

## **Progressing Engineering Outsourcing-Best matching system to coordinate the engineer's labor market**

### **Kosuke Nishimoto, President, Meitec Corporation**

March, 1981 Graduated from School of Foreign Studies, Aichi Prefectural University

September 1984 Nagoya Technical Center Co., Ltd.(Corporate name changed to Meitec Corporation in 1985)

June 1995 Board member, General Manager, Personnel Department

July, 1996 Managing Director, General Manager, Personnel and Accounting Department

March, 1997 Managing Director, in charge of the headquarter

November, 1999 President

Japanese economy has finally started to improve. Manufacturers and engineers still take the initiatives in regenerating the economy before and now. However, the present environment and conditions of the Japanese manufacture are different from that of high economic growth because there's an existence of China which has rapidly improved its skills with competitiveness of low labor cost. Japanese manufacturer has to develop new technology which others countries can't imitate and to create new market in the area of high engineering. Therefore, it's inevitable for them to invest resources in the core business, based on a concept of "Choice and Concentration". In this period, manufacturer suffers from making use of engineers in charge of non-core tasks.

On the other hand, in addition to this, the mobilization of Japanese labor market has gradually started. The challenge of the whole manufacture will be said to arrange the best matching between engineers and tasks not in a company but in the whole labor market. Meitec plays an important role of this business. It established engineering outsourcing business and started a new business model of outplacement and outsourcing. It promotes the business model to transfer mismatched engineers of a manufacturing company to other firms through the company.

Kosuke Nishimoto who became president at the age of 46 in 1999, the 11th year of the Heisei era made an innovation of the Japanese engineering labor market. We had an interview with him about his previous experiences and future business strategy.

### **Meitec's business model-The Engineering Outsourcing (registered trademark)**

**Editor:** As Meitec is the only listed company in the industry and promotes "Engineering outsourcing" business, could you tell me your business model at first?

**Mr. Nishimoto:** Our main business is temporary staff service for engineers and has started to express the

business concepts with a word of “Outsourcing” since 1995. Maybe we were the first company to use this word in the personnel business. It’s because our customers of manufacture has changed corporate strategy for human resources and the structure since the beginning of 1990s. In accordance with the structural changes, business has been changing. We expressed it with the word of “Outsourcing”.

**Editor:** What changes did you have at the beginning of the 1990s?

**Mr. Nishimoto:** For example, in the 1980s temporary staff service for engineers grew rapidly however the whole of the industry had a shortage of human resources. There were few engineers in charge of product design and development everywhere. People on site had to improve their skills to work faster to observe due date for developing products and had difficulty in doing that. We have grown to play a role of solving a shortage of human resources of manufacture. This was what the status of temporary staff service for engineers was then.

The reason that we changed our business concept to outsourcing business was because Japanese companies were losing their advantages from the stock-style management which they keep their management resources by themselves. After the bubble collapse of the Japanese economy, they had to think to take all risks to keep all corporate resources such as factory, production line, land and human resources. In addition to that, they had to compete with other firms in the condition where all cycles in the market changed at an accelerated pace. As a result, they changed to think about how to strategically make integrative and assimilative use of the internal and external resources and strength as a corporate strategy as well as a big business scheme instead of simply using outside resources under management of individual department. We call this outsourcing.

**Editor:** You challenged business model to integrate outsourcing with outplacement to make effective use of the inside and outside resources. I think this is a new scheme.

