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International Strategy & Cross Cultural Management Workshop

# Management Practices of the International Company

By Alison Ward  
HR Director, Canon Europe

Toulouse, September 29-30, 2006



 Employee Commitment Survey

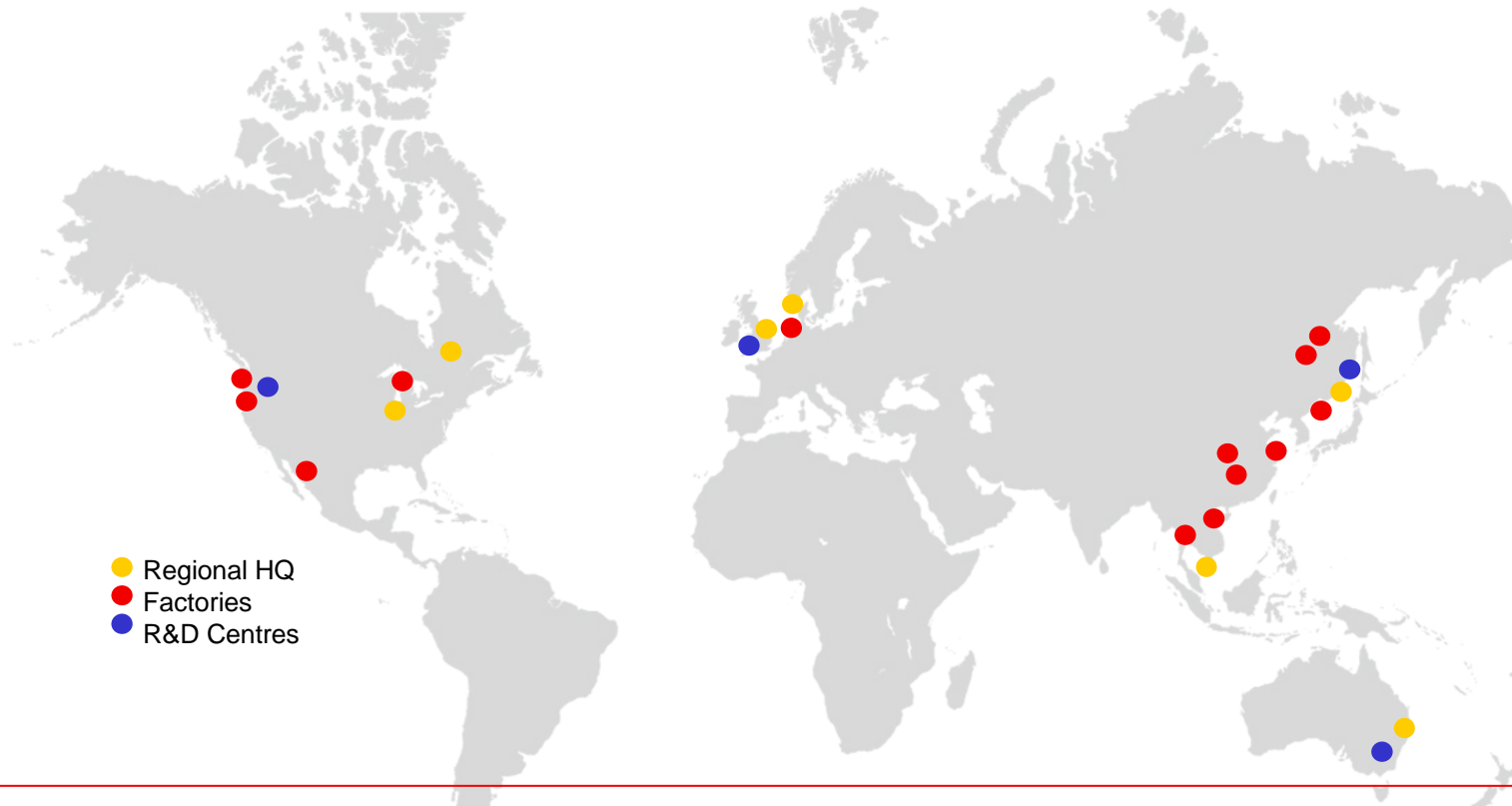


## Presentation Overview

- Introduction to Canon
- Canon Business Solutions Change Program 03-05
- Measuring the Cultural Evolution 03-05
- Conclusions

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## Canon Global Group



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Canon: 110,000 people working in more than 200 countries

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## Canon Global Rankings

World's Most Admired Companies 2005

**FORTUNE**

154<sup>th</sup> : Sales Revenue  
96<sup>th</sup> : Profit  
"All Star" Lists: 30

World's Best Global Brands

The McGraw-Hill Companies  
**BusinessWeek**

Overall ranking: 35

World's Most Respected Companies Business Leaders

**FINANCIAL TIMES**

Canon Inc. President & CEO  
Fujio Mitarai: 10<sup>th</sup> Most Respected Leader  
Most Respected Company: 25

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## Canon Corporate Philosophy

- *Kyosei* – ‘living and working together for the common good’
- *San-Ji* Spirit – ‘3 Selves’
  - Self Motivation
  - Self Management
  - Self Awareness

