



**"BIG ENOUGH TO SURVIVE
AND SMALL ENOUGH TO CARE —
WE CAN DO IT!"**

AUTHORS

Yumo Ito, Trung Ghi

AN INTERVIEW WITH JEREMY NIXON

**AS ONE, WE CAN.****ONE**

OCEAN NETWORK EXPRESS

JEREMY NIXON
GLOBAL CEO OF ONE

Operating out of Singapore, Ocean Network Express, branded as “ONE,” was formed in April 2018 by merging the three competing container shipping business units of Japanese parent companies NYK, MOL, and K-Line. At the time, many commentators highlighted the challenges of such a large, complex integration. Yet just five and a half years later, ONE has become one of the most profitable and successful companies in the industry, with net income of approximately US \$50 billion over the past five years.

Jeremy Nixon, previously the head of the container division of NYK, was appointed Global CEO in 2017. He has led ONE from the beginning, steering it through a period of huge change in a volatile environment including geopolitical tensions, COVID-19, energy crises, and, of course, the ever-increasing pressure to achieve sustainability.

We talked to Jeremy to understand more about ONE’s remarkable journey since its formation, his perspectives on leading a complex merger and how human-centric approaches have helped, managing new technologies, and what the future holds.

TAKING US BACK TO THE FORMATION OF ONE, WHAT CHALLENGES DID YOU HAVE TO OVERCOME?

It was a decade of turbulence from the start of 2010 until we formalized the formation of ONE in 2018. Smaller companies were acquired by larger companies as we began to see a period of consolidation in the sector. Industry peers such as the Koreans were in difficulties, and actually one of them went bankrupt. The industry was undergoing a major “shakeup” — a wakeup call for medium-sized companies. You needed to either pivot or sell and get out. That was how it was back then.

WHAT WAS YOUR VISION AND STRATEGY FOR ONE?

ONE was formed by the merger of three Japanese shipping business units from NYK, MOL, and K-Line, respectively. We are always looking at ways to find synergies, and therefore looked closely at lessons learned from NYK, MOL, and K-Line. ONE’s strategy was to rapidly achieve scale by merging the three container businesses, and then differentiate itself with operational efficiency supported by the best talent and teamwork. All too often, mergers are dominated by simple headcount and cost reduction.

We operate in over 120 countries, and 80% of our business is handled by our owned agencies. The container business is a global network business, and global coverage is key. A lot of companies and people are involved in delivering one container from origin to destination,

such as shippers, vessel operators, terminal operators, custom authorities, in-land logistics, warehouse services, and the end customer. To be competitive in operational efficiency, we need to connect all value chains and

“WE OPERATE IN OVER 120 COUNTRIES, AND 80% OF OUR BUSINESS IS HANDLED BY OUR OWNED AGENCIES.”

players through collaboration. So we kept talent as a top priority from the beginning and decided to focus on keeping our best people as we positioned the company to focus on offering a unique value proposition to our customers — rather than just trying to compete on scale with the larger players. We did not aim to be super big. ONE had good speed to market, and it was lean and agile. We really didn’t want to have tribalism, and we tried to learn from previous mistakes.

To encourage the best teamwork and collaboration, we implemented a simplified organizational structure comprising three major divisions: Corporate (C&I), Product (P&N), and Commercial (M&C). We identified the most important “best practices” and worked toward applying these across ONE. We didn’t mind which parent company these best practices came from, or even if they came from an external source.

WHAT WAS IT LIKE ON DAY 1?

Day 1 was April 6, 2018, our “Go live” day. It started simply, with our staff “just getting to it”; it was like a call-to-action moment. There was a good deal of mutual respect, given that many had been in the industry for a long time. We had customers, a good team, and a good network, and we wanted to be bold.

That said, the first six months were slow because of some legacy issues from the three merged companies. In year one, these “teething problems” meant we lost money. But from years two to three onwards, the synergies started to work, and we began to turn the situation around.

HOW WAS IT DURING COVID-19?

COVID arrived two years after Day 1, and we went into it with some confidence. But, as you might expect, it brought completely unprecedented challenges to us. For example, our seafarers were often trapped on their vessels without going ashore. Everyone remembers the low supermarket stocks and long customer queues, and maybe, for the first time, people realized the importance of container shipping as an essential social infrastructure.

But ONE was ready to overcome these challenges. Given the direction set in year one and the progress we had already achieved, we had good momentum to keep going and take bold actions where required. Also, because we were still a young organization, it was a make-or-break moment, and our people were highly committed and motivated.



HOW DID YOU MANAGE TO CONTINUE TO MAINTAIN THE LOYALTY AND MOTIVATION OF YOUR PEOPLE?

Recognition. This is what many staff were excited about. If we had kept going back to our legacy, we would not have survived. Moving to a newly established, innovative company is exciting — merging three legacy companies isn't!

So we didn't even mention legacy names. Branding was important. In fact, "ONE" was a symbol of being "one" company, and the acronym was re-engineered to encapsulate the business. Ocean Network Express: "As ONE, We Can." Even the new company brand color, magenta, was important. In some other M&A cases, legacy colors have been kept, and this has created divisions.

The experience of together successfully overcoming the challenges of foundation and integration, closely followed by COVID, established quite a strong corporate culture. We have great collaboration and teamwork, and very high employee engagement. This is certainly one of our strengths.



WHAT IS YOUR VIEW ON THE FUTURE FOR ONE?

First of all, we still have room to grow. We have only 6% of global market share and are not present in all countries. We're highly present in east-west trade, but more underweight north-south. Our current view is therefore to grow intra-regional trade, such as with the Indian sub-continent, the Middle East, South East Asia, and Latin America.

