

Paul Goldsmith PANACHE Corporation

Energy Evolving From A Company Like “Mini-United Nations”

“Working at Panache”

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Biography

Born in London in June, 1957. He studied structural engineering at a technical college, where he worked for one of the world's most prestigious engineering companies, Ove Arup & Partners, to build the Opera House in Sydney, Australia.

In 1985 he had his first opportunity to work in Japan for Adia S.A. He worked for six months in Tokyo, assisting in opening four offices. He left Japan and worked in Australia and the UK before returning to Japan in 1987 for another six months as representative of the world's leading home health care company, Lifetime Corporation. He then moved to Boston, USA with Lifetime Corporation, where he spent two years negotiating acquisitions of staffing services companies in the USA.

In 1990 he returned to Japan again as representative director of Lifetime Corporation. When Lifetime withdrew from Japan in the spring of 1993, he used this turn of events as the impetus to start PANACHE Corporation. The company started in December 1993, initially focusing on providing temporary and contract computer specialists. Today PANACHE has three main business areas, IT temporary and permanent staffing, Outsourcing & Network Systems Support, and Interactive website creation and strategy, servicing many multi-national global companies. The company employs approximately 200 people.

**Biographic data is quoted from Entrepreneur Association of Tokyo website.*

<http://www.ea-tokyo.com/seminars/speakers/Paul.php>

***This interview was conducted in July 2006.*

“Working at Panache”

--Currently JKSK is interviewing all these top CEOs and chairmen of various corporations, who are committed to Diversity, but we decided to take a little different approach this time and ask someone who is a foreign national in charge of a big corporation to talk about Diversity. We have selected you as one of the top batters.

First of all, we would like to find out a little bit more about your company, Panache, including the history of its founding and development, overview of its operations and the scale, and the make up of the workforce. I am also curious why you chose the name, Panache.

Well, thank you very much! Okay. I'd start with that, because in Japan people always want to know what is the meaning of the company name, and there is usually a story behind the name. I was thinking for a long time what was a good name for the company, easy to pronounce, and it had to have some meaning. And the word, Panache, is a very nice word, because in simple terms it means a stylish way of doing something. Something looks to be easy, something done with a little bit of flair.

My thought at the start of the company was that everything we do should have certain panache, a certain style about it. Importantly the people that work for the company, in particular the engineers, they should be so skilful that it looks like what they do is so easy, and therefore, they do it with panache. I always had the image of Fred Astaire in my mind, dancing.

--Fred Astaire from Hollywood films?

In my mind, he dances with panache, in the sense that nobody probably appreciates the hours of practice that goes into any routine that he does, so that when he actually dances, he makes it look very easy. So I thought, okay, that is how we should run this company. That was the logic behind the name.

As you may know, I started the company in December, 1993, so we are in the 14th year. We started off originally providing Apple Macintosh specialized staff, and these were people who were either bilingual with Apple Macintosh skills. We spent 2 years concentrating only on Apple Macintosh, staff training on many different creative applications, and then, looking after people's computers, but what I realized after 2 years was that this market was very small.

At that time, Apple was at its peak in their market share in Japan. I think it had over 10%, may be even 13% of the PC market, and I think it has never had that since then. So it was a good time to be

concentrating on that market. Anyway, I then realized that it was a relatively small market so that we should consider the Windows environment as well.

I hired someone to help me grow that business, and we therefore became a lot more focused on the corporate market. So from about 1995 we started approaching larger foreign nationals to provide them with desk top support engineers, help desk engineers, and whatever requirements that they had for IT people, that typically required English and Japanese. We expanded in that direction.

Now the company is concentrating on providing bilingual IT staff, looking after people's computer networks, and we are looking at other new technology that is becoming popular, which is for example, voice over IP, computerized phone systems, where you run your phone through a computer. One of the advantages of that is that you can have voice mail go straight onto your computer, so you can check your messages from your mail, so you don't have to be in your office to check your messages. It is a lot more flexible and cheap. Also it means that if you move from one side of Tokyo to another, you can keep the same phone number.