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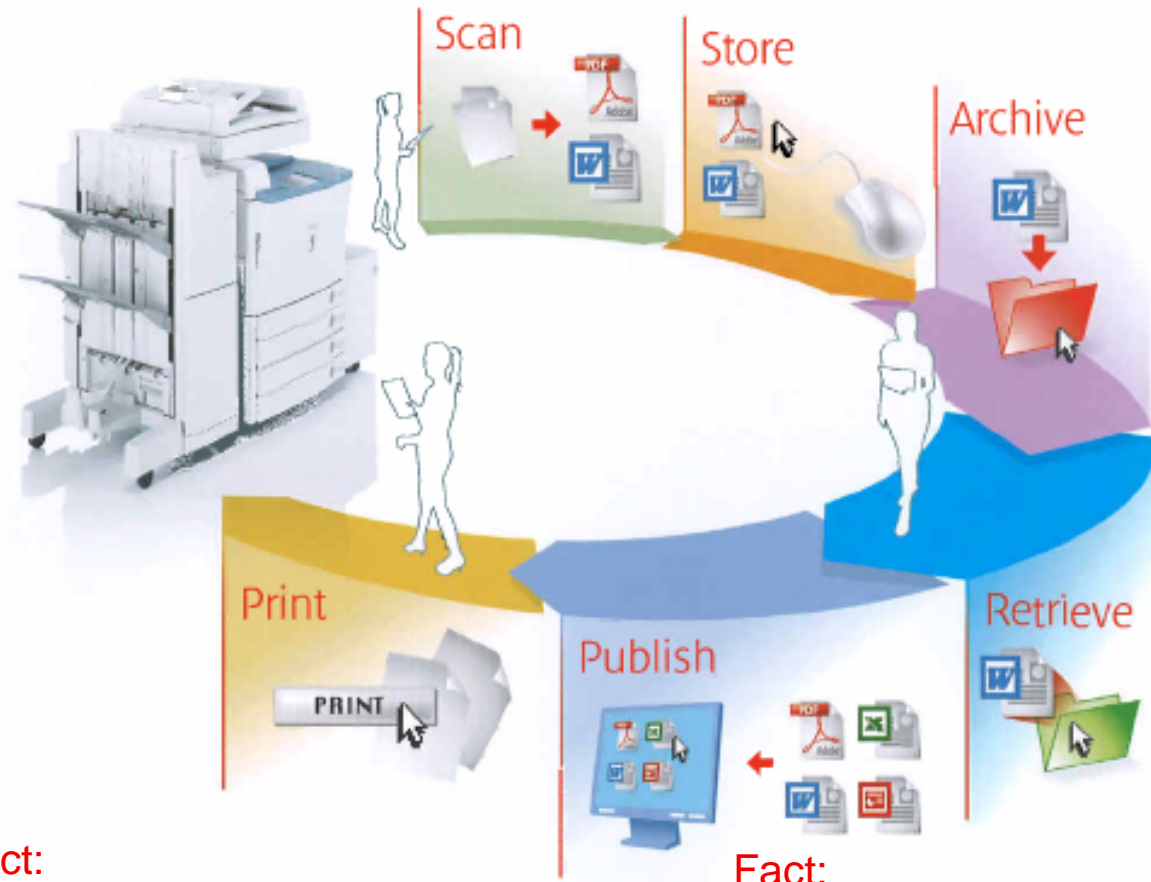
# 2003 Change Focus

“To establish Canon as the recognised number 1 world class provider of innovative print and document solutions”

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**uniFLOW**

**eCopy**



Fact:

32% of all Documents are not available if needed

Fact:

Employees may spend up to 8 hours per week searching and collecting documents



Our key Change Objectives during 2003  
– 2005 were:-



**Transform Canon Europe into a World Class Pan European Organisation**



Develop our solutions business capabilities



Strengthen our financial structure with economies of scale



Ensure competent and committed employees

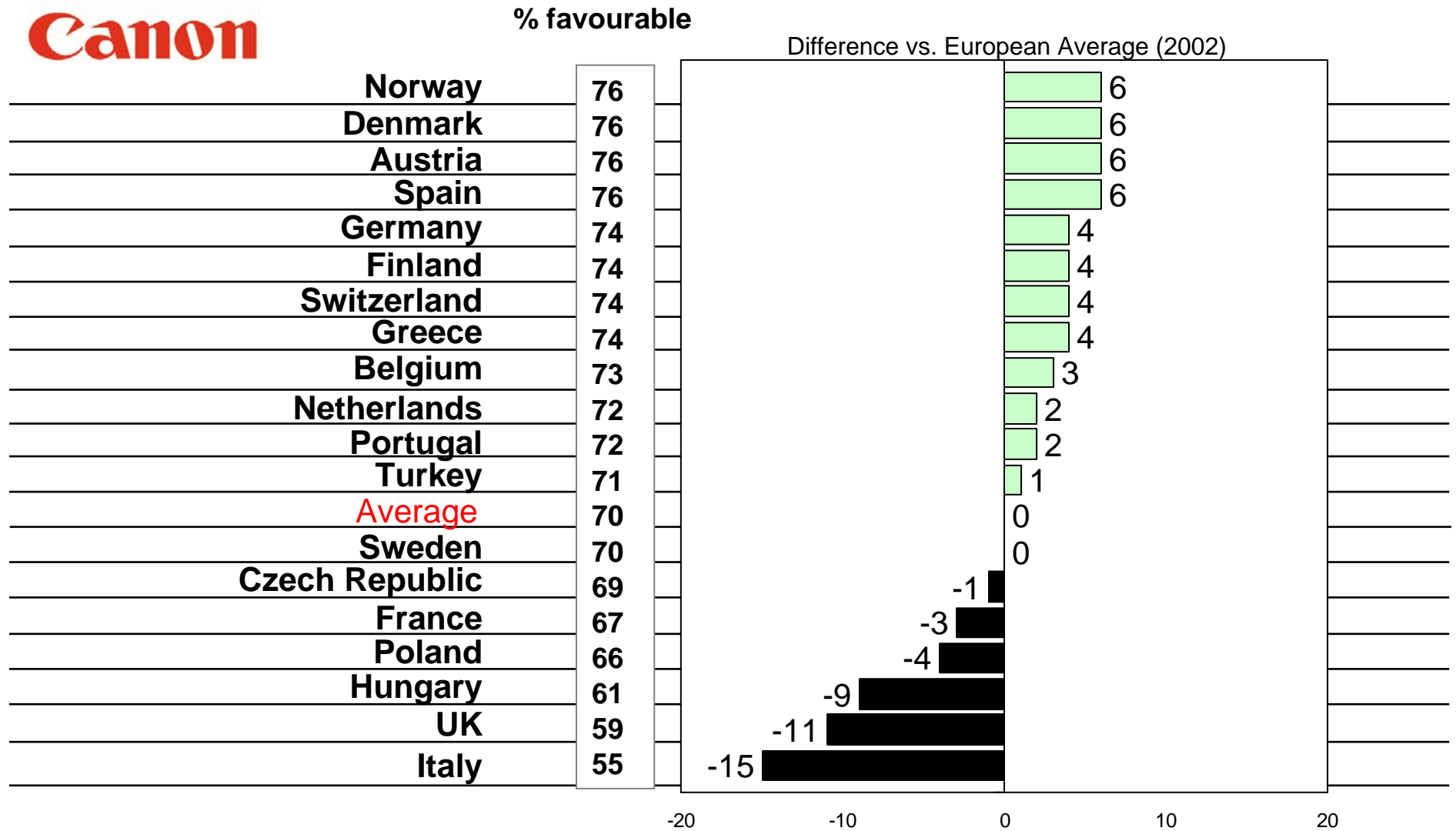
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**Canon** Cultural Implications

- To measure how our people felt working for Canon during the change  
**[would they tell me?]**
- To take actions to improve the culture and spirit within Canon, during the changes  
**[can I impact this?]**





# EMPLOYEE COMMITMENT NORMS BY COUNTRY



Shaded difference bar denotes a statistically significant difference

\* Source ISR



# Employee Commitment Survey Campaign Structure

## Internal Communications Plan

### You Can Magazine



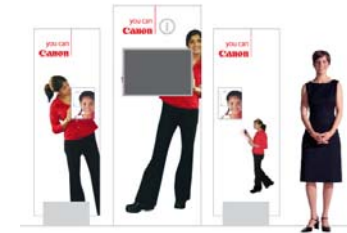
- Announcement to Results and Actions
- Featured in Sept, Nov and Jan

