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Doing away with labor pains

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Labor problems, gaijin bosses, downsizing, severance pay packages — these are issues that most companies in Japan have to deal with in this day and age. They can either handle them well or make a mess of it. Better still, smart management will bring in a troubleshooter whose forte is solving such labor problems. That's where Thomas J Nevins comes in.

One of Japan's foremost human resource consultants, Nevins is president and founder of TMT Inc (www.tmt-aba.com). Established in 1978, TMT pioneered labor consulting for multinational firms in Japan. TMT is unique in Japan in that it is the only company to offer the foreign business community a labor consulting service together with executive and staff recruitment services in one single organization.



Born in Westchester, Nevins earned a B.S. at the School of Industrial and Labor Relations at Cornell University in Ithaca, New York, then worked as an intern with the White House and U.S. Department of Labor. He began his Japan career in 1972 as a labor relations researcher with Cornell and the Japan Institute of Labor. Before establishing TMT, Nevins worked as a contract consultant for a number of companies and Japanese labor unions.

While executive recruiting accounts for about half of TMT's revenue, Nevins devotes his energies to the labor consulting side of the business. Over the years, he has become widely known in the business community for his skills at successfully negotiating termination packages between management and labor.

He has written several books, among them "Labor Pains and the Gaijin Boss," "Taking Charge in Japan," "Why U.S. Style Downsizing/Outplacement Is the Wrong Strategy in Japan," and most recently, "Japan True or False" and "Know Your Own Bone."

To avoid potential problems and acrimony when companies downsize employees, Nevins has created an approach to labor consulting that anticipates potential needs and problems by creating strategically written rules of employment and other personnel regulations that are fair, but don't give the shop away.

He gives guidance on how to circumvent unreasonable union demands; patches up relations within smaller or larger firms where inter-personal or cross-cultural conflicts have impaired the flow of communications; and conducts briefing sessions and mini-seminars on recruiting, compensation and other Japanese labor management and personnel practices to orient and educate the newly arrived expatriate manager, as well as visitors from the head office.

When he takes on a client, Nevins gets management and labor together in TMT's offices for a daylong session. It's not unusual to see both parties starting out at 10 a.m., in an antagonistic mood, and finish the session by 6 p.m. drinking and having pizza together after an amicable arrangement has been worked out. This is what gives the greatest personal pleasure, he says.

Most of Nevins' clients are multinational companies with foreign bosses who have not been confident about the minefield of Japanese labor law. His books have been mainly marketed to the foreign community, but Nevins is confident Japanese companies would buy into his method if they understood it.

Always happy to chat and caring deeply about what he does, Nevins is an energetic figure. His spacious office in Hanzomon is filled with testaments to his many achievements. Japan Today editor Chris Betros visits Nevins to hear more about TMT's activities.

Why is there a demand for your services?

You look at the outdated rules of employment, salary and retirement regulations of many companies and you'll soon see why those companies are not able to pay for performance, have the wrong people clinging on for the wrong reasons, and lose some of their best human resources. If set up right or changed, these work rules can be your most strategic tool to business success.

It may appear easy enough to reduce staff if you are willing to spend enough money on the buy-out. However, if it is not strategically handled, you will lose some of your indispensable, best performers, yet will never squeeze out the worst performers even with a big extra premium payment. Big payouts to poor performers are the wrong reward for the wrong behavior.

What is your approach?

Basically, a client company that is downsizing decides who it wants to keep and who it would like to have leave. We can succeed in getting those who are being asked to leave to accept leaving. This can be a difficult problem if it is handled insensitively. If they could, some employers would be happy to just pink slip someone and have them disappear. That attitude bothers me a lot.

We avoid one-on-one meetings. Instead, we get everyone in a room basically for a day and we let them know what the situation is, what the severance package is. Essentially, I am handling the difficult part — getting them all to sign their letters of separation, so that they can not only leave with a fair package, but also with their dignity and self-respect.

How long is a session?

I like to have a whole day, starting at 10 a.m. and ending around 6 p.m., quite often with beer, pizza and sushi. That's very pleasing to see because if you can't face your staff and explain the situation, and do it without bad feelings, then how are you going to handle it from the next day.

