

RIKEN

4th Administrative Advisory Council (AAC) Report

July 9, 2019

## 4th RIKEN Administrative Advisory Council Report

The 4th RIKEN Administrative Advisory Council (AAC) was convened on July 9, 2019.

The AAC was asked to deliberate the following Terms of Reference.

### **4th AAC Terms of Reference (TOR)**

1. Evaluate and make recommendations on the previous AAC's recommendations.
2. Evaluate and make recommendations on rationalization of the expenses in administrative divisions.
3. Evaluate and make recommendations on the current status and issues of RIKEN's personnel systems in the administrative divisions.
4. Evaluate and make recommendations on business expansion (establishing international centers and science and technology hubs) and their administrative support systems.

The 4th AAC's evaluations and recommendations are as follows.

## Introduction

In 2015, RIKEN changed its official corporate status from Independent Administrative Agency to National Research and Development Institute. RIKEN is currently undergoing reform under the management policies of President Matsumoto, and reviews of the 4th Mid- to Long-term Plan are in progress. In 2016, the 3rd AAC conducted evaluations and made recommendations regarding the Terms of Reference for RIKEN's administrative work.

Three years have now passed, and the 4th AAC was asked to evaluate and make recommendations on the progress of the Terms of Reference from the previous AAC and the administrative reforms of the 4th Mid- to Long-term Plan.

The AAC has been asked to evaluate RIKEN's responses to the recommendations of the previous AAC and to review the administrative reforms from the 4th Mid- to Long-term Plan. Of the specific recommendations, described in more detail below, the recommendation "to introduce quantitative indices and use them, confirm the effectiveness of the reforms through rigorous and repeated Plan-Do-Check-Act (PDCA) cycles" has not been fully achieved yet; thus, the recommendation has been made again this year by the AAC. The AAC considers the quantitative indices and the PDCA cycles to be vitally important for RIKEN management and the administrative staff at the frontlines of reform to work effectively.

Going forward, it is essential that administrative divisions in RIKEN not only be expected to simply explain current measures and obtain feedback, but also, after performing business analyses and with the goal of maximizing research and development outcomes, establish their own quantitative goals for their contributions (i.e., increased operational efficiency) to RIKEN in the form of Key Performance Indicators (KPIs), measure their progress, and present the results of the PDCA cycles.

The AAC expects RIKEN to maintain its position as a leading research institute and looks forward to RIKEN continuing with its reforms as it strives to be a model for research institutes in Japan and around the world.

TOR 1. Evaluate and make recommendations on the previous AAC's recommendations.

1. Results from implementing organizational reform from the 3rd to 4th phase

Although the AAC recognizes that progress is being made overall, the following points are issues that need to be addressed.

- Optimization of organizational structure

A major issue for the administrative divisions is how to address organizational design. In addition to the relationship between the Headquarters and branches and the relationship between the promotion offices and center offices, the relationship between RIKEN and the new innovation company will be an issue. It is necessary to carry out structural reform across the whole organization, not just a partial optimization of organizational structure. Also, when organizational reform takes place, it is essential to clarify who has authority over personnel matters and settlements.

- Clarification of roles and authorities

Offices of the Center Director in each center have close relationships with the research promotion offices. It is important to clarify the roles and authorities of each office so that organizational structure does not conflict.

Also, in order to avoid creating barriers between different parts of the organization, it is necessary to clarify the functions of each section and, at the same time, maintain smooth communication among sections. Close cooperation in the organization seems to be insufficient, and there is some concern that this issue may be considered a minor issue and overlooked. The ACC thinks that it is vital to come up with specific plans for practical measures to address this.

- Understanding issues of administrative processes

There should be improvements in methods so that RIKEN's administrative processes are continually understood. Conducting a regular survey of administrative personnel may be a practical way to understand current issues and make improvements.

- Setting up priority KPIs for administrative duties

Administrative divisions also need to set up goals, perform PDCA cycles, and review the results. The AAC thinks it is essential to set up KPIs.

2. RIKEN brand strategy, setting up the new innovation support company, online procurement system, and rationalization and streamlining of administrative duties for PFI business promotion

- RIKEN brand strategy

Expanding knowledge from an individual level to an organizational level, a societal level, and eventually a global level has been achieved to some degree and is ongoing. The next issue is how to measure progress of these efforts using KPIs. The AAC expects RIKEN to examine this matter further.

