

Companies and people are a lot alike, youthful and flexible in the beginning, but putting on weight as time progresses. So what if slimming down is what the accountant ordered? Who ya gonna call? As **tj** repeatedly posed these questions over

several months leading up to this issue's business special, all roads led to one man. Thomas J. Nevins is the name. Helping foreign-capitalized corporations in labor disputes and downsizing are his business. A long list of testimonials from grateful company presidents reads like a who's who in business in Japan. Meet the man whose advice has for over 20 years helped companies save and earn millions of dollars.

tj First, would you explain the services your company provides?

Nevins From the start, we have provided Rules of Employment, which are legally required in Japan for companies with more than ten employees; compensation and salary systems; union negotiations; and problem employee solutions, which could

be individual terminations or general staff reduction which is now referred to as downsizing, and more recently in the U.S., right-sizing. We provide these services on a consulting basis, developing communication skills and tools to actually deal directly, face to face, with the employees usually in a one-day seminar. This allows us to implement changes smoothly without damaging morale effects on the organization while giving a good boost to the employees in

The rich extra packages – they really are significant – that we provide for those least-needed people are never available to the strong performers who are working hard for the company. If large incentives are generally offered to those who leave, it is the super stars who can go most easily; they can get another job. How can a company maintain job security for all its employees if it gives incentives to top performers for leaving? The big packages are offered only to the few who have been selected.

Even those employees are not terminated if they do not accept the package. However, based on new rules of employment and new salary systems, they may go into different jobs with pay adjustments. To explain all that and to get people within an organization to accept it and to feel good about it, that is a special skill, and it takes personal contact to accomplish.

tj How do you let people know about your services?

Nevins We don't do much with sales. It is difficult to sell consulting services. I count on people reading my books and hearing about me from other people. I wouldn't want to push sales, to go out and say, "Don't you have people you would like to terminate?" We do run ads, but that is as far as I like to go. People come on the basis of reputation and word of mouth. Then, when they come, we discourage them from downsizing if it is at all possible. Our first message is, are you sure this has to be done? Maybe they can get by with a new salary system, new rules of employment, some training. I believe that in all countries more should be done with what I call rehabilitation rather than hire-and-fire. TMT's philosophy is to find solutions through training, through getting a person to take responsibility for what he did or didn't do and getting him to change. Otherwise, he will pack up all his prob-

tj How do you start?

Nevins Basically, we first work out with very few people from the company what the strategy will be. Often I work only with the Japanese management, in Japanese. Then we get a large representative group of top managers and leaders in the company to define those who are the most needed and the least needed. The way this is done is important for credibility. For example, even when dealing with an unreasonable union, after a four or five hour session, someone will say, "Well, there are a lot of managers around here who should go." I tell them that's fine, to make a list, explaining that in any company there will be around 10% who don't fit, who are not pulling their weight. When they have done their list, I explain that now we need the same proportion from their membership. Often we can work it out right there.

At the start, union representatives will say, "If you are going to do a staff reduction, it has to be across the board, the same for everybody." I'll answer, "Let's think about that." Then I will ask the most disruptive labor leader if he would leave if he got as much as a year's pay. He will answer that he would not, that he could not get another job with his reputation as a left-wing trade unionist. He would stay no matter what he was offered. Then I point out that if the top performers – and 20% of the salesmen make 80% of the sales – leave, how will his job security be maintained? It doesn't make strategic sense to allow them to leave. They can easily get other jobs. What will happen to him and the union membership, many of whom are high school and junior high school graduates? The company will close. Once we get the union to see this, they will agree. They will follow our methods. Often the union people see the new rules of employment and salary systems before the man-

tj What are the differences between U.S. methods and Japanese methods?

Nevins The U.S. system of downsizing would not work in Japan. It is done less personally, and they are dominated by legal positions rather than speaking from the heart. I would like very much to try our methods in the U.S. I believe they would work. People would rather hear the truth. I should add that the consultant must also be strong enough to be tough on the client, the employer, if that is necessary.

tj Your clients are all Western companies, but I think Japanese companies could benefit greatly from your methods. Do you have plans to expand your work?

Nevins No, I don't. Perhaps life is too short to take on so much. But I would like to say that these methods are very much welcomed by Japanese managers. When I give my seminar sessions, the top managers tell me that what I am doing is "more Japanese" than what the Japanese companies are doing. While my present clients may think what I am doing is Western style, that is not true. I believe it is much closer to Japanese style.

With our program, we only target designated poor performers or people who don't fit in; we keep key personnel by not making the big packages available across the board. If necessary, we implement pay cuts. We do more than staff reduction, which is never the complete answer. Our clients report that company morale is boosted when we have completed a project. And I would repeat – communications is the key.

Trimming Flab — the Painless Way

terms of the training we provide, both for those who are leaving and those who are staying.

We also have an executive search division which places Japanese executives primarily in foreign-capitalized firms or joint ventures. I would like to say, however, that it is not enough to have good rules of employment or good salary systems. We also need to energize people, to motivate them. When a person can define himself through awareness somewhat differently so that he spends his time in different ways and learns new things, he grows. He becomes excited and happy about his life, and that reflects on everyone around him.

tj You are well-known as a specialist in downsizing. How can your methods make an employee who is let go feel good about that decision?

Nevins We were doing significant work in downsizing long before anyone else was. We are not an international company, SO I always felt that we had to do something different and we had to do it better. The main distinguishing feature that we bring is, I believe, working with people who may not be a fit in the client company or who may be less necessary to that company. They may even have been problem employees, perhaps trouble makers or union leaders.

It is essential that what we do is right, for those involved and in the eyes of the other employees. We make a commitment to smoothly, without litigation, move out the people who are the least needed by the firm. At the same time, this does all employees a lot of good in allowing the company to not only survive, but to thrive. If the company is not successful, all the employees will be without work.

lems and all his inadequacies and take them along to the next company where he will face the same problems.

