

EC Trainees in Japan

- A Long-Term Investment -

By Martin Roth

"Study Japan in depth." That was the advice given by Keidanren (Organization of Economic Federations) missions in 1976 and 1978 to worried officials of the Commission of the European Communities who had asked how to boost their exports to Japan. Without such research, argued the Japanese, their country will always be hard to understand and difficult to penetrate.

It was from such urgings that in 1979 the Commission launched its first Executive Training Program, a unique scheme designed to immerse promising young European business people in the swirling waters of Japanese language, business and society. It has attracted immense interest and support from a wide range of European industry, and to date over 70 men and women from eight EC countries have participated in three programs. The fourth will start in September this year, with participants again spending 12 months studying the language full-time, followed by six months of in-house training at a Japanese company.

The man now largely responsible for coordinating the program in Japan is David O'Sullivan, Second Secretary at the EC Delegation in Tokyo.

"We on the European side felt perhaps there was a gap in our awareness of the Japanese market," he explained. "This was due in large part to the fact that it was closed for 30 years after the war. As a result, European industry didn't take as much interest as they might have in Japan. They didn't have the knowledge that they had of, say, South America, or even other parts of Asia.

"Also, we wanted to make a positive gesture, at a time when much of our relations seemed fraught with tension. We wanted to promote positive elements, like industrial cooperation.

"The question was: What could be done? There seemed to be two basic gaps—awareness of the Japanese business environment and of the language. So we tried to construct a program which would give a sort of dramatic impetus to European business awareness of Japan by taking people who were already involved in European business, bringing them to Japan and giving them intensive exposure to the Japanese language and then six months as a kind of internship in a Japanese company.

"This latter part is the most novel feature of the scheme. Perhaps ours is the only such program where foreign businessmen with the rudiments of the Japanese language actually get under the skin of Japanese business for such a long time, learning what motivates the businessmen, how they relax in the evening, and so on."

Participants are expected to have a university degree or equivalent professional qualification, a minimum of two years' business experience and ability in international commercial relations. The average age has been about 30. Some participants in the first two programs were backed by their companies, while others were freelance. From the third program the emphasis was changed to take mainly those seconded from their firms, in order that the scheme went in the same direction as industry. There was also concern that at a time of job recession some of the freelancers finishing the course might not in the short term find work where they could use their new skills.

A management consulting firm has been engaged to short-list applicants, and even to visit companies to sell the scheme. Consequently, last year there were some 300 applicants for about 30 positions on the latest course.

The program costs the Commission nearly \$2 million per year, to cover the trainees' traveling, living and educational expenses. And participants also receive the opportunity to attend numerous special seminars, visit factories and spend some time living with Japanese families.

New Challenges and Unique Opportunities

The trainees have various reasons for wanting to join the course.

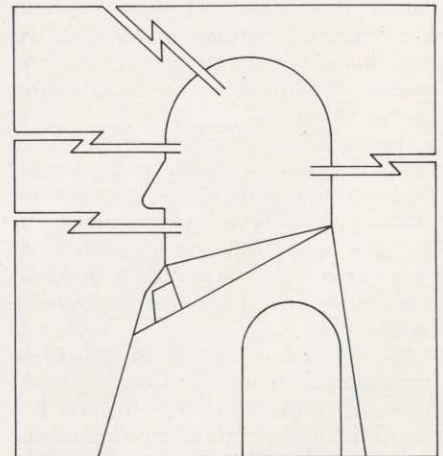
"I had been working for an engineering company for 10 years," said William Eddis, 35, of Great Britain, who is now Deputy Manager for Hawker Siddeley International (Japan). "After so long in one city and one company, I started looking around for something new. Japan appeared intriguing, different, interesting and a challenge. I saw the scheme advertised and thought it worth a stab. It sounds rather nebulous reasoning, but everything gradually took shape. I arrived with a lot of curiosity, but had little knowledge about life here."

Linda Gale, 29, had some knowledge of Japan through her job as export manager for the British Educational Equipment Association, which represents about 150 companies, and had visited the country for a trade fair.

