

Study Group on Approaches to Securing Personnel for ICT Ventures
Summary of Minutes (4th meeting)

1. Date

Wednesday, December 13, 2006, 2 to 4 p.m.

2. Location

Common Conference Room 1, Ministry of Internal Affairs and Communications

3. Attendees (honorifics omitted)

(1) Committee members

Yuji Akabane, Shigesuke Ikegami, Yukio Okubo, Etsuko Okajima, Satoshi Sekine, Tokuyuki Takahashi, Toru Maekawa, Shuichi Matsuda, Tetsuro Matsumoto, Tetsushige Yaguchi

(2) MIC representatives

Katsuno (Deputy Director-General, Minister's Secretariat), Sato (Director, Information Policy Division), Mishima (Deputy Director, Information Policy Division)

4. Outline of proceedings

(1) Call to order

(2) Agenda

1. Guideline on Securing Personnel for ICT Ventures — Draft

2. Recommendations for Training and Securing Personnel for ICT Ventures — Draft

*The Secretariat explained Agenda Item 1 using Reference 2 and Agenda Item 2 using Reference 3. Based on these explanations, questions and answers were exchanged and opinions were shared.

Re: Guideline on Securing Personnel for ICT Ventures — Draft

- The actions that should be taken are different in the start-up phase, the stage when the president and founding members are building up the business, from in the

business-expansion phase, when the president can no longer keep up with his duties. A note explaining this must be included in the guideline.

- I think that in reality the solution hints in the guideline are effective for venture businesses that have already past the business-expansion phase. Furthermore, venture businesses in the start-up phase are under pressure and exceptionally busy, so they don't have time to read the guideline.
- When using staffing agencies, normally there are provisions put in contracts for repayments of 50% if the placement quits within one month and 25% if the placement quits within three months. The percentage depends on the circumstances of the individual and the circumstances of the company. It would be best if this sort of information were included in the guideline.
- There are two points concerning upper management that I think should be added. The first is: "Though rare, it is possible when hiring management personnel to reduce their remuneration by up to half by combining their salary with shares or stock options." The second is: "A company must avoid paying excessive remuneration out of its investment capital when the company relies heavily on large investments from venture capital and similar sources. Remuneration is not a one-time cost; it is an ongoing cash outflow. High remuneration can have an adverse effect on fundraising."

Re: Recommendations for Training and Securing Personnel for ICT Ventures — Draft

(1) Key personnel training targeting students

- In the part about targeting students and coordinating with universities, putting together a continuous five-month curriculum is not a realistic schedule when you account for spring and summer breaks. Furthermore, the universities, for their part, want students to attend 20 to 25 hours of classes a week. There has to be consideration that such training will disrupt their studies.
- Wouldn't second-year students be better targets for internships? Third-year students are very conscious about getting a job after graduation, so students already oriented toward large enterprises are very unlikely to show interest in venture businesses.

- The venture businesses I envision participating in this policy are venture businesses that have already established internships and have, even independently, attracted a certain number of students. What is at issue is how to lower the barriers to get venture businesses with little awareness about students to participate, since these are the businesses that really need assistance.
- I think internships are significant from the view of being “awareness programs.” There are examples of people who after experiencing an internship and then going on to work at a large company, return to the venture business after three years.
- Japanese universities don’t employ a credit-accumulation model, and there are many schools that force students to repeat a year even if they are only one credit short. When you repeat a year, you have to pay half a year’s tuition. Until universities move to a credit-accumulation model, I think it will be difficult to promote the use of a long-term student training system.
- I think using a long-term student training system is an effective method for students to make sure whether they are cut out for venture businesses. Because they can determine whether or not they are suited for venture businesses, the students can mitigate the risk of blemishing their resumes in the future.

(2) Key personnel training targeting adult students

- MBA holders can be divided into (1) the overseas camp (who mostly are dispatched from their companies) and (2) the domestic camp (who mostly get an MBA as a self-investment). Since those in the second group often feel redundant, they can function as key personnel if the mechanisms are well built. Although students are more attractive to venture businesses, a lot of energy is needed to hire them. This is an issue.
- The dilemma gripping domestic MBA holders is that there are few corporations that will hire them. In the majority of cases, they find work through an older MBA graduate that they know. Few move on to venture businesses. In order to implement a policy that targets MBA holders, we will need to search out venture businesses that actively use MBA holders as strategic personnel.
- This kind of initiative is not really doable in three years. In my estimation, at a minimum, a five-year long-term plan is needed.

- The venture corporations participating in the curriculum will keep on changing. An issue, then, is how to guarantee stability.

(3) Key personnel training targeting those already in the workforce

- We used the VAE that France is vigorously engaged in as a reference for the skill assessment forms issued when leaving a job. When an individual changes jobs, the president at the previous job signs an assessment form concerning the individual's self management ability and leadership, and the individual can submit this assessment as evidence at the place where he is seeking a new job. The advantage of this system is that it can show "experience" that cannot be measured by qualifications alone.
- The problem is whether presidents will sign the assessment form. There's the additional difficulty when assessing an individual of whether the accomplishments were the result of the individual or if they were the accomplishments of the team or company. Writing down such matters on an assessment form is no easy task.
- Another problem is the "freshness" of issued certificates. The ICT world changes at a very quick pace, so these certificates would be out of date in just one or two years.