

Difference in Business Practice between USA and Japan

How to deal with international business

October 5, 2010

At [John Carroll University](#)

Koichi (Koh) Tanaka
TOMATEC America, Inc.

Area of Business : + Manufacturing and sales of packaging containers made of various materials
+ Sales of machinery for food packaging and packaging system, and technical service

Consolidated : + Annual Sales US\$7 billion
24 Companies + Employees 14,000

Products

Products fall into the following six categories, and reflect both the current Japanese lifestyle and the future of packaging.

- + Beverage Packaging
- + Food Packaging
- + Toiletries & Cosmetics Packaging
- + Health care Packaging
- + Household & Industrial chemicals Packaging
- + General Packaging




Head Office Building

Toyo Seikan Group

Toyo Seikan Group is a leading packaging group which supplies a wide-range service in packaging area to our customers. It consists of 24 consolidated, 27 non-consolidated and 13 associated companies.

Toyo Seikan's major subsidiaries and JV

 Tokan Material Technology Co.,Ltd.	Porcelain enamel & ceramic frits, pigments for enamels, ceramics, plastics and paints, gelcoat, F.T.E.	Toyo Aerosol Industry Co., Ltd.	filling of aerosol products
Toyo Glass Co., Ltd.	glass containers, tableware	Toyo Food Equipment Co., Ltd.	can manufacturing equipment, filler
Tokan Kogyo Co., Ltd.	paper containers & carton boxes, paper cups, plastic containers	Toyo Kohan Co., Ltd.	tinplate & TFS sheet making
Japan Crown Cork Company, Ltd.	aluminum cap, plastic cap, steel cap, crown	Bangkok Can Manufacturing Co., Ltd.	Sales & Production of can

Contents

- **Introduction**

(- Map & General Information)

