

Frank Russell Company, Ltd.

I . Corporate profile

Business Category:	Finance (Investment management)
Workforce:	70
Location:	Place Canada 3-37, Akasaka 7-chome, Minato-ku, Tokyo
Founding Year:	Opened Japan office in 1986, established as a company in 1987
Capital:	400 million yen
Parent company:	Frank Russell Company (Frank Russell Company owns Frank Russell Japan Co., Ltd. which owns Frank Russell Company, Ltd.)
Foreign Capital Percentage:	100%
Business Areas:	Investment consulting, investment management and asset management

II . Main Points in the Personnel Management Scheme

- Frank Russell Japan Co., Ltd. which opened a Japanese office in 1986 and Frank Russell Investments (Japan), Ltd., incorporated in 1999 as Frank Russell Japan Co., Ltd.'s wholly owned subsidiary, were integrated in July 2002 and renamed Frank Russell Company, Ltd. (Russell). Frank Russell Japan Co., Ltd. is a pioneer among foreign companies in Japan to provide consulting services on pension fund management. After 13 years of operation in Japan, Frank Russell Japan Co., Ltd. established Frank Russell Investments (Japan), Ltd. which focused on investment management. The company has aggressively expanded its operation in the last two to three years and recruitment in accordance with the expansion was conducted through human resource consulting firms. Frank Russell Company, Ltd., the integrated company, will continue this approach.
- With the mission of Frank Russell group, "Improving Financial Security for People," Russell's commitment for this year is to promote TQC (Transparency, Quickness and Communication) in all aspects of business including training and development.
- The employees have slightly over four years of experience with Russell on average which is a relatively short period. In addition, divisions are highly specialized making it a priority for the company to develop relationships among employees and coordination across divisions. Therefore, the company emphasizes enhancing communication among its employees.
- At "Employee Quarterly Communication" conducted each quarter, the president gives a presentation directly to the employees on the outlook of the business and the direction for the company. This provides an opportunity to hold a two-way communication on important

information in an informal atmosphere with the entire organization.

- The company also has a program in which relatively new employees are nominated from divisions to participate in team project that makes proposal to the company. This project fosters networks and teamwork crossing divisional borders. Several team proposals for improvement have been accepted, playing a role in enhancing TQC.
- From February 2002, the company has been holding “Brownbag Seminar” two to three times a month. Seminars are held over lunch time and an employee gives a lecture on finance or consulting to his/her colleagues providing an opportunity to gain professional knowledge of other divisions. Expertise which tends to be concentrated within a small group of employees is shared throughout the company and the seminars facilitate active communications within the company.
- In addition to paid holidays, the company provides other benefits such as sick leave and sabbaticals which allow two months leave with every ten years of employment.
- The parent company has a unique personnel system that was ranked 11th in “the top 100 companies for employees” in Fortune Magazines (2002 January issue).

III . Basic Ideas Regarding the Personnel Management

1) Recruitment

(1) System

Russell has significantly increased its employees according to the rapid business expansion in recent years. In the past, job openings were advertised through mass media such as newspapers and recruitment magazines. However, using human resource consulting companies proved to be the most effective method in finding the necessary people who can immediately fill highly specialized positions and Russell rarely advertises through mass media currently.

On the other hand, Russell still posts job openings on some media including websites to gain additional exposure and publicity in order to increase awareness and enhance its corporate image.

(2) Recruitment Standards

English proficiency is important not only to communicate with US parent company but also to become an active member of the global company. However, applicants will not be hired only on their excellent English skills if they do not have the abilities necessary for the position. The company places more priority on capability to fill the position immediately rather than English since language skills improve with daily use.

In the recruitment process, experience and skills are judged in the interviews and certifications such as analyst association membership are required for certain positions.

(3) Wages

Wages are determined by factors such as responsibility associated with the position, experience and skills of the employee that are identified in interviews, as well as the salary level within the industry.

2) Personnel Review and Evaluation

(1) MBO System

Russell has its MBO system and objectives are set in each division in January which is the beginning of the fiscal year, in accordance with the objectives of US parent company and the corporate objectives of Russell in Japan. Individual objectives are determined by appropriating divisional objectives to responsibilities for each position. Achievements including self-evaluations against individual objectives are discussed and evaluated in the interview with the supervisor at the end of November. The result is used to determine the personnel evaluation.

