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2020: YEAR OF RAPID CHANGE



Christopher Bryan Jones
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As we reach the final month of a year that has felt ripped from the pages of dystopian science fiction, I've spent some time looking back at how much has changed—and how rapidly it has happened.

The coronavirus pandemic has shown how fragile the framework that holds our lives together really is, and how small the world has become. The benefits of globalization have been up for debate in recent years, but when borders close, tourism stops, and supply chains are disrupted, it becomes clear that we all rely on one another—and there is no turning back.

BYTES THAT BIND

Nations and economies have become so intertwined, in part, thanks to a shift in recent years to digital tools, workflows, and connections—all things that have prevented the world from falling too deeply into disaster this year. Japan even managed to negotiate trade deals with

the United States and the UK mostly through virtual channels. While many people and businesses have suffered incredible losses in 2020, I've been impressed by the resilience and adaptability that has kept us going. Had this happened just two decades ago, I'm not sure we would be faring as well.

The American Chamber of Commerce in Japan (ACCJ) was already laying the foundation for remote work long before the pandemic, so when circumstances called for a sudden switch to virtual, we were ready. And *The ACCJ Journal* has been using a largely cloud-based workflow for a few years—even within the office—so we really felt no disruption.

RAPID ACCEPTANCE

While it has all felt like smooth sailing to me, I know that hasn't been the case for everyone. Having worked remotely for the better part of 15 years, and being a certified technophile, I've long promoted flexible workstyles and the use of digital tools. Needless to say, corporate Japan has been less than enthusiastic. So advocacy on the topic has required a lot of energy, repetition, and patience.

Watching business in Japan today feels like that moment when you think you're finally ready to get into the water, timidly dip your toe in, then slip and find yourself plummeting

to the bottom of the pool. Only you realize that it's not bad at all and wonder why you were so hesitant.

PATH UNBLOCKED

I'm thrilled to see this change because I know it will open new doors to innovation. Living completely in cyberspace is not ideal, and we won't always be doing so. But living mostly in the real world—what those science fiction authors who seemingly wrote 2020 call meatspace—makes it easy to get stuck in outdated routines. Sometimes we need to be pushed out of our comfort zone to take the next leap forward.

Soon we'll be moving to hybrid experiences, and then we'll return to the in-person collaborations and networking that we all miss. But we will be doing so with new tools that can be comfortably merged with the best of our pre-Covid ways. As difficult as this year has been, it also forced us to break down a wall blocking the path to greater success. I'm looking forward to 2021 and seeing how business in Japan evolves. ■

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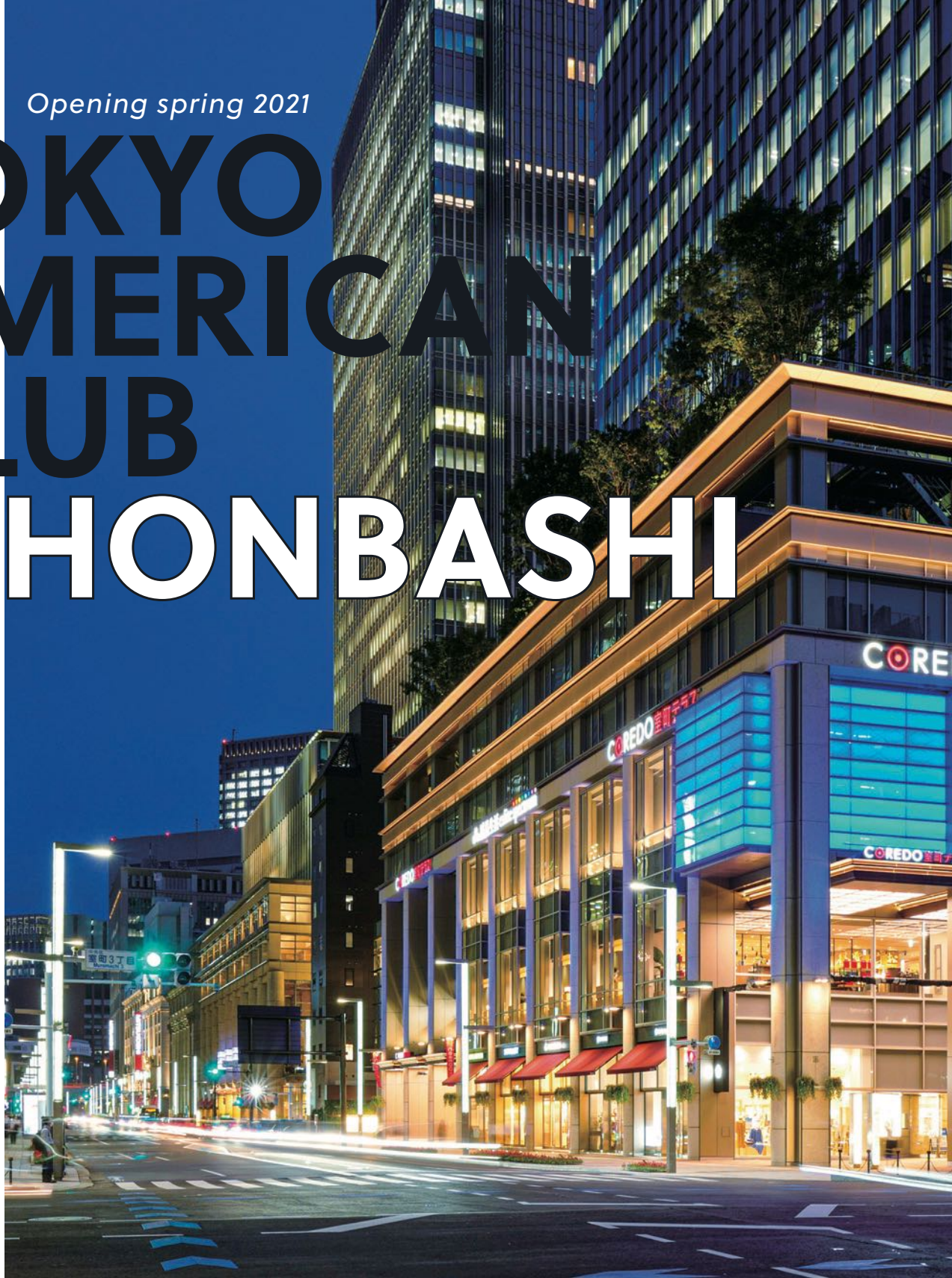


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Stronger Than Ever



PRESIDENT

By Peter Fitzgerald
ACCJ President

The end of 2020 marks both the close of my term as president of the American Chamber of Commerce in Japan (ACCJ) and the end of my work posting to Japan. Both experiences have been immensely enjoyable, challenging, and rewarding.