Part I

- Brief introduction of Japan, its culture and history

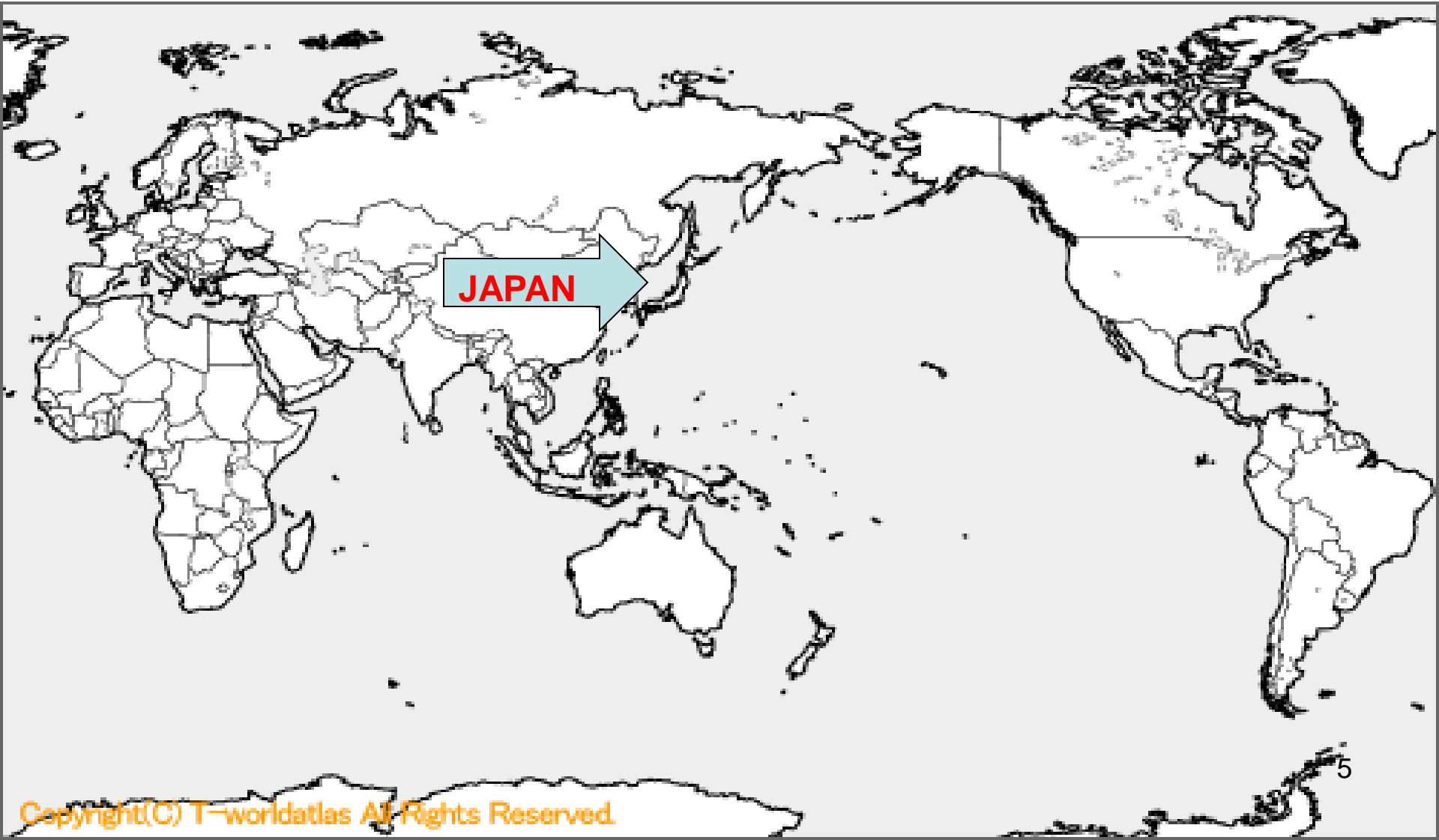
Part II

- Difference in Business Practice between USA and Japan

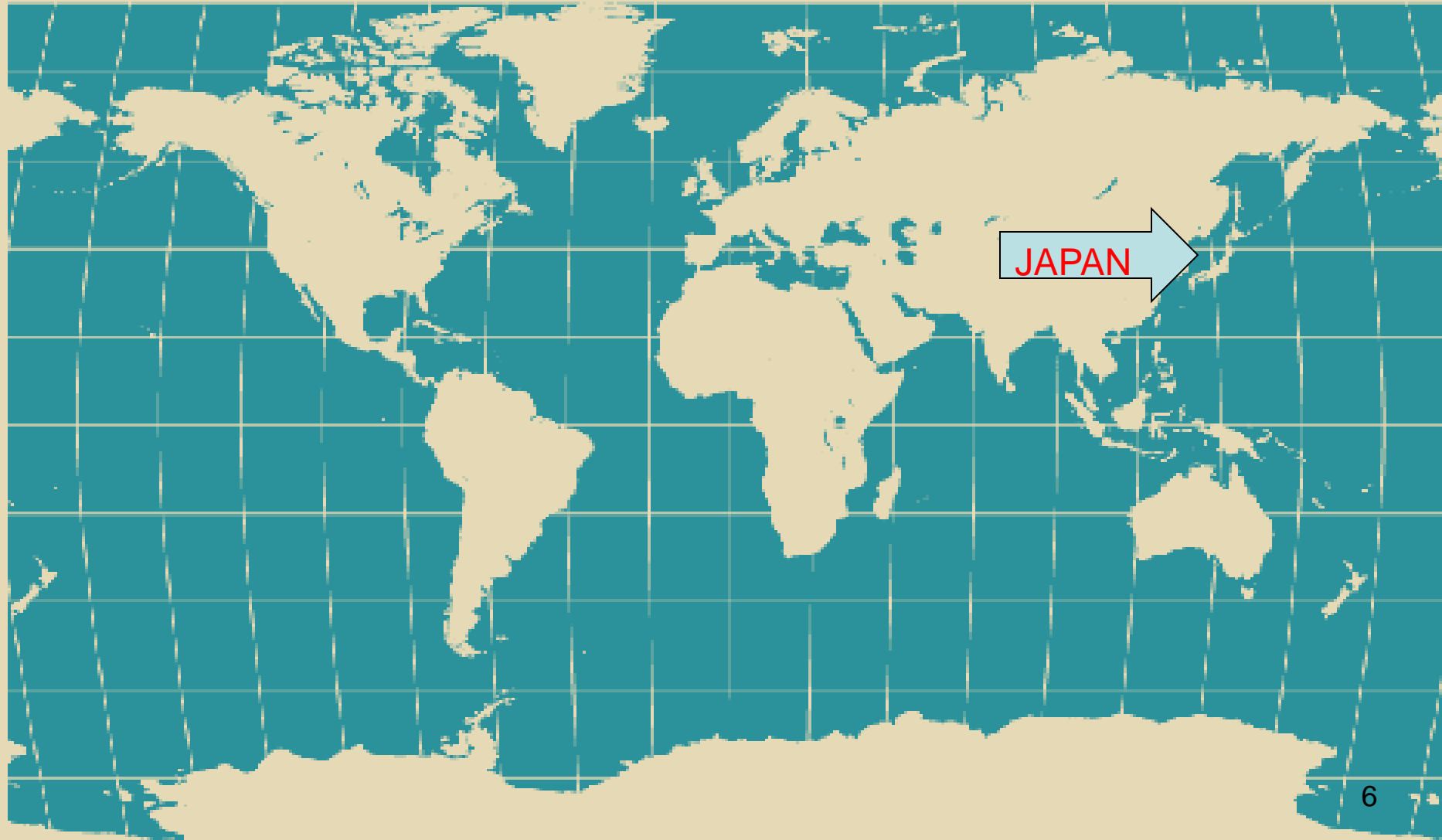
Part III

- What is important in international business

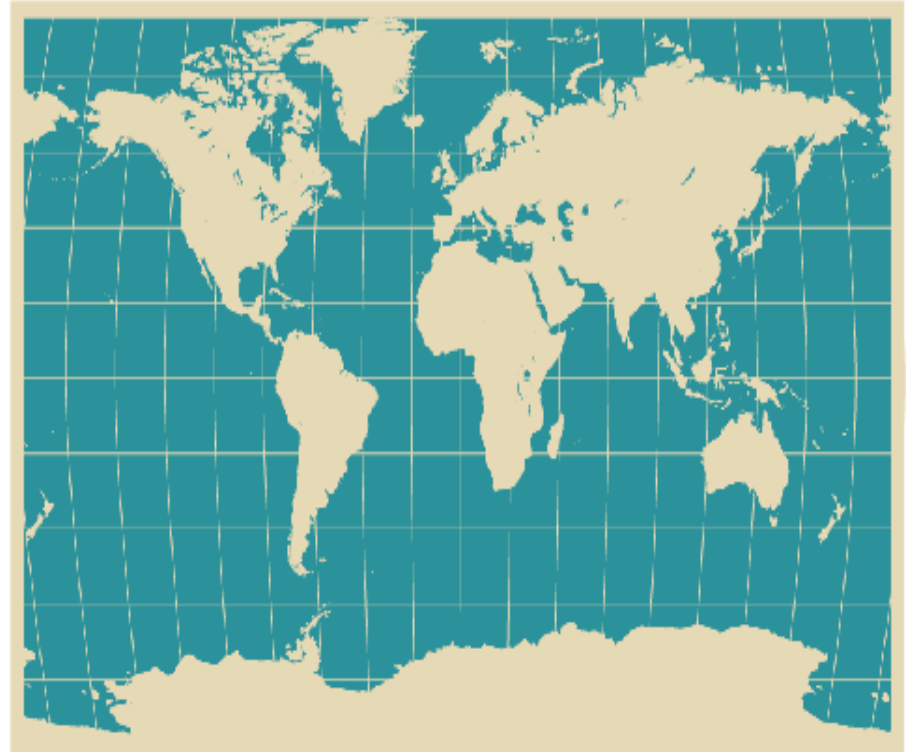
Q1: Where is Japan?



Q 2: Where is Japan?



Two kinds of maps

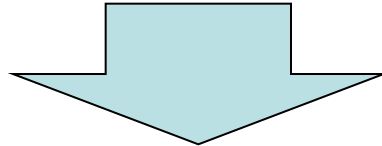


**Two people
= Two different ways of thinking**

Additional Factors in International Business

- **Language**
- **Educational Background**
- **Culture**
- **Politics**
- **Currency (Pricing)**
- **etc**