**Mr. Nishimoto:** Apart from the changes in those companies, there are changes in the labor market as well. Companies and labors or employer and employees, both are two sides of the same coin. If the corporate strategy changes, the position, mind and consciousness of labors also change. In extreme, lifetime employment is said to be collapsed. But it doesn’t simply mean the system had collapsed, but the conditions for the system to exist had changed. If we have forty years of labor life from the entrance to the retirement, it assumes that a company that we entered will stay in business even after forty years. However, it’ll be too risky to think that the company will be sure to survive for forty years after now. If we consider the company by the unit of business, it’ll change in much faster cycle. As nobody can assure the existence of the lifetime employment system now, awareness of the worker had started to change as well. Now that it’s in transition period, there are gaps between how the each generations think. People who stand at the start point to make a career design or life plan such as students and people in their 20s, will consider various things about this structural change as a reality. However, the middle aged generation is vaguely aware of this structural

change but don't want to face the fact as its own problem. There is such mind gap between them. It's true each labor steadily changes his mind and awareness. He starts to seriously think about how he improves his career in the large labor market beyond the frame of company not make his career design in a specific company. Such changes occur on the labor side at the same time.

Our challenge is how we connect these structural changes among company and labors to business. I think the answer is outsourcing and outplacement. In short, it's how we positively arrange or coordinate the mobilization of human resources itself and individual workers. This is the business purpose of Meitec, our social mission in a broad sense.

### **Meitec growth history and Mr. Nishimoto's career**

**Editor:** I hear Meitec will have the 30th anniversary of founding this year. You had several turning points of the company until now. The corporate history overlaps much of your own career experience. Could you talk about some episodes of difficulty at the turning points?

### **Put much importance on engineers**

**Mr. Nishimoto:** The biggest turning point for our company as well as my career was the time that I became President five years ago. At that time of assuming the office, I picked up a word of "Market value" as the most important keyword. In order not only to meet customers' needs but also to deal with customers as a partner who makes integrative and assimilative use of the inside and outside human resources, we needed to recognize that our engineers are professionals. In order to do so, I thought that we have to change our corporate culture.

Since we are in the personnel business of temporary staffs service for engineer, we always recognized to put much importance on engineers like policy or philosophy of a company. For example, when engineers have some complains, we try to support or solve it. But simple support and help would only spoil them, and would not mean putting much importance on them. Instead, we have to share market information clearly with engineers and tackle how we improve their market value. Also, each engineer has to recognize himself as a professional and largely change his vector toward how to improve his value as engineer. Because of this, I mentioned about the word "Market value" at the beginning.

### **Engineer soul at the startup of the company**

**Editor:** When you looked back on the history of your company, you were severely tested engineers' market value by customers when the company started the business as Nagoya Technical Center Co., Ltd.. The staff

members at that time who worked in the engineering division of manufacturer had spread engineering ability or soul of your company.

**Mr. Nishimoto:** As you said, they rather had higher sense of professionalism for the first ten years after the foundation of the company. I'm pleased to say that we won the highest evaluation in the industry and listed in the first section of the Tokyo Stock Exchange. We're doing business in the good environment where most people of the engineering division of manufacture know us.

However, nobody knew the name of Nagoya Technical Center for the first ten years. And people thought "Can you really do the job for us?" "Do you really have good engineers?" Now that we've received good evaluation and recognition that customers can entrust Meitec's engineers with their task without any anxiety when our engineers goes to work for our customers.

However, we had no such corporate power and brand name at the beginning. So, we could not get a contract or even continue the contract unless each engineer responded to customer's needs and acquired their reliability. Therefore, I would say that, at the beginning of the company, each engineer had stronger sense of professionalism. What we're doing now is like atavism to return to the basics.

### **Changed his career to Nagoya Technical Center and the times of new employee**

**Editor:** You have joined this company when it was ten years since it was founded. I want to ask you how you were when you joined the company.

**Mr. Nishimoto:** This is a personal thing. I joined a major cosmetic company after graduated from university. After working there for three years I joined this company which was called Nagoya Technical Center then. Actually, when I worked in the cosmetic manufacturer, I had strong feeling to start up my own business. I was assigned to the sales office in Nagoya. I became the top in sales there when I was a new employee. I continued to out put the same performances. But even I was achieving much better results than that of an assistant manager or manager, I couldn't get higher salary because I was employee without any managerial position. I earnestly thought how irrational Japanese major companies were.

