

LOOKING FORWARD TO MONDAYS RATHER THAN FRIDAYS.



Based in Japan, Energize Group is living its dream by actively creating a society that looks forward to Mondays more than Fridays. They went from a concerning 80% young employee turnover to achieving first place in *Great Places to Work for Young Employees* within three years. If there is ever any doubt about the impact of redefining an organization's leadership approach, this transformation will debunk all the myths.

In 2009, Takumi Hata co-founded Energize Group, a company specializing in executive coaching for CEOs and management teams and performance coaching for professional athletes. He remembers how the company was initially rooted in traditional, top-down hierarchical management. Despite achieving a high rating of 91% in Japan's most credited employee engagement survey, it resulted in an alarmingly high young employee turnover, with only 20% retention of new hires. This issue was compounded by the founders' central role in decision-making, which left the company unable to conduct daily operations effectively in their absence.

The pivotal moment came around 2017 when the company had an average Customer Satisfaction of 78% and an Operating Profit ratio of 10%. Takumi, grappling with frustration, doubt, and sadness about the state of the organization, realized the urgent need for change.

They embarked on a transformative journey, resulting in sustainable improvements in Customer Satisfaction, Employee Retention, and Operating Profit. Today, Energize Group employs 24 people full-time. The company boasts a substantial client base and offers tailor-made services, including performance-up consulting, organizational redesign, recruitment, and various leadership development programs. Their efforts in fostering a people-centric culture have been recognized through multiple accolades.

Unique first interactions

Like many others, Takumi was greatly influenced by Ricardo Semler's book, *The Seven Day Weekend*, leading to a pivotal decision to invite Ricardo to Japan for a seminar. The initial aim was to understand and integrate the transformation processes into their consulting services.

Ricardo shared Semco's journey during his visit and advised them to follow a structured approach. He subsequently introduced Energize Group to Semco Style Institute (SSI), emphasizing the importance of living the philosophy that they sought to consult on. This sparked the vision for Energize Group to become the leading example of a people-centric culture in Japan, characterized by high autonomy, self-management, and integrating these principles into their consultancy.

“AT FIRST, HEARING THESE PRACTICES, WE THOUGHT IT WAS EXAGGERATED!”

Takumi and his team were inspired but still needed further persuasion. They traveled to the Netherlands for training on Semco Style and organizational transformation. They learned about innovative practices

at Semco, such as employees setting their own salaries and choosing their work times and locations. They discovered that recruitment was done on a team level and, ultimately, no hierarchy should exist – everyone takes the role of a leader. Motivated by this visit, the final decision was to bring Semco Style to Japan.

Takumi's conviction in the new approach solidified during the contracting process with SSI. During their discussions about turnover targets, Energize Group proposed weekly progress meetings with SSI. The response from SSI was unexpectedly straightforward, “We are now aligned, and you have committed. We trust you, and we do not require any reporting. See you in six months!” This exchange was unlike anything he had experienced before, and it was the first time he felt firsthand what “trust” and “alignment” meant in a business context, profoundly impacting his perspective on management and collaboration.

Pivotal moments in the transformation

The team returned to Japan inspired and energized to transform their company and other Japanese workplaces. Taking SSI's lessons and Ricardo Semler's advice, they diligently followed the Semco Style Roadmap. They felt the reality of searching for solutions and understood they required a solid foundation.

“Transformation is not easy, and nothing new can be achieved without a solid foundation.”

Looking back, Takumi remembers the importance of the first step of the Roadmap: Brave Leadership. He understood the importance of transforming from their traditional, top-down hierarchical management to a more inclusive, people-centric approach. In his own words, he explains what Brave Leadership means:

It is a commitment to execute this transformation “no matter what it takes” and to never revert to the old way of doing things. It is the realization that this is not “for the CEO” but rather “for the customers and employees.” I decided to avoid other organizational theories and stay single-mindedly focused on this cause alone. I also chose to focus on medium and long-term results and not chase short-term results anymore.

With a clear direction and brave leaders committed to the process, they started by creating a more democratic approach and allowed people to participate in decision-making. Energize Group created two specific meetings: *Style meetings* and *Governance meetings*.

Style meetings were established to systematically create their style and way of working. They follow a co-creation approach to develop the systems and methods democratically. All employees are encouraged to participate, allowing them to challenge existing work practices and explore new approaches. This meeting is scheduled for a half day (around 4 hours) every quarter.

During the *Style meeting*, there is a big emphasis

on cultivating trust through company-wide conversation around information transparency, rules, and power gaps. They draw comparisons between their methods and those of traditional organizations, highlighting differences and identifying areas for improvement. During these meetings, specific action plans are formulated to address these improvements. Takumi relates this process to a “buzzing live concert” because during these lively discussions, everyone is thrilled and enthusiastic, and they come up with many ideas for improvement.

