



Joy, Inc. in Japan! How I built a Joy Dojo in the land where Kaizen was born

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Many successful companies and organizations have effectively clarified their vision and have established psychological safety. However, the context varies between organizations, and similar efforts do not necessarily guarantee the same success by simply copying and pasting an example of a good corporate culture. Also, it is very difficult to produce any positive or negative changes in an already established corporate culture. The reason for this is because the current state of the corporate culture represents the company as it exists today. In order to follow through with this difficult endeavor, we had to listen, learn, and transform the signals that we received from within our company in order to make this change happen. This included monitoring changes in employees and their own personal feelings. To be honest, it was such a difficult journey that we almost gave up several times along the way. In this experience report, as the CEO of this small Japanese IT tech company, I share the details of the cultural change approach and lessons learned from the attempt to tackle this challenge.

1. INTRODUCTION

Over the last eight years, the IT tech company Creationline, which has 180 employees in Japan today, has been making various transformational efforts to significantly change its corporate culture. The journey of corporate culture transformation does not simply involve the development team but the entirety of the office including those working behind the scenes.

Everything started from my own personal desire to change and to recognize my own shortcomings. After recognizing my own shortcomings, neither my colleagues nor myself, thought that we could change the corporate culture. One possible way out, was to trust myself and then gradually expand that circle of trust.

I sometimes felt that the process of getting colleagues to trust each other and work actively through this change process took too long and was unproductive. I thought people wouldn't usually change when someone tells them. People change only when they want it. Changing the mindset of others is impossible because the mindset is always changed from within.

It was on this journey of change that I came across the concept of "Joy" as advocated and practiced by Menlo Innovations. Unlike the various methods that I had tried to introduce up to that point, I felt that Joy was a "technology" that appealed not to the company organization or structure, but to the deepest part of the hearts and minds of each and every employee that makes up the organization. In today's VUCA (volatility, uncertainty, complexity and ambiguity) world, I strongly feel that the concept of Joy has an intense and consistent power to appeal to the human heart. I understand that we have been able to achieve tangible results (we are still in the middle of our journey) because we have been able to place "People" and "Joy" at the center of our corporate cultural transformation.

2. BACKGROUND

Japan is considered a country with a high context culture. There are many people who believe that "Ishin-Denshin" and "A-Un-no-breath" allow people to understand each other's intentions without the need for communication skills.

Creationline, which was founded in 2006, is a high-context company. It started out as a so-called legacy contract IT service company, taking on software development work from companies, developing/building it, and delivering it. I thought, I don't have to say anything about my vision or philosophy, but everyone understands my thoughts. First of all, I believed, it is important to pursue the revenue numbers relentlessly until we stabilize the company. Accepting clients' requests (sometimes even reckless ones) with open arms and putting the customer at the center of everything we do, will eventually lead to higher sales, which will in turn lead to happier employees. We encountered cloud computing and open source and grew the business little by little. I thought the company was growing steadily.

However, in 2013, seven years after the company's establishment, when the number of employees had increased to 30, the company had taken a wrong turn.

Communication between the teams was poor, and the teams were even bickering and disrespecting each other. Everyone was unmotivated to work and even those who were working hard were ridiculed. At that time, a project that I had forced myself to take on burst into flames. We had to hold meetings at 1:00 a.m. to respond to the client's requests. Naturally, work efficiency did not improve, and the situation became a vicious cycle of further conflagration. Some engineers became ill and left. One of our employees posted confidential information and fake news about the company on social media, which affected our reputation within the industry, making us lose our partners and people who wanted to join the company.

