

Dealing with Japanese companies; isn't there a better way to do business?

Kiyoko Naish, Director of Nottingham-based Qi Concepts Limited, previously Executive Director of US investment bank Goldman Sachs, is now offering cross-cultural communication consulting in the East Midlands.

Where is World second largest economy going these days? What is all this about the 'Modern Japan'? Why is it so hard to do business with Japanese companies? Yes, No, Maybe – which do they mean? Are they really different from us?

Answers to these questions are not easy. Since the peak of the 'bubble economy' 15 years ago, the Japanese have been slowly learning Western management styles, yet most Western business people still find it difficult to maintain smooth business relationships with the Japanese.

What is going wrong? Let's look at this step by step.....

Start of the Relationship

"Hajimemashite dozo yoroshiku" means "How do you do? Very nice to meet you". Your meeting with a Japanese business partners will always start with this phrase. We Japanese take more time for greeting and social conversation, at the beginning of the relationship, to find out about YOU rather than the business. Of course Americans have a complicated phrase for this: 'non-task sounding'!

The Japanese businessman may say, "Your name is unusual" as they stare at your business card, trying to hide the embarrassment that they didn't quite catch your name or don't know how to pronounce it. They are really asking you to say your name again. What they are saying means something else, which is a typical example of the Japanese business communication style. So listening to what they are *really* saying is very important. It is a bit like 'double-think' in George Orwell's book '1984'.

They like to ask you personal questions like "when is your birthday?", "which year were you born?", "what's your blood type?", "do you play golf?", "do you like singing?", "do you eat raw fish?", "do you use chopsticks?" These are all genuine questions. They are not practising their English; they are trying to find out about YOU.

- "In which year were you born?" is very important since we still believe in Chinese horoscopes, made up of twelve animal signs, and we use them to find out about someone's personality. Compatibility between certain animal signs is believed to be very important when establishing relationships such as marriages and joint ventures.
- "Do you eat raw fish?" Talking about food is a very important part of our conversation and culture. Your appreciation of Japanese food would be very welcome to your Japanese partners.

- Karaoke, golf and going to a hostess-bar are considered to be ‘sanshu no jingi’ – the ‘Holy Trinity’ of business communication. One successful female Japanese investment banker said that the hardest part of succeeding in Japanese business was going through this Holy Trinity of male-focused activities. However you need to do these activities if you want to win a business or build a good relationship with Japanese businessmen. And I am afraid to say that the Japanese business world is still dominated by men.

Building up the Relationship

There are also certain rules to keep, while you are building up the relationship with your Japanese counterpart. Do not become too friendly too quickly, for example by using a person’s first name, or telling jokes that are difficult to understand. We usually use our family name to address each other and put ‘-san’ at the end of the name as a sign of respect. I would be called Naish-san. When I was working in a US company, I was called Ogawa-san (my maiden name) for a long time. I finally told them to call me Kiyoko instead because it would feel friendlier, which was a reverse culture shock for my American colleagues! However, there is a lesson here; you should call the person by their family name until they tell you otherwise. When that day comes, you will have established a very good relationship with a great amount of trust.

I would like to talk a little about trustworthiness, sincerity and loyalty. These characteristics are probably most important when you build up and then maintain your relationship with Japanese. They are based on ‘bushi no kokoroe’ - Samurai principles. Such humanness is considered a more important characteristic than business acumen. They want to know if you are a good person first and a smart businessman second.

There’s also one more important thing to remember – ‘wa’ or harmony. It is one of the virtues we always follow. Japanese try to take a holistic approach to bring out ‘wa’. We don’t like arguments or aggressive logical attacks. We are taught to hold back from what we really want to say for the sake of maintaining harmony. Thus a negotiation should always be “win-win”, not “winner takes all”.

Japanese often find difficult to say “no” to you, so they try their best to avoid any situation in which they need to say no. You may be frustrated by their slow responsiveness; it often feels like a ‘yes, no, maybe’ situation. However when you come across such a situation, you need to hold back. The final outcome may not be the best you had wished for. However, you cannot push too hard to get a more favorable result, since it would ruin the whole situation and you may lose the trust you had managed to establish up to that point. It is rather like the classic children’s game, Snakes and Ladders; you would slide down a long snake after having climbed up a series of long ladders!

