

Healthcare Management Based on Data Analysis

We spoke with Dr. Yuji Yamamoto, who is responsible for analyzing employee health data, about how to illustrate the link between health and performance at MARUI GROUP as well as the concept of proactive healthcare management.

Yuji Yamamoto

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Employees feeling happier and more energized will make MARUI GROUP a stronger company.

Reiko Kojima



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Yuji Yamamoto



Sustainable Growth Augmented by Sound Physical and Mental Health

Yamamoto: Healthcare management is an important but not entirely new concept. The reason this concept is garnering so much attention now is due in part to the nationwide discussion on how best to improve productivity, which has involved such developments as the promotion of workstyle reforms. People have thus once again come to recognize healthcare management as a major concept that relates to this issue. In terms of frameworks, we have just recently collected the data necessary for verifying and tracking the benefits of healthcare management. Another important development is how companies have come to recognize that a medium-to-long-term perspective is healthier than becoming preoccupied with short-term gains and that it is important for a diverse range of employees to be able to work in good physical and mental health. In other words, the current era is one in which the obvious must be acknowledged as such.

Kojima: The healthcare management activities of companies are generally aimed at preventing illness. However, I feel that the ability for a company to grow sustainably can be augmented by going a step further to ensure that employees are in good physical and mental health. The World Health Organization states that "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." This view coincides with that of MARUI GROUP.

Yamamoto: Recently, I found myself in a discussion about the role of e-commerce sites and healthcare management in an aging society. There were conflicting opinions about e-commerce sites. Some praised their ability to give senior citizens unable to leave their homes access to shopping venues, while others pointed out how such sites will reduce the need for seniors to move, accelerating their physical decline. No conclusive answer has been reached to resolve this dilemma. This type of conflict is one aspect

of healthcare management. As the population of Japan continues to age, companies will need to consider the health-related approach that management will adopt toward senior customers and society.

Kojima: MARUI GROUP's corporate philosophy states that we should "continue evolving to better aid our customers" and "equate the development of our people with the development of our company." Based on this philosophy, we are practicing co-creation management in which we aim to co-create the happiness of customers together with all of our stakeholders. However, we cannot hope to contribute to customer happiness if our employees are not happy and energized. For this reason, we conduct healthcare management by coordinating the preventive measures advanced by the Group's health insurance union with the proactive healthcare measures of the Health Management Division.

Yamamoto: It is only recently that the term "healthcare management" came to be used inside the Company. However, MARUI GROUP has been implementing policies and initiatives that are congruent with the concept of healthcare management for so long that employees were probably unaware of them. At least, this is how I see it from my outside perspective. I first began to hold this view when I looked at the initiatives of the Group's health insurance union, with which I have had relations since 2011, and this view was reinforced by my conversations with the Company's management and with yourself, Dr. Kojima.

Relationship between Health and Performance as Illustrated through Data

Kojima: MARUI GROUP has been analyzing health examination data for its roughly 6,000 employees since 2014, allowing us to see the relationship between lifestyle patterns and attitudes toward work. On questionnaires, we had around 2,800 employees respond "I am careful about the quantity and the types of food I eat," while



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Yuji Yamamoto

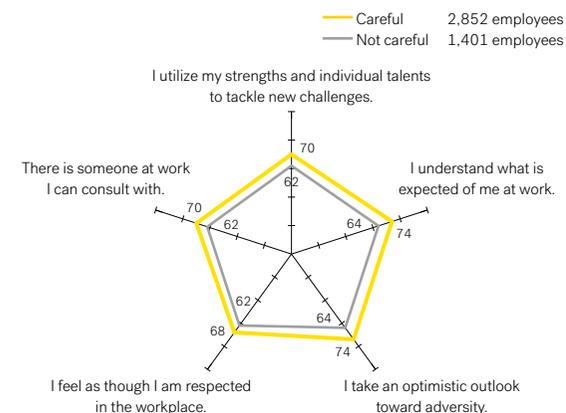
about 1,400 employees answered the opposite. We performed a cross-analysis comparing this data with data regarding attitude toward work, which was scored out of 100 points based on items including outlook toward adversity and the ability to utilize talents to tackle new challenges. There was an overall difference of approximately 10 points between employees careful about their diet and those that are not (see Analysis Result 1). Similarly, the "I get sufficient sleep" item was linked to an even more significant difference of approximately 15 points in attitude

toward work (see Analysis Result 2). These results have remained consistent for the past three years.

