

HOW TO DO BUSINESS
WITH THE
JAPANESE

MARK ZIMMERMAN

RANDOM HOUSE  NEW YORK

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FOREWORD

Not long after I received the sad news of Mark Zimmerman's death, his wife, Susan, wrote to ask if I would write the foreword to his second book. I immediately agreed, telling her that I considered it an honor to be able to contribute to the memory of a man so dedicated to cross-cultural understanding and communication between the United States and Japan.

On many occasions I have said that the U.S.-Japan relationship is the most important bilateral relationship in the world—bar none. This is obvious when one looks at the breadth of our mutual concerns that encompass the trade, financial, political, security, and cultural realms. The list of shared interests is almost endless. For our two great countries to continue to progress and develop closer relations, communication and mutual understanding are absolutely vital. Although we have had problems in the past due to weaknesses in these areas on both sides of the Pacific, our knowledge and understanding of each other, and our ability to deal in an informed and sensitive manner with each other, are increasing rapidly and dramatically. Today more Americans than ever before are studying about Japan and learning the Japanese language. And the same can be said of Japanese interest in the United States. More and more people are crossing the Pacific, for tourism, business and study. I welcome and fully support these developments. Without such efforts, we are doomed to repeat the mistakes of the past.

Mark Zimmerman was a man who embodied the tremendous potential for continued cooperation and communication between our two societies. Although he arrived in Japan with little prior knowledge of the country, its people, or its language, he departed five years later as an eminently successful Japanese-speaking businessman. He made prodigious efforts to master the Japanese language, recognizing that this ability was vital for living there and achieving his goals. He studied Japanese culture, explored the country, and learned about its long history, thereby gaining a far better understanding of how its society, geography, and past have influenced the Japan of the 1980's and will continue to affect its future development. *How to Do Business with the Japanese* demonstrates clearly that he fully succeeded in reaching his goal.

Based on Mark's own experiences in Japan as the representative of an important American company, this book is a practical guide to doing business in an incredibly dynamic and ever-growing marketplace. But it is much more than just a businessman's guide; it is a road map to understanding, and can be used by anyone who plans to work in Japan or with the Japanese, whether in diplomacy, cultural affairs, academia, the sciences or communications.

During the six decades I have studied this part of the world, I have read innumerable books and articles about how to communicate effectively with the Japanese, but Mark Zimmerman's insights into Japan—its culture, history, business practices, language and philosophy—are unique. In this volume he offers the experience of a pragmatic American businessman, but this is tempered by the sensitive perspective of an internationally oriented intellectual. He was constantly looking for opportunities to implement what he had learned. He sought feedback from those around him—both friends and business associates—for he knew that only by listening to and absorbing what was happening in the local environment could he ever hope to understand Japan and the Japanese.

As president of the American Chamber of Commerce in Japan (ACCJ) in 1981, Mark was the most visible representative of the American business community in Japan. He succeeded admirably in bringing together a widely disparate group of American business leaders and providing them with directions in which to channel their energies. As general manager of Sterling-Winthrop, Inc., his ability to listen to others and learn from them earned him the confidence and respect of his American and Japanese staff. This meant not only

achieving greater profits and rapid growth for his company but, perhaps more important, developing close and warm relationships with his Japanese colleagues and counterparts. Mark received great personal satisfaction from his unique ability to bridge what are all too often considered by many people to be unbridgeable gaps between the two cultures.

Perhaps Mark's most significant contribution to breaking down the barriers between our two societies was his attempt to establish productive relationships with Japanese government officials. The fact that these contacts can be a lifeline for foreign businesses is often ignored, but Mark fully recognized their importance. I attribute to Mark's early initiatives and leadership the continuing successful efforts of the ACCJ to build bridges to Kasumigaseki.

In addition to representing his own firm and the entire American business community, Mark had other interests that were broad and varied. Religion played an important role in his life. He was a lay reader of his church and was involved in many religious activities. He was also a patriotic American, serving in the United States Army Reserve. He took his military obligations seriously and considered his military activities an integral part of his career and life. He was also a genuine intellectual who, at the same time, understood the practical world. Thus, he brought an especially broad perspective to his everyday activities.