My preference is to deal with presidents of companies who see that it is important to give people a chance, that termination may not be the best answer. We never force terminations. We do, however, ask for fairness. Say Tanaka-san is making ¥12 million and Fuji-san is making ¥8 million, and everyone in the organization believes that Tanaka-san is no better than Fuji-san. We ask Tanaka-san why he should be making so much more. We say we would like to have an adjustment. Now to get the person to accept that, with all the lawyers saying it can't be done, that has been my crusade.

Because of the understanding I get by speaking the truth and explaining the fundamental messages about what will keep a company strong and what is good for the individual – well, because of all this, and the emphasis on training and the skills in communication that I have developed, I am able to accomplish smoothly what must be done. This comes from imagination, creativity and thousands of hours of study, and I am proud of this accomplishment.

tj We often hear that something can't be done in Japan, or, that is not the way we do things in Japan. You are saying that you can do the things that others say can't be done.

Nevins Absolutely. We are doing it. It can be done, but it can't be done automatically, and not everyone can do it. I do know, however, that if you use our facilities and our methods, we can make it happen. I can guarantee success.

agers, because I know that's where my opposition is. We establish incredible rapport, we become friends.

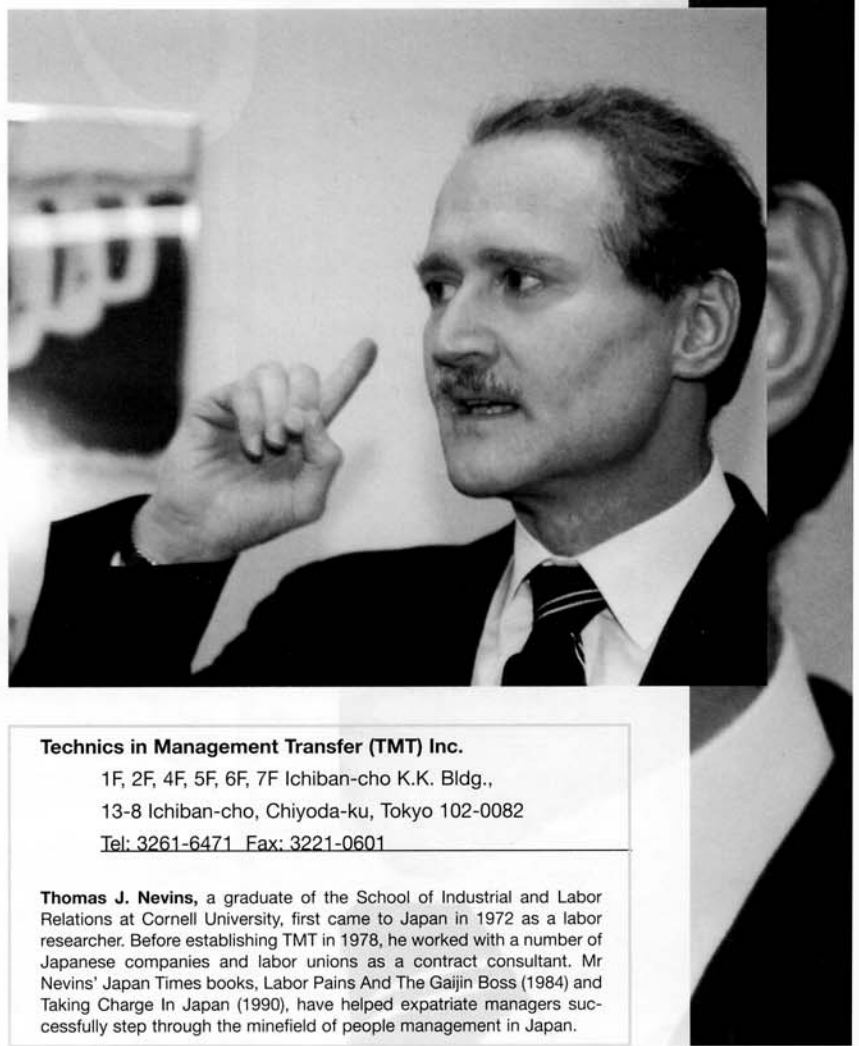
Basically, people generally don't know how to talk to people and they believe in stereotypes. Often they are too concerned about what legal council tells them. They don't say what they mean, or mean what they say. But with honesty, with good communications, we work it out. At the end of the day, people have hope, they believe in the strategy, and they believe the company will survive. They also know, at the end of the day, that we won't forcibly terminate anyone, but if they aren't deserving, they will have to take a pay cut.

tj But if they do leave, is the package so sweet that they are happy to go?

Nevins Well, we can't make it so sweet that it will bother employees who did not have the option to leave. They might begin to think that it pays to be a poor performer. Packages that are too rich are not fair to other employees. How can you so generously reward a poor-performing employee? That's why I get the entire organization to back up the whole strategy, and to believe that it makes sense. Again I will repeat, the key is communications. When you think legal, think bureaucracy, think paperwork, the heart is gone.

tj But that's not the end, is it? Do you help them find other work?

Nevins Yes. I have often been told that we have the most effective career center in the city. All the facilities are here to help them find new jobs along with training and counseling.



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Thomas J. Nevins, a graduate of the School of Industrial and Labor Relations at Cornell University, first came to Japan in 1972 as a labor researcher. Before establishing TMT in 1978, he worked with a number of Japanese companies and labor unions as a contract consultant. Mr Nevins' Japan Times books, *Labor Pains* and *The Gaijin Boss* (1984) and *Taking Charge In Japan* (1990), have helped expatriate managers successfully step through the minefield of people management in Japan.