I thought that even if I climb the stairs for a long time in a leading company, I can't do what I want to do. If so, I have to choose whether I start my business that I want to do or find such company. However, I was still 25 years old at that time so I thought it was too early to start a company by myself. Therefore I thought to have various experiences in a venture and chose the company, Nagoya Technical Center.

**Editor:** What jobs did you mainly have for several years when you entered the company?

**Mr. Nishimoto:** As you know, when companies including venture are in rapid growth, they would require

various human resources time to time. And Nagoya Technical Center was undergoing strengthening their headquarter organizations and was looking for personnel for the office of the president. I thought that it would be ideal to study real management and decided to apply for it.

**Editor:** What was the most memorable experience when you were a new employee in the office?

**Mr. Nishimoto:** It would be listing the company on the stock market in 1987. By this, knowledge of the company name was significantly increased. Meitec had various good timing at the each turning point of company's growth. For example, the company was founded in the oil crisis of 1974. Japanese industry was sifting from the high growth period to the stable growth. At that time, many companies had gone through restructuring, although it wasn't as much as today. In such manufacturers, many engineers couldn't do the work they want and were transferred to the sales division. Under such environment, there was many people who would rather quit a leading company and enter our company to work as a professional engineer. Eventually, this background condition had brought us opportunities to easily hire human resources. I believe that this is the first milestone in the early days of the company.

### **Career consensus of engineers**

**Editor:** Are there any common feature among those engineers who would rather want to improve their market value as a professional engineer than to be promoted in the company?

**Mr. Nishimoto:** Engineers may have such stronger sense of being a professional than people in humanities or those who have administrative jobs. This is because they just want to work as an engineer on the worksite. In another word, many of them don't want to get into the management. The situation has changed a little recently however the conventional Japanese large companies have class-system and wages based on ability or seniority system. For example, becoming assistant manager at the age of 30, section manager at the age of 35 and general manager over 40, even if he wants to continue to work as an engineer on worksite, he doesn't get higher wages without managerial position. So the person would face dilemma of work he wants continue against promotion with higher pay. I believe that there are always some people who wish to continue work as engineer in any era.

### **Challenge as General Manager of Personnel Dept. Structural Reform of Wage System**

**Editor:** Please tell me some episodes during the time when you became the General Manager of Personnel Dept.

**Mr. Nishimoto:** Relating to the before-mentioned market value, while I was the general manager of the personnel department, major task we had to work on was changing the wage system of the company. Meitec has been growing as a mirror model of our customer of manufacture. It had the employee treatment system and organization similar to that of a large company. But by simulating large company, it caused various negative effects to the company. Seniority basis wage system and bloated back office are some examples. The company had adopted number of inefficient and hard conventional management methods.. We had to break all of them to create new system. Changing from a class organization to a flat style organization and reflecting individual achievement as much as possible to the wage system was the major theme. However, it's very difficult to break the existing rule. Since it was a big structural theme, three previous General Manager for the personnel department could not change and gave up this task before I took up the post.

**Editor:** How did you make an extensive reform of personnel system?

**Mr. Nishimoto:** First, I made a reform of the wage system for the managerial position. I became section manager at the age of 31 and became General Manager of a department at the age of 34. Even in our company, such rapid promotion at younger age was very irregular case. All other managers and general managers were over 40. And their wages were much higher than mine. Even when I became General Manager, older manager's pay was still higher than mine. There was such unbalance in the company.

On the other hand, if I was to rationalize or downsize the sales and the head office, I would have to cut back on staff members or ask for voluntary resignation. If I was to do such things, I thought that I would only cause reduction of corporate energy. Therefore, I have thought to change the conventional age depending wage system to the merit wage system based on the post. We called it "Annual salary system based on the post". It means to remove age factor at least from the managerial position and decided their annual salary in accordance with the position and output.