That time was really hard for me. I had no motivation to continue working for the company, so I seriously thought about shutting it down, and lost sight of the meaning of life. However, I regained my composure and said to myself, "It can't get any worse than this." I was determined to make it to the end. In order to get out of this critical situation, I thought about what the cause of all of this was. The answer I came up with was that I was that very cause. I myself was the prime example of a bad leader, a bad manager, and a bad president. I was only looking at immediate sales and profits. I was completely blind to what I really needed to focus on. I had no vision or philosophy for the company. I always thought, "The company's vision and philosophy will not increase sales." I was a lousy president. The colleagues who were working hard at that time did not even know the company's vision, goals, or direction, so they were not sure if what they were doing was right for the company. They didn't understand what each colleague was doing. We all had our own ideas and acted according to our own thoughts; we didn't understand each other, and as a result, we ended up fighting. Naturally, everyone's motivation did not increase, and the efficiency of the project did not improve, which resulted in the project going up in flames. The combination of these factors inevitably led to a negative spiral.

I was deeply saddened when I found out that I was the cause of all this. I was determined not to let things get any worse, and from that point on, I wanted to make the company better for everyone, even if only a little. This was the beginning of our "Joy, Inc. in Japan."

3. OUR JOURNEY: FROM SORROW TO JOY

Although I understood that I was the cause of the negative spiral, I didn't know where to start. I attended external seminars, read books, and asked experts to learn about the efforts of various companies. From among these efforts, I selected and implemented the ones that seemed to have the effect of changing the company.

I will thoroughly describe what I did in chronological order.

- Held an in-house social gathering to promote communication
- Kaizen of company-wide meeting
- Visit a company with a good culture and learn how to work well
- Company-wide team building
- Encountered *Joy, Inc.* [Sheridan] and incorporated the ideas and efforts of Menlo Innovations [Menlo]
- Started an initiative called Furu-Furu Relay Talk
- Established a chat to better understand colleagues

These are some of the many efforts we have made. I will be mentioning the ones from which we learned a lot. Figure 1 shows the different efforts we undertook over time, along with our company culture life chart.