--This of course allows flexibility in work life balance.

Exactly, yes! In fact, within Panache I think we are a very good company to talk about Diversity, but also we have looked at what the trends are.

--How come you started your business in Japan, because you said that more than 90% of your clients are not Japanese, and more than 50% of your engineers are non-Japanese?

To answer your first question, I like Japan very much, indeed for a number of reasons. I like the people I meet here in Tokyo with whom I do business and I meet socially.

--Before you came here, you did not meet any Japanese, right?

I hadn't met Japanese before coming here so it was a new experience.

--You came to Japan 21 years ago; then you spent several years and met some Japanese. Then, you started to think about doing business?

I came here in 1985 for 6 months. There was an immediate rapport, something clicked when I came here. At that time, I decided that I wanted to come back. I came back again for half a year in 1987

and then in 1990, and I have been here since. Initially I liked the fact that some of the old values still applied in Japan about respect, politeness, efficiency, safety; a respect for each other is, I think, a big thing. The fact that you can leave a bag somewhere and it doesn't get touched. (Laughter) Of course, I mean NOT unattended bag in the station. You can be somewhere at an event with many people and leave something, your bag, on the seat. When I first came here, going into restaurants where people would leave their bags on their seats to reserve their seats, and then, they'd go off and buy their lunch and come back again. To me as an Englishman, it was bizarre. Wow! In England it is opposite, we take our bags, but in Japan people leave their bags to guard their seats. I thought that was wonderful.

Japan still is the 2nd most important market for most multi-national companies, and therefore, they still send their best people here, so from that point of view, I meet very bright people here.

--Excellent people. Standard is very high.

That's right. Over the years that I have become more established here, I am able to meet a broad spectrum of people from a young designer who is struggling to get established through to ambassadors and top business people. That for me is very stimulating.

II Managing Diversity

--In terms of the make up of your workforce, can you tell us? I hear that you are very proactive towards Diversity, and probably you know the meaning in terms of age, gender, and various aspects, so can you elaborate a little bit about the make up of your workforce right now?

Yes, with pleasure. I would say from the very beginning of our company, we have always shown a very open attitude towards gender, nationality, age, and physical ability. I think to be honest in our company's history we have only had one physically challenged person, just simply because typically the nature of the work requires engineers to climb under desks and lift equipment, and other physical requirements. From the gender point of view, we have at least 50% women employees, if not probably slightly more in all areas of the company. We are currently employing 15 different nationalities. I think at its peak it was 17 nationalities, people from all over the world.

--Just like the United Nations.

Yes, I used to describe us as a mini United Nations, just simply because we have so many different people. What I found over the years is that there is a great energy mixing these different nationalities, particularly mixing Japanese employees with other nationalities. There are different approaches to work, which then force people to discuss, to be open-minded, and to think of other ways of solving a problem or tackling a challenge. So from that point of view it has been very effective. I think that we probably increased productivity, as well, because of having this mixture of people in the organization. The foreigners are not only from the typical foreign countries such as UK, USA, Canada, and Australia, but we have people from Israel, Mexico, India, Russia, China, Korea, Argentine, and so on...

--Your official language is English basically?

English and Japanese, so I am impressed to say many of these younger people speak pretty good Japanese, as well, which works for us.

--They already studied it in their home country?

Typically, yes.

--And then they came to you, not studying it here in Japan.

A combination. Most people seemed to have started their studies in their home country and then, they have come to Japan and they have continued their studies.

That typically has been the case; for example, some of our best employees are young Filipino men that we have given a chance to come to Japan. They have qualifications with computer science degrees, and they have proven to be very skilful and very diligent as well. They turn up everyday on time, immaculately turned out they are very serious as to what they want to do. It is interesting to know people from the Philippines and other similar type of countries, as they have a huge motivation to be successful in Japan. It is a great environment to work in, and so these people work very hard and they study hard as well. We encourage all our engineers to become more and more qualified. We find that in many cases engineers from other countries will study very hard because they want to be here. So there is a motivation.

