

THE SECRET TO NURTURING FRUITFUL GROWTH—DARE TO BE DIFFERENT

OTSUKA PHARMACEUTICAL EUROPE
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Imitation may be the ultimate form of flattery, but in business it's rarely the key to success. Recognising this, the Japanese company Otsuka focuses on innovation, forging a prosperous path with its creative approach.

"We're all about taking the path less travelled," explains Ole Vahlgren, the company's European CEO. "The Otsuka family doesn't like 'me too' innovation. It wants to develop healthcare and well-being products that are new and different, and it wants its innovations to make a real difference to patients and customers."

STANDING OUT

Founded in 1921, Otsuka has focused on two main areas for the last 50 years: its pharmaceutical and its nutraceutical businesses. The former contributes to the diagnosis and treatment of disease, while the latter supports the maintenance and improvement of day-to-day well-being through health foods and drinks, skincare products and vitamins.

"We've never been afraid to do things differently, which sets us apart in the marketplace and helps us stand out," says Ole. As a result, Otsuka is now a globally respected organisation, operating in 26 countries and regions, with 166 subsidiaries and affiliated companies as of March 2014, 44,000 employees and annual revenues of €10.3 billion in fiscal year 2013.

This success is built on a culture of unconventional creativity, innovation and collaboration. "We are something of an anomaly in the Japanese pharmaceutical and nutraceutical industries," says Ali Ross, Head of European Communications, who has been with the company



for 20 years. "We aren't a traditional company," she adds, "and we've always been considered nonconformist in Japan because of the Otsuka family and how creative they are.

"Our current Chairman, Akihiko Otsuka, encourages staff members to break down barriers and defy the norm. In the development of one particular product he asked teams to come to meetings wearing Bermuda shorts. He thought it would make them feel more relaxed and therefore create an environment where ideas would flow more freely. Generally, office attire in Japan is traditional suits and white shirts, but he encouraged staff to come into the workplace in coloured shirts. Initially, the senior management thought it was too unconventional and said: 'This isn't a Hollywood movie set!' but it epitomises how the company wants us to be different."

UNCONVENTIONAL THINKING

Then there are the tomatoes. While an ordinary tomato plant yields fewer than 60 fruits a year, Otsuka has adapted cultivation processes to produce more than 1,000 tomatoes per plant by using hydroponics and removing the soil that suppresses the roots. For a daily reminder of what can be achieved through unconventional innovation and open-mindedness, employees at the company's Human Resources Development Institute in Tokushima need only look up at the ceiling of the building's Tomato Hall, which features a canopy of beautiful, bright red tomatoes. This design feature has been replicated in the innovation centre at Otsuka Europe's UK headquarters.



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JISSHO-SHUGI

To enable these and other employees around the world to innovate further, Otsuka Holdings spent €1.8 billion on research and development in 2013. But the real key to understanding the company is *Jissho-Shugi*.

“Jissho-Shugi is a Japanese term meaning ‘proof through execution,’” says Ali. “It encapsulates how our employees are given more responsibility, and greater rewards and recognition, if they can prove that they’re adding value. In our meritocratic system, employees are encouraged to work together and push the boundaries of their knowledge.

“We say that we are super people, not super computers. A lot of big pharmaceutical companies use super computers to develop new drugs, but our work is led by scientists. They sit in open-plan environments, interacting with people who are working on different projects, which can result in something completely new and innovative. Otsuka even has its own dance troupe made up of Otsuka employees, which has performed at the Sydney Opera House and the Copenhagen Sakura Festival.”

STRATOSPHERIC GROWTH

The Otsuka workplace is never static. In fact, in Europe, it is currently undergoing rapid growth and development. Headquartered just west of London in Wexham, Buckinghamshire, Otsuka Europe was set up in 1979 and, today, has around 550 employees in France, Germany, Italy, Spain, Switzerland, the Nordic region and

the UK. It also recently launched an internship programme to snap up emerging talent.

“We look for people who are communicative, collaborative and a good fit for what is an unconventional company,” says Tracey Upton, Vice President Europe Human Resources. “Otsuka is not driven by processes and does not have a strict hierarchical structure, so if candidates are looking for that sort of rigid set-up, they won’t find it here. We are all about being creative in our approach and we are keen on problem-solving, which often requires patience and collaboration.”

This environment offers plenty of scope to grow, as well as opportunities for ambitious young employees to take great ideas straight to the top. “A junior member of staff who has a brilliant idea could even get Mr Otsuka on board with it,” Tracey adds.

One such brilliant idea will see Pocari Sweat—the company’s bestselling health drink—go stratospheric. “Having sponsored Richard Branson’s balloon flight around the world in 1998, we are now sponsoring a space programme to make sure that Pocari Sweat is the first health drink to land on the moon,” says Ali. “That’s something that only Otsuka would do!”

As the 20th largest and one of the fastest-growing pharmaceutical companies in the world, according to IMS World Review 2014, it is fitting that Otsuka is reaching for the stars. And its employees can confirm this is something that could never be achieved through a copycat “me too” culture.

