

Our main duty is to provide railway services through sustainable manner

The aim of the railway business is to enrich the lives of people throughout the country

Nonaka: When you took over as president of the company, you must have had several areas you wanted to focus on. What responsibility does the railway business have in terms of serving society as a whole?

Otsuka: The purpose of railway business is to enrich the lives of people throughout the country. Our business principle is to provide customers with a high level of satisfaction. In other words, our primary goal is building relationships with individual customers throughout the country, and meeting their various needs. Two years ago, we established an Internet-based customer feedback system. Although we have received some strongly-worded suggestions for improvement, we do not see such criticism as an attack, but as an indication of where we can improve. We consider the Internet-based customer feedback system to be part of our marketing program. Since our customers are essential partners in our business, their immediate and honest response encourages us a lot.



Mr. Mutsutake Otsuka,
President,
East Japan Railway Company

Proactively responding to environmental issues leads to potential corporate growth

Nonaka: The people of the 21st Century value socially responsible corporate behavior. How do you address this movement?

Otsuka: Although adverse effect of railways to the environment is less than that of automobiles or aircrafts, we still consume a huge amount of energy, causing environmental impact. Therefore, we have initiated a range of conservation measures including reduction of CO₂ emissions and other waste, improving recycling rates, noise reduction, and forestation. We have also set numerical goals to measure our progress. For example, we aim to reduce CO₂ emissions linked to global warming, to 80% of 1990 levels by FY 2005. Our newly developed NE (New Energy) hybrid train reduces environmental load. This railcar, still in the

test stage, is powered by a generator driven by its diesel engine, and the surplus electricity is available to charge an onboard battery. The NE engine consumes 20% less fuel than conventional train engines. Some people think addressing environmental issues doesn't pay, but I believe developing more energy-efficient technology will enhance our technological capability. The process of developing environmentally friendly technologies prompts our engineers to internalize "green values." Such a mindset provides increased job satisfaction, which further motivates

them in their work. We must proactively respond to environmental issues, as this will greatly expand our potential. We are determined to create a railway company with highly motivated employees who provide the top-quality service our customers deserve and demand. The more people ride trains, the more we benefit from the environmentally friendly characteristics of train transport — eventually leading to the minimization of environmental

impact by society as a whole. To achieve this goal, we will pursue our mission to provide safe, punctual transportation and deliver convenient, comfortable services that meet a variety of customer needs. I believe such efforts increase the desirability of our railway.

Developing and maintaining trust relationships with our stakeholders

Nonaka: You have an enormous number of stakeholders — including customers and shareholders. What are your thoughts on the company's relationship to them?

Otsuka: New Frontier 21, JR East Group's medium-term business plan, specifies our lines of action in areas such as customer satisfaction, responsible corporate citizenship, employee job satisfaction, and shareholder expectations. All of these are important to us since they directly affect the relationships with our stakeholders.

Many companies have impaired public confidence since the 1990's. Only firms that earn the trust and



confidence from the general public will survive. Since sound management practices are essential to building public trust, we have conducted a detailed review of our operation and are implementing the appropriate changes especially when the business goes well. Companies also need autonomy and independence. Yukichi Fukuzawa, a noted Japanese pundit, states "There will be no independence of a country without each individual's independence," in his book *Gakumon no Susume* (Learned Advice). I think this applies to all Japanese companies today. Without a sense of independence, employees are too reliant on each other to provide sound management. Likewise, if each corporation depends on the nation, the nation itself may be ruined. We aim to continue our efforts to gain the respect from all our stakeholders while maintaining autonomy and independence.

Disseminating Japan-style railway systems to other countries

Nonaka: What are some of your goals for the near future?

Otsuka: I would like to disseminate Japan-style railway systems in other countries. Although the sunset theory had been widely held in Europe, modern technology is making safe, high-speed rail transport possible, and therefore, I believe



Ms. Tomoyo Nonaka,
Journalist

that train transport will regain prominence in the 21st Century. Environmental concerns triggered the resurgence of rail transport in Europe. We believe rail transport will expand in Asia as well.

Providing railway service is not just laying tracks and stringing electric wires to run trains. It is a very complicated system. Operations, maintenance, communications, marketing, and customer service must be simultaneously coordinated into a seamless whole. The *Shinkansen* (Bullet Train) is a good example of the system being used to realize safe high-speed transportation. In accord with the long held Japanese standard of perfect punctuality and zero delays, the system operates successfully because every staff member in each division executes his or her duties flawlessly. That is why there are so few railway accidents in Japan. In this way, I believe the Japanese railway system leads the world.

Accomplishing our responsibilities for the children of the future

Nonaka: Finally, how do you hope to affect society over the next 20 to 30 years to leave a legacy for today's children — the torchbearers of the next generation?

Otsuka: First of all, I would like to bequeath a beautiful natural environment. I also want to develop a society in which those children can be properly educated and pursue their dreams. JR East Group is actively involved in our Children's Railway Association. We provide opportunities for elementary school children and other young people to visit railroad facilities or participate in clean-up activities at stations. We want children to understand that freedom is always accompanied by responsibility, and such programs teach them the social awareness needed to become contributing members of society. We must also set a good example for young people by behaving as socially responsible corporate citizens ourselves.

Nonaka: We look forward to seeing the future results of your efforts and those of JR East Group toward realizing a sustainable society.