--In terms of the age, what is the range?

I would say that because of the nature of our business, because it is related to technology, people tend to be younger. Our average age is about 32. The oldest person in the company is reaching 60 this year, and she will be encouraged to stay on as she is very competent. Then after that, I probably am the next oldest and everyone else is that much younger basically. When I look back on the history of our company, not through any reason of prejudice, but we typically have not hired many people over 40 in technical areas, just simply because they don't tend to have the necessary skills that we require.

At some of our clients, there have been cases where they wanted to change the existing IT team. In the past, they have had IT managers or senior IT people that used to be in the mainframe environment, but now everyone has moved to desktops and servers. So they've got legacy systems and legacy staff. In that situation quite a few companies have tried to bring in younger engineers with new skills. We have tended to follow that trend.

--Of course, in addition to that, probably the mindset and the way of looking at things could be quite different from an older generation to a younger generation, and you have to really find solutions out-of-the box so to speak in your business, so young creative, open-minded staff is very important, right?

Yes. For example, there are a lot of foreign companies in Tokyo that are part of a large global network, but the Japan office has only about 50 people. Those companies are ideal clients for us,

because we can send in an engineer on a weekly basis to look after their system. Our engineers are meeting and seeing many different problems at different clients' site; they can come to solve the problem at that client's site with a little bit more imagination and more experience. If you have your own IT manager or IT person for a 50-person office, then after awhile, the network becomes very stable, and there's not much for that person to do so they tend to get behind with what is new technology. Therefore, they don't always propose to their employers what may be the latest technology, whereas our people can do that.

--In terms of the make up once more, how much percentage are Japanese and the rest foreign? And is it 50:50 in terms of gender? What is your ideal target? There are also different cultural backgrounds. How does your team manage these cultural differences within your corporate environment? Do you have a cross-functional team? How do you manage all that?

I would say we have 60% Japanese and 40% foreign. There is no particular target. For example, we have had American ladies working for us, and still do. Canadian, Chinese, and Korean, as well Japanese. We have had numerous nationalities working for us over the years.

Everybody just gets on with the job. They report to a boss. We have a Belgian, for example. One of our senior managers is Belgian; we have also a Canadian and a Japanese. All men at the moment, but we have had in the past, senior Japanese woman, actually American-Japanese, as a senior manager, one level below the Board. Opportunities are offered to all women in the company if they want that challenge and have the skill to take control of a team in a senior role. I don't think we approach it in a conscious way.

We have foreigners and Japanese managing. The only time language becomes an issue is for training when we have called in outside training companies. Then, out of fairness to everybody in the company we have offered the same training in English or Japanese, and believe it or not, some of the Japanese prefer to do it in English, This way everyone can express oneself, 100%. There is no handicap to express oneself clearly in English because of being Japanese and vice versa. I would say that the majority of our meetings, the big meetings are in English, but a lot of the smaller group meetings even with some of the foreign staff are in Japanese.

--So as the chairman of the Board, you have a Japanese CEO?

Actually what we have done is that we have split the role. We have joint managing directors; one is Canadian and one is Japanese. We have 6 on the Board. I apologize there is no woman. We are a

combination of foreigners and Japanese.

--We were discussing the different nationalities in your work force but do you see any differences between Japanese and non-Japanese workers in terms of their strengths and weaknesses? In addition to that, what are your strengths and weaknesses as a president in the company and in this market?

I think some of the differences are probably the clichéd differences that you see and people talk about. In meetings, the foreign staff tends to speak up much more than the Japanese staff does. From the technology point of view, because a lot of the technologies these days are created in America, for example, Microsoft products, Lotus products, or Oracle products and many web applications, and they tend to be in English, a lot of our foreign staff tends to be one or two steps ahead of our Japanese, because they are getting this information in English. They can research and search it out that much quicker than their Japanese colleagues can do.

All of our people, particularly in sales roles, tend to not be shy and speak out. These people, one-on-one, will typically clearly state their position so in that way all our staff are quite similar.