It's easy to look back on the hardships of 2020 and consider it a year best forgotten. But that would be a disservice to those who have lost loved ones, suffered economic loss, and sacrificed so much to help people in need. Doing so would also fail to recognize the tremendous progress, achievements, and contributions of the ACCJ membership over the past year.

SUDDEN CHANGE

The coronavirus pandemic has put digital transformation front and center as a key imperative across all industry sectors—and nowhere more so than in Japan.

It's a strategy that the ACCJ has long championed, and one which we intended to focus on at the outset of 2020. I don't think any of us could have anticipated the speed with which the chamber, and the country, embraced this change when faced with no other choice.

Work from home—long perceived as one of the most difficult aspects of digital transformation to implement in Japan—became the new norm almost overnight. Along with it came an immediately heightened need for new HR policies, cloud-based computing, distributed security systems, and even e-signatures to replace the traditional *hanko* (personal seal).

The transformation has been startling in its speed, but it's far from complete. What's been implemented is largely a tactical response to the crisis rather than a holistic and long-term strategy for accelerating Japan's economic growth. But it's an encouraging start, and it hints at what's possible in the not-too-distant future.

GOING DIGITAL

The ACCJ is a microcosm of this broader issue. The chamber has done an admirable job in quickly switching to virtual events and implementing a tactical plan to ensure continuity of committee work, events, and member communications. We've been able to realize our strategy of One ACCJ, extending the resources and activities of our three chapters to the entire membership.

But work remains in finding a solution to create meaningful networking opportunities among members. Identifying a tech-

nology-based solution to this broader strategic need will provide benefits even after the crisis is behind us. It would be a mistake to just “wait it out” until we can resume meeting again in person, and I know reimagining our approach to networking is a key priority for the ACCJ team.

Similarly, the broader economy in Japan will benefit greatly from using the crisis as an impetus for wide and deep digital transformation. To realize the bigger opportunity to evolve business in Japan, we need to go beyond simply substituting technology for what used to be done in-person.

To that end, the ACCJ has launched two strategic initiatives:

- The New Digital Agenda Task Force
- The Digital Society Pillar

We are reshaping our advocacy efforts to create the latter, and work on forward-looking research and advocacy initiatives is well underway. We look forward to playing an influential role in realizing Japan's opportunity for digital transformation.

THANK YOU

Finally, I would like to express my deep appreciation to the ACCJ Board of Governors, our committee leaders, ACCJ staff, and the membership as a whole for giving me the opportunity to serve as president this year. It was your energy, ingenuity, and determination during this challenging period that allowed us to become a stronger and more vital organization than ever before.

We call ourselves “Japan's most active and engaged international business community” and, this year, we've more than earned that reputation. In 2020, we've hosted more meetings and events involving more members than ever, and reached an important diversity and inclusion target with more than 30 percent of our leadership positions filled by women. Our work on the travel entry issue benefited members and the broader international community, and our corporate social responsibility initiatives continued to support the communities in which we live and work when they needed it most.

I know the important work of the ACCJ will continue in the very capable hands of President-elect Jenifer Rogers and all those who will be leading the chamber in 2021.

In closing, thank you. It has been an absolute pleasure working with all of you and I look forward to following and participating in the ACCJ's success in the coming years. ■

It was your energy, ingenuity, and determination over this challenging period that allowed us to become a stronger and more vital organization.



ACCJ VIRTUAL EVENT

CEO Series: Launching a Luxury Brand during a Pandemic

Christopher Clark shares JW Marriott Nara’s challenges

By Malcolm Foster

When the JW Marriott Hotel Nara opened its doors on July 22, as the first internationally branded luxury hotel in Japan’s ancient capital, it had to adapt to pandemic concerns while maintaining its traditional commitment to top-notch quality.

This was the key challenge for US-based Marriott International, Inc. as it brought one of its top luxury brands to the Japanese market, General Manager Christopher Clark said at a virtual installment of the American Chamber of Commerce in Japan Kansai Chapter’s CEO Series on November 20.

Looking back, he explained: “2020 has been a challenging year for all companies, but it has affected the tourism industry especially hard—after all, our business is all about being able to travel freely.”

But the silver lining for those living in Japan is that they have been able to enjoy Nara and its historic temples, shrines, and gardens without the normal hordes of tourists given the plunge in international visitors, he said. “It’s nice that domestic visitors have had a chance to explore their own country in these times and to reap the benefits of travel without it being overcrowded.”

The 158-room hotel, which has a full-service spa and indoor pool, is located in the city center and close to the majestic Todaiji Temple, with its huge Buddha figure. It has benefited from the government’s Go To Travel campaign that discounts trips to help regions hard hit by the coronavirus outbreak. Clark said about 70 percent of guests have used the scheme and some 55 percent have been members of Marriott’s Bonvoy loyalty club.

TECH IS NOT AN ENEMY

Previously, technology was thought to be an enemy of luxury, Clark said. But lately, Marriott has embraced it to enhance guests’ experience, a move that has come in handy during the Covid-19 pandemic. For example, Bonvoy members can check in online through the hotel’s app so they can unlock their door with their mobile phones. No trip to the front desk is needed. They can also use QR codes for menus and to order food at the restaurant.



