



TOM PETERS

On Achieving Excellence

THE MONTHLY NEWSLETTER THAT DARES MANAGERS TO TAKE INSTANT ACTION

MAY 1989 VOL 4 NO 5
INSIDE

Profile	2
An Avalanche of Innovation at Life-Link International	
Taking Inventory	4
Honda; Harris Catalog Library; Swedish Hospital Medical Center; Pentech International	
The Not-So-Far East	6
American Insiders in Japan	
Leadership Forum	8
PEP versus the Art of Sloppiness	
Since You Asked	9
Questions From Our Readers	
Pockets of Excellence	10
Lands' End Inc.; Techsonic Industries; and LensCrafters	

Tom Peters *On Achieving Excellence*™ is published monthly by TPG Communications. Application for second class permit pending at Berkeley main post office and additional mailing locations. Postmaster send address changes to: Tom Peters *On Achieving Excellence*, P.O. Box 2189, Berkeley, CA 94702-0189.

Publishing Office:
2115 Fourth Street, Suite B
Berkeley, CA 94710
1-800-327-9893

Publisher
Tom Peters

Editor
Jayne A. Pearl

Assistant Editors
Azmina Madsen
Donna Hawley

Management Services
InterCom Group

Subscription Fees:
One year, 12 issues: \$197
Two years, 24 issues: \$342
Add \$15 for subscribers from Canada and Mexico.
Other foreign orders, add \$30.
© 1989 TPG Communications.
ISSN: 0887-5332

LEADING EDGE

Innovation — Make It A Multifunctional Affair

Innovation is the lifeblood of any organization, from the lab to the accounting department. Of course, it's about new products that redefine an industry — the Apple II, Federal Express' overnight mail. But it's also about constant refinement of an old product, or the process of remaking a product to the point that it is wholly redefined. The higher art of redefinition through constant refinement is one of Japan's great secrets and strengths (and one of our great weaknesses).

Innovation is not, it turns out, a one-shot "Eureka" experience that instantly translates into a full-blown commercial success. For at its core, innovation is a messy, tortuous, largely unpredictable process. It involves an idea nabbed from an oddball source or cobbled together from a hundred likely and unlikely sources. It emanates from a feel for the technology and a feel for the projected use of the technology. It is often the product of failure. It is always the product of timing: An idea that bombs today may well be, refined or not, tomorrow's brilliant winner.

Innovation is about people and passion and persistence, about organizational brainstorming and organizational politics. It is not an isolated affair, carried out by designated geniuses working in an aerie, descending at the magic moment.

The constantly innovating firm develops a rich capacity to innovate over time. That's precisely the nature of our profile, **Life-Link International** — an organization that exudes innovation from every pore and equally respects big or small ideas from everyone.

Our *Taking Inventory* examples reveal other aspects of the idea of messiness, chance combination and a high degree of inclusion in the innovation process.

I hope you leave this issue with a broader definition of innovation and a deeper feel for the complexity and inherently unpredictable nature of the innovative process. We should be in awe of the surprise of innovation and realize it can be sparked by practical managerial acts that cause it to flourish anywhere, everywhere and from everyone.

American Insiders in Japan

THE NOT-SO FAR EAST

One of the toughest challenges of opening a plant, branch or office in Japan is recruiting skilled Japanese workers. But it can be done, insists Thomas J. Nevins, founder and president of TMT Inc., a Tokyo-based personnel consulting and executive search firm.

Nevins, who speaks fluent Japanese, is author of Labor Pains and the Gaijin Boss — Hiring, Managing and Firing the Japanese.

There's really no such thing as lifetime employment in Japan. The Japanese model of lifetime employment, seniority wages and enterprise unions really only applies to the largest firms. And the large firms, with well over a thousand workers, only employ about 20 percent of the work force. Moreover, there never was lifetime employment at smaller Japanese companies.

But Japanese people are much more resistant to job-hopping than workers in the U.S. Turnover ranges from 5 percent at large companies to 10 percent at smaller ones. That compares with an average 80 percent turnover among U.S. industries.

Turnover is so low in Japan because large firms offer social prestige as well as great benefits. The low turnover, at large and small firms, is also tied to Japan's cultural work ethic and acceptance of social status.

Barriers to Job-Hopping in Japan

Large Japanese companies only hire recruits, promoting them (based on seniority) to management from within. And the recruiting window is only one day a year — after graduation. So for most people, the only chance to get into a big firm is when companies open their doors for hiring on April 1, the end of the school year. Generally, the younger the candidate, the less willing he is to move after joining an organization.

And there is quite a bit of pressure, from spouse and friends, not to take the risk of switching jobs, especially to an unknown,

foreign outfit. In Japan, when you meet someone, you bow and give him your business card. If he hasn't heard of your company, he is not impressed with you.

Preventing the Boss from Losing Face

Besides pressure from family and friends, Japanese workers defer to pressure from their boss. A man can submit his resignation to his boss, along with cogent reasons why the new opportunity is better for him, only for the boss to rip up the letter. The inherent message is that if an employee quits, it makes the boss look bad. Some managers are even judged on retention rate of good workers.

A boss can also play on an employee's fears and suspicions of new ventures and foreign firms. This is becoming less and less of a barrier, as more and more foreign companies establish a presence in Japan.

The Difficult, but Not Impossible Task

Today it is still difficult — but certainly not impossible — for foreign companies trying to open offices or factories in Japan to find native skilled workers and experienced managers. It helps if you are a well-known, world-class company. For instance, IBM, with \$9 billion in Japanese sales, is considered extremely impressive. It has been able to hire the best Japanese people.

I encourage anybody to come here. It's a market that can't be ignored. If you aren't competing in Japan, you may lose out on your home market and other Asian markets.

GETTING PACIFIC

Some keys for hiring competent Japanese workers include:

- Concentrate your search among smaller Japanese companies, where turnover is twice the rate of large Japanese firms.

- Offer higher-than-average wages than they are earning.

- Emphasize any affiliations with prestigious Japanese or home companies, from suppliers to customers to distributors (to shed confidence and social prestige to your venture).

- Don't overlook hiring temp workers from *jinzai hakken*, or temporary placement firms, to fill low-level positions.

- Consider retired Japanese candidates, who usually must retire at age 60, which recently increased from age 55. Remember, the Japanese culture revolves around work. Most Japanese want to work as long as they can walk and talk.

- Before visiting and scouting in Japan, contact a regional overseas office of Jetro, a business support division of Japan's Ministry of International Trade and Industry. It can provide tips for doing business in your industry in Japan and even contacts there.

- Once there, contact the American Chamber of Commerce and the American Embassy's commerce office, for assistance.