--So they have high self-esteem.

Yes, self-esteem. Now, let me consider the question about my strengths and weaknesses. I think that I am a big picture kind of person, seeing larger issues and need to have people around me, who can deal with the finer points. My strengths are certainly being able to network and getting to know people to expand my relationships, and following up. On the whole, I try to follow through with things I have promised to do, and to try to promise things I believe I can deliver on.

I put myself in the other person's shoes in a negotiation situation or in a situation in which a person has done something good or bad. If it is bad, I try to understand why that person has done that. Some people have the strength to be cold and clear cut about something. I find myself taking a warmer or more diplomatic approach to issues to really try and understand why somebody has done something wrong. Try to be very tolerant.

III Women in a company that is “IT x English”

-- You said that 50% or more of your staff are women. That was dependent on your basic policy or just because you employed depending on their ability?

I think it's been a combination of both. There's been a conscious effort to recruit women, because I remember 15 years ago, foreign companies saying in the press so many times that Japanese women are undervalued resources, that Japanese companies are missing out.

Well, so when I started Panache, from my own experience in the UK I was used to working in an environment where there was mainly women. When I started my business life in the staffing industry in my early 20's, I would say that 90% of the people in the company were women, so I was in the minority. It was always fun at the Christmas party, because I got a lot of attention. There was a lack of men, so I was always asked to dance. I could see at that time, a lot of companies in the UK employed predominantly females, who were very dynamic and very successful.

In starting Panache I took naturally the same path, which was to consciously look for female employees, and then as the company has grown and we have looked to recruit, either gender as we don't differentiate between men and women. We try to get the most successful, most suitable person for the job. In many cases, that is a woman.

One thing that I have always been proud of and found interesting as a fact is that some of these fashionable young women are technically competent, so we have very good engineers who are women. If you meet them outside of work, stylishly dressed, you wouldn't imagine that they are doing such technical jobs, yet they get a lot of stimulation from that.

I think probably because IT is clean basically. You are using the keyboard, your intellect. We have many ladies who are supporting customers off site, engineers who look after company's networks, who sometimes are obliged to lift heavy computers, printers, but typically they can do that without a fuss.

--Usually women have higher scores from the universities, and in terms of your job applications, do you present some kind of job testing?

We test technical people when they come into the company to confirm their skills, and we test their English ability as well. Probably we are typical. I will risk saying that women will typically speak

English at a higher level than the Japanese men. From the technical point of view, that is case by case. A lot of people will study hard, and the ladies in the company will typically study to improve their skills.

--I would appreciate very much if you have some specific target to include women as Board members in the future.

I would love to. There is one particular employee who has been with us for a long time. She is a Japanese woman who's in her mid 40's. She's one of the older female staff.

--So as part of your mission and vision statement do you have a specific percentage like one or two at least in the near future?

No. I think I would be lying to say that there is a target for us. We have had women in senior positions in the past. Currently there is not a woman in the top management role. I strongly encourage it though. Within teams of people, for example, our largest off site client where we are providing support to about 250 people, the team leader is a Japanese woman.

She was somebody who came into the company many years ago with very limited experience, and over the years she has developed her skills. We've put a lot of effort into growing her as well, and she is now a team leader of 5 people, off site. She is expected to make decisions. Someone like that to me would be a great candidate to move into a more senior position in the company.

--In terms of your numerical goals, you mentioned that you did not have any short term or mid term actual percentage for increasing the number of women up through the management ranks or even those who are disabled, young or elderly, but would you be discussing your mid term or long term goals with your Board members?

Going back to what I said before, in any position in the company, we look at somebody's ability to do that job for them to be the best person for the job. Therefore, age, gender, or nationality is not relevant. We will encourage certainly male and female staff to grow so that they can take on senior positions. Women are encouraged as much as the men are. Our mind is completely open. That's why in our organization we have had and still have younger people managing people, who are older than themselves, because they are the right persons to do the job. They do the job well. We don't want people to be intimidated about managing people who are older than themselves.