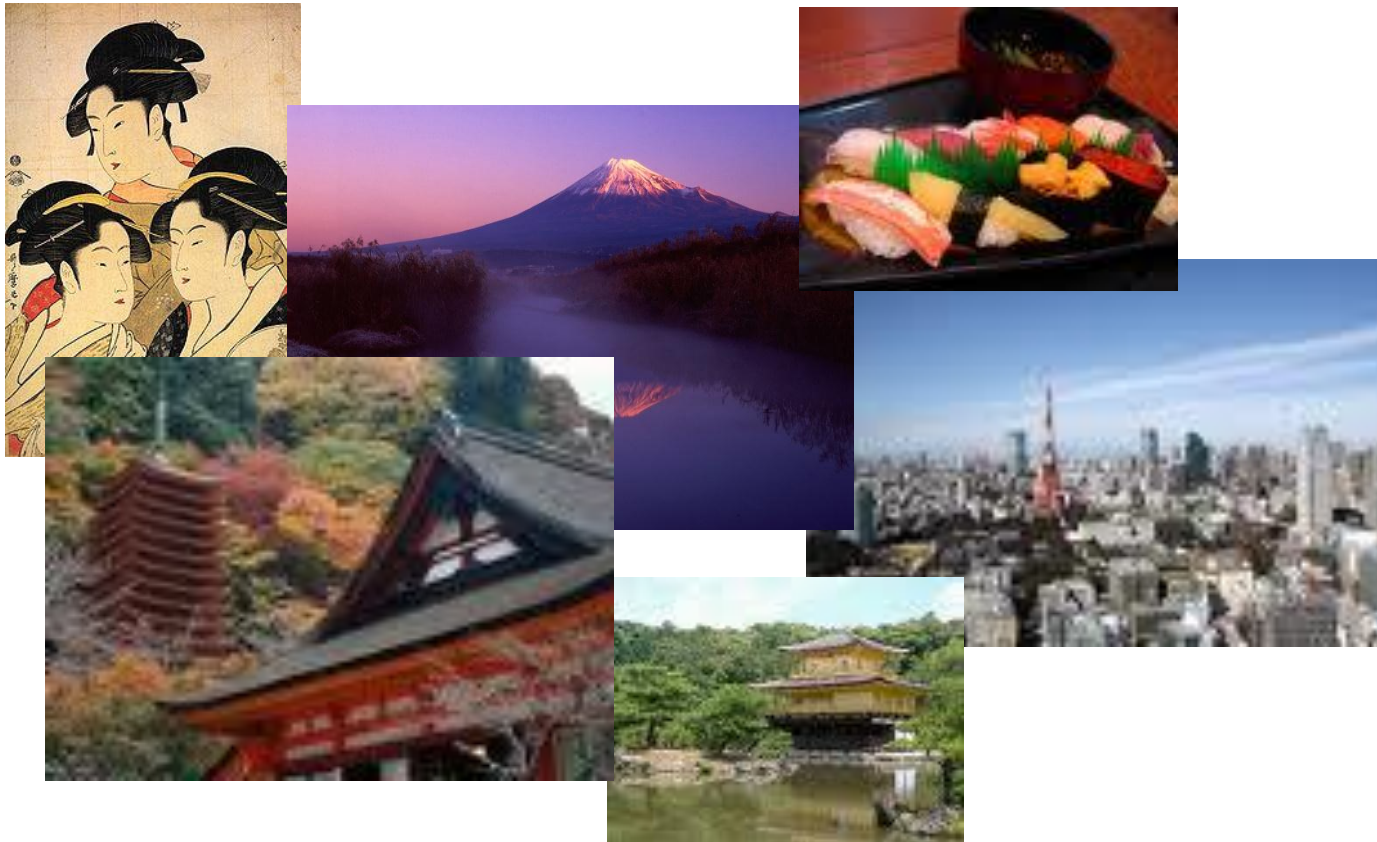
More people, more countries = **more complications**



Essence: **Understanding & Compromise**

Part I

Brief introduction of Japan, its culture and history



Characteristics of Japanese and their Culture (I)

Multi-layered – old, new, foreign and **native**

Homogeneity - Uniform culture (TV programs-NHK)

Japanization - Chinese letters, Buddhism, etc.

Religions - Overlapping (220mil people?)

Less than 10% specific religion (Bible, sutras, etc)

Mostly petition for various occasions such as
success on business or school entrance exam,
safety of household, painless childbirth

Characteristics of

Japanese and their Culture (II)

Japanese: Groupism / American: Individualism

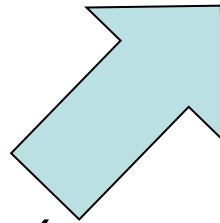
What you see in Japan:

Blue business suits, School uniforms, etc.

“The nail that sticks out gets pounded down”

Individual is only significant if he/she represents the group.

