

## 30% CLUB JAPAN INVESTOR GROUP INTERVIEW SERIES VOL5

### Interview with Emiko Higashi: a Japanese and global perspective on the boardroom

**Oasis** Hi Emiko. You have had an illustrious career with extensive experience in investment banking, M&A and corporate strategy. From Japan to Silicon Valley, you have served as a leading advisor, managing director, entrepreneur, and board director. Today, you sit on the boards of prestigious Japanese and American companies, including listed pharmaceutical group Takeda Pharmaceutical and Sanken Electric, a semiconductor company. Can you please share with us about your background and career history, and any turning points on your professional journey?

**Higashi** I will focus on three highlights or turning points that probably best reflect who I am. At the end of college, I was not a finance major, economics major, or anything related to business. I always wanted to become an anthropologist. In my fourth year in college, I went to my parents and told them that I wanted to go to graduate school. My father proceeded to say, "Then you're going on your own." That really prompted me to look for a job, which I had not thought that I would have to do. Luckily, I somehow got hired by McKinsey ultimately, and that really opened my eyes wide on things I had no clue that existed, called "business". And it got me trained very quickly, it made me aware of things that I did not know. Forever, I am grateful for my father kicking me down the hill, so to speak. The second turning point was at McKinsey. Post-exploration phase, I told my boss at McKinsey -- the face of McKinsey in Tokyo and Asia back then -- that I was going to business school after two years of being an analyst. He was furious, because from his perspective, his return on investment on an analyst had not been paid. He was proud to not have any MBAs in his consultancy group back then, and he thought he could train anybody on his own. And here I was saying I was going to business school. So, my then-boss said, furious, that "I will make sure that you will never be able to come back to Japan and work for a Japanese company. I will tell everybody that you will not be able to." At the time, it was upsetting. But then I thought to myself: If that is the case, I will have to work outside of Japan. It filled me with this additional energy or objective that Japan is not my territory. So, I thank him for being so bold and telling me that in some way, because it encouraged me to think outside of the box of Japan. The third highlight was when I was at Wasserstein Perella, a boutique investment bank. When the M&A market in the early 1990s went down, here we were, a bunch of VPs, directors and managing directors,

all sitting around the table and wondering, "What do we do? The M&A market is down." So one day, Bruce Wasserstein called me into his office -- I was just a very junior VP -- and he said, "Emiko, you are Japanese, and you are going to be in charge of the technology industry." And I almost fell off the chair because, first, yes, I am Japanese -- but I used to skip all the technology related articles, business magazines and newspapers! This was the days of PCs and semiconductors; the internet was invented but has not even been commercialized yet. His logic was: because you are Japanese, you must know something about technology. But his logic was also: here is a junior woman. If she does not swim in this bigger ocean he was throwing me into, there is not much loss for the firm if she does not succeed. I was not a senior person, so there was no loss for the firm, and I would be shown the door. I had no choice but to say yes in the down market. But I am so glad I did! This is one of the stories where people were asked to do something that nobody wanted to do, and back then, at Wasserstein Perella, nobody wanted to be in charge of the technology industry, because nobody understood it. It was one of those situations where you did something that nobody wanted to do, and that made your path. That was definitely my case when Bruce asked me that question.

**Oasis** That is fascinating! You describe several challenges you have encountered on your path. Can you tell us a bit more about moving to an executive role? What do you believe enabled you to reach your level of success, given the gender gap, especially among leadership?