IV Utilizing women as market driven human resources

--At Nissan Mr. Carlos Ghosn was saying that unless they can groom the women to take on the positions, it's meaningless, because you raise them, and then, they will fail miserably if there is not enough support. Within Panache in terms of your company's goals, do you have the Board thinking of helping to groom such women to take on the top management decision-making.

I think the kind of people we hired in some ways does not need a lot of help in the sense that we look for people who are very self-motivated. They have the challenge and desire within themselves to make it happen. As a company, we will certainly support and encourage them. If I think about how we support women, we are very open to the idea of women working part-time should their circumstances require that, encouraging skilful staff that had babies to come back, leaving positions open so that they can come back at the end of the year or within a year after having their child if they want to, and being flexible as a company. I think from that point of view we do a lot to encourage women.

One of the reasons I like working in Japan compared to the USA or to a lesser extent to the UK these days, is when you compare these countries to Japan on the issue of sexual harassment, in my mind there is a lot more old style common sense in Japan, which still allows for a safe working environment for women here. I think in the US particularly where they take things to the extreme, it's become very difficult sometimes for men to say things that in the past might have been taken very lightly but now get taken very seriously.

In Panache we have always had an environment, where in my mind, it is a comfortable, non-threatening environment for women to work. Also for the men it's comfortable to work in as well. You can make some jokes or remarks such as "You look really great today! You look nice today," without feeling you stepped over the line. In that way, this is one of the reasons I like doing business in this country.

--When I consider about the future picture of Panache concerning Board members including women, you make a Chairman's statement every year, right? In your Chairman's statement you need not mention what percentage or when, but you had better mention how important to have women Board members in Panache to think about the future and your progress. If you mention your commitment, that is quite encouraging.

I shall raise it in my next Board meeting, because it is a valid point. If I think about this, in our case,

we are providing technical services, which is genderless. But for many companies in Japan, I find it curious where companies are trying to appeal to women or sell something to women, you often have very few women involved in the decision-making process. I think that is strange.

That is where Japan has a long way still to step forward, to catch up with Europe and the US, giving women more authority to take projects and make decisions on products and services that appeal to women. I always find it strange that a group of 40 to 50 year old men making a decision about what a 25-year old woman might want. I don't even know what my young wife is thinking about most of the time!

--You do reflect your market and clientele so that it is genderless, and everyone is competent; that is the most important aspect?

We still have a few foreign clients, gaishikei clients, where the majority of their staff is Japanese and these people insist on only having a Japanese engineer come to support them. These are Japanese who work for foreigners, who say, "No, no! We cannot accept a foreign engineer even if he speaks Japanese." We have to say to them, "This is unreasonable. This person is competent and speaks good Japanese. They have looked after other clients. We think you will be satisfied. You really must give this person a chance."

I remember many years ago we had a Mexican engineer who spoke very good Japanese. Dark hair, the same size as a Japanese man. (Laughter) "This guy looks Japanese and speaks Japanese, though he's from Mexico." So we asked our client, "please give him a chance." Eventually they did. And were very satisfied. It was really a challenge though. I found that very curious.

--So in terms of your Japanese clientele, do they demand more mixed staffing from you?

95% of our clients are foreign companies, non-Japanese corporations, multi-nationals. In theory the Japanese in these companies have exposure to foreigners or a foreign way of thinking. Occasionally we come across prejudices with these clients. We still find some clients who will say we only want a Japanese man for the position. Many companies, given the choice would still prefer to hire a male bilingual Japanese engineer to do the job. So on these occasions we have to say, "this woman has great qualifications; she is very competent; you must interview her. You must be open-minded about this." Under Japanese labor laws it should be equal opportunity, so we encourage our clients to consider any gender.