CHRISTOPHER CLARK
General manager
JW Marriott Nara

The hotel has also changed its cleaning practices. Clark said that, in the past, staff had tried to keep this mostly hidden from guests—to maintain what was considered a sense of luxury—but now cleaning personnel are much more visible and talk to guests about the chemicals they are using, because the guests “want to verify and make sure the hotel is acting in their best interests.”

“We’ve become very open about what we do and the processes that we follow—the temperature checks right at the front door of our restaurants, the alcohol spray solution throughout the hotel [as well as] shields at the front desk to protect our associates and guests,” he explained. “I think a lot of these things will stay . . . to give our guests peace of mind because, actually, besides security, cleanliness is one of the top two things that guests want in a luxury hotel.”

Sometimes, staff have made simple tweaks to services, such as providing tongs for guests to pick up pieces of bread or food in the buffet area, he added.

Marriott sees two trends in Japan emerging from the new normal—staycations and workations—and has launched packages for both, Clark said. More people are staying close to home for vacations but want a luxurious or memorable hotel experience, or are wanting to combine work and leisure in a pleasant environment.

MILESTONES

Nara is typically a daytrip for tourists staying in Kyoto or Osaka, but Marriott saw an opportunity to open a luxury hotel in the city, Clark said. It’s opening marked some milestones: It was the 50th Marriott hotel in Japan, 98th JW-branded hotel in the world, and 500th Marriott hotel in Asia.

The brand is named after the company’s founder, J. William Marriott, who started humbly in 1927 with a root beer stand and a motel. That expanded dramatically and is now the world’s largest hotel chain, with about 7,500 properties



Todayji temple is among the local elements that inspired the design.

globally spanning 30 brands, including Sheraton and Ritz Carlton, Clark said. The first JW Marriott Hotel was established in Washington, DC, in 1984.

When Marriott bought Starwood Hotels & Resorts in 2015, some observers wondered if the company would combine some of the brands, Clark recalled. But senior management decided to keep them all, believing that each brand was unique and had its own loyal customers.

In Japan, Marriott has 61 hotels representing 17 of those brands, with 34 more hotels in the pipeline. In 2020, the company debuted five new brands in Japan, including Fairfield, AC, Edition, Aloft, and JW, he said. Future brands to be opened here include the Ritz-Carlton Reserved, W Hotels, and Bulgari.



Presidential Suite



Flying Stag Lobby Lounge

SENSE OF PLACE

The JW brand was chosen for Nara because the prefectural government wanted a luxury hotel and JW offered the most flexibility, in terms of offering guests a sense of place, compared with sister luxury brands such as the St. Regis and Ritz-Carlton, which have a more European look, Clark explained.

Also, the hotel wanted to provide guests with access to the work of local craftsmen and farmers, as well as access to a garden. Both are hallmarks of JW hotels. “It just fit really well for Nara.”

To give guests that prized sense of place, Marriott hired London’s G.A Brand Design to incorporate the feel and colors of Nara. The agency’s interior designers explored the city and decided to use timber beams in the lobby to echo area temples and, in the reception area, they created a four-meter-high art wall as a backdrop. Depicting the hills around Nara, it uses gold thread that shimmers at dawn and dusk. Bespoke lighting above the lounge area is inspired by furin (Japanese wind chimes), which were once believed to ward off evil spirits.

“The designer was amazing because she would tell me all these stories, and to understand the why behind what she did was invaluable for the GM, because guests love stories and they remember stories,” Clark said, recalling his collaboration with her.

At the far end of the main hall, a dramatic stag’s head with a full set of antlers is mounted on the wall. This has become the symbol of the hotel and is reminiscent of the city’s most famous residents, the 2,000 deer that roam its streets, he said. There is, in fact, a local story about a buck that runs away and hides when other deer are rounded up to have their antlers cut off. A Nara resident suggested to Clark that the stag in the hotel might represent this legendary fellow.

FROM LIKE TO LOVE

Over the past four or five years, the JW brand has gone through a transformation as it attempts to raise guests’ feelings about the brand “from like to love,” Clark said. “The luxury brand knows the power of creating love. Love evokes an emotion rather than a rational reaction.”

The JW brand was chosen for Nara because the prefectural government wanted a luxury hotel and JW . . . wanted to provide guests with access to the work of local craftsmen and farmers.



Nara's most famous residents

Some new products and services added as a result include the “mindful check-in,” where guests are given a choice of aroma oils to rub into their wrists and inhale to help them relax upon their arrival. Another is the “mindful moment,” a complimentary yoga session led each morning by a professional instructor.

And beginning in 2020, all JW hotels are required to have a garden. The Nara hotel has two gardens:

- A show garden on the property that provides chefs and bartenders easy access to fresh herbs and vegetables
- A mother garden, run in collaboration with local farmers, which produces food for the hotel's restaurants

The hotel aims to promote local craftsmen such as Junichi Uekubo, a tea master who has won numerous awards, and gin produced by Naoki Itatoko, a local master distiller.

WORK WITH PASSION

The secret to providing service that guests love is to hire passionate staff—called associates—and nurture and empower them, Clark said. “Work with passion is my number-one motto. I can teach anybody to do anything in the hotel . . . but we cannot teach passion.”

Clark said in his own life, it is passion that has guided his career choice and his path to this point, which has included assignments with Marriott in Malaysia, Indonesia, China, and South Korea. At age 16, inspired by a TV show called *Hotel*, he declared to his family that he wanted to work in the hotel business. This shocked them, because no one in the family had ever done that.

At age 17, he got a job as a bellboy at a local hotel where he lived, in Connecticut. After college and stints at the Hilton and Omni hotel chains, he joined Marriott International, working in Atlanta at the Ritz-Carlton Buckhead. In 1999, he was sent to the Ritz-Carlton in Kuala Lumpur, Malaysia, an experience that changed his life.