Governance meetings are like regular board meetings, but in this case, the team coaches are invited along with anyone else who wants to join. It is an open meeting that is scheduled weekly for one hour.

Takumi noticed a significant shift in the employees' perception of trust following the initiation of these meetings. Employees began to feel more involved in the company's operations and realized that their voices could influence their work environment and the company's direction.

Another pivotal practice was to start working in smaller teams. A limit of six team members was set per team to facilitate better decision-making and experimentation. However, this number is flexible in practice, serving more as a guideline than a strict rule. The largest team now has seven members, and the smallest teams have four members. Two teams with a unique focus only have one member each.

“SIX PEOPLE MAKE MUCH QUICKER DECISIONS THAN 100 PEOPLE!”

The adoption of smaller team structures led to several beneficial discoveries. The smaller team sizes allowed members to understand better each other's personalities, career aspirations, interests, strengths & weaknesses. Understanding each other facilitated mutual support and collaboration tailored to each individual's goals.

New employees actively select the team where they feel they can contribute most effectively based on their skills and preferences. As a result, each team operates with its unique dynamics, fostering an environment that stimulates innovation. This strengthens the company's overall strategy as teams are encouraged to share their approaches and learn from each other.

A risk with smaller teams is the tendency to become overly autonomous and lose sight of the company goals and vision; thus, creating alignment became the next focus. This was achieved by involving all employees in co-creating the company's vision. By ensuring that everyone understood the company's societal and customer-focused objectives, Takumi found that employees could think and act independently while still contributing to the overarching goals. This understanding was pivotal in realizing genuine self-management within the company.

Leadership Reflections

Takumi reflects on his lessons in these foundational years of building a new working method. He remembers when he demanded sales targets and expected people to operate as he did.

I came to understand that people have different interests and ways of processing. They have different speeds and priorities, and I learned how to appropriately relate and connect with each person.

He also realized that it is not a question of whether something is right or wrong but whether people are willing and energetic enough to do it.

People do not follow through with what I think is right, even if I instruct them. However, people who feel honored and respected will start doing things voluntarily. This interaction is most valuable for them and me.

Takumi realized the pressure of being one person who tries to own all the decisions and results.

What I can achieve can just as well be accomplished by a team of six people. If a team collectively makes a decision, almost always, their decision would have also been my decision. Given enough time, a team can easily make sound decisions. They always had this ability within them, but as a strong leader who feels you must make all the decisions, you mask this ability and take away their power and freedom.

Takumi's transformative leadership journey and the commitment to never revert to the old way of doing things caused a significant change. The willingness and dedication of all employees on this journey demonstrate that although the promises of a people-centric approach might seem exaggerated, and even though self-management might feel idealistic, there are real benefits to the organization's performance.

A Bright Future

Today, Energize Group is proud that employees within each team can choose their salaries. They do not have an official HR team, and recruitment is done within the

teams. Employees have the freedom to decide their working hours and location. They have various roles that people can take up, and there are almost no formal positions – only CEO, Coaches, and Team members, but ultimately, *everyone is a leader!* Energize Group became a beacon for promoting equal opportunities and unlocking the potential of each team member. Takumi remains distanced from daily meetings, emphasizing his trust in the teams. Yet, the company continues to flourish and gain recognition.

Energize Group's remarkable transformation has been recognized with numerous accolades. In 2020, they ranked 18th in *Asia's Best Workplaces* and 1st in *Great Places to Work for Young Employees in Japan*. They followed this up with a 3rd place in 2021 and a 2nd place in 2023 – making them a consistent achiever in the *Best Workplaces Awards* and cementing their reputation across Japan.

Not only do they achieve awards, but arguably more importantly, they also show sustainable growth in business results. Over the last five years, average Customer Satisfaction has increased from 78% to 86%. The Employee Retention Rate went from 20% to 94%, and the Operating Profit ratio increased from 10% to 26%.

Embracing Ricardo Semler's philosophy, Energize Group is a testament to the success of the Semco Style approach. They demonstrate that this method applies to any company, regardless of size, and have successfully implemented it across various client organizations in Japan. This success fuels their motivation and commitment to address the evolving challenges of the future of work.

While celebrating their achievements, Takumi and his team recognize that their journey is ongoing and will require continuous iterations and improvements. They take pride in initiating this transformation and are confident they have the foundation and building blocks for a bright future.



Watch the full episode of this Semco Style Stories with Energize Group here!