"I read about the scholarship scheme," she said. "I was looking for a new challenge. It came at just the right time." Miss Gale now works for one of Japan's leading department stores, Isetan Company.

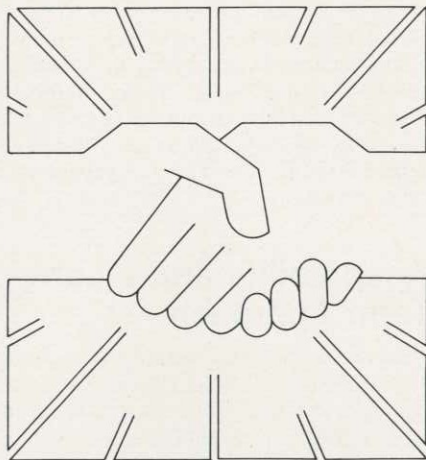
Alberto Melloni, 33, an engineer with the Italian-based heavy engineering firm Finike Italiana Marposs, entered the scheme in a somewhat different fashion. "Through our Japanese office we got to know of it," he commented. "I was asked one afternoon by one of my seniors about my availability to go to Japan. I had just one night to talk it over with my wife. But it seemed to be a good chance, although thoughts of going to Japan were far from my mind at that time, especially when it involved stopping work for 18 months.

"But I was quite excited, and thought I should not pass up such an opportunity. It was a good chance to develop my career, and also, for me personally, a chance to get in touch with the reality of Japan, an unknown world to me.



"So I applied, and I was able to tell the EC office that my company already had an office in Tokyo and my chances of working in Japan after the scholarship were high.

"And as it was an investment for my company, they helped support me during the program. I came with my wife and child. Now I am representative director of our Tokyo office."



Mr. O'Sullivan noted that most participants on the course go through various cycles, from great self-confidence to total lack of understanding. They get a very intensive exposure to Japan, and have to absorb a lot in a relatively short period of time. And they're not protected, like most foreign businessmen who come here. A lot of them have few conclusions at the end of it. They're a little confused and very humble. They're loath to opine about Japan.

"At the beginning we tell them that the whole program is an experience of Japan which they have to go through on their own. There's a schedule, but they have to look after themselves.

"Our greatest advice is that they go out, meet the Japanese people, use Japanese as much as possible and try to integrate into Japanese society as much as possible. They'll never get such a chance again, free from business worries.

Importance of Learning Japanese

"Our other advice is that we expect them to study Japanese very hard. We regard this very seriously. The language training is the greatest single contribution of the program. It is a chance given to few businessmen. In the long run this will distinguish them from other businessmen who also know the Japanese market very well."

Trainees seem to agree. "I'm not a linguist," said Mr. Eddis. "I entered the language training with considerable trepidation. But it went very well. Now I have many Japanese friends and business associates.

"I find my Japanese is sufficient for general business purposes. It's immensely valuable. Even those people I deal with in English seem to relax when they know I speak Japanese. Some people say that if a foreigner speaks the language then the Japanese regard him as a threat. But I think that if you take that position you

will always be regarded as an outsider. When you speak the language you can get closer to the people and build up a position of trust. If you have no knowledge of Japanese it inevitably makes a barrier. It's common courtesy to be able to converse with your opposite number in Japan in his language."

Mr. Melloni agreed on the importance of learning Japanese, but differed slightly on when to use it.

"To speak Japanese gives you more freedom," he said. "You can show customers that you've made an effort, that you have a long-term commitment to Japan and are aiming at a long-term relationship with them. They appreciate it.

"But don't show your ability too much. The Japanese like to think the uniqueness of their language is their particular asset. If you 'invade' this too much, they feel naked, weaker, helpless. So use it, but never overdo it. At a certain point, let your Japanese staff take over.

"I have been in Japan now a total of 2-1/2 years. I can't say I can communicate with 100-percent efficiency, but I don't encounter major problems, and I use it most of the time in the office. If you are a manager here, you can really manage if you speak Japanese. It gives you personal confidence in taking up the job."

