

Starting a Business in Japan

By Traci CONSOLI



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I came to Japan in 1990 only planning to stay for two years or so. Since life often happens when you aren't looking, I am now 19 years into my two-year plan. I graduated from the University of California Santa Barbara with degrees in art studio and religious studies and came to Tokyo two months later. With a background in painting, design and Asian religions, I certainly did not think I would go into the restaurant

business, much less be opening my own in Tokyo. I had never even worked at a restaurant before.

At this point you might ask what on earth possessed me to do such a thing, and sometimes I still wonder! After living in Tokyo for 10 years as a creative person, I was very frustrated not to have a place that I wanted to hang out. A place where creative, intelligent people could get together over a glass of wine, good food and build projects and ideas. A place for people to show their work or perform. A creative community center if you like. I felt there was a niche in the market that needed to be filled and, after waiting 10 years, I finally decided to do it myself!

Armed with zero experience, other than throwing lots of blow-out parties at my house, but lots of ideas, enthusiasm and a terrific Japanese business partner who puts up with my insanity, we set out to create what is now *The Pink Cow* restaurant, art bar and funky space in Shibuya, Tokyo. After nearly nine years in business, we have built a homey space filled with family and friends and lots of fabulous ideas bouncing around.

People ask me all the time, "How did you get started, how can I start my own business in Japan? It seems so daunting." To them I would answer a resounding, not the way I did it! We did learn many lessons, but we certainly could have planned things out better and learned more about our industry before we tackled such a huge undertaking. Alas, as my father says, I always did like to do things the hard way. Here are just a few of my thoughts on starting a business in Japan that will hopefully help get you on your way if you are thinking about taking the big leap.

The First Steps:

Make a list. Do one thing every day from your list towards your goal (do a small thing if you are having a tough day, do two or three things if you are having a good day) and in six months you will be amazed at how far you have come! From there the momentum builds and gives you the confidence and energy to keep moving forward.



Photos: Pink Cow

The first thing you need in order to get your plan started is a good idea. Make sure it is something you love because you will be doing it 24/7. It also has to be an idea that is suitable for a culture and place that may be very different than where you came from. What is a good idea in America, for example, may not be a good idea in Japan and vice versa. What might work in Osaka might not work in Tokyo. Know who your target audience is and do research on their interests and what other similar businesses have been successful with that market.

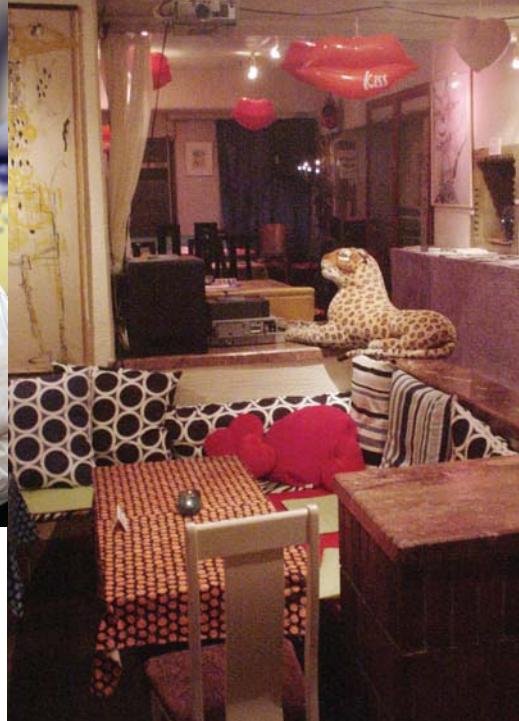
Getting input from Japanese friends and colleagues can be invaluable for this. However, it can also be difficult to get a straightforward answer. One of the biggest differences in the Western and Japanese styles of business is that in Japan, great emphasis is placed on harmony and politeness. Western business style tends to be much more transparent and straightforward. This will be apparent right from the beginning; Japanese people are not likely to tell you if they don't like something or don't think it is a good idea. It can be very difficult for foreigners to understand when "maybe" really means "no" or why Japanese cling so tightly to rules that don't always make sense to us.

For Japanese, it can often seem like the Western business style is rude and lacks finesse. With any new idea you have to be persistent, sometimes even insistent with your vision. But, one useful thing that Western cultures can learn from Japan is to listen and be patient as well. Not as easy as it should be, trust me I know! One thing Japanese businesses can learn from the West is that if you wait too long to make a decision because you are trying to make everyone happy, things may never get done. You could lose your position in the market. Flexibility is a key factor in survival!

