose has three requirements: to be “exciting,” “unique,” and “possible.” The Group’s Purpose and Commitment fits these requirements well. However, the question is how the organization and employees will take ownership of the Purpose and Commitment going forward, and I would like you to bear in mind the following points. The first point is to carefully apply the Purpose and Commitment

to organizations and individual employees. A company-wide purpose is inevitably abstract, and it tends to be difficult for each organization or person to consider that it is relevant to them. Therefore, it is necessary for you to “unpack” the purpose and make it clearer. The second point is to identify the difficulties and concerns in the workplace when implementing the purpose and doing the work to resolve them. To do this, it is effective to ensure psychological safety while holding problem-solving meetings in each organization and incorporating the solutions that are found at the company-wide, organizational manager, and individual levels. The third point is to anticipate causal loops and implement PDCA cycles in which the purpose is translated into behavior change, productivity, creativity and ultimately the enhancement of corporate value rather than merely understanding and feeling empathy with it. You need to identify bottlenecks that block the purpose from producing results and keep devising measures to eliminate them.

Sato Going forward, it will be necessary to spread the reconstructed Purpose and Commitment throughout the Group. Therefore, this fiscal year, we are running “officer caravans” and Purpose and Commitment Workshops at all business sites to communicate the thoughts of the management team to our employees while encouraging full understanding by giving employees the time to think about the ideas themselves. To achieve the management targets set out in Next Design 2030, which is the new business plan, and move toward the “ideal society” presented under Future Vision 2050, each individual employee must take one proactive step forward. The more closely this one step forward is aligned in direction with where the company is heading, the greater the results should be. To achieve this, we will work so that our Purpose and Commitment is really integrated all the way through to the level of action and can translate into higher performance than in the past.

Nawa At present, I am advising the Group on ensuring

everyone is familiar with the Purpose and Commitment. More specifically, I have three requests for employees. First, align the intentions of the Purpose and Commitment with the particular features of the department you belong to. Second, recognize the gaps between what your department is trying to promote and what the individuals belonging to that department want to do and eliminate any bottlenecks. Third, dig deep into how the things your department is trying to implement are connected to corporate value. The redefinition of the Purpose and Commitment is not the end; the real work starts now.

What Must Be Accomplished for the Coming 100 Years

Nawa At first glance, the choice between returning to tradition or transforming into something new seems contradictory. However, that is not actually the case. The seeds of innovation lie within tradition, and innovation leads to another tradition. I think that this process always forms a “nested structure” when seen over the long timespan of 100 years. Innovation is created from tradition, and then shapes the next tradition, which then produces the next innovation. I believe this is a theme for the Group as it moves forward. The important point is gaining strength on the individual level first. To achieve this, each person must have their own personal commitment to what they want to become.

Then the individuals must form teams and display teamwork. It is also important to venture proactively beyond the current boundaries. When each team acts with initiative, it should naturally result in an organizational rhythm of moving forward on to the next goal. Put a certain way, a “wise pivot” is what I

would like to see from the Group going forward. I hope that the Group will continue creating innovation from tradition as it moves into the future. Its century of tradition is a treasury of innovation. Management leadership is required to further build the strength of existing businesses while significantly scaling up new businesses by discovering the new possibilities that are inherent within these businesses and directing existing intangible assets toward these new possibilities. This must be approached with an attitude that is bold in taking risks, learns from failures, and above all repeats the process with a sense of speed.

Sato What you said about “tradition” and “innovation” resonated with me. I also have a strong sense that the “wise pivot” approach you advised will be an essential perspective for the coming era. One of my favorite phrases is “Change before you have to,” the words of Jack Welch, the former CEO of General Electric (GE) in the US. Acting on your own initiative rather than being told to take action by others creates ownership and speeds up your action. It also enables rapid decisions on starting again and changing direction. In particular, I feel that the “risk of not changing” is much more serious than the “risk of changing” at the current time, when the outlook is uncertain. We drew up Future Vision 2050 as the first step looking toward the next 100 years. We will now enter the stage of deepening our discussions on how to achieve our vision. I have gained a lot of insight from our conversation, Mr. Nawa. Thank you very much for talking with me today.



Act on your own initiative before you are forced to change

— Masatoshi Sato