

Business and Society:
Discovering the New Social Compact for the 21st Century

2009–2013 STRATEGIC PLAN

THE **HITACHI**
FOUNDATION

和
誠
開拓者精神

和
Harmony
誠
Sincerity
開拓者精神
Pioneering Spirit

This credo of Hitachi, Ltd. continues to inspire the Hitachi Foundation, established by Hitachi, Ltd. in 1985. Governed by an independent Board of Directors composed of highly accomplished Americans, the Foundation's broad purpose is to discover and expand business practices that measurably improve people's lives while also enhancing business value.



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The Hitachi Foundation Mission and Strategic Focus

The Hitachi Foundation believes that business has an essential role to play in addressing many complex global challenges of our time. Our mission is to forge an authentic integration of business actions and societal wellbeing in North America. We will do this by discovering and expanding business practices that create tangible and enduring economic opportunities for low-wealth Americans, their families, and the communities in which they reside while also enhancing business value within the Hitachi group of companies and in enterprises beyond Hitachi.

The Hitachi Foundation embarks on its new five-year strategy as the nation faces the worst economic crisis of our generation. By early 2009, more than 4 million jobs had been lost in the United States since the recession started. The near-term prognosis for our economy remains bleak.

Why, when businesses are in a struggle for survival and millions are out of work, is the Foundation focusing so intently on the role of business in society? Our answer is this: *Business and Society: Discovering the New Social Compact for the 21st Century* responds to the current, immediate crisis with long-term solutions. Other than in moments of significant disruption, when are we willing to consider alternative paths? This is precisely the time to forge partnerships between business and communities, employers and employees that can help relieve the pain today and keep us moving forward.

On the cover: Workers at Spirit AeroSystems in Wichita, Kansas, a partner of the National Fund for Workforce Solutions. The National Fund is one of two major workforce development initiatives in which the Foundation plays a leadership role. Photo provided by Spirit AeroSystems, Inc.

“We are not satisfied with facile approaches to significant concerns or the cosmetic treatment of a corporate image. Our actions, rather, are governed by the convictions that the projects we fund must be not merely visible but valuable.”

—The Honorable Elliot L. Richardson
Founding Chair 1985–1997



Al Fuller, member of the Foundation Board, and Naohiko Tamiya, Hitachi America, Ltd.

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The Hitachi Foundation's new five-year plan marks a quarter century of forward-looking philanthropy. Every five years we step back and ask the tough questions: What have we achieved? What more can we achieve? How will we know we are succeeding? *Business and Society: Discovering the New Social Compact for the 21st Century* is the result. It is about discovering and spreading powerful ideas about the role of business as a partner in strengthening society.



Jobs to Careers is providing training and building career ladders for frontline health care workers.

We start by finding the business leaders who are leading the way—the ones succeeding at finding unexpected solutions to persistent challenges. Very often, they are known only in their communities; they do their work out of the spotlight. They are proving that there are better ways to create value for their business, their employees, the community, and the larger society. Many invest in employees other companies consider disposable, and ultimately improve their own financial returns. Others are devoting company resources to their communities, applying their company's skills to help local leaders solve significant problems.

When the brand strength or profit margins of these businesses exceed industry benchmarks their peers begin to take notice. Some follow suit. In time these practices replace tradition to become the new standard by which business is judged by employees, customers, and financial markets. This is one way change happens.

Our strategic plan starts with the trailblazers. We work alongside them, studying what they do so we can understand what behaviors, business practices, and policies achieve new and better results. We are especially interested in discovering and helping spread business practices that create economic opportunities for low-wealth Americans and their families.

Our programs concentrate on business and the workplace; business in communities; and the next generation of business leaders. Our Business and Work Program focuses on the role of business as employer creating pathways for low-wealth Americans to move up and out of poverty. The Hitachi Community Action Partnership deepens our own corporate engagement efforts to address challenges in communities throughout North America. Our focus on the next generation leads our Yoshiyama Program in a new direction—we will discover and learn from entrepreneurs running businesses that help address poverty in America. And in 2008, we launched the Mita and Yoshiyama Business in Society Fellowships to provide opportunities for young business leaders to work at the Foundation.



“The most recent strategic review in 2008 set out to find ways in which the Foundation—with its limited resources—could better achieve its central purpose: to enable those on the margins of American society to gain a foothold and a stake in the American mainstream. The result is *Business and Society: Discovering the New Social Compact for the 21st Century*.”