In-House Training: Providing First-Hand Knowledge

The second main component of the program is the six months' in-house training. Mr. O'Sullivan paid tribute to Keidanren and to Japanese firms, which, he said, had responded most positively and shown enormous cooperation. Companies which have accepted trainees have included all of Japan's major trading houses, as well as leading banks, securities firms, insurance companies, research organizations and manufacturers.

"It is very demanding on these companies," said Mr. O'Sullivan. "There's an enormous strain in allocating staff. For instance, they have to have someone to look after the trainee and then find something for him to do for six months.

"But it is one of the highlights of the program. I believe it will yield significant results for both sides in the next 10-15 years. Close contacts are being made between individuals on both sides, and as they work their way up the ladder, close relationships will develop between managers in Europe and Japan. This is something we've never seen before. The Japanese companies also say they get a lot out of having the trainees with them."

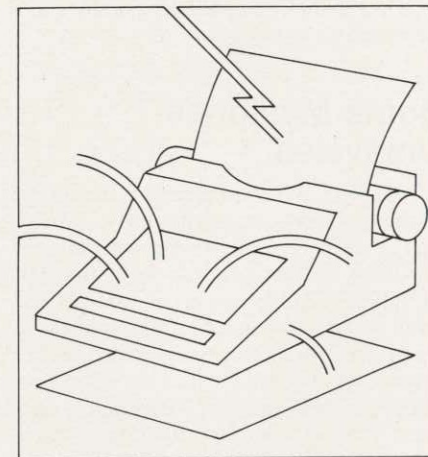
Miss Gale worked for three companies during her six months: Isetan, the trading

house of Sumitomo Corporation and Gakken Company. The last is a leading publishing house and importer, maker and distributor of toys and educational and office equipment.

"I had different aims at each," she said. "At Isetan, for example, I trained in a number of departments, which enabled me to gain first-hand knowledge of the workings of the Japanese distribution system, as well as to research the future potential and problems of importing European products."

Mr. Melloni spent six months working for C. Itoh and Company, another trading house. "I had initially requested to join an auto company," he said. "But most of the car firms here are already our customers, and I thought it might look a little bad. I thought it better to keep the customer/supplier relationship.

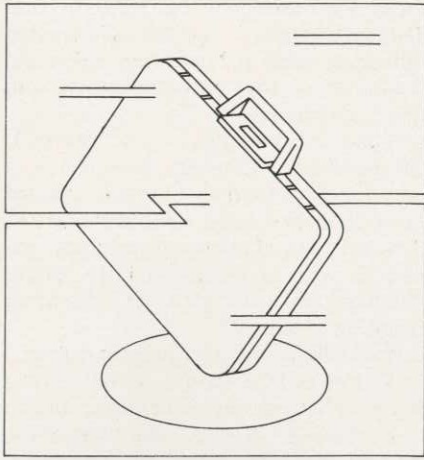
"So I chose a *sogo shosha*, which I thought could give me a general view of Japanese business. They asked me what I wanted to see. They were very open and fair. I spent the first two months in service departments, such as personnel, planning and insurance. Then for the next four months I did more specific work. I spent a lot of time with the machinery division, which was related to my professional interests. I visited machine tool makers with C. Itoh people. Most of them were already my firm's companies, so it contributed to our prestige.



"Of course, you can't pretend to have had a deep training in just six months. It's more a life experience. But it's enough time to look around, to get a feeling for the company.

"I wasn't so interested in techniques. I don't think they are so different here from abroad, and, anyway, you can learn these from books.

"I saw that it's the human approach that's so important. Not only the way you bow or present yourself, but other things, like what you should tell a customer about yourself. I think I can confirm a lot of commonplaces about behavior in Japan. For instance, it is very true that you



should not be too direct at first when entering a business relationship; try instead to create an environment. Of course, you can read about this in books, too, but until you experience it, you don't know how to do it.

"I also saw the very intricate relationship between the *sogo shosha* and manufacturers, and why the distribution system here is so complicated. It's a matter of choice. Japanese society has decided to avoid unemployment where possible; so they have many steps in the distribution system.