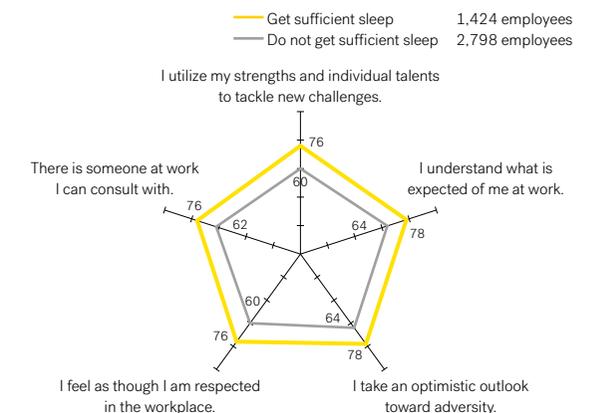
Yamamoto: Even if a company had collected health examination data, no other company would have thought of using it in such a manner. This is the norm, and it just goes to show how high above the norm MARUI GROUP is. I think that the Company has always held this commitment to health, but was only just recently able to give it form.

Kojima: The types of health data generally disclosed by companies include the rates of smokers and of employees

Analysis Result 1
The 2,852 employees that responded "I am careful about the quantity and the types of food I eat" showed a more optimistic attitude toward their work and better workplace communication in comparison to the 1,401 employees stating that they are not careful.



Analysis Result 2
The 1,424 employees that responded "I get sufficient sleep" showed a more optimistic attitude toward their work and better workplace communication in comparison to the 2,798 employees stating that they do not get sufficient sleep.



Note: Based on health examination data from the fiscal year ended March 31, 2017



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Dr. Yuji Yamamoto graduated from the Faculty of Medicine at the University of Tokyo in 1999, after which he worked in cardiovascular medicine and other departments. In 2007, he became the first Japanese physician to receive a Master of Business Administration from Harvard Business School. Dr. Yamamoto is certified by The Japanese Society of Internal Medicine and the Japan Medical Association. To date, he has served as a fellow at the Japan Science and Technology Agency; Capital Medica Co., Ltd.; the Cabinet Secretariat's Medical Innovation Promotion Office; and the Center for Clinical Research at Keio University School of Medicine. Today, Dr. Yamamoto acts as a researcher at Sony Computer Science Laboratories, Inc. In 2014, he received an award in The Entrepreneur Awards Japan program. He is a medical 2035 advisor to the Ministry of Health, Labour and Welfare, and also holds his namesake Yuji Yamamoto Seminars.

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with obesity. When we thought about how such data would be received by employees, we realized that this data would be insufficient in drawing a clear link between health and work. It is vital that we be able to illustrate how health can affect work performance. It was for this reason that we sought to use your specialties in analyzing health data to clarify the link between health and performance. These analyses found that employees getting sufficient sleep and rest demonstrated high levels of performance in the following year that were statistically significant. This correlation was even apparent when controlling for factors such as age, rank, and gender. Moreover, employees that exercising twice or more a week for over a year also showed improvements in performance in the following year.

Yamamoto: Data illustrating the link between sleep and exercise and performance will also likely display a link to the Company's overall performance. As such, this data is important to both employees and the Company, which should also make it clear to customers and investors why MARUI GROUP practices healthcare management.