### Intranet



- Information & Link to survey site
- Linked to viral marketing & emails
- Live August 1

### Email/Viral/Poster



- Series of Corp announcements and Employee News
- Posters in offices
- Viral marketing
- Go live August

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Tell us what you're thinking

Employee Commitment Survey 2005

## Welcome to the Canon Employee Commitment Survey

Austria	0%
BeLux	0%
Denmark	0%
Finland	0%
France	0%
Germany	0%
Italy	0%
Netherlands	0%
Norway	0%
Spain	0%
Sweden	0%
Switzerland	0%
UK & Ireland	0%
CEL	0%

### Confidentiality Guaranteed

Your answers to this survey will be completely confidential as the survey is being conducted by the independent consultants ISR and TNS. The survey is being run on the TNS website and they will process the data ensuring that individual responses are only presented as part of groups of 5 or more.

### Responses to the survey so far

The chart opposite shows the number of your colleagues who have completed the survey to date. Although you can only complete the survey once, you are free to return to this page as often as you like to see how responses are progressing.

[Start survey](#)



## Response Rates

Country	Response Rate 2003	Response Rate 2004
Belgium	92%	100%
CEL	71%	100%
CME	N/A	100%
Austria	73%	99%
Sweden	83%	96%
Switzerland	76%	94%
Norway	86%	92%
CEE	N/A	90%
Finland	77%	89%
Denmark	70%	88%
CNE	N/A	85%
Germany	65%	83%
Netherlands	78%	82%
Italy	68%	81%
France	74%	80%
CENV	64%	78%
UK/Ireland	N/A	74%
Spain	62%	67%
<b>Total Canon</b>	<b>73%</b>	<b>87%</b>



# Commitment Index 2003

	<b>SBD</b>	<b>Marketing</b>	<b>S&amp;S</b>	<b>Channel Operations</b>
Commitment in achieving the goals of Canon	92.6 %	85.40 %	94.10 %	90.90 %
Recommend Canon as a good place to work	77.80 %	65.90 %	76.50 %	81.80 %
Pride to be associated with Canon	88.90 %	90.20 %	94.10 %	100 %
Not considering leaving Canon	81.50 %	75.60 %	88.20 %	72.70 %
Fit well in the culture of Canon	66.70 %	58.50 %	70.60 %	90.90 %
Satisfied with Canon as an employer	77.80 %	61.00 %	76.50 %	100 %
<b>Total Commitment</b>	<b>81 %</b>	<b>73 %</b>	<b>83 %</b>	<b>89 %</b>