Increasing the visibility and knowledge of RIKEN is progressing, but a more proactive public relations effort will be needed in future. The purpose of RIKEN's brand strategy is not only to simply make our seeds more visible, but to promote seeds in ways that lead to commercialization, thereby attracting skilled researchers to RIKEN. Considering how to connect public relations work to management is important.

- Setting up the new innovation support company

The AAC expects that the innovation company will be developed in close cooperation with the parent organization RIKEN, creating a structure that has a degree of independence and is highly ambitious, while reflecting RIKEN's values. Because the business skills required for the venture are different to the skills required for the traditional R&D activities of RIKEN, there is a risk that the innovation company will be innovative in name only if human resources, physical resources, and related systems are inadequate. The AAC recommends that RIKEN does not hesitate to invest in the personnel responsible for developing and improving the venture's framework and systems.

- Promotion of web procurement system

Since the rollout of the web procurement system at RIKEN, the number of procurement requests being processed has increased. However, if the new system contributes to rationalization of procurement work overall, the system will be worth continuing; hence, registrations for participating companies (suppliers) and available items/services will be expanded in the system. The AAC expects that the frequency of use of the system and the amount spent on procurements will increase, and that this will lead to the shortening of procurement turn-around times and greater efficiency in procurement procedures.

- Introduction of private finance initiatives (PFI)

There have been many unsuccessful cases of national universities attempting to implement PFI. The AAC suggests that RIKEN analyze cases from other organizations and proceed with implementation of PFI cautiously and with a long-term perspective.

TOR 2. Evaluate and make recommendations on rationalization of the expenses in administrative divisions.

- Establishing priority KPIs

In order to assess whether organizational reform is contributing to work efficiency, it is necessary to quantify changes in efficiency. Hence, it is important to illustrate numerically the outcomes of various reform measures. Quantitative assessment is said to be difficult; however, it is possible to calculate under certain assumptions. Some qualitative elements should be included in considering quantification. For example, it may be possible to calculate how many business trips were avoided by conducting TV conferences, and as a result, by how much the cost of travel and time spent traveling were reduced. Also, by accumulating data for tentative schedules and actual performance, it is possible to not only compare data for each year but also to address the gap between tentative and actual performance, which facilitates further rationalization.

- Improvements in evaluation methods in administrative divisions.

It is essential to quantify the contribution the administration makes to RIKEN and to improve the evaluation methods in the administrative divisions. It is necessary to hear from the researchers themselves to determine how much time they are spending on administrative work and how much time was made available for research by the rationalization of administrative work. It is important to make sure that the evaluation standards are consistent, especially when evaluating contribution; otherwise, the results checked in the past will be difficult to interpret.

- Clarifying the task objectives for rationalization

The relationship between objectives and results is unclear. The objectives for the business plan, budget plan, and evaluation of achievements are not clear enough. Please consider reviewing the financial statements to find and extract items that require increased efficiency.

- Please consider whether decreasing overtime work is contributing to improvements in productivity. Please check if the burden of some of the support-related work done by certain administrative divisions is not simply being pushed onto other divisions or if some divisions are bearing an excessive burden. When making considerations, please include data on changes in the number of personnel and working time to review the overall situation.
- In the effort to reduce administrative expenses, please be aware that there are expenses that can be reduced (unnecessary costs) and expenses that cannot be reduced (necessary costs). For example, if procurement work is handled by the administrative staff instead of researchers to prevent inappropriate use of research funds, and this is categorized as a necessary cost, it is important to be aware of the reasons behind this and to be able to explain them clearly to internal and external entities.
- The AAC thinks it is important to employ the following two measures: “competitive allocation,” which involves allocating staff by announcing competitive-style internal calls among branches, and “quota policy,” which involves setting the number of personnel in each administrative unit organization depending on its mission.
- A working group to reduce the volume of administrative documents has been established. The AAC expects to see the data on document reduction and promotion of digitization to learn how the overall situation was impacted by implementation of the new structure.
- In order to provide more efficient administrative support, it is necessary to accept further implementation of IT and to build a work environment that enables administrative personnel to engage in more intellectual work.
- Although some divisions are promoting shared services, the system has not yet been implemented across the entire organization. The AAC expects RIKEN to consider whether expanding shared services is feasible after reviewing the possibilities for consolidation of work in each administrative division.