—Bruce MacLaury (pictured above)
Chair, The Hitachi Foundation Board
President Emeritus, The Brookings Institution



Foundation President and CEO Barbara Dyer with Tsutomu Kanai, Ph.D., Chairman Emeritus of Hitachi, Ltd. and Honorary Chair of the Foundation.

“It is important for all companies to maintain their commitment to the principles of corporate social responsibility especially in the difficult financial climate. The Hitachi Foundation’s new strategic plan addresses the immediate needs of the society with a long-term perspective: The role of business is to strengthen society. The Foundation’s plan delves deeply into business practices that build better communities.”

—Tsutomu Kanai, Ph.D.

Business and Work: Creating Opportunity for the Long-Term

Political rhetoric idolizes American workers. They are creative, driven, the very backbone of our economy. But beyond rhetoric, not enough is being invested or accomplished to ensure that lower-wage workers have the skills and talents that can move them and the economy forward. The gap between the skills of too many workers and the demands of the 21st century workplace is large. The workforce development systems in place today were designed for the last century. They fail to address current needs, portending an uncertain economic future, at best.



Photo provided by Spirit AeroSystems, Inc.

There are approximately six million employers in America. Among these, there are trailblazers who are implementing business practices and policies that help the company and its employees succeed. They may be partnering with local community colleges to deliver training in the workplace during business hours, or creating flexible schedules so that hourly workers can better balance work and family. The Foundation's job is to find and learn from these trailblazers—what they do, why they do it, and how their practices benefit the firm and its employees. Ultimately, we want to spread the ideas so that they move from novelty to industry norms.

We will build long-term relationships with a few, select communities that are ready and able to embrace and spread what the trailblazers are teaching us, working with local business, public, and nonprofit leaders. The Foundation's two significant national initiatives—the National Fund for Workforce Solutions (<http://www.nfwsolutions.org>) and Jobs to Careers (<http://www.jobs2careers.org>)—are important vehicles for discovery, spreading ideas, and deepening practice in communities nationwide.

“The Hitachi Foundation has a deep understanding of the needs and challenges facing both employers and frontline workers in health and health care. The innovative approaches emerging from our collaboration on the Jobs to Careers initiative will yield economic success for workers and employers and ultimately have a positive impact on the health of the nation.”

—Risa Lavizzo-Mourey, M.D., M.B.A.
President and CEO
Robert Wood Johnson Foundation



Business in Communities: The Hitachi Community Action Partnership

The Hitachi Community Action Partnership (HCAP) allows Hitachi group companies in North America to respond to local community needs and challenges. The program is rooted in the idea that companies, like citizens, must be active participants in society. HCAP is a living laboratory uncovering how our businesses can excel as good neighbors and effective community partners. Employee-led Community Action Committees (CAC) organize efforts within our North American group companies, and our Mastering Community Action (MCA) process sharpens the focus and