After eating at McDonald's for the first two weeks, he realized that wasn't going to work, and that he needed “to understand culture,” primarily through food. “I found that to be a great way to get to know people and understand culture. It opened my eyes.” Clark has now been with Marriott for 21 years, most recently at the Ritz-Carlton in Osaka.





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Dale Carnegie



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EMPOWERING STAFF

Clark said that JW Marriott tries to instill four traits in its associates, encouraging them to be:

- Present
- Thoughtful
- Open
- Swift

“Luxury guests do not want cookie-cutter service. We, therefore, give our associates freedom to personalize all service interaction,” he said. They must seek to anticipate guests’ needs, “many times without the guests asking or even realizing what they had wanted.”

One way in which Clark does this is by empowering associates to deal with any guest issue without manager approval for up to ¥100,000. This gives them enough power to offer a complimentary room or a free meal. “That does not mean that problems are only resolved by money, as some [solutions] do not cost anything at all,” such as offering a late checkout time, he said.

Marriott strives to put people first, but actually how this works in the company philosophy is to put the associates first, Clark explained.

“We follow Mr. Marriott’s vision of taking care of our associates, and we have found it works. Employees are happy at work. They like what they do, they’re passionate, they feel the boss knows them and cares for them,” he said. “I don’t have to spend my time running around worrying about the guests; the associates I have do that. And there are a lot more of them than me.”

RECRUITING

Getting a job at the JW Marriott Nara has proved competitive: only about 20 percent of the 600 applicants have been hired, Clark said.

Realizing he would need to attract younger Gen Y—or Millennial—employees, meaning those born between the early 1980s and early 2000s, Clark posted job ads on Facebook and Instagram. This got a very positive response. He also attended a couple of job fairs in Osaka only to discover that a majority of applicants were from Nara. He found that many of the younger applicants were very interested in the emphasis placed on local crafts and fresh produce, as well as the concept of mindfulness. “All the work we do with local craftsmen is really inspiring to them and they want to be a part of it.”

Three internal practices used to nurture associates’ commitment to excellence have a musical theme:

- **Daily rehearsals:** morning meetings that give staff a chance to discuss the day’s flow of events and VIP services, as well as a review of one piece of the JW philosophy
- **Standing ovations:** chances to share outstanding guest service experiences in a weekly newsletter with other JW Marriott hotels around the world
- **High notes:** similar to thank-you cards, associates can give these to each other to recognize help provided or outstanding service

These are “three simple ways to show that we follow what Mr. Marriott taught us,” Clark said. “Take care of our associates, they will take care of our guests, and the guests will be loyal and come back.” ■

The secret to providing service that guests love is to hire passionate staff . . . and nurture and empower them.

The 2020 Kansai Diversity & Inclusion Summit Series

Driving business: inclusive leadership in new ways of working

By Malcolm Foster

Undaunted by the pandemic, the Kansai chapter of the American Chamber of Commerce in Japan (ACCJ) successfully pulled off a virtual Diversity & Inclusion Summit with a record number of participants, many of whom gave positive reviews and, perhaps surprisingly, expressed gratitude for networking opportunities despite the digital distance.

Past summits were a half-day affair featuring one keynote speaker followed by plenary sessions, breakout sessions, and a reception. The format proved popular, but this time the event was split into three two-hour online sessions over successive weeks in late October and early November, each with its own keynote speaker, small-group discussions, and some practical training.

That essentially gave participants three shorter events for the price of one longer one. Attendees seemed to like that

flexibility and the opportunity to hear more speakers, according to ACCJ-Kansai Diversity and Inclusion Committee Co-Chair Yuka Nakamura, who works in Eli Lilly's dermatology marketing group.

All told, more than 320 people registered, a strong boost compared with last year's 224, some 200–250 people joining each of the three sessions. Nakamura attributes the increased interest to the online format, which made it “easier for people to join instead of committing a half-day, physically, to the event,” as well as the opportunity to hear three speakers.

SHOWSTOPPER

Orchestrating the multi-day event, however, involved far more work than in previous years, Nakamura said. One big change was adjusting to the technical aspects of connecting everyone on Cisco System's Webex and ensuring that the speaker could be clearly seen and heard.

Saying that “technical issues can really be a showstopper,” she mentioned that they “had lots of dry runs for all three days.” During the real thing, there were a few minor hitches in coordinating slides with the keynote speakers' presentations, but the seminars largely went smoothly, thanks to enormous help from the ACCJ communications staff.

One advantage of having three speakers was that they gave differing perspectives on diversity and were, themselves, from diverse backgrounds: Japanese and foreign, male and female, representing major companies and startups.



Kathy Matsui

Yuka Nakamura
ACCJ-Kansai Diversity and
Inclusion Committee Co-Chair



Nakamura attributes the increased interest to the online format, which made it “easier for people to join instead of committing a half-day, physically, to the event.”

WOMENOMICS

Kicking off Day 1 was Kathy Matsui, vice chair and chief Japan strategist for Goldman Sachs, renowned for her extensive work on Womenomics. She presented research showing how engaging women in the workforce—particularly in leadership positions—boosts overall gross domestic product (GDP) as well as a company’s performance. She also shared the fact that, in appraisals of executives at Goldman Sachs, diversity is now one of the criteria used—a move that at one time generated controversy within the company.

Matsui pointed out that Japan has made big strides in recent years when it comes to female labor participation, which has risen to around 72 percent. That’s higher than the United States (67 percent) and the European Union (63 percent). However, Japan still falls far short of other developed nations when it comes to female participation in leadership positions, such as seats on corporate boards, management roles, and government posts. Women make up only about 10 percent of the House of Representatives, the lower house of the Japanese Diet. That trails both Saudi Arabia and Libya, she stated, and Japan’s ranking in the World Economic Forum’s gender equality ranking declined last year by 11 notches to 121 out of 153 countries.