V Work Life balance at Panache

--Going back to the fact that you said that you are welcoming women who have taken leave to have children and raise them, what is the situation of the work life balance, not only for women but for men too? Do you encourage men to take paternity leaves? (Laughter)

That's interesting. We had one employee who took more time off than would be normal for a man in Japan to help his wife and newborn child. Certainly there was no problem from our point of view to do that. In the company we have never been a strong believer in making people work late for the sake of working late. We have always talked to our staff about productivity and getting your job done during normal office hours. We've never had an environment where people feel obliged to wait until their boss goes home.

--The young do not have that mindset at all.

We are quite generous with annual leave. We give the minimum requirements, plus 5 additional days for sickness, which some staff take and some don't. We give additional time off for Obon, and we give the staff flexibility between the months of July 1st and Sept. 30th to take their Obon vacation. The idea, being that you don't have to take off during the Obon week when it is crowded and expensive, but they can take it whenever they wish so they can relax.

People are encouraged to take a leave so that they go away and come back refreshed. They have new experiences and come back stimulated. We encourage people to have a social life, life outside of work so they are rounded people, so that their work is stimulating but it's part of their life, and it's not the only thing they are living for.

--In my past experience working in multi-nationals sometimes the Japanese felt a little bit upset when the foreign workers took longer vacation because they had to go back to France or other parts of the world, and they themselves came from Hokkaido or Okinawa but they didn't get that kind of a longer leave, but is there any problem of that sort because you have very strict rules in terms of length? Or is their flexibility for foreign workers?

There is flexibility. In fact when I think about it there is a Japanese staff, probably taking more vacation than anybody else. She certainly takes maximum advantage of her annual allocation. That young lady enjoys taking her leave and is not criticized for it, because when she comes back she is more productive and highly motivated.

I would say that typically people still follow a Japanese trend of taking a week off, and in some cases, a few people will take a two-week vacation. I still think amongst Japanese, not necessarily in this company, but people I see outside, there is still a feeling that a two-week vacation is a long vacation. Even as a foreigner, one starts to apologize for taking two-week holidays.

--Apart from the vacation, when we consider about the Japanese society as an ageing society whether we like it or not, we should take care of our older generation. If your staff requests you to take a long day off to take care of their older parents, do you have some special system or are you ready to deal with that?

We have allowed staff members with elderly sick parents to take half days off or come in late. The way the company shows support is to try and be open-minded and never threaten the person that their job is in danger because of this current situation. In this way we have supported staff.

VI Vision statement of “Sincerity and Peak Technological Performance”

-- For our reference, although I know your vision statement is written on the website, if you can explain for the record.

I will read what is on our website [http://www.panache.co.jp/docs_en/main/profile/culture.html]. “Our mission is to deliver outstanding innovative service in everything that we do, thereby building a reputation for integrity and excellence among our clients and employees”. So we have tried over the years, and we continue to try to do things the best of our ability.

Actually that’s reflected in that we have people who come back and register with us. We had a woman who came back this week looking for a new job, having worked for us 10 years ago. We have clients who enjoy working with our company. We have clients referring candidates to us and candidates referring friends to us.

That tends to tell me that we are doing something right when that happens. It’s always been my belief that if you are seen to be doing the best that you can and if things go wrong, people are more tolerant about that situation. If they see you are trying to correct the problem with sincerity, then you get forgiven. As a company, also as a chairman and individual, I have always encouraged our staff about relationships, building good relationships, getting to know their clients well, getting to know the people who work for us well, so that it becomes very much a human interaction.

--Two-way dialogue?

Yes, to understand the person you are doing business with. That way again there is a lot more flexibility, a lot more tolerance and understanding. For example, if you apply it to diversity, it is much easier when you have a great relationship with your client to say, “Could you consider hiring this Filipino lady who we think has great skills and speaks good Japanese, as opposed to that Japanese guy who you are looking for? This lady has the same technical skills, though this is not what you have originally specified.” Because of the level of trust built up, the client is more open-minded and willing to accept our recommendation.

--Now in the US, Catalyst [<http://www.catalystwomen.org/>] is an organization that does research how women are fully utilized in various corporations and awarding companies that have very good Diversity best practice commitment, but in their research they have always mentioned that when women are at the top, they tend to be much more transparent and accountable, so that the

profitability has risen. You said that by having a very diverse team and workforce, your business is very productive. But in terms of profitability, how does that reflect?