Nevertheless, it must be very traumatic for employees to be told the company no longer wants them.

Yes, the loss of face is greater here in Japan than it might be overseas. I guess sometimes I have to be a bit of a therapist. During the session, we cover what to do when you are laid off. There is an initial shock, yes, but you have to take action, rather than pretend to go to work each day and hang out in the park or movie theater. The action itself will put you in a better mood. You will gather momentum. After that, outplacement counseling plays an important role so that laid-off staff can find another job.

It's not easy to fire someone, despite the inhumanity of some managers.

No. I certainly don't like to fire anyone. There's a way to do it so that you can allow them the luxury of pulling the rug out from under themselves. If workers know in advance that they'll be treated with a fair package, they'll make up their mind themselves and go because it saves their self-esteem. It's important to some people, more than getting a lot of money in a package, to believe that they were never fired.

What sort of companies are your clients?

Usually multinational companies. There is often an expat boss triggering the reduction, but not always. I've had large exercises triggered by Japanese executives at foreign capitalized companies.

What about Japanese companies?

Japanese companies don't know about us yet. My "Labor Pains" and "Taking Charge" books were in English and we only marketed them to the international community. My latest book, "Japan True or False," has a Japanese section in it, so that an expat boss can at least show it to his Japanese managers.

I think Japanese companies would buy into my method if they understood it. The only thing is they would have salaried execs on the board of directors who maybe would know people too well and might want to be able to offer the people close to them a lot of money. The only reason those packages are so large has nothing to do with labor law; it has to do with basically people feathering their own nests.

So often, companies get it wrong with severance packages, don't they?

Yes. If you offer a package that is too large, you are giving your best people incentives to leave and this will break you up. It's happened to a lot of American companies. If you ever read about large severance packages, that's because it is being done voluntarily across the board.

How do you market your services?

I'm not an aggressive businessman. I basically wait and hope that people read my books. Word of mouth helps.

How do you get on with unions and lawyers?

I never want my client to be in court on termination litigation, so I have a great relationship with unions, I think. I become the point person who negotiates with them and unless they become reasonable very quickly, they know they will suffer.

One area where there has always been a disagreement between myself and attorneys is that attorneys will say you can't reduce someone's pay unless they agree. I think it would be very cheeky to ask that. You can apologize like crazy to your staff and say that you might be wrong but that something has to be done. Then you tell them that until they find another job, you'll give them a number of months and a certain amount of severance will be there. In the meantime, they can receive this amount.

Are you comfortable doing labor consulting in Japanese?

Yes, I actually do it more in Japanese than English.

What advice would you give to any reader who might have been told he or she is going to be laid off?

If you are given notice, I would advise you to be reasonable and to be fair, to understand what's really going on. I would want them to do some self-reflection on what might have led to them being given notice and to be tough on themselves in this respect. If their analysis is that they shouldn't just be thrown out on the street, then I would advise them to not be greedy but say 'I need for you to do something for me and I don't want to cause problems. Just help me out here. I want you to be fair, too, and if you were in my shoes, how would you feel?' Having to leave a job shouldn't be an opportunity to be greedy or enrich yourself. As far as time goes, it shouldn't require more than a couple of months to move on with your life.

Tell us a little about the executive recruiting side of TMT.

It accounts for some 50% of our revenue. I leave it to the 15-20 staff. We meet every morning at 9. Other than that morning meeting, I prefer to delegate to the staff.

What's a typical day for you?

I get up at 6:15 a.m. and start the day by working out every morning at home. I show up here around 8:30. Fortunately, I live only a short walk away. During the days, clients come here a lot for sessions. Normally, I might finish around 8 p.m.

Do you work on weekends?

I try not to. I used to study a lot on weekends. Now I like going for drives and watching SkyPerfect TV, especially the History and Discovery channels.

What gives you the most pleasure in your job?

Doing something that's difficult, that people believe you wouldn't be able to do. You get everyone together and help them get on with their lives. Then they send you a postcard a year later thanking you and telling you that they are a much better employee.

For further information on TMT, email info@tmt-aba.com.