Once you have your idea down, and your market research done, start talking to as many people you can to get feedback on your product or service. Ask them if it is something they would be interested in. When choosing the product or service you are planning to provide, the amount of physical space you will need is a huge factor in whether you will be able to meet your monthly overheads, especially if you live in an expensive city like Tokyo.

Small businesses you can start out of your house or apartment are preferable. You can always expand later. If you get yourself in over your head from the beginning, you aren't likely to survive. For example, restaurants take a huge amount of expensive space as opposed to an Internet-based business that can be run mostly online.

When we were looking for a space to rent for our restaurant, we had to calculate how many tables would fit in the space, project a reasonable estimate of what people will spend per person and how many tables we would be able to fill each night and determine if that would cover our costs. We need to be able to generate at least three



to four times the rent in revenue to cover all of our running costs. Having enough space, if we are regularly busy, to be able to cover those costs is a daunting challenge in Tokyo. If the space is not large enough to accommodate the number of customers we need to cover costs, we have no chance of getting into the black. This is even before we would find out if people would like our idea and patronize us. If the ratio of space to revenue creation doesn't add up, you will be out of business before you even start, but certainly not before you spent all of your money setting up.

Although 99% of the Japanese people I meet are very open to me, there is still systematic and legal discrimination, particularly in the real estate industry. It can be difficult for foreign-owned businesses to find a suitable location that they can rent. It is even harder to buy commercial property unless you have enough money to pay in cash, and then, you probably wouldn't need to work!

Another reason to start small is that the larger the space, the harder it will be to find a company to rent to you as a foreigner. Another advantage of having a home office is that you can write a certain percentage of your housing off on your taxes. This is why so many small businesses in Japan operate out of their homes. I have not experienced any discrimination with business licensing. It is quite fair and straightforward. Licensing in Japan is actually simpler than in my native California. Language is probably the biggest challenge unless you read and write Japanese fluently.

Language and communication styles can be both challenging and rewarding in a culturally mixed environment. My business partner and I have found that our strengths combined outweigh what we would be able to do individually. My being an outside-the-box, strong-willed American woman is tempered by him being patient and steady. I get things done and he often smoothes out the wrinkles. It is also very helpful to have two of us to handle customer relations. I take care of the marketing and English speakers and he takes care of the non-English-speaking Japanese, the business documents for loans and taxes, etc... It can be particularly useful with difficult clients who need special care and a light touch. Having a Japanese partner can also make financing more readily available as Japanese bank loans generally require a Japanese property owner to co-sign. Having a foreign partner can bring to the table new ideas and creative ways of doing things as well as new foreign markets. Business in Japan is very reliant on personal relationships. Building a strong network is very important and the foreign community offers new and different network possibilities for Japanese.

Starting a business in Japan has its own challenges and some wonderful rewards, especially in cultural exchange. We can all build better businesses by working together with our strengths.

Some useful websites and groups to check:

- **JETRO - Japan External Trade Organization:** The Japan External Trade Organization (JETRO) is a Japanese government-related organization that promotes mutually beneficial trade and investment relations. (<http://www.jetro.go.jp/>)
- **Japan Events:** Interactive calendar of community, business and networking events in Japan (<http://www.japanevents.net/>)
- **Entrepreneur Association of Tokyo:** The Entrepreneur Association of Tokyo was founded to promote and support entrepreneurship in Japan. EA-Tokyo creates an 'entrepreneurial environment' in which members can learn from Japan's top entrepreneurs, network with like-minded individuals, and develop their own business pursuits. (<http://www.ea-tokyo.com/about.php>)
- **Chambers of commerce**
- **Pink Cow Connections:** PCC is the event for creative business people in Tokyo to come together for making new business connections and sharing ideas in a creative, casual atmosphere that facilitates intelligent conversation and business connections. (http://www.meetup.com/pinkcowconnections/?gj=ej4&a=if_95648) (<http://www.facebook.com/group.php?sid=346b3c369fae93fe8206271c53347cc&gid=72101140281>)
- **Net Impact Tokyo:** *Net Impact* is an international nonprofit organization whose mission is to make a positive impact on society by growing and strengthening a community of leaders who use business to improve the world. We offer a portfolio of programs to educate, equip, and inspire more than 10,000 members to make a tangible difference in their universities, organizations, and communities. **JS** (<http://netimpacttokyo.googlepages.com/>)

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