That is a good question. I think again it comes down to the individuals, but we hire people who are quite motivated and ambitious. I used to say that we basically look for greedy people, people who are not satisfied where they are today. They want more out of life. They want maybe higher income, better quality of life, and new experiences.

With that type of mindset and that kind of energy, then, probably we achieve better profitability than companies that may be more male dominated. I think that our business, being in a niche market of IT, we tend to have higher margins than generalist staffing companies. Maybe because there are many women in the company, I think there is a consciousness amongst these women of achieving the minimum margins that we set in the company and in trying to get the best profitability. Actually as a Chairman, I always firmly believed that there is a balance between achieving what should be a minimum margin and what should be a maximum margin.

One should not go over the top, should not gouge clients, not be seeking unreasonable profits. I always wanted to have a situation that if the client discovers how much we are paying the staff and the staff discovers how much we are paying the client, there is no feeling of anyone being cheated, that the margin is not outrageous. And that way everyone is happy. Our internal staff has to work within those confines.

--That is very good news. In terms of your vision, do you have more to express?

We try to be innovative in the way we do our business, although I don't believe that we are always on the leading edge, but I think we do stay very current, certainly when it relates to technology. I would also say that with the training of people we have invested over the past few years a lot of money in giving people training courses on how to build their confidence, how to express themselves more effectively, how to interact with their colleagues and clients, how to be more confident speaking and presenting in a public environment or with clients. I would say that is part of innovation. Respect and Integrity.

Respect in the sense that we respect the people who work for us. I learned many years ago in my business life, you should respect everybody from the cleaning lady all the way up to the chairman or the client or whoever in the client company. Everybody basically is doing the best to do their job effectively, whatever their status may be. Therefore, these people deserve respect.

I think it has been proven to be true in the sense that we have a lot of repeat business, and people refer business and potential candidates to us. Excellence in setting standards for ourselves. The majority of companies we work with are multi-national corporations. Therefore, they have high standards; many of them are public companies so they have certain reporting requirements. So we have always tried to run Panache at a similar level.

For example, on the financial side, since the beginning the company always has produced monthly reports. We had monthly Board meetings, so there has also been a degree of transparency in our company. If ever there is a situation that is a little bit gray, particularly when it comes to labor issues, then we always err on the side of caution. I never wanted to cheat somebody out of money so we have sacrificed profitability in the past by saying, "Well, we don't have to pay this, but maybe we should as it wasn't clear. Okay, we will meet you halfway or we will agree to pay you."

--For instance, is this when the staff is leaving the company?

It might relate to someone resigning, paying somebody commission, a client situation as to how much they thought they were paying. Part of my motivation in starting Panache originally was to prove to myself that you could build and grow a company, doing business very honestly. You don't have to cheat and step on people in order to be successful. That's been part of the way we operate the company.

--This mindset, how did it come about? Is this from your previous experiences in the US or the UK?

(Laughter) When I was younger in the UK, about 20-25 years ago at the beginning of my business life, when I looked at who was successful and found out more about their earlier years in business, there was often some dirt in their past. People had been stepped upon and abused, had been taken advantage of, and maybe there had been some cheating going on, or people had not been well paid. In the US, there are also examples.

--Like Enron?

Enron is a good example. You had senior executives selling their stock whilst at the same time encouraging their staff to invest their savings and pension plans in the stock. In my younger years in the UK I saw successful executives succeed by being nasty. I thought you don't have to be. There must be a more sincere way of doing business.

VII Diversity Best Practices

-- So finally we would like you to offer a message to the Japanese public about what you consider in terms of promoting Diversity or Diversity best practices.