Sustainable growth is a key part of our longer-term view. This means contributing value not just to our customers, but also to our broader stakeholders and society. We see this in three ways: First, decarbonization is a major focus area. As we were already part of the Japanese culture, which recognizes the importance of being part of nature and a good steward of the ocean, we may have found it easier to make progress than other companies. There is now a shared recognition that the

"IN TERMS OF THE POTENTIAL USE FOR HYDROGEN, WE SEE IT BEING USED TO FUEL INDUSTRIES, TO STORE RENEWABLE ENERGY, AND TO PRODUCE CHEMICALS."

industry has to change, and decarbonization of container shipping is essential for our customers and the global economy to realize net zero for Scope 3. A lot of our staff and customers felt strongly about sustainability, so it was simple for us to accelerate building sustainability from 2021 onwards. New regulations will come. We need to move quickly since it takes about three years from the order to launch a ship that is ready for alternative fuels.



Second, resource growth. To grow, we need people and talent — it's simple. During the integration and foundation of ONE, we largely used seconded staff from the parent companies. Going forward, we need to focus on building our own talents, recognizing that people's expectations in areas such as wellbeing and lifestyle have changed. We need to adapt to suit.

And third, earnings stability. We need to redefine our business model and portfolio to be more resilient to global economic and geopolitical fluctuations. Post-COVID, we had good cashflows, and leveraging this, we are investing into adjacent, stable earnings businesses along the container shipping value chain, such as ship ownership. This will also present new challenges, such as recruiting people to operate the new businesses. But we have done this before, and we see setting up a new organization as exciting given our past experience of setting up ONE.



"I GENUINELY HAVE A PASSION FOR THE BUSINESS — I LOVE CONTAINERS! I HAVE BEEN IN THE BUSINESS FROM AN EARLY STAGE AND NEVER SERIOUSLY THOUGHT OF LEAVING."

WHAT DO YOU SEE AS THE KEY SUCCESS FACTORS IN THE DIGITAL AGE?

A good, strong management team! ONE aspires to become the “digital logistics” network business, and we recognize that we need to raise our game. So we invest a lot in AI, digital, etc. However, to make all this work, we really need strong talent and leadership, for which a strong brand and culture are essential. For example, we recently launched the ONE Academy with four pillars: ONE Communications to build staff and management communications, ONE Connectedness to improve teamwork and avoid silos, ONE Learning and Development to boost training and coaching, and ONE Career to help incentivize and retain talent. We believe having good talent and corporate culture are

“ONE ASPIRES TO BECOME THE ‘DIGITAL LOGISTICS’ NETWORK BUSINESS, AND WE RECOGNIZE THAT WE NEED TO RAISE OUR GAME. SO WE INVEST A LOT IN AI, DIGITAL, ETC.”

still key success factors in the age of digital. We need to continue innovating to remain attractive.

HOW MUCH HAVE TRADITIONAL JAPANESE MODELS AFFECTED YOUR HR APPROACH?

It’s true that the Japanese model is known in the West for things such as the “job for life” mentality, with constant job rotation of generalist managers and a perceived “glass ceiling” for staff. But there are good aspects as well, such as the long-term mindset and prioritizing company value over individual interests. And the Western style has its own drawbacks, such as a long process to promote and create successions, too much internal competition, and poor continuity of culture.

Therefore, we have a hybrid model with the best balance for ONE. We have optimized job rotations, including some designed for specialists as well as generalists. Our evaluation system has a combined focus on short-term outputs and long-term development, and emphasizes both individual and team outcomes and performance, including helping others.

WHAT ABOUT YOUR OWN JOURNEY?

I genuinely have a passion for the business — I love containers! I have been in the business from an early stage and never seriously thought of leaving. Everything is a chapter — you need to refresh yourself every chapter, and you need to do new things as well as learn from your past. I was lucky to experience two major M&As in my previous career before ONE, which really helped me to do my best for ONE. We need to be hungry to learn, and we need to be very human. I have an open management style, and I try to explain things in a simple way. We need to recognize good management and remove their roadblocks. I catch up with the top 30–50 management staff every month and always ask them, “What’s stopping you from being better?” It is about also being fallible: make mistakes, listen to and learn from people, let others step forward, and be prepared to follow them.

DO YOU HAVE ANY LAST COMMENTS FOR OUR READERS?

We are here to make money — but also to build good companies and be sustainable. I have a phrase that I've used and is now framed on my office wall behind my desk. Come and let me show you this.



"I HAVE AN OPEN MANAGEMENT STYLE, AND I TRY TO EXPLAIN THINGS IN A SIMPLE WAY. WE NEED TO RECOGNIZE GOOD MANAGEMENT AND REMOVE THEIR ROADBLOCKS."

AS ONE, WE CAN.

Our company name "ONE" is both a name and a will.

It is the will to become "one" and continue to face the difficulties. Becoming "one" with customers facing business challenges, it is our intention to provide a more optimal method for each company. Becoming "one" with people all over the world.

It is the intention to continue to connect communities with each other.

We believe in the power of "one" more than anyone else in the world. Different ideas, different abilities, different cultures. Combine all differences, bump into each other, and polish them. From there, new methods are bound to be born.

There are still countless ways to unlock the future of container shipping.

We can support this world more.
If we become one, we can do it.

JEREMY NIXON
GLOBAL CEO OF ONE

YUMA ITO

is a Partner in Arthur D. Little's Singapore office and a member of the Automotive & Manufacturing practice.

TRUNG GHI

is a Partner in Arthur D. Little's Singapore office and a member of the Energy, Utilities, & Resources practice.