

**TITLE: "IRM IN JAPAN: AN INTERVIEW WITH
KAZUYA MATSUDAIRA"**

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Kazuya Matsudaira of Japan

INTRODUCTION

When you mention "methodologies" in Japan, one name comes to the forefront, Kazuya Matsudaira, who pioneered the use of methodologies in his country in the mid-1970's. Since then, he has consulted with the largest corporations in Japan, lectured at a variety of universities as well as commercial management seminars, and has traveled the globe as a representative of Japan in various standards, computing, and management organizations. In 1983, he was recognized as the first Japanese businessman to sell over one million dollars worth of software in his country. He has seen a lot. Over the last 30 years, he has seen several changes in the Japanese management landscape, both cultural and technical. As such, he adds an interesting perspective on the state of Information Resource Management (IRM) in Japan. Recently, he sat down with me for an interview. His comments and observations should be enlightening to anyone interested in Japanese management practices or IRM in general. Enjoy.

Q: Let's begin by giving us a brief biographical sketch of yourself.

MATSUDAIRA: I started out at Keio University where my major was Administrative Engineering. When I was 19 I was taught computing and became fascinated with them. As a result, in 1963 I spearheaded the project team to introduce the first computer at the university. After much effort and money, we introduced KEIO-1. After we finally got the computer to work, we discovered nobody knew how to use it. So, I started a course on how to use the computer. This led me into the consulting business while I was still a student. Through consulting and teaching people how to use KEIO-1, I started to make money. So, I wanted to become the head of a consulting company. But Japanese corporate society didn't know how to react to me, a young student, even though I was already consulting and teaching; they had problems thinking of me as a legitimate consultant. So, after I graduated from the university, I joined the Japanese Management Association (JMA) as a consultant.

Then I started a consulting business three years later. But big companies started to ask me if I had an MBA degree. So, to help develop my reputation, I went back to school and earned an MBA. During this time, I continued as an Industrial Engineering consultant.

Q: So how did this lead you into the methodology business?

MATSUDAIRA: At the time, I observed the computer industry was dominated by IBM. Even in Japan, IBM is the strongest computer vendor. IBM also had Japanese competitors, such as Fujitsu, Hitachi, NEC, Mitsubishi-Oki, etc. But computers back then were very expensive. Companies had to invest a lot of money into hardware, just like factory equipment, such as a press machine at an automotive company. Efficiency is important for such equipment. I saw many computers working at big companies such as Toyota, Nissan, Nippon Steel, but they weren't working very efficiently. So, I thought I could improve computer efficiency and started using a simulator (SCERT from Compress in the U.S). I implemented their software package which was the first imported software package the Japanese government officially approved for purchase. As a result, in 1970 I started the software package business in Japan.

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But after the improvements in efficiency, the computer worked, but I started to question its "effectiveness." Later, I learned about Milt Bryce's formula for Productivity ($P = \text{Effectiveness} \times \text{Efficiency}$) and realized I needed to improve Japanese computer users "effectiveness." So, I learned "efficiency" is okay, but "effectiveness" is what was missing in Japan.

In 1972, Dick Canning's *EDP ANALYZER* carried a story about Milt Bryce and his "PRIDE" methodology. This was precisely the direction I wanted to go. I then contacted Dick Canning who put me in touch with Milt. I then came to the United States and visited with Milt for a few days and found his ideas compatible with both myself and the Japanese market. Shortly thereafter, I became Milt's representative in Japan.

Q: Let's jump ahead to today, how would you describe the current state of Information Resource Management (IRM) in Japan?

MATSUDAIRA: Of course, the concept of IRM was created by Milt. But afterwards, many so-called "gurus" such as James Martin started to say Information Resource Management was important. Through Milt though, I began to understand how IRM was a major concept and how to use information as a corporate asset. To do this, you have to manage data, business and systems resources. The concept is simple, but unfortunately Japanese management doesn't think information is important.