Historical background

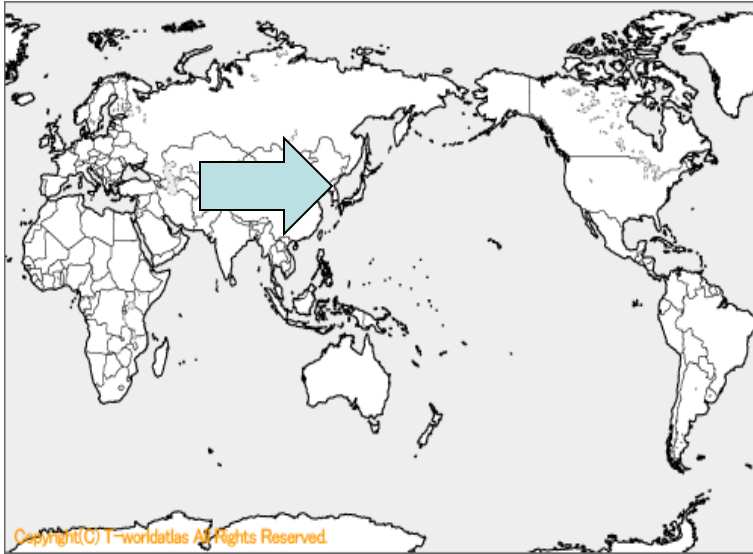


Rice farming civilization (communal cooperation)

Collective responsibility (punishments)

Limited land space (crowds in commuter trains)

Japan



Population: 127mil (10th) '09

Land: 380K km² (75% forests)
(= size of California)

Capital : Tokyo

(2.2K km² / 13 mil people)



Japanese History (I)

- 35,000 years ago **the Stone Age**
- B.C. 8000 **Jomon Period** (population 0.1-0.3 mil) – hunting, fishing, gathering
- B.C. 300-A.D.300 **Yayoi Period** - rice cultivation, metal implements - small countries (appx 100) to unified country - leader Himiko (female)



Japanese History (II)

- A.D. 300-710 - **Kofun (tumulus) Period** –
 - (350) Japan consolidated by Yamato clan
 - (538) first introduction of Buddhism
 - (592) Asuka Period – Suiko (the 33th first Japanese empress), Prince Shotoku-taishi, local ruling families (Soga families, etc.)
- Capital: Nara/Osaka area
- Laws & regulations
- Envoys dispatched to China



Japanese History (III)

- 710-794 **Nara Period** - population 4 million
- Capital: mainly Nara



- 794-1185 **Heian Period** - population 6-7 million / Capital: Kyoto
- aristocracy to Samurai Warrior
- 1185-1333 **Kamakura Period** - population 6 mil / Capital: Kamakura (near Tokyo)
- Samurai Warrior Era Minamoto Shogun

Japanese History (IV)

- 1338-1573 **Muromachi Period** - population 10 million / Capital Kyoto Samurai Era (Ashikaga Shogun)
- (1467)-1600 **Civil War (Sengoku) Period** (Oda Shogun, Toyotomi Shogun)



(1543) Firearms imported from Portugal

(1549) Christianity introduced by Spanish

Japanese History (V)

- 1600-1867 **Edo Period** (Tokugawa Shogun)
Population: 31-32 million / Capital Tokyo (Edo)



(1633) Closure of country (trade limited with Holland & China)

Unique culture – Kabuki, Ukiyoe-pictures, etc.



Japanese History (VI)

1853 Black Ships' Arrival (Kuro-Fune)
(Matthew Calbraith Perry with a letter from
US 13th President Millard Fillmore)



- 1868-1912 **Meiji Period** - Population 33-46 mil - End of Shogun/Samurai warrior Era – Modernization (following USA & Europe)
 - (1889) first Constitution of Japan
 - (1894) Japanese-Sino war
 - (1904) Japanese-Russo War

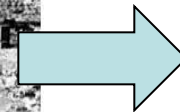
Japanese History (VII)

1912 to the present **Modern Era**

(1914-1918) World War I

(1939-1945) World War II

- Democracy under GHQ by USA
 - Douglas MacArthur



Red: USA / Blue: Japan

(1492) Discovery of Americas by Christopher Columbus “Civil War Period in Japan”

(1549) Christianity introduced by Spanish

(1776) Declaration of Independence in USA

(1853) Black Ships' Arrival (Kuro-Fune)



(1854) Treaty of Peace with Japan
Ending the closure of country

US-Japan Historical Relationship (II)

(1939/1941-1945) World War II

(1950) Korean War

(1951) Treaty of Peace with Japan
in San Francisco

(1960) Treaty of Mutual Cooperation and
Security between the US and Japan

(1964) Tokyo Olympics



Part II

Difference in Business Practice between USA and Japan

How are Japanese business practices?