I have been living here for 16 years and have had great time here. I have personally experienced a lot of positive prejudices, but what I still see in Japan and that may come more from the government more than from the people, but there is still certain xenophobia about foreigners in Japan. With Japan's ageing society, there is a bad need in Japan to allow more foreign workers as care workers to come in and support the elderly as Japan's population ages. But there is still this concern about allowing foreigners in who cannot communicate perfectly with older people. If I think about where I am from which is London, it is a very cosmopolitan environment. There have always been foreigners who could barely speak English or spoke English with very strong continental accents but managed to get understood. For example, London today if you go into a hotel, it is difficult to find someone British working in the hotel. Basically nearly all are foreign, European, or they are certainly not British. A lot of young Europeans come across with the expansion of the EU. A lot of young French, German, and Italians work in London. So I think Japan has to be a lot more open-minded.

--50% of the population in this country, women, have been kept as untapped resources for many, many years. Our main activity is empowering women and then, empowering society so when time comes for Japanese society to have 50% of executive female staff in every field, that is the time for foreign people to work quite easily and openly.

That is probably true. I have to say that my observation of Japanese society is that it is very tolerant of Japanese women stopping work and assuming the role of mothers and not going back to work. Or Japanese women marrying and becoming a housewife and supporting their husbands. There doesn't appear to be a social stigma or social pressure on Japanese women, young or old, to get back into the workforce.

I think when women are working in larger companies, they are often overlooked for promotions because of the concern by their male boss that this woman is going to get married, leave, and have a baby. If the environment is created so that it is easy for these women to come back and are encouraged to come back, then, more of these women will. And then, they will progress up the career ladders. I think what happens in many large companies is women are made to feel uncomfortable to continue their careers after getting married or having children.

Therefore, women tend to stop at a certain level. They don't come back into the workforce. I think it is difficult for women who have had children in large companies and come back at the same level and to continue their career. I think in the West it is a lot easier. Society in the West for many years, since the 80's, has large respect for women who are able to balance a very dynamic career with running a family as well. In Japan this has not typically been the case, and there haven't been many role models.

--To achieve that purpose, we should send brilliant women to policy-making positions. That is the important point, not just for the workers' level or technicians' level. Not only politicians but also administration, bureaucracy, and in the business circle.

Doing business in Japan, as we know, in some ways is not so attractive to women with after hour drinking, dining, and karaoke, which has been the traditional way of doing business.

--In the past, yes, you are quite right. Nowadays a company itself cannot afford to pay for drinking parties, because in most of the cases the expenses have to be paid by the company. It is very, very difficult from now on for companies.

I think that way of doing business is becoming outdated. It is too expensive and not efficient as it should be. I guess it all goes back to creating relationships. Within Panache, for years I have said to my staff that if you want to get to know your clients better, invite them for lunch. It is a lot cheaper than dinner, and there is a finite time frame.

--Even men who are 30 or 35 years old do not like to follow senior Japanese men. They want to go home. They want work life balance. They are very interested in paying attention and taking care of their own children. I think it is changing quite a lot.

They want a life outside their work. I think the current generation has a different mindset.

--In other multi-nationals especially in the financial industry, women because of the work life balance and having to look after families; for example, like Lehman Brothers and Goldman Sachs provide networking sessions with the Women's Network. These women have hardly any time and that helps them to meet other business people and they have encouraged that.

I think foreign companies are certainly ahead of their Japanese counterparts when it comes to Diversity, particularly in promoting women and encouraging women to take on responsibilities. As

I said earlier on, 15 years ago foreign companies recognized women as underused resources. If foreign companies practiced what they were preaching, these women should be in senior roles now.

I think these same companies don't discriminate on gender, nationality or age. It all depends on the skills. Merrill Lynch, for example, has a woman president. It's impressive that a Japanese woman is running a foreign multi-national company. I think that sends a fantastic message to Japanese women that there is an opportunity for women to go as high as you dream. Most foreign companies, particularly American and European companies are following their head offices' dictate or the policy or mission of the head office. That is to practice Diversity, which has very strict requirements. Also they look into bringing physically challenged, and also give younger people a chance and encourage them.

--Thank you very much for your encouraging words.

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Interview by JKSK