Mark Zimmerman was a fine individual—gregarious, friendly, sincere, warm, concerned and, quite simply, a pleasure to be with. He was truly interested in people as people, not just as targets of business opportunity. The relationships he developed with those around him demonstrated that this warmth and concern were reciprocated.

It is a tragedy that we lost Mark when he was only forty-five and still in the prime of life. He has, however, left us a legacy in this book that should help other Americans. One of my principal goals as the U.S. ambassador in Japan has been to increase communications between our two countries and peoples. To this effort, Mark Zimmerman made a lasting contribution, and I thank him for it.

—Mike Mansfield
Tokyo, Japan

ABOUT THE AUTHOR

Born in China, the son of American and English parents, educated on both sides of the Atlantic and fluent in five languages, MARK ZIMMERMAN seemed destined for an international career. After an early start in advertising he joined the international division of Sterling Drug, a major pharmaceutical company, and worked with distinction for it in Brazil, Venezuela, the Philippines, Japan and India. He arrived in Japan in 1977 to head the company's substantial operation there, which included a number of joint ventures in a market that was marked by highly restrictive import licensing policies imposed by the Japanese government and drug industry. Following four years of active participation at various levels in the American Chamber of Commerce in Japan, Mark was elected its president in 1981 during a critical period in the economic relationship between the United States and Japan. During this time he wrote *Japan's Choice: Conflict or Co-operation*, which was published in Japanese. Both his first book and *How to Do Business with the Japanese* are based on Mark's experience not only as a leader of the American business community in Japan but as the head of a long-established American company with many joint ventures in Japan.

Mark Zimmerman died of leukemia in 1983. He leaves a widow and three children.

ACKNOWLEDGMENTS

Although this book is not one that was produced with the direct aid of many different people, I think its author would have wanted to thank not just those who aided in the actual writing of it, but all the many people, Japanese and American, who helped him to learn about Japan. There would have been too many to name, in any case, and now that he is gone it is impossible for us to know whose influence he would have considered paramount. I know he would have wanted to thank those of his colleagues in the American Chamber of Commerce in Japan who over the years have shared their knowledge of Japan with him. Of course, Mark would have wanted to thank his many Japanese friends and colleagues for their generous aid in helping him to understand their country. I think, too, he would have asked their forgiveness if he has seemed critical of Japan or things Japanese. The truth is that Mark was a man who deeply and sincerely admired the Japanese people, and this book was inspired partly by a desire to convey his admiration in terms understandable to the West. If he criticizes certain aspects of modern Japan, it was out of a desire to express an honest dismay at what he perceived as the inevitable negative consequences if Japan and the West continue to pursue outmoded policies in their dealings with each other.

Among those who deserve most thanks for aiding in the production of the book are Fatima Pais, who did much of the typing and collating, cheerfully and all too often under unreasonable expecta-

tions of speed in a country where electric typewriters are rare. Promila Barreta stepped in to complete the typing task at a crucial moment.

William Dizer generously contributed his time to critique the early chapters. His suggestions saved Mark from several errors in the difficult opening chapters, although Mr. Dizer shares no responsibility for any errors that may remain. Needless to say, the opinions expressed in this book are the author's alone, based on his experiences and interpretations.

I'm sure that Mark would also have wanted to thank his editors at Random House, as well as Julian Bach, his agent, who gave a great deal of useful advice and unstinting encouragement.

Finally, thanks are due Lynne Hewitt, who worked with Mark on the book from the beginning, researching background material and editing the manuscript, and who was faced with the task of putting the manuscript into its final form after Mark's death.