Former Prime Minister Shinzo Abe’s administration, which pioneered and promoted Womenomics in a bid to make Japan “a society in which women can shine,” had set a goal of reaching 30-percent-female representation in leadership roles in all parts of Japanese society by 2020—an objective it failed to meet, Matsui noted.

So, the government has quietly shifted the target to 40 percent by 2030, she remarked. “They’re doubling down to try to become more aggressive. We shall see where that takes us. In any event, we still have a lot of work to do.”



PUSH AND PULL FACTORS

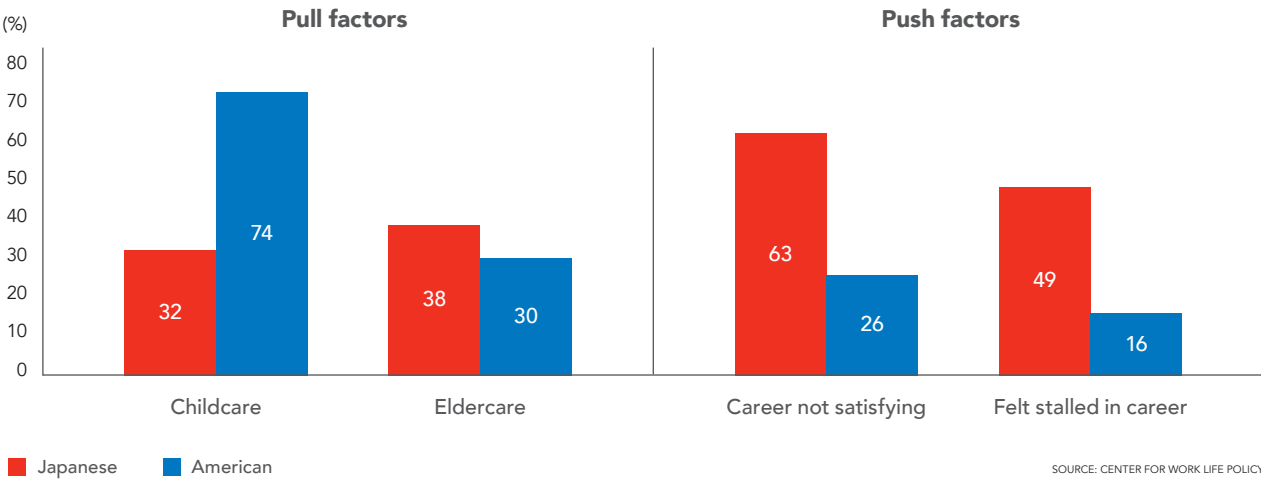
Matsui highlighted two myths she says persist in Japanese society when it comes to female participation in the workforce and in leadership. The first is that so-called pull factors—such as the need to care for children or aging parents—are the main forces keeping women from working more and making it harder for them to climb the corporate ladder.

Surveys show, however, that the main reasons cited by Japanese women for dropping out of the workforce are push factors, such as feeling that one’s career was unsatisfying or had stalled, Matsui observed.

While the Japanese government tends to get blamed for failing to address this problem by not providing more childcare, the greater responsibility lies with companies and the ingrained corporate cultural assumptions about women’s roles in the workforce, Matsui posited. And until those change, women won’t be able to assume greater leadership.

“Let’s imagine a world where everything is perfect from what I call an infrastructure perspective—absolutely sufficient childcare, eldercare capacity, [and] the tech system is fixed,”

Myth #1: Japanese Women Leave Work Mainly Due to Pull Factors

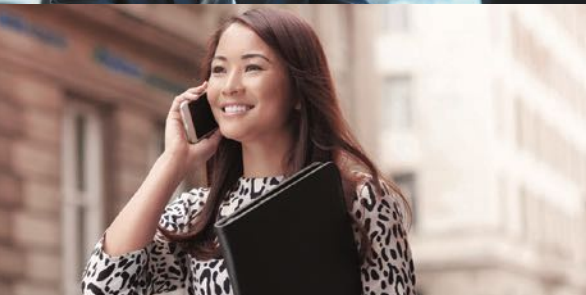


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The Japanese government targets **40 percent female representation** in leadership roles by 2030.

Matsui said. “Even if it is perfect, we are still not going to see, in my opinion, significant changes in women in leadership roles” unless these push factors are addressed. “This is the area which, to me, is the next stage of Womenomics,” she added.

The second myth Matsui examined was skepticism that gender diversity boosts corporate performance. She highlighted a study showing that Fortune 500 companies with three or more women on their board of directors have achieved roughly 50-percent-higher return on investment than those that don’t.

When she shows this data to her Japanese clients, they say, “Well, that’s fine, but it doesn’t necessarily apply to Japan,” where hardly any board of directors include three women. So, she dug deeper and found that there is, indeed, a correlation between Japanese companies with higher portions of female managers and higher sales growth and higher returns on equity.

TWO TAIL WINDS

Despite all the depressing news about gender diversity in Japan, Matsui is encouraged by two tail winds she sees blowing in society here and abroad.

One is the increased attention paid by investors to ESG metrics—measuring an asset by environmental, social, and governance factors—in making decisions about investing money. These goals, she declared, are essentially transposing into asset allocation the United Nations’ 17 sustainable development goals (SDGs), one of which is gender equality.

“It’s not enough just to look at a company’s return on equity, or margins, or sales growth,” she noted. “Diversity does come into play in . . . the social and the governance buckets in ESG.”

This is starting to have an impact. Goldman Sachs Asset Management, for example, has set up proxy voting guidelines requiring at least one diverse director on the boards of Japanese companies in which it invests. If there are none, or if there are no candidates in the pipeline, “that triggers an automatic ‘no’ vote against management,” Matsui said. “So, I think this is beginning to really build momentum.”