**Higashi** I think that it has a lot to do with who I am. First, in any organization, you have to really figure out what the rules of the game are, how success is defined, what the company is truly trying to achieve, and how you can contribute to that success, and therefore, what you have to do to be successful in that organization. I spent many years in investment banking in M&A. There were very few women back then, especially in senior positions. Maybe this is still somewhat true today, but hopefully less so. Some of my female colleagues dropped out in the process, and I reflect back now on what was happening. I am not saying this is what I advocate for today, but I solely focused on delivering that success as it was defined. In the case of investment banking, whether you like or not, if you are a rainmaker, if you do deals for clients



**Emiko Higashi**

Tomon Partners, Managing Director

Started her career at Mobil and spent two years as a consultant at McKinsey & Co. in Tokyo. She spent 15 years in investment banking, finishing as a managing director in charge of the global technology M&A practice at Merrill Lynch & Co. She co-founded Gilo Ventures, a venture capital based in Silicon Valley and Israel, in 2000, and founded Tomon Partners, a strategy and M&A consulting firm, in 2003. During her investment banking career, she has worked on numerous M&A transactions for client such as Cisco, DSP Communications, Hyundai Electronics (Hynix), IBM, KLA-Tencor and Xerox. She was one of three women among 300 managing directors at Merrill Lynch. Emiko grew up in Japan and received a B.A. from International Christian University in Tokyo and an MBA from Harvard University. She has served on the boards of Stentor Inc., Zen Research and BUILD, a non-profit serving at-risk high school students. She currently serves on the board of KLA (NASDAQ), Rambus (NYSE),

successfully and earn fees for the firm, that is defined as success. It's as simple as that.

There are all kinds of politics. Men go to drinks, go out to play golf, etc. People complained because men had all these social ties that made them seem more friendly. All of that is true, but there is one thing that is not going to change. I was told by a male boss back then in my investment banking group, "Emiko, if you produce, nobody can complain." If you are a rainmaker, nobody can say anything. So I focused on that, and I delivered. Many people complain about things that are not relevant to success in the company, whether it's about gender or something else. That takes away their energy, and also makes others look at them as not really focused on what it takes to be successful. Even really good, talented people sometimes sort of derail, surrounded by such unhappiness. I would say that, for example, in investment banking, if you don't like the culture of producing revenues being the most important thing, then get out of there! It is not your place. Having said that, I am well

aware that there are other important things, and if I were the head of an investment bank today, I would not say, "Hey, just focus on revenue production no matter what, and don't think about anything else." ESG, a corporate's purpose, and stakeholder value are absolutely important today. But if the company is not producing profitability, all the other things satisfied are not sufficient either. My belief is that applies to individuals and organizations: know what's really important and how success is defined.

**Oasis** You are a role model. Who have been your role models, if any? How have these role models helped you in your career path?

**Higashi** I prefer mentor rather than role model. When I was in investment banking, there was only one woman that I can remember who was senior to me, who looked at me as another woman she probably needed to mentor. I think she did that for men and women. She is still my friend. It was hugely important that she was just there. She was a managing director, and I was director or VP, and she had a sixth grade son at the time. She brought her son to her office to do his homework while she was working. I remember seeing that in my peripheral vision -- and nobody made anything out of it -- but I think it was that demonstration of, "Hey, if your children need to be in your office, you just bring them, as long as you are effective and efficient, it is okay." And this is back in early 1990s! If anyone was a role model in my mind, I think she was that role model. I have been fortunate to have had a few great mentors. When I was in investment banking, Joseph Perella was one, and he remains a mentor and a dear friend. My partner, Davidi Gilo, who had a venture capital business, is another one. He was my partner and boss, and watching him in a venture capital investment business was very informative and I learned a lot from him. Another person was almost my peer, just slightly above my tenure, but not so much. He was a person of colour and a great peer. When I was really having a hard time, he lifted me up. So I think these are all important people.

**Oasis** My next question relates to something that women often have to deal with, that may impact their ability to move up in the organization. Do you have any advice regarding work-life balance? Or if I put it a little differently, how do you develop yourself outside of your working environment?