Business Meeting (I)

- **Appointments:** by telephone or emails, etc.
(personal connections effective)
 - Seniority system: older = higher positions
- **Punctuality** (train time table / example: 9:32AM)
- **Working hours** (9:00AM-5:00PM Mon-Fri)
- **Holidays:** New year/ Year End (12/28 – 1/3),
Golden Week (4/29 – 5/5), Summer (mid Aug)
- **Clothes:** Business suit with tie (gray, dark blue, white shirt) / female – dress simple

Business Meeting (II)

- **Introduction:** 5-10 min before the meeting
- **You may be asked:** educational background, age, family, birthplace (you may change the subject politely)
- **Good topics:** Appreciation for hospitality, good impression on Japan, sports (golf, baseball, soccer, Japanese player, etc), economy in general
- **Taboo:** Politics, Religion, War, Black humor, etc.

Business Meeting (III)

- **Name:** Last name basis “--- san” (honorifics)
“--- san” works for all (except children)
May call you “Mike - san” or “McKenna - san”
Never use “--- san” for yourself
- **Souvenir:** end of meeting or visit (not in the meeting) / Japanese open it later.
May say “No. No. No.” first.
- **Business cards** – very important: use both hands, confirm name, leave it on the table during the meeting

Business Meeting (IV)

- **Decision Maker:** Top management
(President, Directors, GM)
Negotiations: Managers
- **Typical process:** **Meeting (I) with top management, Meeting (II) with managers, Meeting (III) with top management**
 - long term negotiation (some 2-3 years)
 - Do not push hard
 - Prefer verbal agreement
 - Bottom up system (example: Kaizen)

Business Meeting (V)

- Not too straight, not too aggressive, stay calm (Japanese feedback: yes or no)
- No slang (use plain expressions)
- Smile or nodding: does not mean “understood” or “agreed” (some close eyes)
- “Sumimasen”: Use lots of “Excuse me” or “I am sorry.” - regarded as “polite” (honorifics)
 - Dinner, gift, appreciation, etc.
- Female: inform her position in advance
- No finger pointing (use hand)

Business Meeting (V)

- **Lunch / Dinner** - Important (relationship/understanding)
 - **Payment** by the party who invites the other
 - Tell foods you cannot take before order/meal
 - **Karaoke bar or bar** after the dinner
 - **Take off shoes** at some Japanese restaurants
 - **Seating** at dinner (away from front door, good view, host and key guest may sit in a middle) – rectangle table
 - **“Kanpai”** = Cheers (Host starts eating first.)
 - **Manner:** Use both hands. Do not stick chopsticks into rice bowl or use it for pointing people. Japanese make noise for noodle.

Business Meeting (VI)

- Use some Japanese expressions – effective
(Honorifics: Respect for others / **humble for yourself**)

Arigato-gozaïmasu (Thank you very much.)

Sumimasen (Sorry., Excuse me., Thank you.)

Sumimasen-deshita (Deeply sorry. Sincerely apologize. Thank you very much.)

Ohayo-gozaïmasu (Good morning)

Konnichiwa (Good afternoon)

Konbanwa (Good evening)

Doumo (Thank you. / Hello.)

Business Meeting (VII)

- Gestures

Bowing



(no eye contact)

Beckoning

(use hand, palm down)


○ = OK

× = Negative



The screenshot shows the Los Angeles Times website. The main article is titled "How low will he go? Obama gives Japan's Emperor Akihito a wow hour (Updated with video, pic)" dated November 14, 2009. The article includes a photograph of Barack Obama bowing to Emperor Akihito and Empress Michiko. A video player is embedded in the article. To the right, there is a "Stay connected" section with social media links and a "Get \$4,000 Cash Back" advertisement for a car.

Employment System

- based on lifetime employment and the seniority system  Changing, but still...
- Job change in Japan (up to 3 times?)

USA: 5 - 7 times or even more?

Career Change (% / year)

	Average(%)/ Age	15-24	25-34	35-44	45-54
Male	4.2%	10.6%	6.3%	3.5%	2.2%
Female	6.3%	13.7%	9.3%	6.7%	4.5%