SHIFTING MALE ATTITUDES

The second tail wind is what Matsui called “shifting millennial male attitudes.” Surveys in the 1990s asking single Japanese men what type of wife they preferred showed overwhelming preference for housewives. But, since 2002, the trend has changed to show that bachelors prefer wives or partners who work outside the home.

Matsui, who has two children, remarked that in the past only female colleagues asked her how she managed her work and home life. “But that has flipped,” she said. “In the past few years, I probably get more questions along these lines from the men than I do from women. And my colleagues in London, Hong Kong, and New York say it’s happening there as well.”

“I think this is a powerful and very positive force for change,” she observed. “When that generation of men take on leadership roles in her industry, they will probably have a very different set of priorities and values that are much more aligned with women and other underrepresented minority groups. That has to translate into change. So that’s another effect that keeps me optimistic.”

The younger generation of recruits—men and women—take a company’s diversity policies and practices more seriously, too, she remarked, so companies need to embrace those changes to attract the best talent.

While Goldman is still “not where we need to be” on gender diversity, Matsui believed she saw definite signs of progress. For one, all employees, from top to bottom, are required to undergo diversity training. Also, the company now includes diversity scores in managers’ annual reviews. The decision generated controversy, she said, because some argued that employees who make the company a lot of money should not be docked because they don’t do a lot on the diversity front.

But management insisted, saying that taking such steps was necessary to make the company more diverse. Matsui voiced her belief that this “is a super crucial thing that has worked, frankly, in our favor to move that needle at Goldman.”

STELLAR DEBRIS

The Day 2 presenter was Nobu Okada, the founder and CEO of Astroscale, a Japanese startup that aims to reduce debris circling the Earth. Currently, more than 34,000 pieces of space junk larger than 10 centimeters—old satellites and their parts, rocket remains, and other debris, some quite large—are orbiting our planet at high speeds and could damage functioning satellites.

The younger generation of recruits—men and women—take a company’s diversity policies and practices more seriously.



Astroscale team



Astroscale's ELSA-d craft

When Okada first learned about this problem and decided, in 2013, to create a company that would work with national space agencies to capture and remove the debris, he faced doubts and skepticism from practically everyone he encountered. He recalls people saying: “There’s no market for this. Who will pay for this? Isn’t this really difficult? This isn’t something for a startup.”

But Okada refused to give up, hit the pavement to raise money, and assembled a diverse team to make the company a reality. Now Astroscale has 140 employees representing 11 nationalities in offices in five nations—the United States, the United Kingdom, Singapore, Israel, and Japan—and has been profiled in a Harvard Business School case study.

Okada, who spoke to participants in Japanese, talked about how, for his company to succeed, he needed expertise from diverse fields—engineering, law, finance, and policy—and for staffers to be able to work together well. He was convinced that “we needed to form a global team.”

When hiring, he said he completely disregards an applicant’s age, nationality, and gender, aiming only to hire the best-qualified individuals. Some are recent college graduates in their twenties; others are in their seventies and are retirees who had careers at major corporations and still want to invest their energy and experience in a worthwhile project.

Although only 23 percent are women, this is higher than the roughly 10 percent average in the space industry, according to Okada. “I am concerned about gender balance. I hope that will grow. I want to be a company where women feel comfortable.”

His eight-person management team includes three Japanese and one woman, as well as two former officials from the US National Aeronautics and Space Administration and one from the European Space Agency.

Asked what was important when communicating with colleagues from many nationalities, Okada responded that it was important to know their backgrounds and to respect them.

LESSONS FROM NELSON MANDELA

The third speaker, Standa Vecera, who hails from the Czech Republic and is president and representative director of Procter & Gamble Japan K.K., also encouraged participants to think about diversity in broad terms. This includes considering those with whom you may disagree or even regard as one-time enemies. This, he pointed out, is a lesson he learned while in South Africa, during his previous assignment.

During his time there, he had a transformational experience listening to Ahmed Kathrada, a former leader of the African National Congress who was imprisoned with Nelson Mandela for his anti-apartheid activities. Kathrada talked about how, after they were released, he and most of the ANC leaders didn’t want to even negotiate with the white South African government.



PHOTO: SOUTH AFRICA THE GOOD NEWS, WWW.SAGODNEWS.CO.ZA

Nelson Mandela in Johannesburg (May 2008)

Mandela had this view that it’s very important to actually support everybody and create what he called later the ‘rainbow nation’ . . .

But Nelson Mandela felt that was necessary, and pushed for democratic elections in which all citizens could participate.

“Mandela had this view that it’s very important to actually support everybody and create what he called later the ‘rainbow nation’ that will represent truly everybody in South Africa,” Vecera said. Mandela believed that even those who were considered the enemies of the ANC needed to be “recognized as inhabitants and members of the society,” and that “they should not be excluded.”

Vecera voiced his amazement on having heard that someone, who had been in prison for decades, could “still see the value of diversity” and “go beyond the personal motives of revenge.” The experience had prompted him to make changes in P&G’s policies in South Africa, and also to embrace a broader sense of diversity and inclusion—not just in terms of seeking gender balance, but “making sure everybody, despite all the facts in the past, is included.”

THINK BIGGER

When Vecera came to Japan in 2015, he made an effort to listen to the diversity concerns of local employees. He found that some women at P&G Japan were uncomfortable with the nearly exclusive focus on gender diversity. So the company broadened its diversity plan to include LGBTQ and disabled employees. “We made it a three-pillar plan, not a one-pillar plan,” he said.

Vecera urged participants to be open-minded and cherish opportunities to learn and expand their thinking. Sometimes such moments come unexpectedly, he recalled. And even as a leader, you should not be ashamed to declare that, “I have learned something new.”

“If you do that,” he believes, “you will see how this will enrich your life—not only business plan strategies and the company, but you will become a better leader and, I think, even more satisfied with what you do.”

