

transformation designed with the post-COVID-19 world in mind. For example, in the automotive industry, a major shift in consumer needs has been underway, “from ownership to usership.” But with people preoccupied with preventing the spread of COVID-19, consumers are now reevaluating “ownership” as their needs continue to evolve. In business, it is becoming indispensable to switch from a “product-oriented perspective” to a “market-oriented perspective,” seize customer contact points downstream, and provide the added value that consumers demand. ITOCHU has empowered The 8th Company with a budget and consumer-related businesses, and now it is striving to create new businesses as a trailblazer for market-oriented perspective.

I have recently been hearing a lot about how “general trading companies’ growth strategies are rarely released.” Under the extenuating environment of COVID-19, some companies are downgrading their market assessments because they cannot tap their full potential. Put another way, in various industries, it is likely that companies will be clearly divided into winners and losers, and not strictly based on potential. In FYE 2021, our policy is to actively search for investment opportunities in companies with low valuations despite “room for growth,” leveraging our “comprehensive strength” as a general trading company as we continue to “upgrade our existing business.”

As in-person customer interaction is restricted to prevent the spread of COVID-19, many of our employees are coming into work wearing jeans, which aligns with our long-standing initiative of “Dress-down Days.” In tandem with our “Morning-Focused Working System,” we will actively create proposals that will lead to future profit by enabling a work environment where ideas are freely generated. (➡ Page 70 Human Resource Strategy)

“The Giants, *Taiho*, and *Tamagoyaki*”

This is a bit of an old story, but in the 1960s in Japan the phrase “the Giants, *Taiho*, and *Tamagoyaki*” became quite trendy, alluding to three things that were popular among the public, including children (respectively, the baseball team, the grand champion *sumo* wrestler, and the Japanese rolled omelet). The phrase was uniquely suited to the period because people were desperately seeking strong heroes. In contrast, when someone strong only keeps winning, a tendency often emerges in Japan to “favor the underdog,” and the hero’s popularity can slide. It is not well known, but the ratings for the Giants’ games were actually higher after they lost the championship than during their nine-year winning streak. That means, it was because the Giants’ position changed that the baseball league became animated and its popularity was revived.

I think we could say the same about competition between companies. Before FYE 2011, we were fourth in the industry in terms of consolidated net profit, and the three ranked above us were all general trading companies

associated with the former *zaibatsu* industrial groups. Had we had gotten content with our position at the time, we probably would have lost our hunger for success and began a downward slide. ITOCHU, a non-*zaibatsu* associated company, turned the tables in this way, gradually rising in the ranks and upsetting the status quo. Then, I think this competition principle kicked in and the industry as a whole became much more active.

In June 2020, there were two events we should commemorate as part of ITOCHU’s history. For the first time in our history, both ITOCHU’s share price and market capitalization reached No. 1 for general trading companies on a Tokyo Stock Exchange closing-price basis. This feels a world away from where we were at the beginning of FYE 2011, when our share price was only around a third of the top performer’s and our market capitalization was roughly ¥3 trillion lower from the top.

Staying True to the Way of the Merchant

Last year, I went to a department store in Nihonbashi to buy a gift for a secretary who was transferring. As I was waiting for the gift to be wrapped, a woman suddenly came running up to me to shake my hand. I was taken aback and asked what was going on. She told me she had once applied for a job with ITOCHU. Although she regrets not getting it, she has remained a big fan all along. She was both delighted, and a bit jealous, to see what a great company ITOCHU was turning into.

To date, I have managed the business with a focus on making ITOCHU a “great company” in the eyes of its shareholders, investors, business partners, financial institutions, society, employees, and their families. We have achieved the top employer spot in many rankings of companies for new graduates, garnering praise from students as well as those with longer relationships with the Company. For this, I am thankful. I believe we could say this is a result of keeping our promises to diverse stakeholders.

Going forward, we will have to keep pushing ahead as the waves of this chaotic period approach. Fortunately, we are empowered by our “*Sampo-yoshi*” philosophy—our unwavering ideal aimed at sustainably enhancing ITOCHU’s corporate value. If each employee can avoid feeling overconfident, if we can all embrace our basic principles of “earn, cut, prevent,” and if ITOCHU stays true to the “*Sampo-yoshi*” philosophy, then I am sure we will be able to overcome any turbulence. In FYE 2021, I want everyone to witness the unsurpassed reliability that our “commitment-based management” consistently achieves when we fully leverage the “true business power” of ITOCHU and the “combined power” of all Group employees working together.