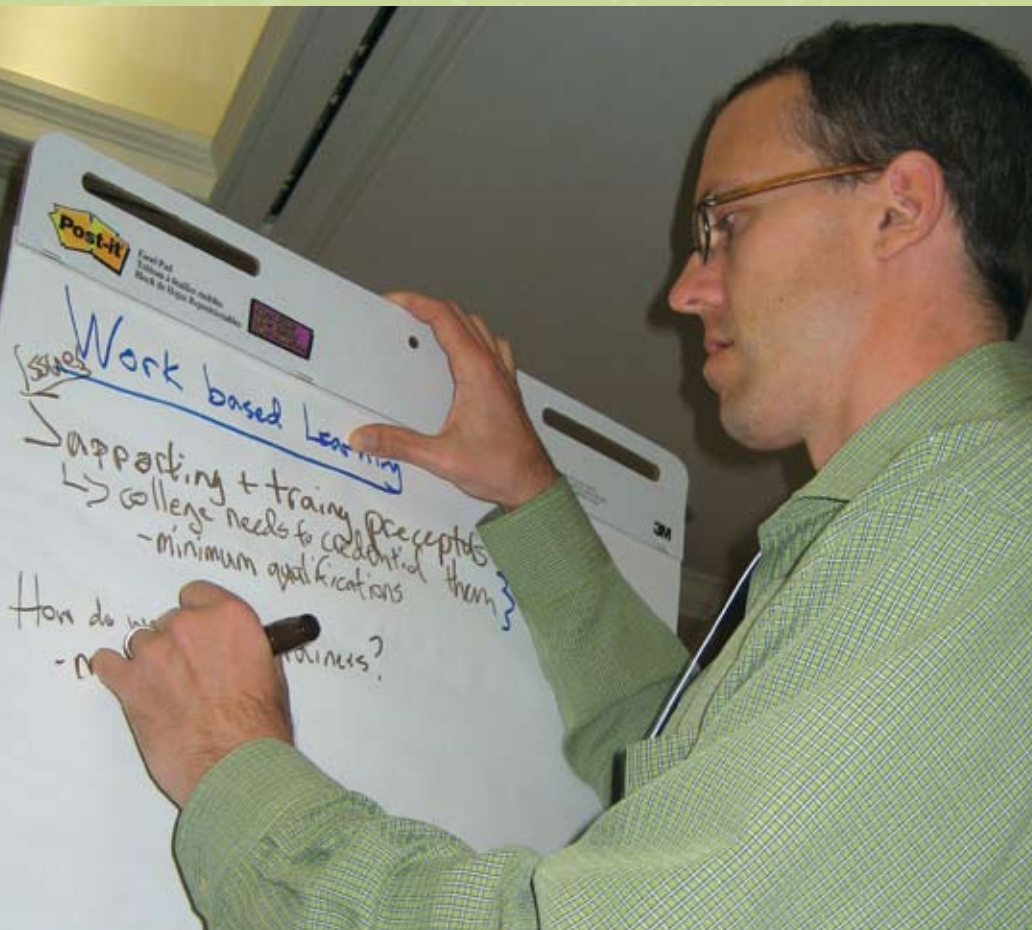


deepens company involvement in our communities. MCA applies the principles of quality management to community engagement and is an example of how clear standards of excellence and milestones for corporate practice can reinforce social sustainability. While each Hitachi company through its CAC defines its own priorities, as a group we are moving toward greater emphasis on two pressing challenges: economic hardship and environmental quality.



“In developing the Mastering Community Action process, we looked at how companies similar to Hitachi manage employee community involvement. It’s clear that this framework to focus and strengthen our Community Action Committees is on the cutting edge of how companies engage with communities.”

—Patrick W. Gross
Chairman, The Lovell Group
Member, The Hitachi Foundation Board



“The power of ideas may exceed the size of an endowment in assessing a foundation’s influence. As this strategic plan proves, The Hitachi Foundation is setting a pioneering course that is very innovative and potentially powerful. As we navigate turbulent times, these ideas, when combined with their collaboration with other foundations, can help model the way for philanthropy’s efforts to address poverty.”

—Steve Gunderson
President and Chief Executive Officer
Council on Foundations

The Next Generation: Yoshiyama Program and the Mita and Yoshiyama Fellows

“This new Yoshiyama Program will help direct entrepreneurial energy toward helping low-income Americans. It is micro-level investing that will yield macro lessons about the connection between business and efforts to address poverty.”

—Maurice Lim Miller
Founder, The Family Independence Initiative
Member, The Hitachi Foundation Board



The evolution of our Yoshiyama Program represents a significant development in our long-standing signature program. For more than 20 years, the Yoshiyama Awards have highlighted the inventiveness of young people in addressing complex community challenges. The next phase will take us from honoring youth for past achievements to investing in the pioneering efforts of entrepreneurs dedicated to ameliorating poverty.

Over the next several years, The Hitachi Foundation will encourage business innovation aimed at addressing poverty. We will learn from a new generation of entrepreneurs who are establishing ventures that improve the wellbeing of low-wealth Americans. We will invest in those who direct their creativity, commitment, and idealism into business enterprises that help people who are economically stuck in place or losing ground. The new Yoshiyama Program will add to our capacity to discover

innovative business approaches to reducing poverty and to spread the lessons of these entrepreneurs. The Foundation will launch the new Yoshiyama Program in 2010 on the occasion of our 25th and Hitachi, Ltd's 100th anniversaries.

Mita and Yoshiyama Fellowships

Launched in 2008 in partnership with Net Impact, the Foundation's Mita and Yoshiyama Business in Society Fellowships offer opportunities for young people who are eager to use the tools of a business school education to make the world a better place. The Fellows work with the Foundation in our Washington, D.C., office, are selected competitively, and must be members of Net Impact. Mita Fellows are recent MBAs, and Yoshiyama Fellows are students between the first and second year of their graduate business studies.



“We must build the bridges that link people and places too long left behind to economic and personal opportunity. The Hitachi Foundation is pursuing a bold and focused effort to create the supports upon which these bridges will be constructed.”

—David Dodson
President, MDC, Inc.
Member, The Hitachi Foundation Board

To view the complete Foundation 2009–2013 Strategic Plan and to share in our learning through periodic reports and updates, visit www.hitachifoundation.org.

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