MORE TIME

After each presentation, participants broke out into virtual groups of five to seven and were given questions to discuss. Unsure how well the breakout sessions would work online,

KEYNOTE SPEAKERS:

Kathy Matsui: Vice-chair and chief Japan strategist
Goldman Sachs Japan

Nobu Okada: Founder and CEO
Astroscale

Standa Vecera: President and representative director
Procter & Gamble Japan K.K.



organizers set aside only about 20 minutes for these small-group discussions.

“We got lots of positive feedback, not only for the speakers, but interestingly for the networking as well. That was unexpected,” Nakamura said. “They mentioned that meeting people from different companies and hearing about the challenges they face was encouraging. Many people said we needed a longer breakout session.”

At the end, participants rejoined the bigger group for a wrap-up with other speakers whose presentations were more practical. “We tried to make these sessions interactive with online polls, and people liked that,” Nakamura explained, adding that while organizing the event entailed more than twice as much work as in previous years, “after all that, I feel it was worth it. All that time and effort really paid off.” ■





QUALITY, QUANTITY, AND QUOTAS

The three Qs of advancing
working women in Japan

By Vicki L. Beyer



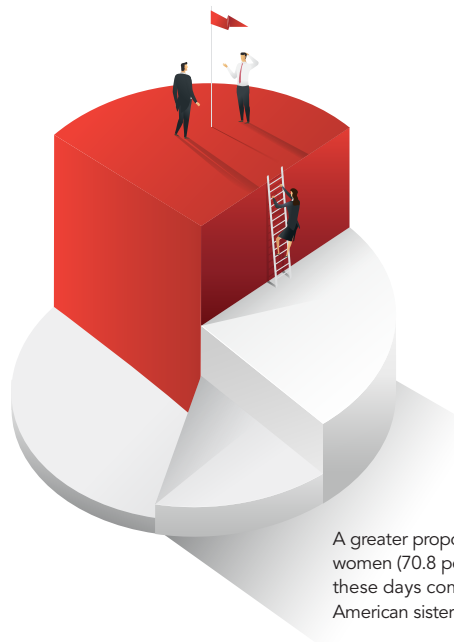
In September 2013, not long after assuming the prime ministership of Japan for the second time, Shinzo Abe surprised everyone when he announced his administration's goal of having women in 30 percent of management or leadership positions by 2020. He proclaimed that Japan should become a society where women can shine.

Shortly after Abe stated this goal, some journalists had a look at women in the pipeline for management in Japanese companies and reported that the goal was a mathematical impossibility. There simply were not enough women being positioned for advancement. Indeed, here we are at the end of 2020 and just eight to 15 percent of management and leadership positions—depending on whose definition of such positions is used—are occupied by women. This is far short of the goal set some seven years ago.

PRIVATE SECTOR PRESSURE

In October, Keidanren, the leading organization representing Japanese business, announced that its members should aim to have 40 percent of management positions filled by women by 2030. A month later, they doubled down on this aspiration by setting another goal for their membership: 30 percent women executives (i.e., directors and officers) by that same year.

Whether Keidanren's exhortations to its members will have more impact than that of the Japanese government remains to be seen. As an organization, Keidanren has yet to put any women on its own board of directors, which doesn't bode well. However, the group established a leadership mentor program in 2015 specifically to accelerate women's progress into management positions. Its latest goal of 30 percent executives by 2030 is also in keeping with the aspirations of The 30 Percent Club, a global organization aimed at strengthening leadership and



A greater proportion of Japanese women (70.8 percent) are working these days compared with their American sisters (66.3 percent).

governance by improving gender balance on boards and in senior management.

At the same time, since its adoption in 2015, Japan's Corporate Governance Code has included Principle 2.4: "Ensuring Diversity, Including Active Participation of Women." While this principle has played a role in increasing the number of companies listed on the Tokyo Stock Exchange (TSE) with at least one female board member (63 percent as of July 2019), still one-third of TSE-listed companies continue to rely on all-male boards, notwithstanding shareholder pressure to change. Doubtless these companies maintain that there aren't enough qualified women out there.

OBSTACLES

There are a number of impediments to women rising to management positions in Japanese companies. Keidanren's proclamation seeks to overcome or ameliorate many of these. Japan's traditional lifetime employment system, lack of sufficient infrastructure in support of working mothers, and unconscious bias in hiring and promotion are among them.

Lifetime employment has long been the "brass ring" of Japan's workforce. Among the unspoken terms of a lifetime contract is the notion that workers are guaranteed employment until retirement age in exchange for placing the company above anything else in their life. Historically, working males "outsourced" everything about their private lives to mothers or spouses so that they could concentrate on their job and their company's welfare. This behavior is what companies expected and, arguably, continue to expect, notwithstanding the recent introduction of workstyle reforms.

After Japan adopted its Equal Employment Opportunity Law in 1986, increasing numbers of women entered the workforce with the intention of forging long-term careers. Many employers were uncertain whether they could—or should—have the same expectations of those women. This uncertainty created an environment in which fewer opportunities were given to

Some journalists had a look at women in the pipeline for management in Japanese companies and reported that the goal was a mathematical impossibility.



PHOTO: DISCOVERY JAPAN, INC.

women in their careers, a key factor in the lack of women in the management pipeline 35 years on.

