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Meanwhile, Inside the Company..Changes in the Way People Work

By Robert Tobin

Walk past any newsstand today and you're likely to find magazine covers heralding changes in Japan with stories entitled "The New Japan", "How Japan is Changing", or "The Changing Face of Japan". Any day now, expect to see an article entitled "Say Goodbye to Japan as We Knew It."

Although such articles in the popular press often focus on societal and sweeping macro-economic changes, far less attention is paid to the transformation taking place inside the companies where we work. When bob Dylan sang "the times they are a changin", in the 1960s, it's unlikely he could have imagined the social, economic, political and technological metamorphoses that we are now experiencing.

Many of the modifications in our organizations appear to have accelerated since the collapse of the economic bubble and the stronger yen. But these events have merely served to hasten and magnify the changes inside companies, many of which are a direct response to technological advances worldwide, the globalization of business and changing government regulations. The expansion of markets beyond national borders, the high costs necessary for research and development, and the intensification of worldwide competition are among the factors currently altering the Japanese workplace as well.

Five years ago, a personnel manager at a global financial services company told me there would have to be a rest period after all of the changes being initiated in her company. "When things slow down and return to normal around here, we can talk about other changes", she said. Five years later, no one is talking about "things getting back to normal." In the words of one human resources manager, "We are in a constant change mode."

The American Chamber of Commerce in Japan regularly surveys its members to identify the major human resources issues that American companies face here. Recruitment was typically cited as the top priority. But now, the number one concern is organizational effectiveness, and attaining organizational effectiveness means one thing: change.

How are foreign capital companies in Japan altering the way they organize, develop new programs and coordinate personnel? What are the new approaches to leading and initiating change efforts?

For starters, companies are getting more people involved at earlier stages of the process, are setting clear goals and objectives, using teams to help manage reforms, and are working harder at balancing global and local concerns.

Global policies, regional focus

Similar to what has happened at other global companies, there have been moves at Proctor & Gamble Far East to extend the reach of the R&D department beyond Japan to include the rest of Asia.

When expanding work beyond Japan, companies typically focus on helping their Japanese employees learn more about Asia, or they may prefer to bring in senior people from across the region. But P&G's strategy for creating a truly multinational regional center has involve hiring people from around the world.

Another key project at P&G has been to integrate the staff of an acquired company into its culture. Employees from both companies were selected for a task force to identify and listen to the concerns of their counterparts in the acquired company. Their mission was to develop strategies for helping people become comfortable and productive in the new working environment.

The merger process requires great cultural sensitivity and understanding. Says one P&G human resources specialist, "...being there from the beginning, is the start of the intervention. You need to give people the chance to be heard."

P&G also underscored the challenge faced by many international companies in designing a global system that can adapt to local circumstances in Japan. A "gone policy fits all" approach does not work. There's a need for local people to have input into new procedures and policies," according to the P&G specialist.

When P&G's corporate headquarters initially developed a career ladder system, it did not fully take into account some of the unique differences in Japan. For example, doctorate degrees, which are required for certain positions in the U.S., are less common



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here. Another case in point is chemical engineers who enjoy a higher status overseas than in Japan, where undergraduate education is less specialized.

Embracing HQ's system in Japan without modification would have created problems. To make sure its career ladder was effective, a team from Japan worked alongside a group from headquarters to help harmonize the system. In the corporate system there were many entry points, P&G's specialist noted. But here in Japan, "where the sense of equality is different, there is only one entry point for the career development system.

Self-managed teams in Japan

A visit to Boston Technology, a telecommunications equipment company in Tokyo, provides a prime illustration of the changes taking place inside companies. Boston Technology's lobby is without the traditional receptionist. The company has also done away with the president's office, and its one meeting room also doubles as a smoking lounge. The desks are arranged in three groups, or "pods," in the center of an open area. Conferences are held around small tables.

Work is also organized differently. Employees belong to self-managed teams organized according to customer groups. A technical support group helps each team. The teams make their own hiring decisions and set their own targets. Their objectives and successes are also prominently displayed on office walls. Boston Technology credits self-managed teams as a factor behind its recent robust growth.

To get things moving in the right direction, the firm sent its vice president for human resources to Japan to work on "basic teaming." But it did not stop there. After the human resources executive returned to the United States, the company followed up with frequent visits to the office by a consultant who provided ongoing support and guidance.