## Canon France - CBC

Country / Region as Benchmark

Deviation

Above Benchmark	
Just below Benchmark	
Far below Benchmark	

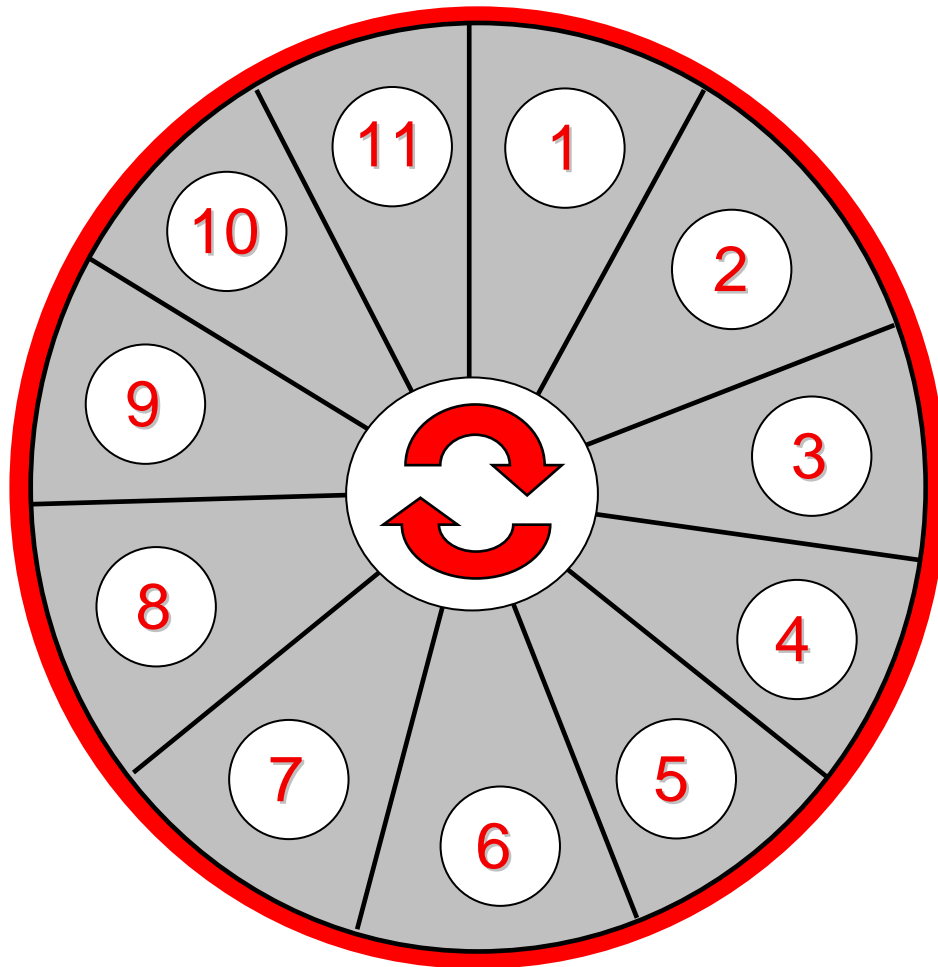


Click on category to go to underlying questions  
Nber of respondents

	CBS Europe 2005	CBS France 2005	CBS France 2004	Total CBCs/Fac Similé France 2005	Total CBCs/Fac Similé France 2004	CBC AL 2005	Channel SBCs
	5,530	1,128	1,022	355	279	63	6
<a href="#">Commitment Index</a>	76.90%	71%	69%	79%	75%	82%	78%
<a href="#">Customer Focus</a>	70.40%	65%	62%	70%	67%	75%	57%
<a href="#">Involvement</a>	64.70%	56%	55%	64%	61%	66%	58%
<a href="#">Job Satisfaction</a>	64.30%	49%	45%	51%	52%	61%	54%
<a href="#">Leadership</a>	47.57%	44%	39%	53%	48%	52%	33%
<a href="#">Management</a>	66.80%	56%	51%	66%	59%	74%	72%
<a href="#">Reward</a>	41.80%	42%	39%	60%	52%	60%	56%
<a href="#">Working Relationships</a>	56.00%	42%	39%	49%	43%	52%	50%
<a href="#">Employee Development</a>	55.60%	49%	45%	55%	48%	60%	60%
<a href="#">Organisation Structure and Efficiency</a>	54.30%	44%	40%	53%	50%	51%	39%
<b>Commitment Index</b> ▲	76.90%	71%	69%	79%	75%	82%	78%
I am personally committed to achieving the goals of Canon	90.70%	90%	92%	94%	93%	92%	100%
I would recommend Canon as a good place to work	73.90%	69%	64%	79%	74%	79%	67%
I am proud to be associated with Canon	85.30%	78%	79%	87%	85%	91%	83%
I fit well into the culture of Canon	77.50%	65%	64%	80%	73%	76%	83%
Are you seriously considering leaving Canon (no)	64.60%	60%	58%	63%	60%	75%	67%
How satisfied are you with Canon as an employer (satisfied)	69.60%	61%	55%	68%	63%	76%	67%
<b>Customer Focus</b> ▲	70.40%	65%	62%	70%	67%	75%	57%
Canon is highly regarded by its customers	85.50%	85%	86%	90%	92%	97%	83%

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## The Process



1. Cascade the results
2. Analyse the data
3. Refine the problem areas
4. Prioritise important areas
5. Means of communication
6. Create solutions
7. Draw up the plan
8. Communicate plans
9. Implement plans
10. Test plans
11. Now, what else?

Remember, at times you may need to backtrack to solve the problem

# Recap on Actions

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## European Actions - Examples

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Some examples of some of the actions that have been established....

- CBS created a cross functional project team to consolidate NSO report requests based on NSO feedback
- CCI have established an 'interactive' communication approach
- MarComs are creating an European professional development programme & Procurement a Procurement Training Framework
- SCM introduced Senior Management department lunches
- Austria launched a series of President Roadshows for employees
- France introduced the 'Tour de France' employee communication sessions [10 cities]
- Finland established cross functional teams to improve cross functional work flows
- Switzerland created departmental open days
- Sweden identified a key internal stakeholder for each team to implement the action that would most improve collaboration
- Denmark launched a development program for managers on how to improve performance through coaching
- Italy have introduced a 'Women in Leadership' Programme
- CENV have introduced 'Managing Growth through Sharing' sessions

Nigel Morton  
9

### INVOLVEMENT



Sharing information, involving and coaching our people more effectively to arrive at better solutions.

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### WORKING RELATIONSHIPS



Working towards a unified European team by endorsing effective teamwork between departments, NSO's and Head Office.

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### TRAINING & DEVELOPMENT



We will ensure all employees are developed, taking into consideration their personal ambitions and the requirements of the business.

YOU CAN THE MAGAZINE FOR CANON EUROPE, MIDDLE EAST & AFRICA

COMMITMENT SURVEY

# Commitment Survey Actions

NSO's, Business Units and support functions all over Europe have been implementing a wide variety of actions to improve the Employee Commitment Survey results for 2004.

Areas of development highlighted by last year's survey are being addressed and we can now share some of these actions on a pan-European scale. The following case studies demonstrate how the three key areas of 'Involvement', 'Working Relationships' and 'Training & Development' are being improved.

**INVOLVEMENT**



Sharing information, involving and coaching our people more effectively to arrive at better solutions.

**WORKING RELATIONSHIPS**



Working towards a unified European team by endorsing effective teamwork between departments, NSO's and Head Office.

**TRAINING & DEVELOPMENT**



We will ensure all employees are developed, taking into consideration their personal ambitions and the requirements of the business.

**REDESIGNING ORGANISATION STRUCTURE**

**Steve Denisk, European Software Business Administration Manager** (originally a Senior Product Engineer) at the Software Business Development Department, explains how working relationships are being enhanced by redesigning the organisation structure.

"The Software Business Development (SBD) Group at CE, was formed from part of the former Canon Systems Management Europe (CSME) SBD was almost completely flat regarding management structure, with approximately 30 employees split into only two sections - Software Engineering and Software Planning - reporting to the Director of SBD. Software Planning was product focused with the roles of engineers and specialists sometimes overlapping. This contrasted with the Marketing Department where a more structured hierarchy existed and managers focused on the different market areas, resulting in many employees in SBD being excluded from Marketing decisions as we weren't 'talking' effectively. It was therefore decided by the engineers and management to reset the organisation structure to improve efficiency, teamwork and subsequently employee commitment ratings.

The aim was to integrate Software Engineering to better handle the anticipated increase in demand for customer solutions and MRP application development. The other aim was to improve co-operation between Software Planning and Marketing by realigning the structure of Software Planning. After extensive consultation with employees, a structure was proposed that split SBD into four main groups, with one group being merged into the Marketing Department. This allowed sufficient senior level managers to be appointed to generate the job descriptions of new team positions. These have provided some career progression opportunities and many of the existing employees have applied for the more challenging roles within the new structure."



Steve Denisk, European Software Business Administration Manager of the Software Business Development Department

**SUCCESSFUL TEAMWORK**

**Henry Horkis, General Manager, Business Planning, Canon Finland**, has been helping to create cross-functional teams to improve sales order and delivery.

"The Commitment Survey resulted in setting up three cross-functional teams to focus on the areas most in need of development: communication, leadership and trust. The communication team defined the challenges to improve internal communications, information flow and interaction. Their objective is for all necessary information to be available to employees, issues tackled quickly and responses to be active in collecting and sharing information and giving feedback.

"The second team dealt with leadership, and how to improve the spirit and atmosphere in the workplace. The team explored how using the Canon approach to leadership, which demonstrates positive attitudes and behaviour, will make improvements.

"The third cross-functional team, dealing with commitment and trust, looked at ways to increase the openness of our community through leadership, communication, equality of male and female employees and between various organisational groups. Trust forms the basis of honest and open communication and the foundation of true leadership.

**IDENTIFYING STAKEHOLDERS**

**Severin has been doing some interesting work to identify key internal stakeholders and improve collaboration.** Stefan Kogel, with Business Partner, Canon Sweden, explains the initiative which could benefit many within Canon, regardless of the department they work in.

"We have identified all of our 100 head Quarter Managers that they need to identify their main internal customers and then devise a plan of action to improve working relationships with them. One way to do this is to get to know each other in a social setting. For instance, we have our own holiday company that functions as a department within NSO headquarters, working with our NSO management and credit check departments. The three groups needed to get to know each other to share things with more visibility so they arranged to spend an afternoon together. It kicked off with a meeting to discuss their intention and how to improve the exchange of information, ending up with a bowling tournament with an award for the winning department. It was a great evening out and everyone got on together really well.