—Susan P. Zimmerman
May 23, 1984

CONTENTS

PART ONE: UNDERSTANDING THE JAPANESE

Chapter 1	The Basics: Social and Cultural Motivations	3
Chapter 2	Getting the Nuances Right: A Few Matters of Etiquette	25
Chapter 3	The Japanese Language: A Key to Understanding	41
Chapter 4	They're on a Different Wavelength	55
Chapter 5	Four Essential Concepts: <i>Nintai, Kao, Giri, On</i>	64
Chapter 6	The Network That Binds: <i>Ningen Kankei</i>	75

PART TWO: NEGOTIATING WITH THE JAPANESE

Chapter 7	The Japanese and Contracts	91
Chapter 8	" <i>Hai</i> " Means "I Hear You"	105
Chapter 9	The Decision-Making Process	118

PART THREE: COMPETING WITH THE JAPANESE

Chapter 10	Japanese Business Strategy in Japan	133
Chapter 11	Japanese Business Strategy in Foreign Markets	151
Chapter 12	Japanese Trading Companies and Japanese Banks	168
Chapter 13	How to Hold On to Your Market	184

PART FOUR: WORKING WITH THE JAPANESE

Chapter 14	Playing the Harp	205
Chapter 15	Joint Venturing	218
Chapter 16	Exporting to Japan	236
Chapter 17	Working in a Japanese Company	254
Chapter 18	We Need Each Other	269
	Glossary	293
	Bibliography	299
	Notes	303
	Index	307

PART
ONE

UNDERSTANDING
THE JAPANESE

CHAPTER

1

THE BASICS:

SOCIAL AND CULTURAL MOTIVATIONS

Almost from the moment I set foot in Japan I realized that I had arrived not at *a* world center of commerce but at *the* world center of commerce. The Japanese believe in big business, and the whole time I was there I felt myself caught in a society that was in an incredible ferment of commercial activity, a society dedicated to the principle of economic growth. In fact, all Japanese are taught even as children at school that Japan's economy must continue growing, and that a favorable balance of trade is the only way for an archipelago poor in natural resources but rich in people to survive. Although growth has slowed in recent years, due to the world recession, rather than retrenching and cutting back, Japanese companies are frantically searching for innovative technology and seeking to penetrate new markets. The Westerner who would fully appreciate this spectacle must come to know the Japanese intimately.

Most Westerners who come to Japan on business or suddenly find themselves dealing with Japanese businessmen may know a little about the country and the people, but seldom does their knowledge come anywhere near approaching adequacy. Far too many of us continue to believe in the geisha-cherry blossom-Mount Fuji stereotype, a line that is still fed to and swallowed by many Western tourists, who are predictably disappointed by the reality. One would expect that executives whose career depends on being well provided with up-to-the-minute information would be considerably more so-

phisticated, but misinformation continues to be bandied about, largely because, until recently, there has been a persistent lack of serious interest in Japan. There is a new stereotype forming these days, lurking in the back of the minds even of those whose business it is to be well informed about such issues as bilateral trade. That is the notion of the Japanese as “economic animals” or “industrial robots”—a nation of homunculi emerging from “rabbit hutches” each day, marching in lockstep and hell-bent on a mission of world economic domination. Few would seriously maintain the literal accuracy of such a picture, but then again few have entirely forgotten World War II, and such adjectives as “inscrutable,” “wily,” and “sly” spring very quickly to our minds, even if less often to our lips.

At all economic levels—from the GM or British Leyland auto worker, who faces the prospect of never working again because superior Japanese cars have captured the market for the cars he used to make, to the executive of a consumer appliance or semiconductor company whose market is crumbling away because of Japanese competition—protectionist sentiment is on the rise, and along with it the usual nativist reactions: fear, distrust, hatred. From such emotions arise the “rabbit hutch,” “robot,” and “animal” stereotypes. But there is another side to our view of the Japanese—grudging admiration, amazement, wonder at their “cleverness.” A calculator on a watch, and now a television on a watch! The consumer’s vote concerning Japan is certainly “yes”—but there is a tinge of condescension even in our admiration. The Japanese are called not “brilliant” but “clever.” Clever is the sort of word one would use to describe a dog that has learned to sit up, roll over, and play dead. Nobody would say “a clever nuclear physicist.” In a recently published work on European views of Japan, *Misunderstanding*, by Endymion Wilkinson, the author shows that while the Europeans have always had a quite distorted picture of Japan—at times ludicrously so—the Japanese on the other hand have had a far more accurate picture of Europeans (and Americans, for that matter). This is basically because good information has been more widely disseminated in Japan.