**Higashi** I would say one thing, especially to really capable women and men: Don't strive to be perfect in things that you do. But especially if you are a parent of young

children or teenagers, until your children go to college, I think the 80/20 rule is important, and knowing what your 20 is - 20% of the things that have 80% impact. Just know how you balance that. I see many people get burnt out and break down, because they try to do a perfect job of everything they do, whether at home, family, work, anything... and you just cannot do it all. That 80/20 might change daily, monthly, yearly. But constantly being able to calibrate that and say: Hey, it's okay. The other 20% part that I didn't do today? Nobody died. Nobody suffered, really, in the long-term. It's okay if the dinner was delivery pizza. It's okay. So don't try to be a perfectionist in everything you do. I think that is important. I learned that by just stumbling in and realizing, "Oh, I can't do everything". I try to remember that time period, I mean those 15 years of time when your child is little, until they go to high school or college. You really have family and work obligations, and that's about it. You don't really have the extra time to read books or do some other things. To me, community, and being involved with outside non-profit organisations, outside of work, especially with the social issues surrounding us today, all have an impact on work as well. Young people at work now are thinking more about their values and demanding that sort of blend. It is important for somebody of my age or in my capacity and role to really understand what is happening out there, too. And it's important to have a personal experience, not just reading in the paper, but touching that social issue. Whether you are really engaged in your community every Sunday, or you are on board of a non-profit, or whatever that might be. That is very important.

**Oasis** Can you share a bit about what a typical day is like for you, especially in your role as a board director, on a day-to-day basis? What does it look like?

**Higashi** Board meetings usually happen quarterly. At some Japanese companies, it's more often than that, to the extreme of 12 times a year. But I think even Japanese companies are making board meetings less frequent, especially as more external directors and independent directors are becoming part of the board composition, which has traditionally or historically not been the case. If you seriously want to be an independent board member, it takes 30, or in some cases, 40 days a year of commitment. It's not like every day is the same thing. On average, at a minimum, you go to board meetings, committee meetings. You prepare for those meetings by reviewing the material that the company has sent you in advance. But that's the minimum. There are a couple of other things I do. One is to continue to self-

educate by participating in industry expert events, seminars, and small discussion groups, held by law firms, accounting firms, universities and others. You get a lot out of those: self-education on specific topics, like corporate governance, ESG, climate change, perspective from the board, etc. There are also peer exchanges. I have formal and informal peer exchanges with other board members. We ended up forming a very informal, closed forum that we hold once a quarter where we exchange our challenges and issues that we faced in the boardroom. It's a great support and education group. And I also spend a lot of time with CEOs and employees of the companies that I am on the board of. CEOs basically call me to talk about specific topics, like hiring certain key talent, or getting my feedback about strategy. In some cases, companies, especially Japanese companies that are trying to be global, ask me to come and talk to employees about different topics. In Japan, I often get asked to talk about my career, how to keep developing your talent, etc. There are a lot of different things that employees could learn from those examples that I can share with them. And I also engage with other board members, informally, between the board meetings, about different topics and agendas that come up, that I see as potential opportunities or issues. I also get asked to engage with investors, in one-on-one meetings with institutional investors, at the request of the company. One of the things that I haven't done is to talk with the customers of the companies. When I think about all the stakeholders -- shareholders, employees -- I have done a lot, but not with customers, interestingly.

**Oasis** I will now move to Womenomics. When Prime Minister Shinzo Abe announced this policy, the goal was to help women enter the workforce. Since then, the share of women in their prime working years with a job in Japan has increased, from 73.6% to 77.5%. That means roughly 2 million new women in the workforce. Yet even if there has been improvement for the overall workforce, the representation of women on boards and in corporate management still remains low in Japan. Can you share with us if you have seen any changes since the advent of Womenomics? What still needs to be improved?