"Employees at some of our Canon Business Centres regularly have breakfast together, which is another example of getting people together to meet up and exchange ideas in a relaxed environment.

"In the meantime, we in the Human Resources Department identified the need to improve our relationship with the main European HR office so we are now working on improving communication and sharing our ideas."



Henry Horkis, General Manager Business Planning, Canon Finland



Stefan Kogel and Marlene Gustafson

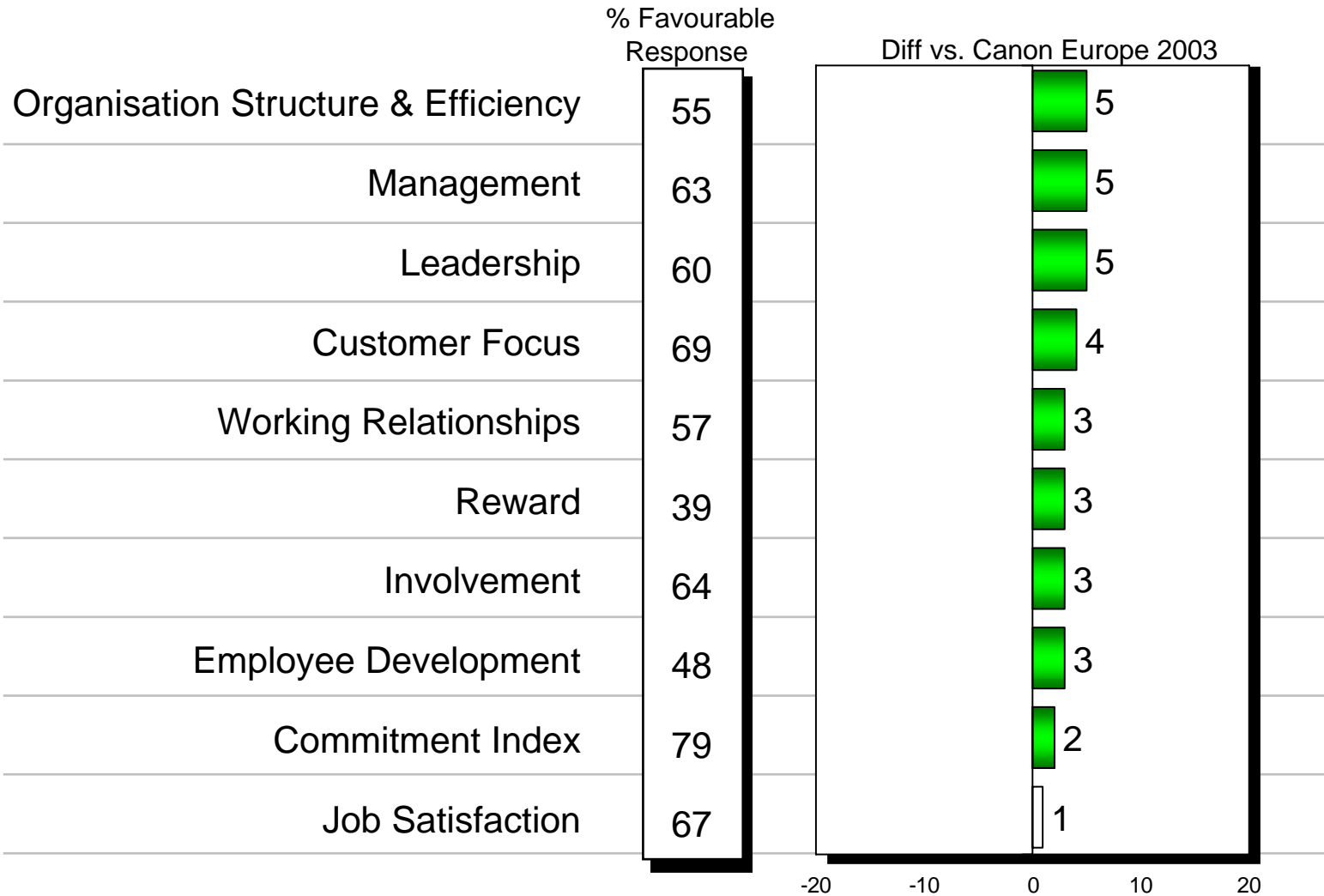
10 Visit the Canon website at MyCanon.net

ISSUE 18 JULY 2004 YOU CAN IMPRESS 11





## Change since 2003



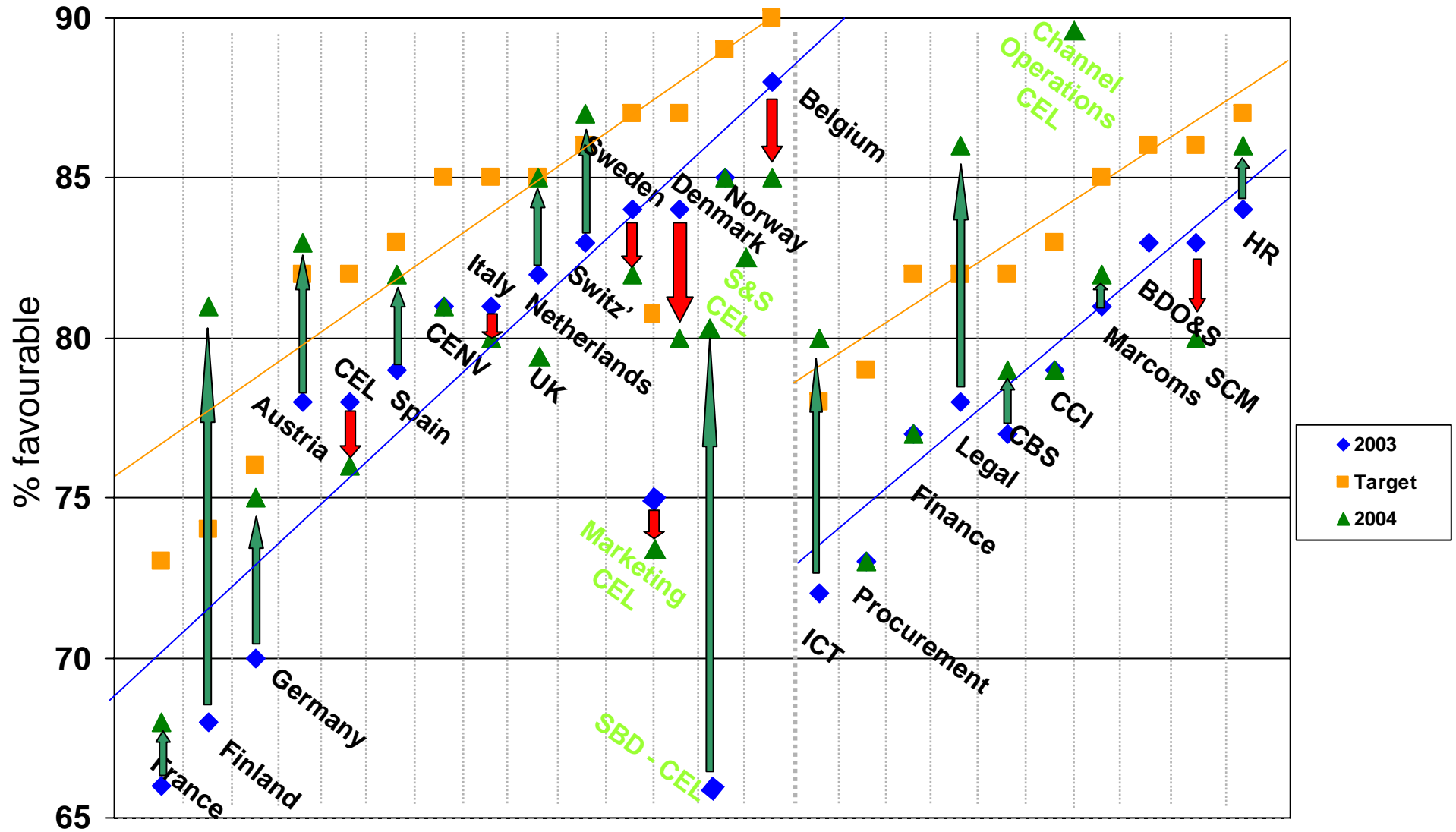
Shaded bar = statistically significant difference