Hank Cooper spent two years in Japan as manager of Boston Technology's customer support services before returning recently to the company's headquarters. Cooper said his primary mission in Japan was to "make things happen, give people an opportunity to experiment and help them succeed."

But the switch to self-managed teams does not always work out. At one large maker of medical equipment I visited, a staff member voiced frustration over the inability or reluctance of workers to take the initiative.

It's important to note, however, that this company failed to provide the necessary training or follow-up. The staff member compared being in a self-managed team to "harvesting rice with new automatic machines that nobody can operate"

Growing a business

When John Plum came to Japan in 1994 as president of Cititrust and Banking Corp., his prime challenges were to capitalize on new business opportunities being created by deregulation while fending off stiff competition from new market entrants. Plum realized that those working under him would need a fresh set of skills to succeed in the rapidly changing environment. Initiating change meant nothing less than getting people to rethink how they do their jobs. When meeting with staff, Plum explained that when a business grows in an increasingly competitive market, costs and revenue can get distorted. Pressure to increase revenue may be accompanied by increasing costs, which will require new ways to do old jobs, usually through the use of technology. A substantial investment was made in new systems, and not just for the traditional back office part of the business. According to Plum, "We simply changed the paradigm, and people had to think how they did their jobs."

Listening was the place to begin, and everybody needed to be involved in the process. Plum started by canvassing the 15-20 people in his department. Everybody recognized that things needed to be revamped, although they differed over how to get the job done. In the end, Plum said he just "worked off people's menus."

Minimum skill levels were necessary across areas, and training was made available to get people "up to speed." For those employees who were not willing or able to make the adjustment, other opportunities were found elsewhere in the organization.

During the transition process, a manager's verbal responses to questions and concerns can make a big difference in encouraging initiative. As was seen in other companies, initiating change requires follow-up and attention. In order to have a flatter organization, Plum chose to not hire a deputy, thus limiting the number of workplace issues and decisions that could be "kicked upstairs."



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Plum met questions from employees about what he was going to do with, "What are you going to do?" Workers were also told that it was in their "best interest" to help out struggling colleagues. Plum admits that the initial shift to a more focused, competitive working environment put an expected damper on morale. But those who underwent the process gained a new sense of accomplishment, commitment and direction.

Peter Cohen, a former chairman of the ACCJ's Human Resources Management Committee, has been involved in several major change initiatives as an HR professional here.

Cohen was working at an American Pharmaceutical firm when it acquired a Japanese company that was much larger in terms of employee numbers. "The takeover really provided an opportunity to re-examine the way we did business," Cohen recalls.

A steering committee made up of representatives from both companies guided the transition effort, collected information from a variety of sources and addressed the big issues in deciding what the company should look like in the future. Among the questions asked were:

How do we position ourselves in Japan vis a vis corporate human resources philosophy and culture?

What are the major trends affecting our industry and company?

What are the common threads in both organizations?

What kind of organization do we want to become?

What position do we want in this market?

How should we work with our union?

Cohen said that setting clear goals and involving many people, including the union, were the keys to success. "We kept our promises. We said we would be a top-20 company even though we started from a position way below that. We did become a top-20 company and a top-20 provider in terms of salary and benefits. People saw that we did what we said and that gave us credibility."

Cohen offers this oft heard advice: "Be prepared to stay longer than you thought." He also stressed the importance of the human resources department in helping with change and the need for it to work closely with the CEO.

As president of Nippon Organon K.K., the Tokyo unit of the Dutch pharmaceutical company Akzo Nobel, Horst Bender said his biggest challenge since coming to Japan five years ago has been to get people "thinking outside of the box."

The starting point for developing a new company-wide vision was a series of three-day training programs. The emphasis in implementing changes was on creating more meaningful jobs---jobs which would add value to the organization. Change has meant examining and encouraging people to shift their thinking about how business is conducted in Japan and also how people can learn from their work. Bender made it clear to his employees that lifelong learning is the key to progress and that it should not be seen as a burden.

In his dealings with employees, Bender has always focused on results, not activities---not on being so busy, but on accomplishments. But Bender is also quick to agree that patience is the order of the day. "Change took longer than we thought---it takes several years. No one can expect to be here for two years and implement major changes."

In the past, Bender said, many expatriates did not see themselves as agents of change in Japan. These days, however, his advice to companies is, "Don't bring in an administrator. What is needed is someone who understands and can lead change. Global companies today need a "change master", someone creative who believes in people's abilities and is able to provide leadership."

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