In case of seniority system, if there is a veteran who is a manager with high salary, in normal sense we would force him to leave the company because of his high wages. However, we don't have to let him go by giving him lower salary in accordance with his output to make him continue to work. And if he agrees to this, he can keep the job. If he feels unsatisfied with it, he'll leave the company on his own. If we change the wage system to merit system, people who are willing to work hard or young people would try to earn more pay. On the other hand, people who are not satisfied would leave the company. So it was very effective.

Next, I introduced the similar system to associates employees (general employees and engineers). We negotiated with labor union by showing them the actual system for the managerial position. When our engineers are assigned to a work at customer, they will have a price rate per hour. The higher the rate is the more profitable and more contributory it'll become for the company. Therefore, we decided to reward them for performance-based compensation from the profit they bring. So introduction of the new merit pay plan that we could give higher income to people who have higher market value and can make more profits to us not relating to their age was what I achieved during the first two years as the general manager of the personnel department..

**Editor:** Recently, many companies changed class-system to such performance-based pay. Meitec was a forerunner of that. On one side, what you said was right but it didn't work well in many companies. Especially, they couldn't measure how their employees played their roles rationally or mentality of deep-rooted seniority system caused to have difficulty in demoting them and reducing their payment. Therefore, their position conversely is fixed. I often hear such opinions. What do you think of it?

**Mr. Nishimoto:** In fact, this is also one of the biggest turning points in the company. It was the first time we had deficit in 1993, the 19th anniversary of the foundation. At that time, unless we tackled to make organizational reform, we had a sense of crisis to become bankrupt. We could do this structural reform because we had this crisis on the background. From outsider's viewpoint, the reason that many major companies and traditional companies have difficulty in making such reform is because they have fewer sense of crisis. They assumed that their company won't become bankrupt. And if so, they think that they should protect the vested right. I think that, unless they are cornered to a point where, without giving up the right to and reset it, they will lose their place to work or employment, they can't make a drastic reform with good results.

### **Turning point of the times and synchronization of corporate reform**

**Editor:** You said Meitec had good background of the times at the turning point of the growth. I think it wasn't just good timing but a foresight. You prepared for something to make a steady corporate reform at the same time when the time changed.

**Mr. Nishimoto:** It might be that we haven't lost a sense of speed which we had at the time of foundation. When the company grows rapidly it has to change the organization, human resources and the system more and more. We've always scrapped and built many things boldly since we founded. We repeated to make and break the organization in the company or exchange human resources or change the system faster than major companies. In that meaning, we might have environment to synchronize changes of the times with our strategy changes.

**Editor:** I think that it's not ad-hoc or result of chance but your strategic thought worked well to do it.

**Mr. Nishimoto:** I've always worked in the core of management since I joined this company. I'm very proud of making structural reform in the center of the company. However, I also had experienced many failures before. Therefore, from my experiences of try and error, I believe that strategies need to be cultivated.

### **Growing to be top executive -Discontinuous and challenging career pass**

**Editor:** It's true that an expert such as engineer should improve his professional skills with market value within their job category, but it is not applicable in raising one to become corporate manager. He has to experience various and discontinuous jobs. However, if he can't integrate such experiences into his current job, he'll just become a handyman. He has to connect such discontinuous experience into his work and make the most of it. Then he continuously picks up lessons from the experience in order to consolidate it to his present job. Such experience enabled him to become corporate manager.

**Mr. Nishimoto:** In my case, I was suddenly told to become general manager of the personnel dept. However I had no experience of personnel dept. And later, I was suddenly told "You can do personnel work, so you'll be able to do accounting", it's not logical at all, and to be general manager of the accounting dept. I had such experience many times. When I was told to become general manager of the accounting dept., I couldn't read a balance sheet. The important thing is whether I have knowledge or information in my general or fundamental ability of each field regardless of personnel or accounting departments. The most important thing is management and intelligence. Of course we may have difficulties from the gaps of information and knowledge when we challenge inexperienced work because our junior staffs would know the job better than us. But it is merely the gaps of knowledge and information. Of course existence of the gap is fact. So I have to study it as soon as possible in a short time in order to bridge the gap. After that, how we improve the management and intelligence would rather be absolutely general ability.