What I would like to emphasize here is that healthcare management contains the word "health" because health is indeed a management issue. In the past, medical expenses have been seen primarily as a source of costs. The concept of healthcare management seeks to redefine medical expenses as fuel for strategies or as investments. Tracking changes in health examination data over the years will allow you to predict the "costs" that might arise from health risks or the loss of an opportunity to generate revenue.

Frameworks Promoting Autonomous Thought and Action

Kojima: In 2016, MARUI GROUP created a new section on healthcare promotion in its labor agreements, which constitute the highest level regulation within the Company. This section clearly identifies the healthcare management obligations of the Company and employees, enabling us to deploy systematic initiatives. In addition, we established the Healthcare Management Project Team in November 2016, an official, Groupwide project team. The aim of this team is to promote a healthcare management culture of autonomous thought and action on the part of employees. Seeking to respect employee autonomy, we selected participants for the project team from among volunteers, who were first asked to submit a short essay detailing the reason they wanted to participate. The project team proved immensely popular, and the number of applications received was so great that only one in five volunteers was actually able to participate. A diverse team of 51 members was selected, ranging from new employees to those in their 50s. This team gathered from stores across Japan once a month to discuss healthcare management promotion measures for a solid day each meeting. These members also played a central role in promoting initiatives at their own workplace.

Yamamoto: When starting up a new business, it is common to begin by aligning those involved along the same vector. With regard to health, however, efforts are



usually limited to one event-like workshop or a lecture from an external instructor.

Kojima: The project team thoroughly discussed the goals that MARUI GROUP should pursue in terms of health. After six months of deepening their understanding with regard to health, the project team finally reached a consensus on our new healthcare management slogan: "All in the name of happiness—Energize yourself with a healthy mind and body." Between Healthcare Management Project Team members and the wellness leaders, roughly one in 20 Group employees is involved in promoting health.

At the same time, we also realize the necessity of understanding among management. Seeking to encourage senior managers to energize themselves, and anticipating a subsequent ripple effect to spread through the organization, we introduced the Resilience Program in February 2016, which targets general managers and other high-level managers. This program consists of a two-day intensive course, after which participants strive to develop lifestyle patterns that increase their energy with regard to their body, mood, mental state, and thinking over a 10-month period. A 360-degree evaluation of the participants' own energy levels and their influence on others is then conducted through feedback from the program participants, their subordinates, and their family. Comparing the energy levels of program participants and individuals that have not participated, the difference was clear, with participants much more adept at working in a dedicated manner and taking effective breaks. Feedback from subordinates indicated a noted increase in the ability of certain supervisors to control their emotions while family members spoke of how they took part in this undertaking alongside the participant. Going forward, we will continue to target both employees and managers to become a company that helps energize society and cultivate happiness through the health of employees. We are thoroughly committed to building such a company while leveraging everyone's strength.

Yamamoto: Such a proactive approach will allow all employees taking part in these initiatives to talk about healthcare in their own words, and this attitude will surely come to permeate the entire organization. It is wonderful when people are able to discuss what exactly healthcare management means to them.

Optimization of Healthcare Management Portfolio with More Accurate Data

Yamamoto: A global survey found that, when companies are concerned with employee health, employees are more motivated and loyal toward their company, which has quantifiable benefits in the form of lower employee turnover rates. Qualitatively, there can be no doubt that a stance of valuing employee health will have positive benefits for a company. It is impossible to put an exact value on the contributions that employee loyalty and low turnover rates make to profits. However, it only seems natural that such characteristics would make for stronger organizations.

Kojima: Looking ahead, we hope to develop indicators that will make it even easier to understand and illustrate the link between health and productivity and performance. These indicators will be used to propel healthcare management initiatives forward as part of our corporate activities.

Yamamoto: Seeking out the most ideal healthcare management practices for MARUI GROUP, the ones that best contribute to its profits, business continuity, and development, will lead to the creation of a healthcare management portfolio. In this portfolio, we should be able to see a logical scenario backing these practices.