When I first arrived in Japan, like many other businessmen, I thought of culture as a mere cultivation of aesthetic sensibilities, and of sociology and anthropology as abstruse academic specialties of limited practical application. I realized right away that I would have to learn Japanese in order to be effective, but I thought I could learn the ins and outs of Japanese business just by working with Japanese

businessmen. But experience changed my original view. I now believe that extensive study of Japanese psychology and the structure of Japanese society is absolutely essential to fruitful dealings with the Japanese. When European and American managers persist in treating Tokyo as if it were Paris or New York, and thinking of Japanese businessmen as almost the same as we are, they very quickly find out that their competitive efforts are outclassed by the Japanese. If, on the other hand, they study the Japanese well enough to be able to anticipate their moves, and learn how to deal with them in the domestic and international marketplace, it may become harder for the Japanese to dominate market after market while we in the West fall like dominoes before the relentless determination and persistence of the Japanese corporation.

In what follows, I attempt to provide an introduction to the factors that have produced the most important—and peculiarly Japanese—economic phenomenon of the latter half of the twentieth century—the Japanese salary man (white-collar worker). It is his dedication—whether he is managing director or assistant to the assistant—that forms the foundation of Japanese success.

In the course of just over a century, Japan has evolved from an agrarian feudal society to a modern industrial one. Certain elements of the old community structure have persisted to the present day, the most important and basic of which is the famous Japanese sense of commitment to the group. Life on the medieval Japanese farm demanded the total involvement of every member of the community. The land-intensive method of producing rice involved backbreaking, never-ending labor and plenty of willing hands. Going it alone was out of the question, so villages were forced to get along with their neighbors. Individual farmers could survive the uncertainties of the weather, meet the heavy burden of the samurai's or daimyo's taxes, and deal with other emergencies only if they submerged themselves into the group and put the welfare of the community before their individual desires. A sense of the village's vulnerability to unpredictable outside forces was prevalent. Moreover, most villages were relatively isolated from their neighbors and were almost self-contained units. Since experimenting with new techniques risked the welfare of everyone, the society tended to be ultraconservative in its decision-making. Group consensus was most easily achieved by pointing out a precedent to the proposed decision. Even today this conserva-

tism is apparent; the countryside is the bastion of the Liberal Democratic Party, the conservatives of Japan (and the leading political party nearly every year since the war).

This image of nervous farmers may contradict the average Westerner's view of the Japanese. Yet I feel that this stereotype is closer to reality than the comic-book image of Japanese as samurai swordsmen. Only a tiny minority of the population ever belonged to the samurai class, when there was such a class—it was eliminated in the nineteenth century during the Meiji Restoration. Up until the twentieth century, the vast majority of Japanese lived and worked on the land.

The two most important events (other than World War II) in the recent history of Japan are the founding of the Tokugawa shogunate and the Meiji Restoration. The Tokugawa shoguns (military dictators) ruled Japan from the seventeenth to the nineteenth centuries. The shogunate consolidated power throughout most of Japan, removing the administrative capital from Kyoto, the traditional seat of the emperor, to Edo (modern-day Tokyo). It banned all contact with foreigners (except for a few Dutch traders authorized to trade in Nagasaki) on penalty of death, and also eventually banned the practice of Christianity as a religion detrimental to the power of the state because it required allegiance to the “King of Rome” (the Pope). (Christianity had been introduced with considerable success by Portuguese missionaries during the preceding century.) The shogun disarmed the populace of the guns imported by the Portuguese merchants who earlier had been allowed to trade in Japan. The Tokugawa society was a combination of a strong central government and a feudal class system of rigid hierarchy.

The Tokugawa shogunate has been called “the closest approximation to a totalitarian system ever to appear in a preindustrial society.”¹ Tokugawa Ieyasu, the architect of this social order, was an organizational genius, and is much admired by modern Japanese businessmen. As Albert Keidel has pointed out (in an article on the history of Japan's economic growth in *Business and Society in Japan*), one of the major factors in Japan's successful industrial revolution was that Japan already had a body of highly trained and disciplined managers to draw on:

Because of the suddenness with which Japan began commerce and intercourse with the West it is easy to overlook the long, slow develop-