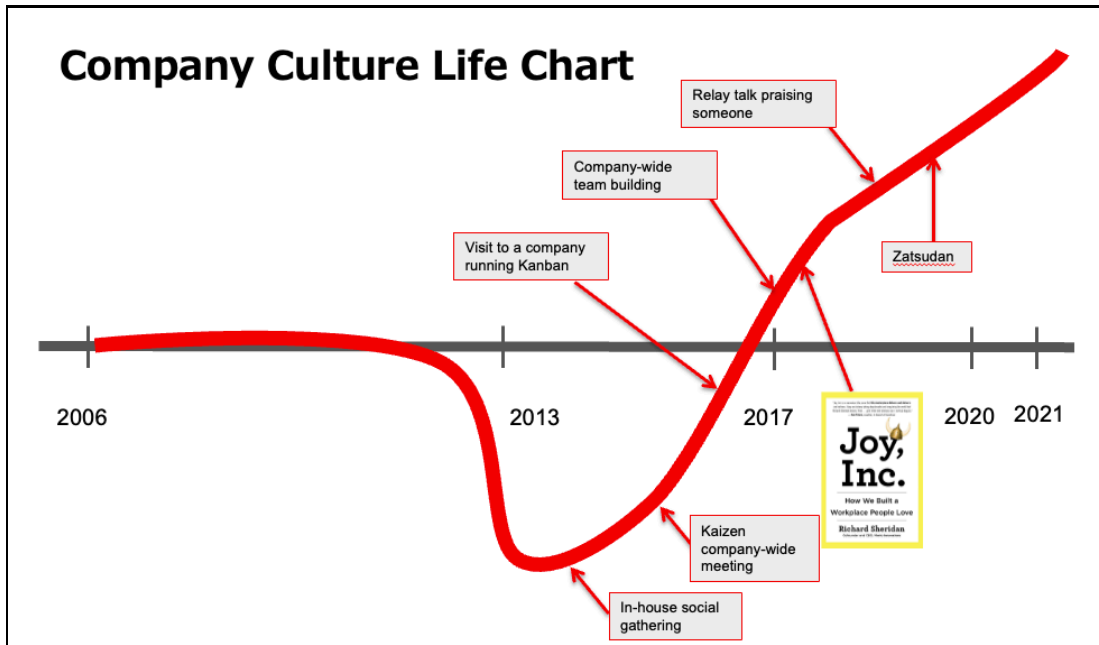


Figure 1. Company Culture Life Chart

3.1 Held an in-house social gathering to promote communication

The in-house social gathering started in February 2014. On the last Friday of every month, we prepared food and drinks and held an event aimed at deepening exchanges within our company. The trigger was “TGIF” (Thank God it’s Friday), which was carried out by Google. I heard that this “TGIF” was being implemented to promote communication within the company, such as between employees, management and employees, and I decided to try it.

We continued having the in-house social gathering for about a year, but eventually failed. There were several causes. One was that I didn’t tell the participating colleagues the purpose of the event. When starting a new initiative or system, it is important to properly convey your thoughts and goals, we cannot use “Ishin-Denshin.” (As mentioned before, “Ishin-Denshin” is to convey what you are thinking without saying anything. It is a word that symbolizes a high-context culture.)

Second, I didn’t have a strong will to “change the company.” I wasn’t ready to improve the culture of the company. I just prepared food and drinks and prepared the place. Some colleagues were thinking, “Why do I have to drink with the other colleagues of the company?” or, “It’s work time, so work.” I also thought that way. But then I took no action. The event became a rut. The number of participating colleagues gradually decreased. I didn’t use Kaizen to improve the contents of the event. I didn’t make the event more alive. Even if I was temporarily embarrassed, I had to be the first penguin.

3.2 Kaizen of company-wide meeting

In January 2015, we started with Kaizen, a company-wide meeting. Every Monday morning, we all got together. I offered to start the weekly event. Everyone was busy with work. Some colleagues might not have a conversation with other employees. Since we were in the same company, I wanted to ensure that there is a lot of communication happening among all colleagues. This event started as one of the efforts.

Initially, all the colleagues gathered to hold a progress meeting. By sharing information on all the projects with everyone, I expected that problem-solving proposals and collaborators would come out from within the company.

However, there was still no trust within the company, so no one shared any of their concerns or problems. It was a completely meaningless time. I used Kaizen because I wanted to change everyone’s minds and feelings. In front of all the employees, I updated the content to convey my thoughts on what kind of company I wanted it to become and what kind of problems I wanted to solve. For example, I asked everyone, “How can we make our life better” and, “How can we make our work more joyful?” I didn’t have the answer. I wanted to think together. However, the atmosphere of our company was still very reluctant. Our employees thought, “What are you

talking about, our president?" The situation was miserable, but I continued to improve our company as much as possible. Though I was disappointed many times, I managed to keep going every week.

For the first six months, the employees had little awareness of their responsibility in improving the company, and the atmosphere was not good. However, I continued with a strong will. Perhaps it was because everyone was aware that I really wanted to improve the company, collaborators gradually appeared. The presence of the collaborators also led to my own self-confidence. From this activity, I could understand the importance of "continuing with a strong will." If I myself fail, the activities to improve the culture of the company will end. From this effort, I was able to learn the importance of maintaining the desire to change the company and continuing to Kaizen.

3.3 Visit a company with a good culture and learn how to work well

We visited a company where all departments—including the back-office team—used Kanban, in 2016. At that time, our company's culture was still bad, so when I talked about the tour, few colleagues actively participated. I directly asked them to participate, but they replied, "I can't participate because I have to deal with our clients." In order for them to participate, I had to get permission from the client directly. Eventually, we could go there with all team leaders and we talked directly with the employees of that company and heard about the advantages and disadvantages of using Kanban for operations.

Even the colleagues who were not positive about the tour at the beginning were well inspired by observing the actual activities and talking with the people at the site. As a result, some teams started applying retrospectives and visualization using Kanban. In addition, activities to use Value Stream Mapping, which we learned there, also began. By learning while sharing at the same time with everyone in the actual field rather than learning from books, etc., what I learned became a common language and led to opportunities for growth.