Canon Europe 2004 (excl. UK NSO & Emerging Markets) (N=6,826)

Canon Europe 2003 (N=5,687)

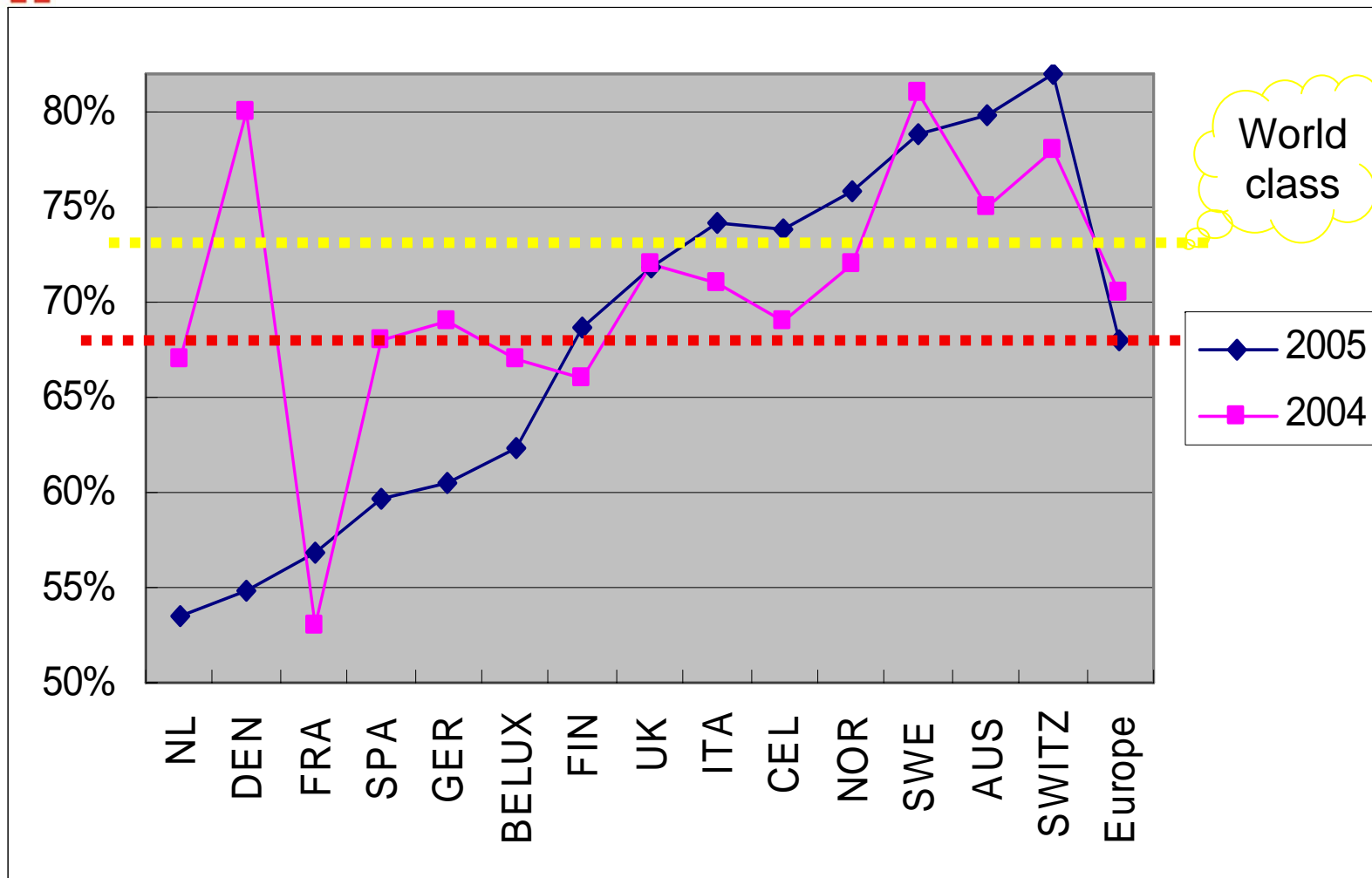
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# Commitment Index 03-04



