

[Kibe-log]

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#12

Freedom and Accountability at Work

Dear Stakeholders, I am Kazunari Kibe, President and CEO of INFRONEER Holdings Inc.
Thank you so much for reading the "Kibe-log" again.

In my last issue of vol.11 Kibe-log

(https://www.infroneer.com/pdf/en/company/topblog/kibelog_en_vol11.pdf), titled "The fusion of technology and finance learned when I was wearing a helmet", I wrote about what I learned when I was a young man working on construction sites. The infrastructure business we are engaged in is a fusion of the engineering capabilities that construction companies have an expertise in and the knowledge and know-how of finance. The story goes that it was at the construction site that I acquired the foundation for the infrastructure business.

In fact, there are other takeaways from the construction sites that I would like to share with you this time.

I have learned three key things in my 10 years of working on construction sites.

First, the balance between technology and money that I talked about in the last issue of Kibe-log, second, the meaning of being free, and third, respect for others.

I would like to begin by explaining what it means to be free.

The satisfaction felt in "working without constraints."

In management, I find that there are two types of people: those who cannot work without constraints and those who can work in the absence of constraints.

People who need constraints are those who cannot move without the direction of a supervisor or a senior co-worker. You might say that they are people who need to set conditions for their work.

In contrast, people who do not need constraints are those who can think and draw freely on a blank sheet of paper without any set conditions, or conversely, those who hate constraints.

I must confess that I am a person who hates constraints. Ever since I was a new employee, I have found my bosses and seniors annoying. I am by no means the honors student type, as evidenced by the two-year detour I took to get to college. (laughs)

In fact, I was always stressed when I was a new employee. My supervisors would give me detailed instructions telling me to "do this" or "do that," and even when I did my work, they pointed out various things like "this should be done this way" or "that should be done that way. Of course, it was only natural since I was a new employee, but I always felt that they should have entrusted me with a little more responsibility.

More to the point, I was frustrated that I didn't know when my work would end or if I would have this Sunday off without asking my boss. Young people today may not understand this, but back then I was in an environment where I couldn't even decide when I would go home.

I suppose there is an option to accept the situation, but I could not bear it, so I thought a lot about how I could be free from that situation. And the conclusion I reached was that there is no other way than to make myself recognized with a good job. It sounds simple, but I finally came to the realization that the only way to be free in a company is to gain freedom through my work.

I came to think of it when I was assigned to a JV construction site by myself. Even though I was a new employee, I was the only one from MAEDA CORPORATION. Although I had a supervisor in the JV, it was a hodgepodge of people from various companies and the constraints were less. My bosses and seniors gave me the freedom to do what I wanted to do if I had reported my work properly.

I really enjoyed working at this JV site. I could think and decide at my own pace, so I felt a high sense of accomplishment in my growth. Moreover, since I worked hard on my own initiative, the people around me appreciated my efforts. I worked even harder because I was highly appreciated, and this led to a positive spiral of further growth.

During the six months I worked at that site, I came to realize for the first time that if your work is appreciated, you have more freedom in work. Since then, I've been doing my best to work and play.

Freedom and accountability in the disaster recovery site

In fact, there are other moments of being awakened to the joys of being unconstrained and the

responsibilities that come with it.

Immediately after the Great Hanshin-Awaji Earthquake in January 1995, I went to the site of the restoration of the Hankyu Corporation railroad track as a support team. At the disaster site, the slope had collapsed, and the tracks were covered with a large amount of landslide. We had to remove this landslide and restore the track.

If we had only removed the landslide, it would have been a trivial task. However, the slope was in a residential area, and we needed to restore the collapsed slope without affecting the existing houses.

Railroads are vital social infrastructure and must be restored as soon as possible. However, the Hankyu Corporation headquarters was in chaos right after the earthquake and it would take a long time to restore the system if we had to check with the Hankyu headquarters every step of the way. Above all, if the site is left untouched, the residential area above the slope will be in danger.

Therefore, I decided to proceed with the restoration based on my own judgment at the site. Some people there questioned, "Can we go ahead with the restoration without getting confirmation from the client?" I wanted to say back to them, "Who are you going to ask in this situation? At the time, I was in my eighth year with MAEDA CORPORATION and was approaching mid-career. I planned and proceeded with the restoration work thinking that if I failed, I would be responsible for it myself.

However, even if we wanted to restore the site, we had no basic concept, no design drawings, no budget, and nothing. Therefore, we had to think of everything from scratch, from site investigation to the selection of construction methods, with the help of people in the design department and the Technical Research Institute.

Usually in construction project, there are drawings, and the work proceeds according to those drawings. But on that site, because of the emergency, I was able to think of everything on my own. I know it is inappropriate to describe a disaster recovery site as "interesting," but it was a very rewarding work that made me feel like a true engineer. No matter how many days and nights I worked all night, it was not a hardship at all.

But at the same time, I also felt a strong sense of responsibility for my decision.

Even though it is necessary to restore the site as soon as possible, we have to report to the client after the fact about our ideas and what kind of construction work we have done. After the restoration, in order for the Hankyu Corporation headquarters to understand that our decision was reasonable, we must explain to the client why we thought the work was necessary, the selection of the construction method, and the cost.

Of course, we have perfectly prepared the data and other information for this purpose. We are accountable to the client as long as we are asking for fair price for our service. The client would never be convinced if we do not go to that level of detail. The construction itself took about two months, and fortunately, the restoration project ended without any complaints from the Hankyu Corporation.

Then, in 2005, Maeda Corporation adopted the "cost disclosure method" to disclose the cost of construction. I believe that our decision to disclose the cost of construction ahead of our peers was influenced by my experience at that time.

The joy of drawing on a blank sheet of paper

As mentioned in Kibe-log vol.3, "Why is it so important to disclose the cost of construction?" (https://www.infroneer.com/pdf/en/company/topblog/kibelog_en_vol03.pdf), clients have long been suspicious of the construction industry's opaque pricing practices. They suspect that construction companies are over-estimating their own construction cost to cover other low-profit construction projects.

When I was in the Corporate Planning Department, I felt a strong sense of crisis over the dumping that was widespread in the construction industry at that time. With the downsizing of construction projects after the bursting of the bubble economy and the slowdown of the economy in Japan, we live in a time when orders are not increasing steadily. Nevertheless, repeated dumping within the industry will only wear us down.

So, we decided to introduce the cost disclosure method to ensure price transparency and to seek appropriate profit. If there is any doubt about the industry's opaque pricing, correcting that part of the problem should help us gain the understanding of our clients.

At that time, I thought that we could gain the support of clients by disclosing costs, partly because of our experience in the Great Hanshin-Awaji Earthquake. Many construction company managers are still reluctant to be transparent and disclose all costs, but we knew that honest disclosure would fully convince the client.

I digress a bit, but through the Hankyu Corporation restoration site, I was awakened to the joy of completing everything from start to finish, including basic concept to actual construction, and to the accountability behind it. Later, as the person in charge of corporate planning, I took on the challenge of breaking away from the traditional framework of a general contractor, such as "de-contracting" and

shifting to the infrastructure business. This was undoubtedly because of my experience at that time.

There was, of course, our company's management at the time who watched over my business reforms, but I learned firsthand how important and rewarding it was to take away the prerequisites and think and draw on a blank sheet of paper. That was very meaningful to me.

Recently, it seems that many employees are waiting for instructions or demanding conditions be set, but I would like them to feel the anxiety and joy that comes with freedom. At the same time, I also believe that the company must consider how to provide them with such opportunities. That is my challenge as a top management.