3.4 Company-wide team building

In 2017, we held a workshop called "How to Build a Strong Team," with the support of an agile coach. There were about 60 employees in the company. We all gathered in one place and learned how to become a good team. Until then, there were no company-wide events that took a full day with stopping operations. We were able to hold that event with the understanding of our clients.

After this workshop, the motivation of the colleagues who participated in the workshop increased, and some colleagues voluntarily formed a Kaizen team and started activities to solve various problems in the company. Pausing everyone's activity and learning together at the same time further manifested our common language. On various occasions people pointed out, "He said this at the workshop at that time."

Finally, we were working as a team. I was able to realize what's important for the team is the growth of the people. We all learned the importance of pausing and making time for everyone to learn. Considering everyone's operation, this learning time is a big investment for a company of a size like ours. However, without this, nobody would be able to level up, and share the same understanding about the context. From this effort, I was able to learn the importance of understanding what is important and investing in allowing time to learn as a company.

3.5 Encountered *Joy, Inc.*, and incorporated the ideas and efforts of Menlo Innovations

I discovered the Japanese translated version of *Joy, Inc.* around August 2017. I read the book eagerly and was convinced that this was my role model. However, at the same time, it was a story from a distant world far away from us. Although gradually, I implemented their ideas within our company.

Part of their efforts:

- Organization without hierarchy
- Pair work
- Visualization of all information
- Daily stand-up meeting
- Menlo Babies (Efforts to enable employees to work while taking care of their babies)

With that in mind, what we have done is:

- Introduced pair programming in some projects
- Except for client information, such as disclosing financial information to all colleagues, actively disclose information with a good explanation
- Daily stand-up meeting and review for each project

- Employees bring children and babies to the company
- Hold family days, events for employees' family and children, etc.

Impressive description in *Joy, Inc.* inspires us:

- Space and noise play a huge factor in creating the opportunity for allowing teamwork to work its magic.
- Conversations build relationships; relationships build value.
- Culture of “Make mistakes faster.”
- People, not skills, are our most important resource; we do everything to keep our best people.

The office layout was a free seating system, which made it easier for conversations to occur. And we improved the transparency of internal information within our company. After a while I got a chance to meet Richard Sheridan, CEO of Menlo Innovations, who is also the author of *Joy, Inc.* He came to Japan and gave a keynote speech at the Regional Scrum Gathering Tokyo 2018 event, and I was strongly inspired.

First of all, the encounter with *Joy, Inc.* changed the stage of our corporate culture transformation. Our role model was found. All colleagues, including me, were able to get closer to the conviction that “the corporate culture can be changed!” This was the biggest achievement. We were able to meet “Joy, Inc.” and move in one direction, aiming to become “Joy, Inc. in Japan”.

3.6 Started an initiative called Furu-Furu Relay Talk

Inspired by Richard Sheridan’s speech, the company-wide meeting held every Monday from 10:00 to 11:00 was changed to a “Weekly Asakai,” from January 2018, and that content was changed to an event aimed for team building. “Asakai” is a meeting to start work, like a standup meeting. The team-building event, called Furu-Furu was held regularly during the “Weekly Asakai.” The meaning of “Furu-Furu” is described by “being trembled with emotion” in Japanese. Thus, in this workshop people in the company are praised so much that the praised people often tremble with emotion. The contents of this workshop were shared company-wide, and everyone praises the person. One way to do this is to get together and write on a sticky note, “A-san is wonderful. He/She made us very happy by doing this / that.” Based on that, everyone announces what they wrote. After that, I put all the sticky notes on the Thanks Board so that not only the company but also all of our visitors could see it, too.

Making it an event to praise someone in front of everyone not only improved the motivation of the praised colleagues, but also improved the atmosphere of the other colleagues listening to it. In addition, the connections between people were visualized, leading to new discoveries between team members. As a result, a culture of “praise” was born, and now “praise” has become one of the key characteristics of the company culture.