"But the final result is very good. Service here is excellent. There is little unemployment and few class distinctions. It is all a matter of choice, a different approach to business."

Some Mysteries Unraveled

All those spoken to agreed that the program has been a success in its aim of helping to unravel some of the mysteries of Japanese business and society, and Mr. O'Sullivan said he expected that for the future it would continue, more or less in its present form. But he stressed that the scheme was not intended to have quick results, but was seen as a long-term investment. "We're looking to 10-20 years down the road," he said. "When the trainees are starting to reach management level."

Commented Mr. Eddis: "It's the experience that's so important. It's one thing to read about business here. It's another to be surrounded by it and to understand the rationale behind it."

He said that he felt obliged to do something that would help Europe after he finished the course, and as a result of contacts made during his in-house training—with the Nomura Research Institute—he joined Hawker Siddeley, spending three months back in England before returning to Tokyo.

"The course gave me 18 months with no work pressures to absorb the life and cul-

ture here," he said. "If a company had sent me out here to work, I could have muddled through without the course, but I would have been considerably less effective. You need a fairly extended period of full-time study to build the foundations of Japanese. If I'd been trying to study it while running an office here—even with two hours' study a day—I don't think I would have made much headway."

Mr. Melloni said that while he doubted that the course had yet had a tangible effect on his firm's sales in Japan, he thought that in future it would. But he cited several positive benefits already found.

"During my in-house training at C. Itoh, they showed me how they evaluate their staff," he said. "Their techniques have helped me greatly in our office here.

"And the insight I gained of the Japanese distribution system for machine tools was very useful. My company is now considering, for the first time, introducing indirect sales. Up till now we have tried to cover the whole market ourselves, but this is not possible in Japan, so we are considering using agents for greater penetration. What I have learned will be very helpful in deciding who should represent us.



"Also, a common problem for foreign businessmen is that they do not always understand the internal organization of their Japanese office. Usually they take it as it is, created by the Japanese staff. So it is difficult for them to play a first-hand role as a manager. But I think I have now learned about this. The main key is to know your employees well. Without this you cannot make good decisions."

Miss Gale commented that the program gave her an excellent base for understanding Japanese business. "After the six months' in-house training, I realized I needed to stay longer in Japan," she said. "I thought it would be best to work for a Japanese company, to really learn how they do business from the inside. I was offered a number of jobs. Isetan offered the most challenging opportunities, and it has enabled me to fulfill the aims of the scheme."

She is special adviser to the General Merchandise Director, and her responsibilities include the marketing of imported goods, the planning of in-store international fairs and the search for new sources of supply of imported goods. She also helps to introduce foreign businessmen to Isetan buyers.

Adaptability and a Long-Term Approach

"Any businessman wanting to sell in Japan must first thoroughly research the market," she said. "He must analyze all his competition, Japanese and foreign. Japan is very competitive. I'm amazed at the number of foreign businessmen who come and try to sell to Isetan without first even looking around the store."

She said that quality, price and some kind of original feature are perhaps the most important factors considered by Japanese buyers, and size, design, style, color, and taste are all factors which often have to be changed to suit the Japanese market.

"The foreign supplier's attitude toward his product must be flexible and he must be prepared to introduce new products regularly, or even radically change their form. The Japanese are really expert in adapting and modifying products.

"With reference to the higher-quality and slightly higher-priced imports, the 'more luxurious' image can be utilized very successfully for the main gift-giving seasons, notably *Ochugen* in mid-summer and *Oseibo* at the end of the year. Price, however, is still very important, and should fall within accepted categories, such as 3,000 yen, 5,000 yen, 7,000 yen and 10,000 yen."

She noted that one Scotch whisky manufacturer has achieved success in Japan by marketing various types especially to coincide with these prices.

On the same subject, Mr. Melloni said that a good product is most important. "It must be of good quality and competitive, with strong support from your head office. You need a long-term approach. You must be prepared to invest heavily to cover expected losses over the first years. Don't expect a short-term return.

"Foreigners will not be forgiven for coming to Japan with an inferior product, whatever the field." ●

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