When explaining the IRM concept to Japanese companies today, I put it in an historical context. During World War II, the Japanese generals didn't think information was important. But U.S. generals, such as Nimitz and MacArthur, understood the value of information and developed a staff to cultivate information. The Japanese had no such staff; they presumed information was easy to obtain, but it wasn't. I believe this was a critical difference in the outcome of the war.

Today, Japanese management doesn't see information as an asset for the company and takes it for granted. The IT departments, as a result, only concentrate on routine operational systems; there is no consideration for using information as a strategic weapon. They think financial and human resources are important, but not information. In their minds, information is something only the IT people need to worry about. They have no sense of information's value.

So, here we are 30 years after introducing "PRIDE" to the Japanese market where we have trained and helped thousands of people, but top-management in Japan still doesn't understand the value of information. Only recently have they started to ask, "Why aren't my systems integrated?" This is a good "wakeup call" for them; they assumed everything was easy; but they are now starting to realize the weaknesses of their systems and are getting increasingly nervous. Again, for years they simply took information for granted. Now they are starting to pay the price for their ignorance. Recently, the president of a large Japanese bank started to complain about how long it took his company to build systems, spending billions of dollars in the process. Only now is he waking up to the problems in his IT organization and the need for IRM concepts.

Q: What other problems are they experiencing?

MATSUDAIRA: For example, the integration of merged companies takes a long time. They cannot reduce the costs, they cannot integrate the branches, they cannot integrate the divisions, they cannot integrate the people. This disturbs management greatly. They simply do not understand why this is. IRM is the answer.

Through good use of information, you can realize savings in product stock (materials). For example, steel manufacturers are suffering from the shortage of materials (iron, coke, etc.) The company's administration might be integrated, but the materials are not.

Companies are competing over costs and market share only; they are not using information for strategic advantage.

Q: What cultural changes have you observed in the Japanese work force since the 1970's?

MATSUDAIRA: In terms of the IT industry, because 'big iron' is phasing out, hardware is becoming very cheap and PC's are spreading throughout businesses. This has resulted in a new generation of computer people who only understand programming, and nothing about corporate systems. They might get certification in such things as MS Windows or Oracle, but they have no concept of how the company works. They might be able to write a single program, but they cannot design an enterprise-wide system. This is the same analogy as carpenters to architects. We don't have many people left who can still build "skyscraper" systems.

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Q: Where have all the "architects" gone?

MATSUDAIRA: They have retired. New people think they know everything; *"We can use Windows; We can use Oracle; etc."* These are the people that now dominate our industry - "the carpenters." None of them know how to analyze a business problem anymore. Nobody knows how the business works. Young people are simply not concerned. To them, the computer is of paramount importance. They believe the business must conform to the computer, not the computer to the business.

Q: What is the state of craftsmanship in Japan?

MATSUDAIRA: We have lost most of our craftsmen. We no longer have gold medalists. Knowing this, the Japanese government is now starting a project to bring back the concept of craftsmanship. We need to do the same in the IT Industry.

Q: How are the universities preparing new people?

MATSUDAIRA: The universities are concentrating on programmers only. We have a so-called faculty of "Information Systems," but, in reality, they don't know what "information" or "systems" is. Instead, they teach how to use tools like "Excel." There are no people skills being taught, only programming skills. There are very few professors who still know how to teach systems and information theory.

To me, the concept of IRM is easy for me to understand. But for some reason, it is difficult to teach people. For example, I was teaching a class in Bagalore, India not long ago, and for some reason I had difficulty getting them to grasp the significance of this simple concept. The same feeling with the Chinese, Koreans, Taiwanese, and the Japanese. But the key is to change the attitude. I believe the right approach is to begin by educating top management and let it filter down from there. I am working with some Japanese universities to put on a series of seminars for top-management in this regard. Again, they have to understand the value of information and that the company who has the best information wins the war.

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END

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