- The AAC suggests a review of the scope of meetings and number of participants, as there may be unnecessary members attending the meetings.
- If the business reform plans based on round table discussions with Max-Planck have been finalized, the AAC suggests that action be taken to implement them.

○ Reflecting on achievements

One of RIKEN's achievements has been recognizing that consolidating administrative work in the centers, rather than relying on a system of one assistant per team, would contribute to improving efficiency, even if this consolidation has not yet been fully implemented. Integration rather than separation has been successful for the rationalization process. Personnel assigned to the Offices of the Center Director have a broad perspective of the organization and experience a variety of duties, and this environment fosters capable personnel who are familiar with research support duties. The AAC expects that this contributes to the development of skills.

RIKEN has also made improvements in compliance compared to previous years, although the importance of compliance needs to be communicated more effectively to all employees. It is necessary for a disciplined organization to properly deliver to all employees the message that organizational reform that emphasizes compliance leads to greater efficiency.

TOR 3. Evaluate and make recommendations on the current status and issues of RIKEN's personnel systems in the administrative divisions.

○ Proposals for reform of personnel systems

As work style reform is underway (equal pay for equal work), it may be possible to move from a system of grading individual employees to a system of grading work positions. The AAC expects RIKEN to consider this matter.

○ Human resource cultivation and utilization measures

It is important to develop a strategy for cultivating a diverse employee population at RIKEN that includes a clear plan for employees after hiring. Also, in accordance with the strategy, it is important in terms of personnel management to provide an appropriate work environment for employees where they can play an active role

based on their individual capabilities.

Conducting personnel exchanges and joint training with other institutions is an effective method of personnel cultivation. Providing Fixed-term employees with the opportunity to become Indefinite-term employees is also a good method as this can be seen as one of the achievements stated in the TOR. Furthermore, building environments in which researchers can discover new career opportunities outside their specialized field is essential in terms of human resource utilization and the revitalization of RIKEN as an organization.

○ Attending e-learning courses outside of work hours

There is no objection to RIKEN employees taking language e-learning courses outside of work hours; however, the opinion of the labor standards office must be given consideration. Hours spent taking e-learning may be recognized as work hours if approved by the supervisor, depending on whether the content is related to work duties.

○ Participation in leadership training for directors/managers

It was reported that the participation rates of directors and managers in leadership training are low. The AAC thinks it would be beneficial to inform administrative personnel that some directors and managers are proactively participating in training and to introduce a system in which managers themselves become instructors. Such attitudes and actions will set a good example and lead to an improvement in motivation within the organization.

○ Implementing quantitative goal setting in personal evaluations

Goal setting in personal evaluations leads to improved awareness in administrative personnel. Both qualitative and quantitative evaluations are necessary. Even goals for routine duties can be defined numerically, and the accumulation of this data will represent quantitative measurement over time.

When setting goals, by comparing the mission of an administrative section to RIKEN's overall mission, it may be possible to get an indication of the degree of contribution to the organization. Therefore, the AAC suggests that RIKEN considers implementing a balanced scorecard system. These efforts will achieve positive changes in individual employees and the organization as a whole.

TOR 4. Evaluate and make recommendations on business expansion (establishing international centers and science and technology hubs) and their administrative support systems

[Establishing international centers]

○ Clarifying the mission and strategy of centers

The role of overseas centers will not be uniform. For example, one center may focus on recruiting human resources, while other centers focus on making different contributions. When setting up a center, clarifying the center's objectives and roles will help to determine which personnel should be assigned to the center. It is necessary to detail the organization's international strategy and clearly state the roles and responsibilities of each division.

○ Securing and cultivating human resources for international duties

Securing high quality human resources to fill roles that involve international duties is vital. International operations make a key contribution to RIKEN, and although external experts may be recruited when appropriate personnel are not available internally, it remains important to promote the development of motivated and capable personnel within RIKEN. Consider building a system that has a clear mission to allocate appropriate personnel to roles they are expected to fulfill in accordance with international strategies.

○ Evaluating international centers

When evaluating international centers, the evaluation methods will be important as the situation differs from country to country, and some environments may represent higher risks. We recommend that agreements are carefully reviewed to increase the quality and reduce the number of agreements.