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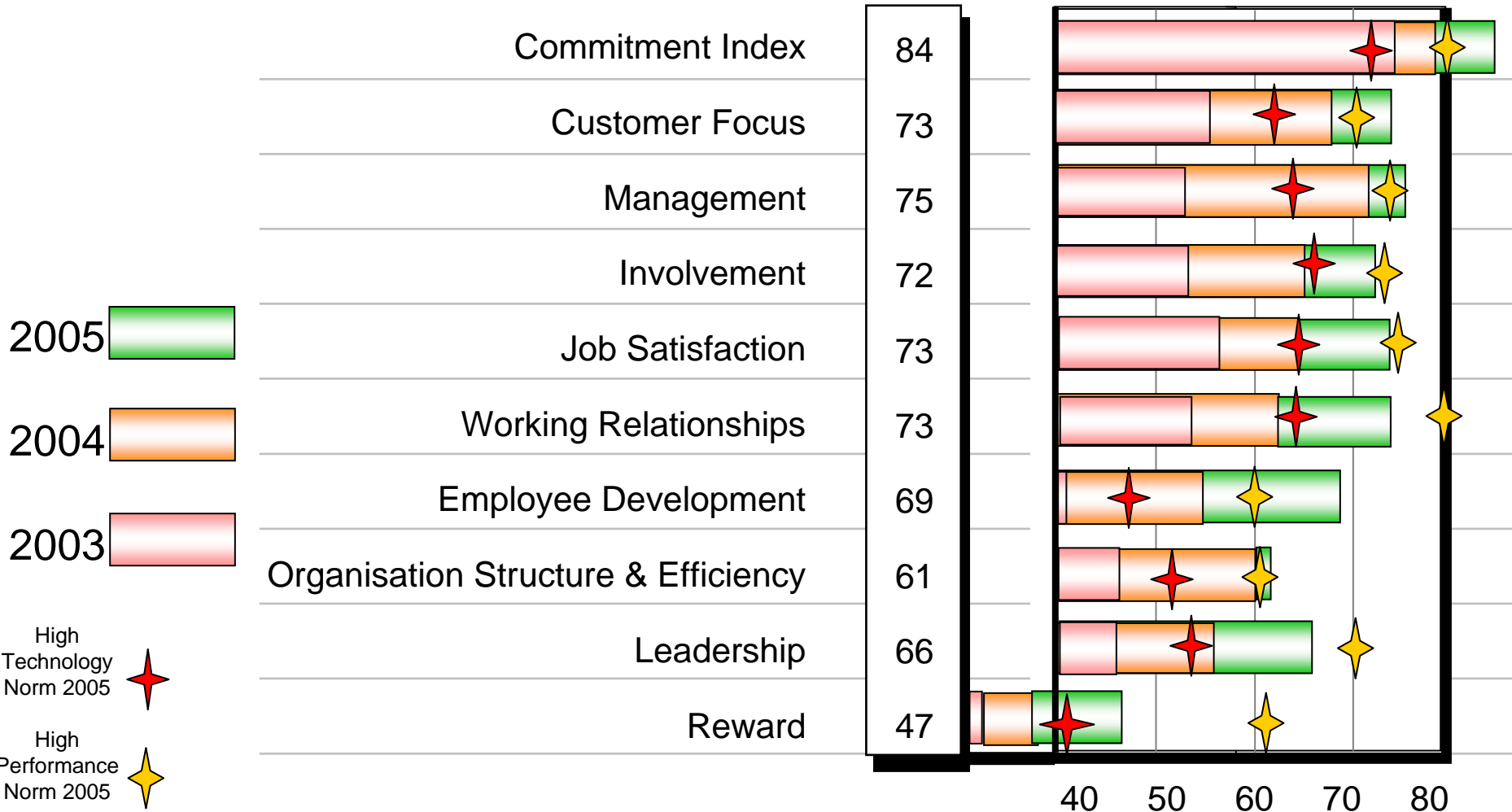
# X-Department Cooperation 04 - 05





# Results 03 - 05

05 % Favourable Response



**Evidence that culture can be managed!**



# Post Service Visit Survey – Customers tell us what they think about Canon.

Select results to  
show in report

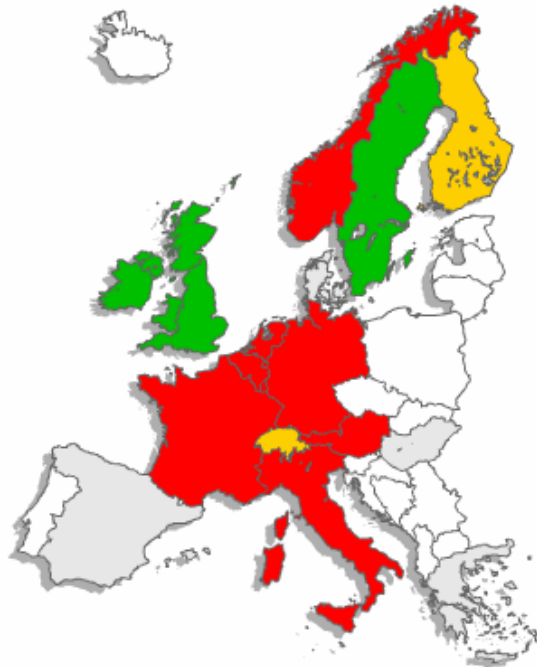
Report type

Year (to date) ▾

Report year

2006 ▾

© 2005-2006  
TNS NIPO / Canon



Colouring is based on  
result vs. target evaluation

## Post Service Visit Survey - YTD 2006

### PSV Overview Europe

Report type: Year (to date)

View selection Service Satisfaction Index (SSI) ▾

### Service Satisfaction Index (SSI)

Country	vs. last	Result	Target	Result vs. target
● <b>Europe</b>	↓	<b>60%</b>	<b>66%</b>	<b>(6%)</b>
● Austria	↓	56%	60%	(4%)
● Belgium	↓	45%	61%	(16%)
● Denmark	=	0%	50%	(50%)
● Finland	=	66%	68%	(2%)
● France	↓	50%	56%	(6%)
● Germany	↓	53%	63%	(10%)
● Italy	↓	54%	65%	(11%)
● Netherlands	↓	42%	58%	(16%)
● Norway	↓	53%	63%	(10%)
● Spain	↑	75%	69%	6%
● Sweden	↑	63%	63%	0%
● Switzerland	=	67%	70%	(3%)
● UK and Ireland	↓	75%	73%	2%
● Greece	↓	46%	-	-
● Hungary	↑	79%	-	-
● Australia		50%	-	-
● New Zealand		-	-	-
● Singapore		57%	-	-

> Click on a row to go to the underlying results

> Data displayed gray is indicative (the sample size is too small)

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Linking  
Employee  
Commitment  
and  
Customer  
Loyalty