**Higashi** The statistics that you cited -- I see it. I think there are more women who appear to be in the workforce. Yet for any company that you talk to, there is a lack of progress, or a lack of candidates at the higher management level, and that seems to be a perpetual issue. I have actually talked about this with one of the companies I am on the board of in Japan. This is not just a women's issue. I think this is a work

style issue. Many women in Japan who are asked to take promotions, who are told that they could be management level, say no, even though they are capable. When asked why they said no, they say that, when they look at their boss who currently has that position, and they look at their work style and work-life balance, they don't want to do that. I think many people in Japan -- both men and women -- are wondering why they have to work so many long hours pushing paper. Effectiveness, or the result or the outcome, is what ought to be measured, as opposed to how many hours you spend in the process. We really need to change the views in many companies about how to measure people's productivity, and output, and demonstrate to people that you are evaluated by output and productivity, not by how many hours you work. A lot of women, when they look at who is going to be around them, and how they have to work for the next 10 or 20 years, are simply not interested. It really requires the whole company to change. It relates to the diversity issue, but it's not just for women. I think there are plenty of men who would like to not have to spend 12 hours every day in the office, or stay until their boss leaves the office, which is a typical story you hear in Japan. If you are productive and your work is done, go home. I think it requires mindset changes for the entire company if you really want to promote diversity and gender diversity, to promote them to senior managers and keep them. Also, when we talk about female board members, it requires another mindset change. Japanese board member candidates are typically retired former presidents or CEOs of the company -- at least until recently, though I think it has changed. But by definition, you don't have enough woman there. So, if you are defining the board member candidates in that way, you will never get there. I always tell my companies that allowing senior employees to serve on another company's board increases that person's knowledge and perspective. In many Japanese companies, employees are there for their entire lives. That is the only thing they know about how a business is run. If they go outside their domain, they can see how other companies do things, via a board member's perspective. I think that is a tremendous learning, not only for that person, but also for that person's company where he/she is serving as a manager. I think companies should open that floodgate, which I think is happening a little bit today, especially to recruit female board directors in Japan. I think we should do more of that because it is a win-win for everybody.

**Oasis** Do you have any other tips or best practices as a leader yourself on leading diverse management teams, both in Japan and in the US? Are there any practices that

corporates can implement to promote the exchange of diverse opinions among the top management, regardless of race or gender?

**Higashi** I think at many Japanese companies, Japanese people in general -- I hate to generalize, but let's just keep it general -- culturally, they speak up very differently. For example, if you are trying to become a global company and you have Japanese employees and non-Japanese employees, and you have a meeting with a mix of people, if the non-Japanese boss asks people's opinions, Americans will most likely raise their hands to express their opinions, because they are very vocal, because it is how they are trained. I remember in my first year of business school, class participation counted for 50%, so participation was a matter of life or death. If you didn't participate, you didn't survive. I thought there was something off about the way I was dealing with the rules of the game, because by the time I raised my hand, somebody else was already talking. The professor had already called on that person. I realized that the American students were raising their hands as soon as the professor asked the question. I thought, they cannot already have an answer, when the professor has not even finished the question. Then I realized that the American students raised their hands before they knew what the answer was. They just had their hands up to get the chance for the professor to call on them, and then thought about the answer in those 5 seconds. So, I figured that out, and I tested that myself, and ensured that the timing worked. Now back to the corporate environment. Let's say the boss in the meeting just asked you a question. American people, in general, are prepared to say whatever they have in mind. Their view is: we're just developing ideas here, so I'm going to say what I think. Maybe it's half-baked, and it's not perfect, but it's okay. And Japanese employees -- again, this is a generalization -- are often quiet, and the meeting ends without them saying anything, so the boss thinks they don't have a point of view. That's so dangerous, because the Japanese person is formulating a perfect answer, and she or he cannot express that in the moment that the boss asks during the meeting. So the time passes, and if the boss is not sensitive to that, you will be judged. There is a senior person in a company I am on the board of who figured this out. He said he asks the Japanese employees any questions he wants to ask at meetings in advance via email, so they can prepare to share their views, so people have time to think about it. Or, if the Japanese employee does not express their opinion at the meeting, he will give that person another day to share their thoughts in writing. And he said that the