<Development of science and technology hubs>

○ Clarifying the objectives and current status

It is important to define the objectives of the hubs' projects. For ongoing projects, it is useful to describe progress by indicating where the project is located from stages 01 to 06 in the graph (See Figure 1). Please indicate in easily understandable terms the human resources that are needed for each stage in the graph, including whether RIKEN will need to provide further resources for success.

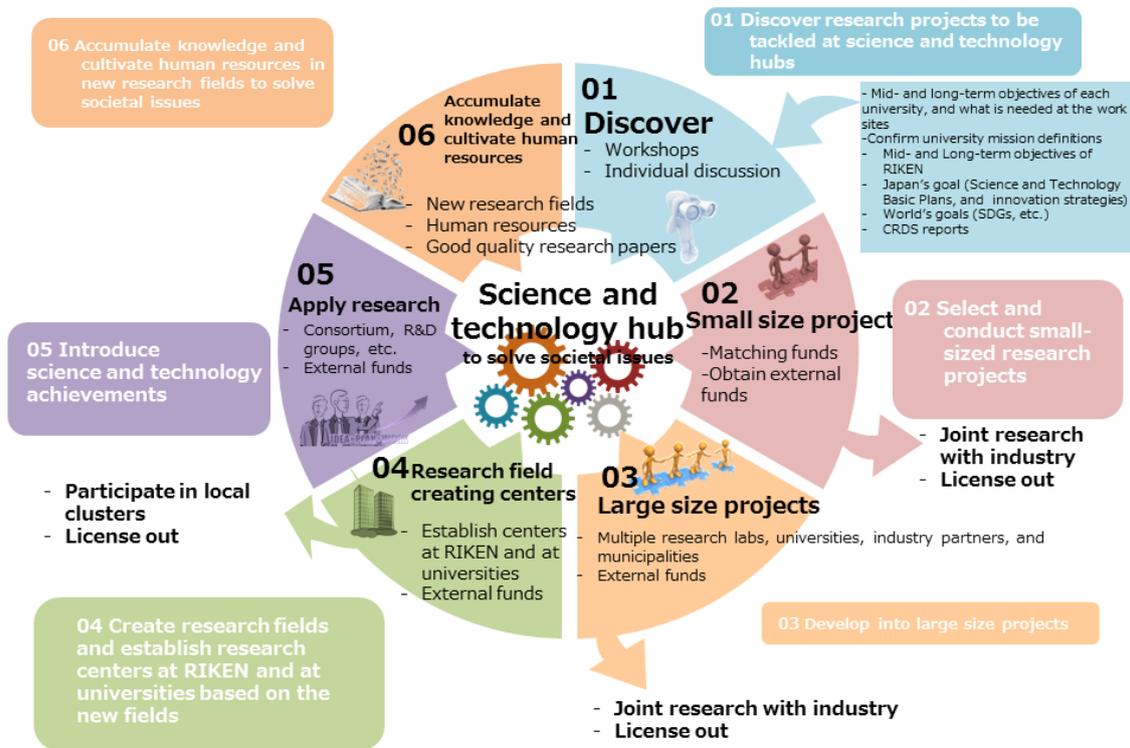


Figure 1: Building and developing science and technology hubs

○ Reviewing methods for securing and cultivating human resources

For projects to proceed successfully, it is important to have a clear picture of the administrative roles and the human resources necessary for science and technology hubs and to set goals. In order to advance projects, it is necessary to secure and cultivate personnel who are capable of expanding the range of activities in the hub and who can respond flexibly to build successful enterprises from scratch. Furthermore, the new opportunities that become available as the projects develop will attract more talented and ambitious human resources.

○ Operation of hubs and their administrative support systems

In order to support the development of hubs and the research activities conducted at the hubs, the AAC suggests that the collaboration with Kyushu University be used as a reference. It is crucial to coordinate effectively between each hub and the central administration.

The trial at Kyushu University relies on a hub support office operated by staff from the university. Though the know-how obtained from founding the hub will remain in the hub's promotion office, if RIKEN expects to accumulate knowledge regarding the research support activities of each hub, it is better to implement a cross-appointment system in the administrative divisions as well, so that an employee can maintain an affiliation with the collaborating university while engaging in work at a RIKEN science and technology hub.

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