**Editor:** Summarizing your story, discontinuous movement requires different working ability from the previous experience. For example, when a skilful sushi chef becomes a shop owner, he can't do the management or if a professional baseball player becomes a head coach, he can't necessarily be successful. What you said is similar to my example. In your case, you could overcome such discontinuous experience very well.

**Mr. Nishimoto:** Same as the corporate history, I had a good luck in my career. In the stable market environment and growing company, the personnel job is stable routine work. It would rather be defensive work to keep the routine job unchangeable. In such situation, knowledge or information would rather be necessary than intelligence. We had to follow the previous example to keep as stable condition as we can. In such case, if I have to work there, person like me wouldn't be much contribution to the company. However, in my case, I had to make the structural reform of the whole system. And in the accounting dept., I had to make financial restructuring reform. When we make such reforms, we would rather have more cases to refuse the past successful experience or previous examples and vested right and a person who tries to make a reform with the outsider's viewpoint can easily achieve better result.

**Editor:** How should we understand necessary intelligence as the top?

**Mr. Nishimoto:** It's to find out what the essence is. For example, in the management meeting or board members meeting, everybody may end up discussing only the methodology before they know. Some may question how to do. Some may say let's not to do because a particular method would not work. And another would disagree to it. The discussion should be focused to the whether to do or not to do, not he methodology. And if we are to do, quitting because we can't find a solution to it is out of question.

I often use words of "How and "What" In time like today, we should first think about "What" instead of "How". We have to think about what to do first and then we can think about how to do it later. This also applies to the words "Choice and Concentration" as well. It is what we choose to do, in another word, choice of what not to do. Therefore, seeing through what need to be done is important.. I think the ability to see the essence is intelligence.

**Editor:** You mean in the stable period, professional experience will be advantageous but in the changing period, the ability to find the essence, intelligence is more important.

### **Independencies of Meitec**

**Editor:** As your next challenge, you are now working on a new business which is an integration of outplacement and outsourcing. It is very attractive business scheme. Meanwhile because it's very good scheme, we highly expect that other competitors will enter this business. We often see a company's business being imitated and original starter gradually losing its competitiveness. In your case, unless Meitec has unique ability which can not be imitated easily by others, you may not enjoy the forerunner's profit for long time. What do you think about it?

**Mr. Nishimoto:** We now have 6,000 engineers and receive about 300 new orders per month. When an engineer finishes his contract, assigns him to the next job would be the task of sales people. We have 39 sales branches in Japan, and, before, our sales people were trying to match the engineer to a new job according to limited market information within each branch. However, this method would not be sufficient for our engineer to improve their career. Therefore, we build a database which integrated information of 6,000 people such as what experience they had or what training they had before, each individual technical skill data and career data. Furthermore, before, our customer gave us general specification such as a person with five-year design experience in the automotive field. Now when we receive an order, we ask them to describe their extensive request by each field in a form of specification sheet (called "spec sheet"). In short, we build a database of customer's order in term of specifications of engineer. So now we can quantitatively understand which engineer is most suitable for our customers' order against 1,000 of the backorders. In our company, we call it the Best Matching System and started to use it from two years ago.

**Editor:** So, you have built the database for customer needs first. And then you ask your customer to describe their needs in terms of necessary specification to gather information. Meanwhile you register specification of each of your engineers who are employees of Meitec to find the best appropriate person for your customer.