Japanese employees often come up with 150%, A+ answers if he gives them time. So, it is very cultural. It is very much about the educational system that they have grown up in. I think that is very important, for both employees and managers. To be an excellent global employee, you need to be able to construct, formulate and present your point of view quickly. You need to have that practice. If you aren't getting that practice, or if you aren't being given a day in advance or another extra day to formulate ideas, then gradually start really doing that faster, just like I did in my business school. For managers, that kind of sensitivity, delineating the different ways that you treat diverse talent, is critical. Otherwise, you will always emphasize what is the loudest and what is the most visible, and you will miss out on leveraging all other kinds of talent, who may have a different style of expressing themselves.

**Oasis** If you could go back 10 years ago, what advice would you give to yourself?

**Higashi** I stumbled into being a board member. I didn't really have an objective to become a board member, and a lot of things in my career happened that way. But looking back, maybe not 10, but 5 years, I think I learned belatedly that being persuasive is an important skill being on the board, particularly if you are trying to advocate issues or points of view that are new and potentially controversial. I am just board member A. There are board members B, C, D and E, and we all operate separately, independently. But I can create collaboration, or solicit other people's views outside of the boardroom, to educate each other and share information about points of view, so that the discussion in the boardroom would not be just one person throwing their point of view against the wall to see if it sticks, because the others are already prepared to engage in the discussion. They may agree or disagree, but at least we can have a real discussion. Sometimes in the boardroom, especially when introducing new or challenging topics, you toss it, and it drops. I learned that there is a skill involved in how to be more persuasive, not just by words, but in the process that I take to have everybody around the boardroom see the topics from a certain lens. Gender diversity, which is a part of ESG, is one of those topics. With ESG and corporate purpose, which are fairly new and really developed in last few years, we're seeing accelerated interest, for good reason. But companies are in different stages of understanding that. I learned that importance of persuasion on these issues myself five years ago, when I was a lone voice hitting my head against the wall, saying, "Why don't people get this?" I think I could have done even better. Companies

gradually come along, but the process is sometimes painful.

**Oasis** I have just one final question. What advice would you give to women who aspire to a board director position? You have shared a lot already, but any final thoughts?

**Higashi** A lot of people ask me that question. And to be honest, I am not sure if I like that question. Aspiring to be a board member? You don't do things to become a board member, you get there by the virtue

of being good at what you do in business, or in academia, or whatever. But I think one common theme is being able to represent what you stand for in a very logical, rational fashion, and being able to listen to others and adapt your views in a professional setting. It's something I think is important for anybody. At the end of the day, doing well in your field is the most important. And perhaps also networking, whether it is WCD (Women Corporate Directors), or other directors' organizations, create that network. Head-hunters place a very small percentage of board members. You need

people really watching your performance, knowing how good you are, and thinking, "She would be a great candidate."

**Oasis** Thank you so much for your time and for sharing your experience and advice. We truly believe that hearing from you helps 30% Club members to understand from the inside the journeys and challenges of a board director. Thank you so much, Emiko.

**Higashi** Thank you for having me.

- This material is produced by Oasis Management Company Ltd. and/or its affiliates (hereinafter referred to as "the Firm") and is not intended for the purpose of recommendation of specific financial products or solicitation for acquisition of securities.
- The views expressed in this material are for informational purpose only and are not intended to provide any investment advice for purchase, sale, or holding of any securities. The views expressed therein are made at the time of preparation of the material and are subject to change without notice.
- The Firm does not directly or indirectly make any express or implied representation or warranty as to the accuracy or completeness of any information contained in this material. The Firm expressly disclaims any and all liability and responsibility that may be based on such information, errors therein, or omissions therefrom.
- Without prior written consent of the Firm, (a) photocopying, copying by hand, or any other methods, or (b) redistribution all or part of this material is strictly prohibited.