Let’s talk about body language. In Asia, it is important to understand body language, which can often tell you more about people’s true feelings than what they actually say. When they are upset, Japanese close their mouth tightly and stare at the people who have offended them. Moving the one palm sideways as if fanning means, “no, I don’t

agree” or “that’s not good”. When they are very serious, they clasp their hands on the table and nod at you. In a difficult situation, they stare at the table. Such an awkward situation can be created when you ask open questions such as “why?”, “what do you think?”. You may not understand why they are smiling. There is a phrase called ‘tsukuri warai’ or ‘made-up smile’; a smile of embarrassment that means “I am smiling because I don’t want to spoil the situation by objecting what you’ve just said but I’m not agreeing with you at all”. Or it could mean “you must be joking; you cannot possibly make such a demand”. If you see this sort of situation developing, it may be a good time to change the subject of the discussion!

Understanding Decision Making Process

I must talk about the unique approach to meetings, which often makes Western businessmen impatient and frustrated. ‘Ringi’ or group decision-making, and ‘nemawashi’ or ‘twisting the tree root around’ are the two most important issues to remember. Glazer, the author of the ‘International Businessmen In Japan’ says, *the decisions are made not on the basis of facts but on the basis of moods, because the Japanese are primarily concerned with harmoniously working out problems without causing interpersonal frictions*. Decisions are rarely made by majority rule. A complete consensus is essential and this is achieved by using the process of ringi. Even a CEO or board director cannot make their own decisions without using this process.

In the process of ‘ringi’, there is some ‘nemawashi’ – a junior employee who wants to bring up an issue has some informal discussions with other employees. By doing this, they are literally twisting the tree root to completely clear off all obstacles before it goes to a formal meeting. Thus, in the meeting itself, the tree will be lifted cleanly and quickly without breaking anybody’s back! In this stage, the important thing is who to go and talk to first. If you talk to a wrong person in at the wrong level of hierarchy first, the issue will never be brought up to the formal meeting. Such nemawashi can be looked upon as simply informal lobbying to gain consensus before action.

When the ‘nemawashi’ is done, the process of ‘ringi’ starts. At this stage, you are almost ready to get consensus at the meeting. You already have enough supporters to back up your issues. Once everyone has stamped his chop on a piece of paper called ‘ringisho’, a formal meeting can be called to ‘discuss’ the issue very formally. No one usually says anything negative at this meeting. You may think, “That’s very strange; surely the purpose of a meeting is to discuss any pros and cons to any decision.” Well that is the Western way, however, in Japan, the majority of companies run their meetings using this unique approach.

Modern Japan

Having said all that, I must mention that Japan is now changing rapidly or, rather, it is being forced to change to keep business up. Nissan is partly owned by Renault and Ghosn, their French Chief Operating Officer, has become a celebrity in Japan despite all the criticism about his western style of management. His claim to fame was laying off huge amounts of staff and breaking the ‘keiretsu’ system to cut costs. (The keiretsu

system is a network of cross-ownership and special trading agreements between groups of companies in different industries.) The Japanese management team could not have done this, although they knew for a long time that it was the only way to revive the company. They couldn't do it because it would break all the samurai principles – loyalty, sincerity and trustworthiness. Ghosn gained a reputation as 'le cost-cutter'.

Another example is Mazda – which is also part owned by Ford. Ford sent one of their executives to Mazda's Hiroshima headquarters and since then the hierarchy has been totally changed. Seniority is not so important any more. There are many young (early 40's) executives and they have even promoted many female workers! At meetings, they are encouraged to talk and to express their opinions in front of board members. Memos and correspondence are in English. Some Japanese blue chip companies have recently introduced the rule that all correspondence must be written in English. The clothes chain, UniQlo, is aiming to be the Japanese Gap. They are opening a shop in London and will open 50 stores in UK in the next three years.

If you want to improve your profits by doing business with Japan, Qi Concepts Limited offers cross-cultural communication seminars, one-on-one coaching for key executives and business 'hotline' services. Other services the company offers are executive coaching, e-learning and measuring the return on investment of training.

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(telephone 0115-8492769 or e-mail kiyoko.naish@qiconcepts.co.uk)