3.7 Established a chat to better understand colleagues

We started a “chat” named “Zatsudan” in the “Weekly Asakai” in January 2019. There were several projects in our company at the same time, and while we had the opportunity to talk within the same project, we did not have the opportunity to talk to other project members. We used 30 minutes of “Zatsudan” time at the “Weekly Asakai” to understand each other better and better. The only rule was not to talk about business.

By continuing “Zatsudan” as a whole company, we were able to be a better team. I would like to share the effect of the chat from the replies of an in-house questionnaire:

- “The connection I got from “Zatsudan” became a work connection.”
- “Even though I just joined the company, I soon got used to it. It gave me courage because it provided me with an environment where I could talk about anything.”

In other words, through repeated “Zatsudan,” connections between teams have been established, and psychological safety has been created.

Consider this “Zatsudan” through a framework called “Seven Stages of Teamwork” [Work] Figure2 shows the seven stages to becoming a good team.

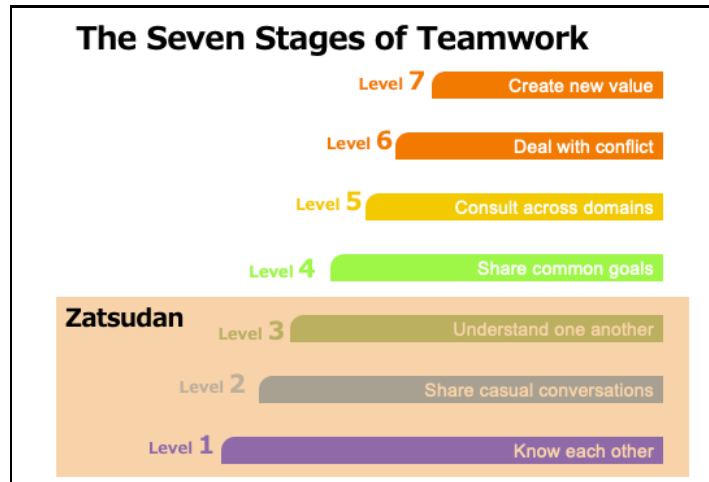


Figure 2. The Seven Stage of Teamwork

We want to be a Level 7 team that is “creating new value together,” but we can’t jump straight there. You will be able to reach it for the first time by advancing one by one. “Zatsudan” is an effort to cover up to Level 1 “Know each other,” Level 2 “Share casual conversations,” and Level 3 “Understand one another.” Also, due to Covid-19, we are now in a remote work environment and I felt the benefits of this chat even more.

4. WHAT WE LEARNED

Since Japan is a country of high-context culture, many believe you can communicate with “Ishin-Denshin” and “Ah-Un breathing” they think there is no need to verbalize even the vision or philosophy. This is wrong. Clearly setting a vision and philosophy and sharing it with all colleagues is a strong driving force for the company to move in the right direction.

The vision of Creationline is to realize the evolution of society together with customers through innovation by IT technology, and our Philosophy is HRT + Joy (HRT is short for Humility, Respect, and Trust.) This is described in the book, *Team Geek* [Fitzpatrick] as “What you need to do to be a good team.” Our vision and philosophy were updated, in 2017. We will collaborate with people in each industry using our IT technology, knowledge, and know-how. And then we will create new value together with customers by fusing the knowledge and know-how that is unique to each industry. Our vision is to create products and services that will change our society in a better way. I would like to share with customers the wonderful culture taught through “Joy, Inc.” One of the goals of this vision and philosophy is to make our clients feel the Joy as well. Even if we feel Joy, if the customer does not feel the same, the term “with the customer” will not be achieved. The goal of evolving society will also lack Joy. Yet, the future we want to achieve is “Joy, Inc.” which realizes the evolution of society together with our customers.”

One successful example of realizing our vision is our project with DENSO, the world’s second largest auto parts supplier with sales of 47 billion dollars. Since 2018, both our and DENSO employees have been working on multiple projects toward same goal. The environment and development method of these projects included the idea of “Joy, Inc.” and the method of XP. Now, DENSO has made a financial investment in us, and we are working on even more attractive projects. We are developing such efforts not only with DENSO but also with various companies.