Communication is one of the matters on which Russell places great importance for implementing the MBO system. For example, there are a number of meetings with the supervisor throughout the year in addition to the November interview to discuss issues such as new objectives, targets achieved, resetting targets and progress.

(2) Pay Raises

In addition to the annual raise, wage will be increased if the person is promoted during the year. The system has no aspect of seniority system and raises are not automatically awarded at a fixed rate every year. Instead, wage is solely determined based on personnel evaluation.

3) Work Schedule and Leaves

(1) Flextime

Russell introduced flextime system to improve efficiency. Core time is between 11:00 to 15:00.

(2) Paid Holidays

Paid holidays at Russell are as follows.

Figure 1 : Paid Holiday System

Yearly paid holidays	15 days for the first year. Maximum 25 days. Holidays earned but not taken during the previous year can be carried over.
Sick leave	8 days per year. Holidays earned but not taken during the previous year can be carried over.
Sabbatical leave	2 months per 10 years. Sabbatical leave can be taken in segments.

(3) Other Benefits

i) Recreational Facilities

Russell does not own recreational facilities but uses a professional outsourcing service to provide necessary facilities for its employees. Though the company only has 70 employees, their requirements are diverse and professional outsourcing service offers the best employee satisfaction since they can provide a wide range of facilities and services to meet individual needs.

On the other hand, the US parent company is equipped with various facilities such as athletic gyms and is recognized as “an excellent company to work for” by economic magazines. This policy regarding employee benefits are recognized in the Japanese organization as well and the company plans to extend its offerings in accordance with its business growth.

ii) Group Insurance

All employees are covered by an insurance program wholly subsidized by Russell. The coverage includes life insurance and income protection insurance in case of accidents or long term illness.

iii) Allowances

Figure 2 Allowances

Transportation	Wholly subsidized
Social security	In addition to the compulsory employer's contribution, the company pays a portion of the employee's contribution as an additional allowance.
Retirement benefits	Defined contribution pension plan(*) and retirement payment (one off)

When Defined Contribution Pension Act came into effect in 2001, Russell was the pioneer in the industry to obtain approval from Ministry of Health, Labor and Welfare in June 2002 and introduced defined contribution pension plan in July 2002.

4) Training & Development

(1) OJT

In addition to the orientation provided upon entry, each division trains their new employees on the job. Employees also have the opportunity such as "Weekly Meeting" to gain skills and knowledge necessary in their divisions.

As an additional training opportunity, Russell employees actively participate in many seminars held under the initiative of the industry.

(2) Brownbag Seminar

Russell started an in-house seminar called Brownbag Seminar at lunch time in February 2001 in order to share information and vitalize communication across divisions. Brownbag is a typical American lunch bag containing a sandwich seen at schools and workplaces. The seminar was named after this lunch bag as anyone can join with his/her lunch.

Brownbag Seminars, open to all employees, has two courses; course A (Basic) and course B (Advanced). Employees act as instructors, giving lectures on their specialties for about an hour. There are around 20 to 25 participants for each seminar and the contents are available on the intranet for those who were unavailable to attend.

Brownbag Seminar has been quite effective in building better communication networks in the company as well as enhancing employee motivation.

(3) Support for Acquiring Qualifications

Russell encourages its employees to acquire certificates/licenses necessary for operations and the company has a program to assist employees achieve qualifications. The program aims to enhance

professional skill of each employee and the efficiency of the operation. Subsidies include tuition, examination fees, initial membership fees and annual membership fees. Currently, Russell employees hold in total approximately 120 qualifications such as membership in the Security Analysts Association of Japan.

IV . Issues in Personnel Management and Directions for Solving Them

Since Russell rapidly expanded its business in the last few years, the priority is to introduce a strong structure to the organization without sacrificing flexibility. Training programs including “Employee Quarterly Communication,” MBO and Brownbag Seminar that emphasize communication reflect the company’s commitment. Although these programs are relatively new to the company, they will be continuously reviewed and enhanced.

The focus will shift from large scale recruiting to developing and improving the skills and knowledge of the employees. By focusing on training, Russell will gain highly capable employees who can flexibly manage further business expansions including new business development. The company believes this is the key in building a more robust organization.