### **Support system for improving engineer's career**

**Mr. Nishimoto:** Yes. You're right. Also we provide system to our employees so that they can see such market information at any time. Some people may find several tens of matches from the 1,000 backorders, but some may not find any match.. If he has no match, it means that he has no assignment to go to. Extremely saying, such person with no match has no market value at this time. One should think what does zero mean? And he needs to consider why career experiences can not be put to good use.? The system would feed back reason for un-match as what kind of technical skills he lacks. The company would provide educational training support along with counseling to define what kind of technical skill he will need to obtain in order to increase his market value so that he can challenge the work he wishes or to get matching orders. We have been building the system of education curriculum according to the market information for last five years. We always provide 30 or more trainings courses such as on technical element and on fast cycled CAD operation skill which our engineers can attend throughout the nation on Saturday and Sunday.

Furthermore, since our engineers are working as temporary staff at locations through out Japan, we have built an intranet system so that they could check their own career records or apply for trainings course through each computer. You asked me about how we differentiate with other companies. We probably are the only company who had taken in the market information to a systematic database of this extent and share it with its own engineers. And I believe our advantage is that we are not only sharing the information, but we provide complete support in form of education and training.

We are continuously in contract with 700 customers located through out Japan. And as the total of customers to today being 4000 companies, so our advantage is the company can provide chance for most appropriate career advancement through the Meitec's sales network. We can say that it can be considered as one advantage out of the large scale operations.

If our business is to provide temporary service to specific customer, scope of the work would be limited and it is hard for the engineer to achieve career advancement. Or if his work with the specific customer was to be terminated, he will end up losing a job. But Meitec can provide and support the chance for competitive career development within all the manufacturers and all the industries. I believe this is our biggest advantage.

### **Change of the core of Japanese manufacturers**

**Editor:** When you actually consider matching an engineer of A company to B company, would there be any problem due to a conflict relationship between A and B? For example, possibilities of know-how to be stolen by another. I feel the reason that outsourcing business for engineer hasn't grow rapidly is because companies are afraid of such thing.

**Mr. Nishimoto:** It may be one of the reasons. And this problem always exists. Therefore, it's natural to say that it is easier to outsource non-core division. However, the boundary between core and non-core divisions is changing among Japanese manufacturers. Or, actually, the barrier between them have becomes lower. For example, most of automotive manufacturers and their suppliers, which accounts for over 20% of our sales, are our customer. Only up to about ten years ago, Japanese automotive industry was a society of affiliation. For example, even the size of a bolt was a secret in their group companies. They procure it only in the group because of the difference of a millimeter dimension. They do business in a closed group society regardless of reducing the cost to 30-50% or further if the order was made to outside of the group. But during this "lost ten years", the group society of the automotive companies had collapsed. Now these affiliates are told "Don't think to keep your business only in our company. Get orders from other customers as well." They mean that, by obtaining orders from others, achieve cost reduction by larger production volume. As I said before, even the size of bolt was secret ten years ago. Therefore the core area is overwhelmingly larger than non-core. However, it's true that the core area designated before gradually becomes non-core area now. Because of such structural reform due to the collapse of the group society in the automotive industry, we now really can feel that our business had increased. On the other hand, manufacturers are now thinking about how well they distinct the core and non-core areas. In other words, it's important how well they manage outside and inside resources to keep the balance.

**Editor:** The competitiveness of the Japanese manufacturer is the strength of the worksite. They arrange tacit knowledge created within the worksite to be shared through the long-term relationships within the group. Although it is very difficult to see it from outside, there are some opinions that innovation is achieved from there and is their advantage.

**Mr. Nishimoto:** What I wanted to say was that both of such advantage as you said now and disadvantage were mixed before. Therefore the relationship between core and non-core areas was ambiguous. It might be their advantage but when we look at them in detail, both advantages to share and arrange as implicit knowledge and disadvantage to increase the cost and the wastes were mixed. So now, they are starting to distinct them.

### **Making Drake Beam Morin Japan Inc. a wholly owned subsidiary**

**Editor:** Meitec announced to make Drake Beam Morin Japan Inc. (DBM) as its wholly owned subsidiary. What was purpose of this?

