

Cracking the Japanese Market

By James C. Morgan & J. Jeffrey Morgan; Published by The Free Press, \$24.95

This book is written by a father-and-son team: James is chairman of Applied Materials, Inc., the U.S. parent of the successful semiconductor equipment maker Applied Materials Japan, Inc.; and Jeffrey, president of RAD Technologies—a computer software-related company—once worked for the major Japanese general trader Mitsui & Co.

Applied Materials Japan, Inc. was established in October 1979. By 1991, it accounted for 40% of the total sales of the Applied Materials Group, exceeding the U.S. parent's contribution of 34%. Although its sales share plunged to 30%, below the parent's share of 40% in 1992, it is estimated to recover to 35% in 1993. These figures show the importance of the Japanese subsidiary.

Having been so successful in the Japanese market, James Morgan claims, "If you can win in Japan, you can win in the world." Reflecting this idea, both authors emphasize the importance of the Japanese market in the global business community and the advantages of utilizing experiences gained in Japan to make organizations and strategies of a global corporation. With this in mind, they offer extensive analyses on Japan from every angle, as well as practical advice.

Part I: "Islands in the Mist" explains Japan's social characteristics, introducing certain concepts like the Quest for Wa, Group-oriented Society and Quality Obsession.

Part II: "Doing Business with Nihonsha" lays out the basics of Japanese-style business using the game of Go as an analogy, both, according to the authors, having many rules in common. With this in mind, they take up the key points to be successful, in parallel to the history of Applied Materials Japan. The keys to success are classified into 10 cate-

gories, with examples for each. Although they contain no surprises, they are worth citing here by virtue of being so well summarized:

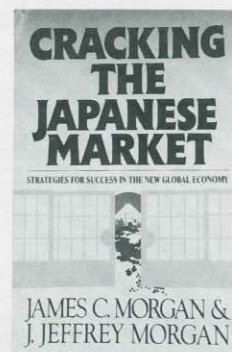
Revering the Customer as God; Controlling Your Own Destiny [by establishing a base in Japan]; Researching and Manufacturing the Right Product for Japan; Building a World-Class Organization and Management [taking the Japanese operation as part of the global strategy, the parent company should integrate Japanese management staff into the worldwide operation]; Embracing Cooperation and Competition; Human Relations; Getting Back to Basics [putting emphases on business basics such as quality, continuous improvement and cycle-time reduction]; The Attack/Counterattack Response [as soon as a new product is developed/marketed, countering products will appear, thus it is necessary to be ready for constant response]; Emphasizing Similarities/Taking Advantage of Differences; and Believing that Success in Japan Leads to Global Excellence.

Part III: "Succeeding in Japan" concentrates on the organization and strategies of global companies. Then the strategies and business style in Japan are reviewed within that framework, and a global company model is introduced.

Furthermore, the book contains useful appendixes, such as data on the Japanese economy, a list of foreign companies operating in Japan, Japanese companies, and a bibliography.

Having such extensive but handy composition, this book would well be utilized as a university textbook or teaching material for in-house company education. Despite a few simple mistakes, the book is trustworthy as it employs ample data.

In 1992, 95 foreign companies withdrew from Japan—the largest number in recent years. And recently, the Japanese media has made much in reporting personnel cuts in some super-famous foreign giants including Kodak Japan, American Express and NCR Japan. Business people have pointed to the economic downturn as the cause for these developments.



Japanese companies have also been suffering from lower earnings and many have failed.

The recession has indiscriminately affected both foreign and Japanese companies, but it could be misused to fuel the myth of a closed Japanese market by focusing exclusively on foreign companies. The Japanese market is a tough one and successes by both foreign and domestic companies are hard to come by.

However, as the authors say, chances are good for companies with enough knowledge on the characteristics of the Japanese market, suitable products and services, and commitment. Moreover, since the Japanese market offers such high business opportunities, it should be considered in the most global market strategy context.

The Ministry of International Trade and Industry conducted a survey in 1992, during the midst of the recession, in which nearly 80% of those foreign companies questioned were positive about expanding their business: 67.4% responded positively to "seeking expansion within current business fields," and 10.9% to "seeking further diversification."

The optimistic tone throughout this book might incur some criticism by pessimists, but considering the current global recession, this book should be appreciated as very encouraging—as the authors conclude the last chapter with the phrase "A Bright Shining Future."

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