

Hakuhodo develops Creative Growth Index, an index for visualizing the effects of organizational development Supports the creation of creative organizational cultures

Tokyo—July 21, 2020—Hakuhodo Inc., Japan’s second largest advertising company, is pleased to announce that it has launched Creative Growth Index, a set of indices to objectively measure organizational development. Produced by Hakuhodo Brand & Innovation Design, the company will begin offering solutions using this new tool to help clients nurture creative corporate cultures.

With the need to draw out the full potential of their talent and encourage innovation from within, businesses have had a growing interest in recent years in building effective organizational cultures. A team of corporate branding and innovation specialists, Hakuhodo Brand & Innovation Design provides consulting and internal branding services to help clients redefine their corporate cultures.

It is often difficult, however, to objectively gauge the degree to which these types of activities brought about actual changes, or to identify the correlation between the desired results and activities needed to achieve them. Moreover, return on investment was often unclear, leading to these programs being cut short. Seeing the apparent need to optimize and validate these activities, Hakuhodo Brand & Innovation Design developed the Creative Growth Index based on its own quantitative data, which can now be applied to various organizational development programs.

Creative Growth Index uses six indices to measure the current state of each organization and its members’ mindsets: behaviors tied to a purpose/vision, creative behaviors, behaviors that indicate the quality of relationships, corporate cultures conducive to open innovation, behaviors focused on efficiency and functional advantage, and performance evaluation and self-assessment. The tool helps to build creative corporate cultures by offering visual representation of the ROI by comparing the findings from each index with reference values from society at large and examining before-and-after figures, and by identifying potentially effective measures by asking questions like “Which measures will lead to which results?” and “What internal mindsets will bring about what organizational change?” based on correlations between indices.

The team developed Creative Growth Index by conducting three quantitative surveys involving 3,000 experts starting in 2019. The surveys, which studied how employee mindsets and behaviors correlate to creative corporate cultures, substantiated the validity of the resulting indices. In addition, the research

also probed some unique perspectives such as the types of corporate culture conducive to open innovation and the relationship between art/culture and work performance.

Hakuhodo will continue contributing to companies' growth through the provision of organizational development solutions.

■ About Hakuhodo

Founded in 1895, Hakuhodo is an integrated advertising and communication agency headquartered in Japan. The core agency of the Hakuhodo DY Group, Hakuhodo is the world's 3rd largest advertising agency according to *Advertising Age's* "Agency Report 2020."

The Hakuhodo Group has offices in 20 countries and regions, and over 10,000 specialists working in Japan and abroad. Hakuhodo is strengthening its structure in emerging countries, particularly those in Asia, as it prepares to further expand its business across the region.

Sei-katsu-sha insight is the foundation for Hakuhodo's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhodo introduced this term in the 1980s to emphasize its commitment to a comprehensive, 360-degree perspective on consumers' lives.

Renowned for its creativity, Hakuhodo has twice won the Grand Prix at Cannes Lions International Festival of Creativity, and was the only agency headquartered in Asia to be awarded a Special Lion commemorating Cannes Lions' 50th anniversary in 2003.