5. RESULT

We are still in the middle of our “Joy, Inc. in Japan” journey. However, the effect of Joy is also reflected in the numbers as a result. In the eight years from 2013 to 2021, sales increased 16 times and profits increased 28 times.

In addition, this thorough Joy has also had a great effect on us, even after shifting completely to remote work, due to Covid-19. The attendance rate to our office as of March 2021 is 1.5%. Despite such major changes, business performance remains strong (achieved 130% of revenue compared to last year). In addition, the transition of the engagement score since January 2020, when remote work started, has been increasing. Figure 3 shows the evolution of our company’s engagement score.

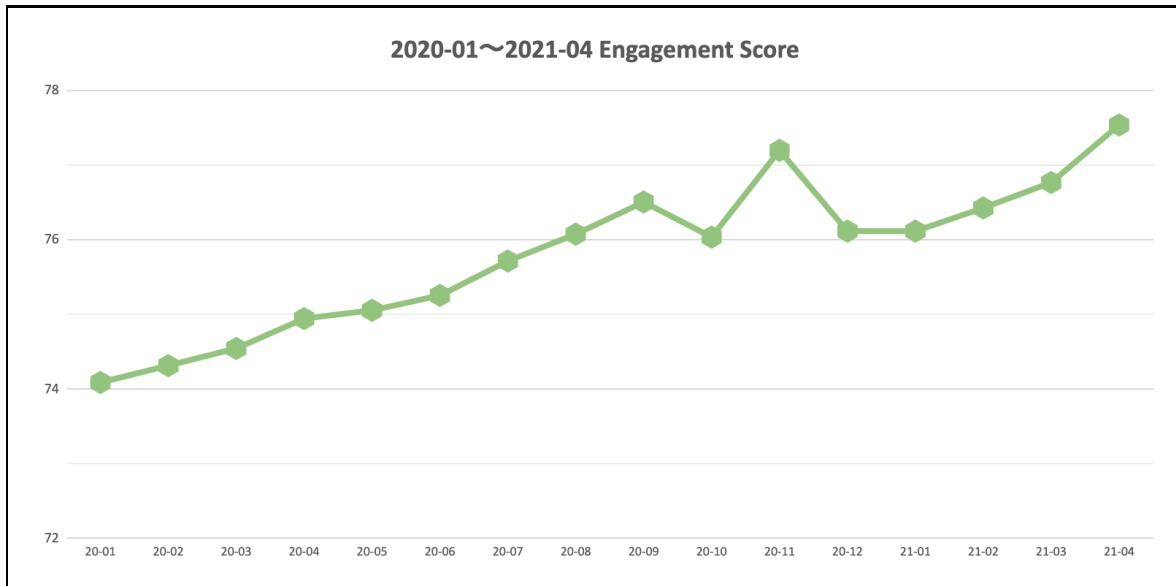


Figure 3. 2020-01~ 2021-04 Engagement Score

In an environment where I couldn't communicate with employees directly, I worried about the degrading performance. But with Joy installed deeply, we were able to continue to grow through online communication. This can be proved by the NPS questionnaire to which the client gave a very high evaluation of 63 points. As a result of applying Kaizen to a good corporate culture, the organization has become a highly agile organization that can flexibly respond to changes in the environment.

What I learned from *Joy, Inc.* is that Joy is a deep psychological element that transcends differences in corporate culture and context. Our transformation changed greatly before and after starting our "Joy, Inc." journey. The idea of "Joy, Inc." became a big picture of our activities. The encounter with *Joy, Inc.* changed me a lot, too. I think that both the employees and the company have achieved great results. I hope that by allowing as many people as possible to learn about our results many companies will become a "Joy, Inc." and the lives of as many people as possible will be full of Joy.

6. ACKNOWLEDGEMENTS

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