Part III

What is important in international business



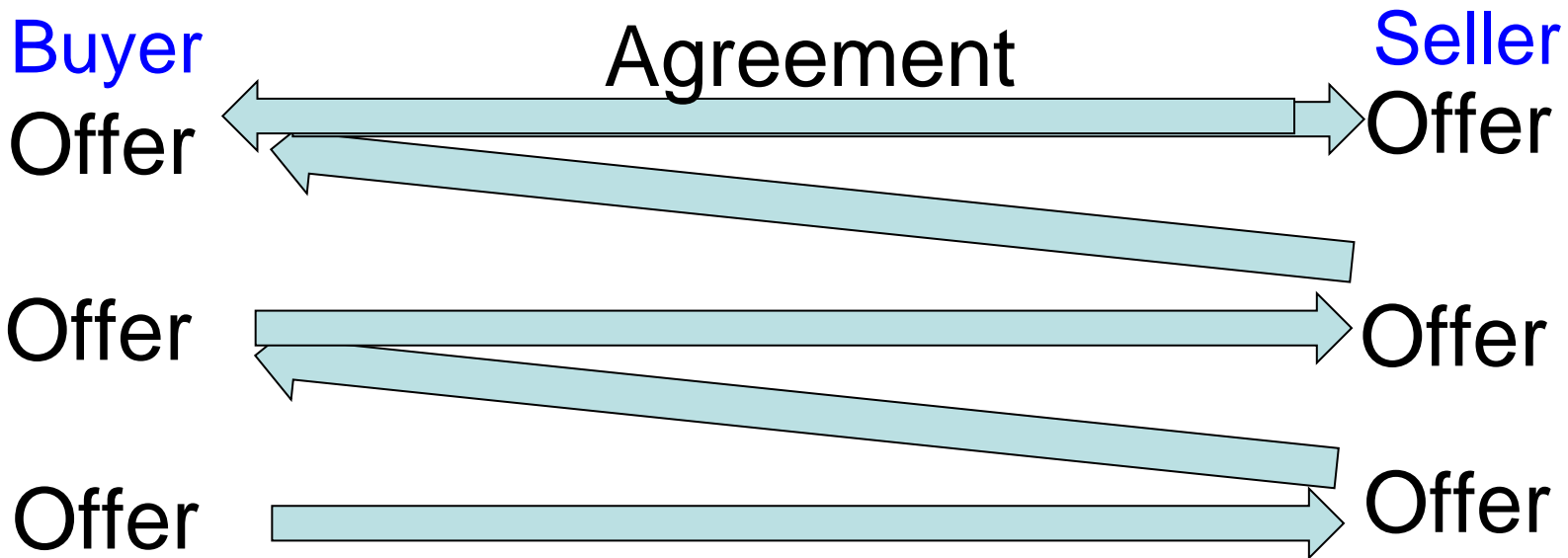
- some tips for international business -

International Business (I)

- Perfect Agreement (Negotiations)

Two people = Two different ways of thinking

More people, more countries = **more complications**



- What to be discussed/offered/confirmed
Quality, Quantity, Price, Shipment, Payment, etc.

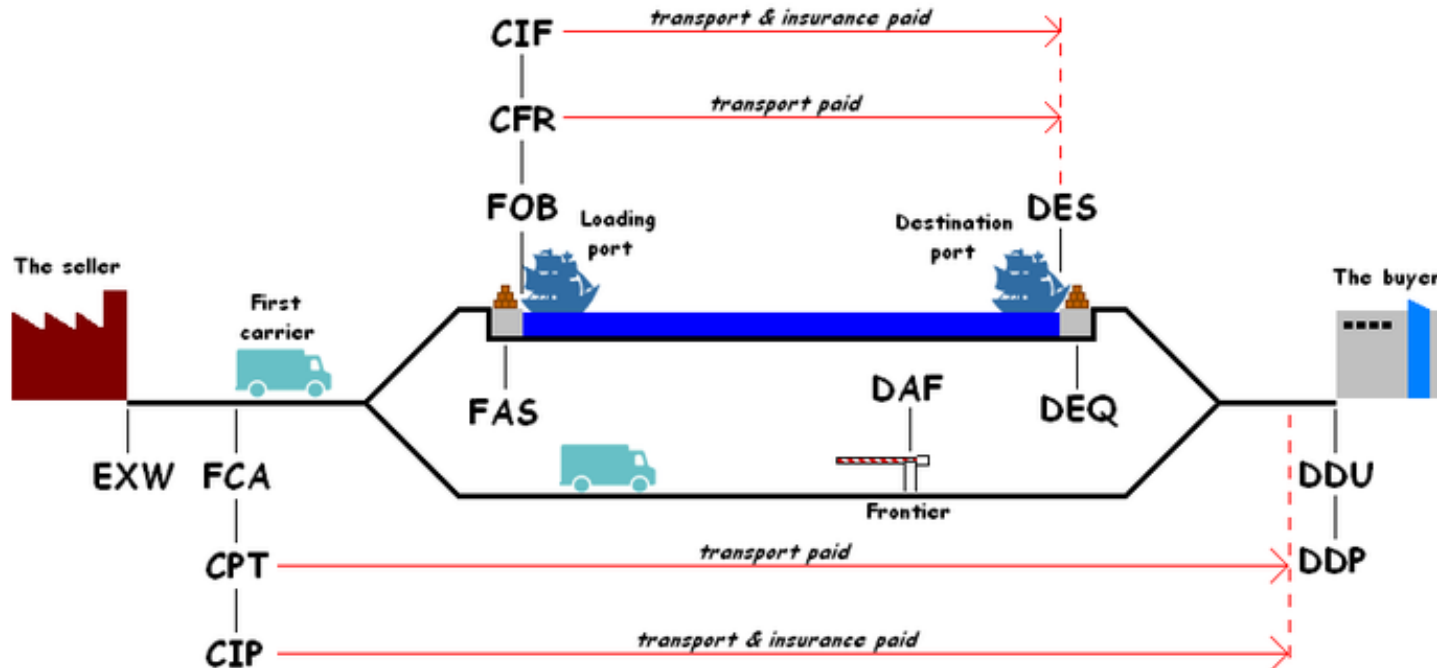
International Business (II)