SOURCE :  
Customer Loyalty  
and  
Employee Commitment  
Surveys  
2003 to 2005

**HIGH**

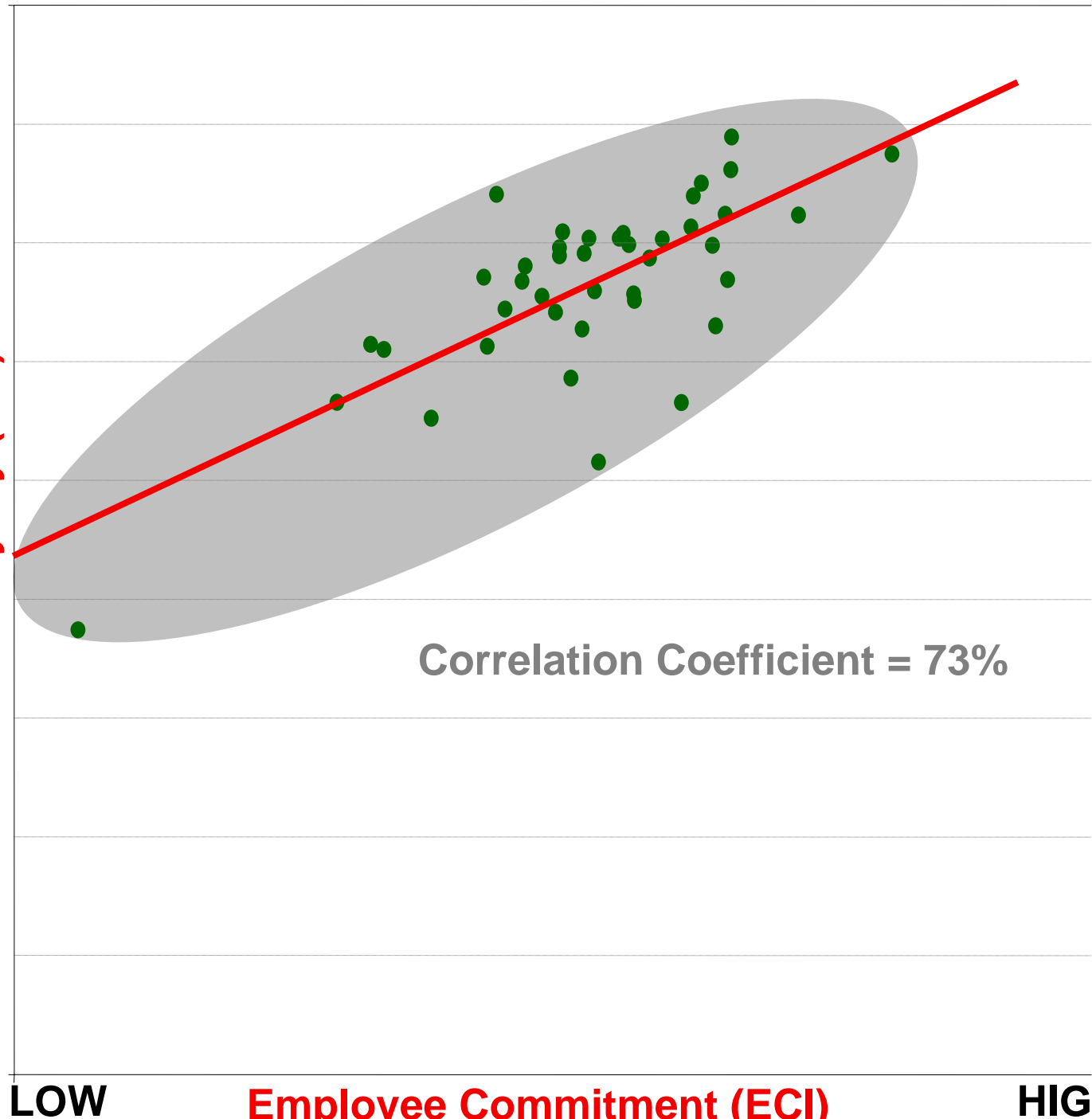
**Customer Loyalty (CLI)**

**LOW**

**LOW**

**Employee Commitment (ECI)**

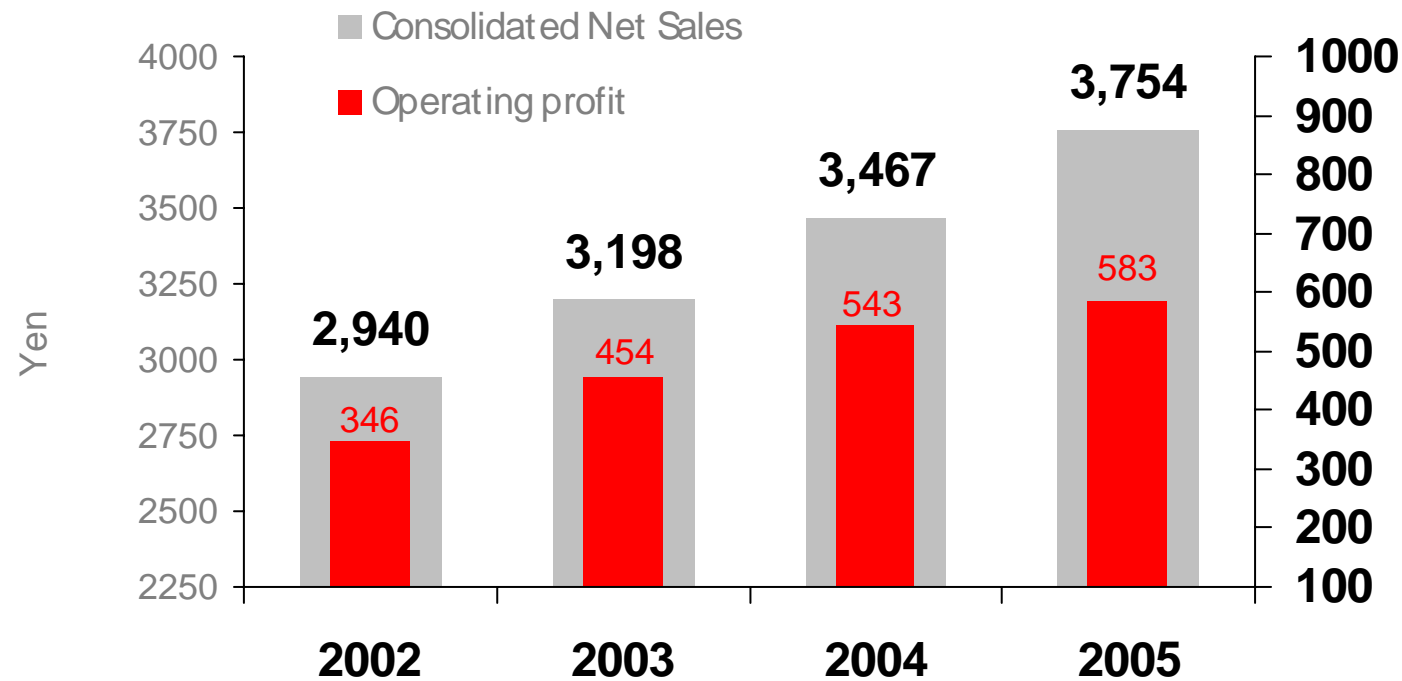
**HIGH**





## A large and growing business

- Canon Inc. results showed year-on-year growth of 8.3% in 2005 with net sales of ¥3,754 trillion





## Conclusions

- Introduced a tool & process for measuring our culture during change
- Shown that culture can be developed year on year
- Culture is linked to business performance



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**Thank you!**