To learn more, visit: www.hakuhodo-global.com

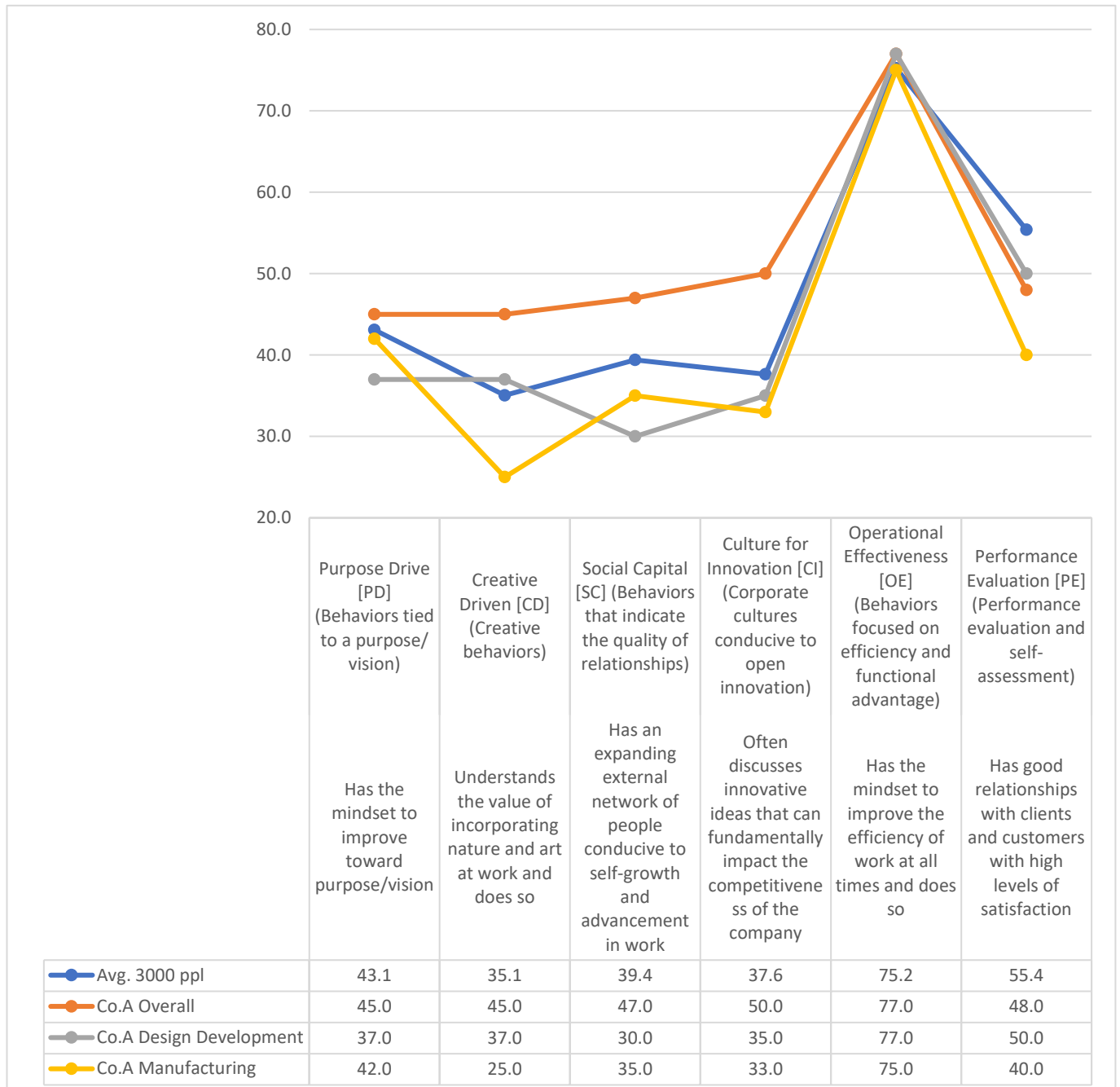
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Reference material

■ Example of Creative Growth Index analysis

*Blue line: Reference values (values calculated based on surveys involving 3,000 corporate employees)

*Other lines: Values of a company and its departments (figures shown in graph are for example purposes only)



Although Company A has a corporate culture that is conducive to innovation with high scores in creativity (CD) and the quality of relationships (SC), it falls below the reference values when it comes to final client evaluation (PE). For one reason or another, it shows that the company’s dealings with clients are not optimal.

More details can be revealed upon closer inspection of each department. The Design Development Department is creative in nature (CD) but performs under the reference values when it comes to qualities like awareness of the company's purpose in business (PD) and assessment on the quality of relationships (SC), resulting in employees giving a low evaluation about their own company's relationship with clients (PE). Through interviews, we discovered that inter-departmental communication and exchange of resources have been lacking due to the highly specialized nature of each department's work. In this case, we would recommend setting up a cross-departmental task force and relevant activities to raise the awareness of each member, which will in turn improve the company's evaluation from external parties.

The Manufacturing Department falls below the reference values on all fronts, with a particular tendency to neglect creative matters (CD). Team members already have a strong awareness of growth (OE), so by introducing activities to help them incorporate different perspectives outside of their scope of expertise, there is potential of transforming the company into one that is evaluated highly by clients.

By examining not only the company as a whole but each individual department in detail, Creative Growth Index allows us to unearth surprising features and unique organizational challenges. If a company is conducting large-scale activities such as major ad campaigns, anniversary-related projects, or office relocations, we recommend using Creative Growth Index to analyze before-and-after figures and monitor shifts in performance over the course of years.

■ Features of Creative Growth Index

In developing Creative Growth Index, the team referred to indices put forth by a task force of Japan's Cabinet Office (in 2019) on corporate cultures that are conducive to open innovation and has affirmed there is a strong correlation between the indices and qualities of creativity. It has been proven statistically significant that companies whose employees have looked at art or listened to classical music or visited traditional Japanese gardens in the past year tend to have corporate cultures that lead to better performance. A company's management can also gain useful insights as Creative Growth Index examines the correlations between a creative corporate culture and workers' sense of fashion, awareness of their own personalities, food preferences, and so on.

Also, Creative Growth Index separately looks at the reference values of family-owned businesses, allowing analysis of the employee mindsets and organizations of such enterprises.

* The trademark for "Creative Growth Index" is pending.