- Pricing

(**INCOTERMS**: international commerce terms)

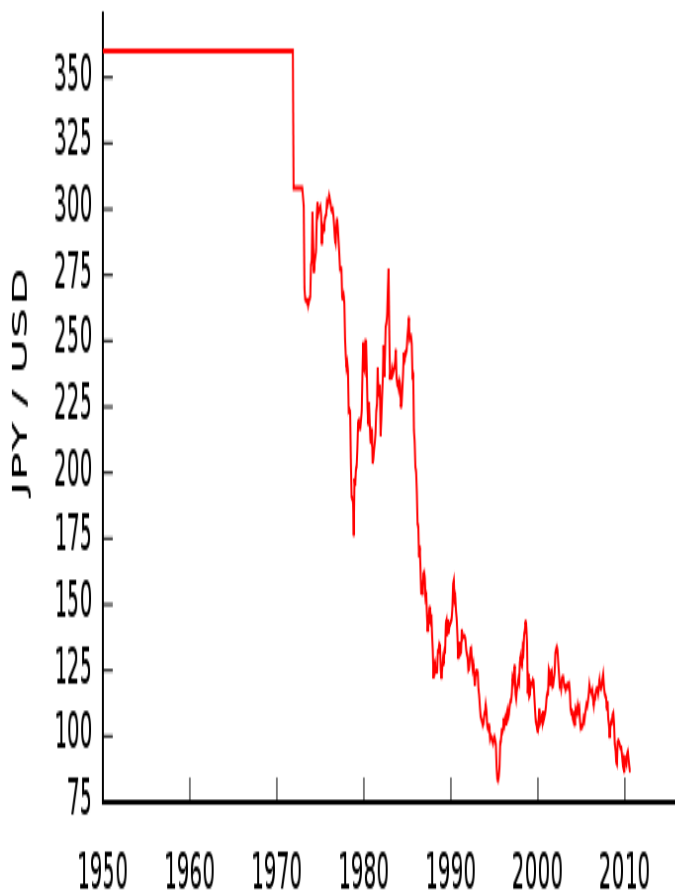
EXW, CIF, CFR, FOB, DDP, etc. (13 terms)

Incoterms 2000: Transfer of risk from the seller to the buyer



International Business (III)

- Exchange Rate – currency is fluctuating



- 1949-1971 JPY360/USD Dollar peg system
- 1971-1973 JPY308/USD
- 1973- Floating Rate System JPY260-300/USD
- 1977-1985 JPY180-250/USSD
- 1985 JPY250 to JPY160/USD (Plaza Accord) devaluing the US dollar
- 1994 JPY100/USD
- 1995 JPY79.95/USD
- 1995-1998 JPY100-140USD
- 2007 JPY124/USD
- 2009 JPY84.81/USD
- 2010 JPY85/USD

(USD0.0027/JPY → USD0.012/JPY) 35

Summary

Part I

- Brief introduction of Japan, its culture and history

Part II

- Difference in Business Practice between USA and Japan

Part III

- What is important in international business

Thank you!
Arigatou-gozaïmasu
ありがとうございました