**Mr. Nishimoto:** We would like this to be a source of power to accelerate our new business of dispatching the engineers who were temporary transferred from our customer through our sales network. Since our business is to assign temporary engineers, most of the points of contact at our customer are their engineering divisions. However, transfer of mismatching engineer is a theme of restructuring, and is a matter of the personnel division. For example, we may have a common customer with DBM Which we do business with its engineering Dept. and DBM does it with the personnel division. We can utilize DBM's sales network as a channel to obtain information on such personnel mismatch at the customer.

**Editor:** So you are saying that the personnel Dept. is a contact for outplacement, and engineering Dept. for outsourcing, and in order to promote your company's strategy, the cooperation with the personnel Dept. as well as engineering Dept. becomes very important, and synergy with DBM can be effective.

**Mr. Nishimoto:** Yes you're right.

**Editor:** Outplacement business of DBM is not limited for engineers. It is applicable for all careers and has a variety. If so, Meitec won't specialize in engineers from now?

**Mr. Nishimoto:** I think it is important to focus on its main business and pursue its point of strength in order to grow for the middle to long term. Therefore our customer is manufacture and we won't change our policy to specialize in the engineering market.

However we're building the gateway function with a Chinese partner to dispatch Chinese labors with low cost to Japanese manufacturers. We receive such requests from our customers who have entered the Chinese market to introduce more human resources. However, we have no resource and capacity for this now.

It's because, in start up or expansion of local Chinese factory, their require various human resources such as people who can manage a factory or do the management as well as engineering. We also receive number of request for the expert instructor to take the leadership in educating young staffs on site. These requests do not match either our resources or network. Therefore, in such case as well, we think that we may make the most use of resources of DBM as the source of supply. In fact, many people who retired from Japanese manufactures and in his age of 60's have found the second place to work actively in China. In order to make the gateway function for such people, we'll have synergy with DBM.

**The second personal dept. or the second engineering dept. for the entire industry**

**Editor:** This is the last question. Please tell me your future dream of Meitec.

**Mr. Nishimoto:** Realizing what I have told you is exactly my dream. Our company has been positioned as a partner by our customer in the course of their structural changes for outsourcing, and it leads us to gain recognition. However I would like our customers to say that Meitec is the second personnel dept. or the second engineering dept. in the entire industry. If they regard Meitec and Meitec Group as such position, then all the things I talked today will realistically function and realize. In a short word, my dream is that Meitec and our group will grow to play social role of becoming like the second personnel Dept. or engineering Dept in the entire industry.

**[From editor]**

Prior to this interview, we attended a seminar hosted by Meitec, “Outplacement & Outsourcing”, held at a hotel in Tokyo last November. Meitec started a new business model last year, which is to receive mismatched human resources from the Japanese manufacturing company and temporary transfer them to Meitec and assign them to jobs through Meitec’s sales network. A tool to realize this is their unique “Best matching system” which was described in this interview. The company built a database of huge volume of customer’s order specification, and the company can find out the most suitable job for engineers in the whole labor market. It gives engineers the original education infrastructure for learning necessary skills. Meitec tries to assign engineers in the best place of the whole industry while activating their skills. Therefore it can be said that Meitec is actively exercise the function of gateway because it plays a role of giving engineer a chance to develop their careers.

I was very surprised to see that several hundreds of people in charge of engineering and personnel departments who attended the seminar showed serious expression on their face in that seminar. The core strategy and outsourcing strategy are the two sides of the same coin. However, the concentration on the core division of manufacturer and alternative expansion of non-core division cause a problem of mismatched engineer, which brings out market needs of outsourcing and outplacement that isn’t simple temporary staff service.

An issue of making flexible use of the core resource of engineers in the entire Japanese economy can’t be solved only in the inside the company any more. I was impressed in the excitement of the seminar that Japanese engineers’ labor market would start to make innovation from here. And I want to yell for a young leader Mr. Nishimoto who challenges this innovation.