

Executive Recruiting: What's in a Title?

For foreign firms setting up in Japan, few issues are more crucial or problematic than executive recruiting. Who should you hire? What should you pay? What title should you give?

Thomas J. Nevins, a Tokyo-based personnel consultant and recruiter, has been exploring such questions for nearly 20 years. Following are some of the answers he has found, condensed from his new book, *Taking Charge in Japan*.

How Old?

There are many issues to consider when recruiting executives for an operation in Japan — and it is often helpful to start by identifying some of the types you don't want to hire. Don't get someone either over- or under-skilled. Don't recruit a second-rate executive at a lower salary; you can expect second-rate performance. Be aware that a candidate from a large, structured organization may not perform well in an unstructured one.

But one of the most crucial issues is the age group you choose to hire from. Despite being aware that age and seniority are important in Japan, many foreign executives continue to expect that even top managers should be between the ages of 35 and 45.

One client complained that his headhunters have only been able to attract low-quality staff. But looking closely, we found the problem was that his initial hire — a man they expect to continue in the key role — is only 37 years old.

This executive was doing a great job, but Japanese his age usually lack the confidence to manage older men — and very few seasoned executives would want to work underneath such a young man. What's more, if he has a title to match his role, his youth makes the company look small and unimportant in Japanese society.

By eliminating everyone over 45, many foreign firms preclude the age group that has the most experience, the widest contacts, and a great deal of vitality. Even worse, if the top manager is only 45, very few people over 35 are going to be excited about joining the firm, simply because with retirement at 60, a 45-year-old has 15 years left at the top.

Focusing on the 35-45 age range as a hiring target poses still more problems. Not only is that the group everyone is after, they are often the least willing to move. Especially at the younger end of the range, people are not yet sure where they will end up in their firm — and the good ones are still actively engaged in very interesting jobs. We have also found that the

younger the man, the larger the salary differential has to be in order to attract him.

For all these reasons, I recommend that for senior manager positions, foreign companies refocus on the 45-55 age group. Experience shows me that 50 to 53 is even better, because you can then find good managers throughout the 40-year age range.

Another common mistake among foreign-capitalized firms is a failure to set up an organizational structure to accommodate senior Japanese managers. It amazes me, but even some very large foreign firms with several hundred employees have yet to realize the importance of creating a Japanese *torishimariyaku-kai* (board of local directors).

In contrast to most other countries, few Japanese firms have outside directors. Boards are also quite large, with anywhere from 15 to 40 members. This means that securing a position on the board is a reasonable goal for top performers. Even so, the title is scarce enough to bring great distinction, recognition and societal status.

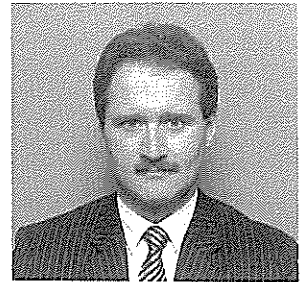
Make Me a Director

Thus, if a high-level candidate already holds a directorship, he will not join your firm unless you can offer him the same or, preferably, a higher board title.

Within these boards are six levels: *hiratori* (the lowest level), *jomu* (managing director), *senmu* (senior managing director), *fukushacho* (vice-president), *shacho* (president), and *kaicho* (chairman). This pyramid structure usually includes one chairman, one president, two or three *senmu*, four to six *jomu* and about double that number of *torishimariyaku bucho* (department managers with director status).

It is hard to overplay the importance of age and titling in building a successful organization in Japan. Because they are not part of our culture, non-Japanese may not particularly care about these titles. But for senior Japanese this is a critical issue.

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