Many women who desired advancement, but could sense that it would not be forthcoming, chose to move on, often becoming very successful entrepreneurs. It seems women entrepreneurs face less opposition from the corporate establishment, and this allows

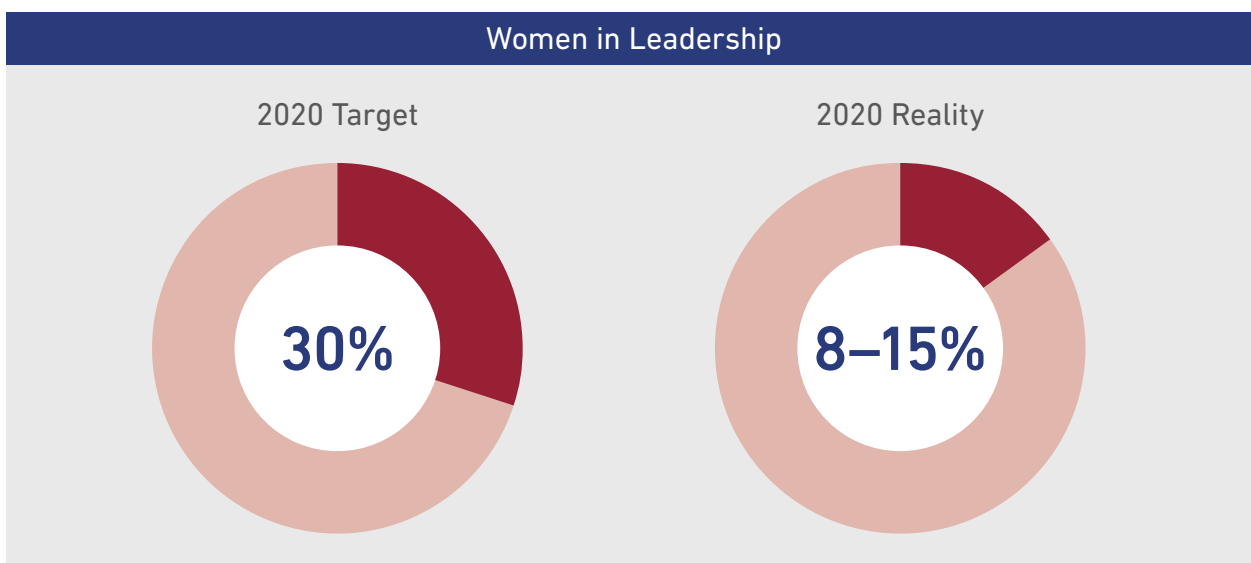
them to quietly succeed in their enterprise.

For those women remaining in the traditional corporate sector, it is also significant that many do not seek—or even decline—promotion, knowing

that company demands will increase as they rise in an organization. Because caring for home and family still predominately falls on women in Japan, they are hesitant about their ability or willingness to respond to such demands.

CHANGING LANDSCAPE

Over the past several decades, for various reasons, the percentage of jobs available on lifetime employment terms has been steadily declining. At the same time, social values have been shifting, causing workers to question whether it is reasonable or realistic for employers to demand that staff put the company first 24/7. To the extent that companies



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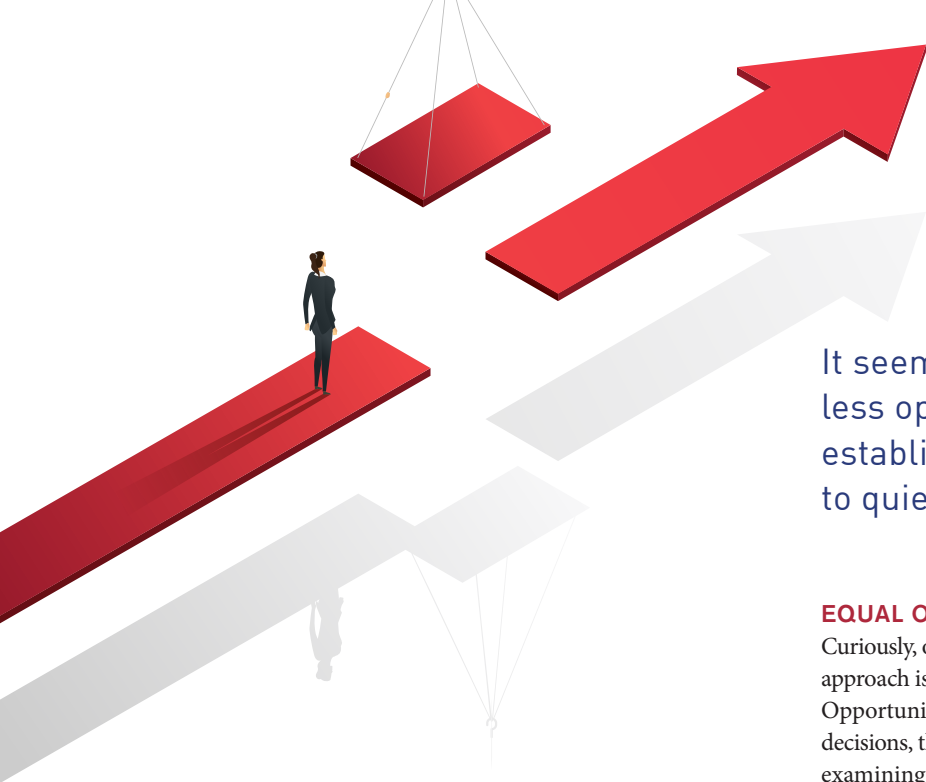
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It seems women entrepreneurs face less opposition from the corporate establishment, and this allows them to quietly succeed in their enterprise.

continue to have this expectation, women are automatically disadvantaged, as they often also have other demands on their time, including home and family expectations. In recent news, men who prioritize home or family similarly suffer career setbacks.

Keidanren's push for greater workplace diversity signals a shift away from reliance on lifetime employment, as it has also endorsed labor mobility, making greater use of mid-career hiring to meet specific company needs, and setting pay levels based on ability and productivity rather than tenure. All these moves should bode well for women, who are far more likely than men to vote with their feet and change jobs when they sense that their careers are stalling.

The participation rate of Japanese women in the workforce is relatively high. According to the Organisation for Economic Co-operation and Development, a greater proportion of Japanese women (70.8 percent) are working these days compared with their American sisters (66.3 percent). However, the jobs held by most Japanese women are part-time or are at a relatively low level.

Unfortunately for Japan's workforce—and particularly for women—contract and temporary hiring has been on the increase at the same time that lifetime employment positions have been on the decline. The bulk of these positions fail to create any sort of career path. Women hold more than 70 percent of contract and temp jobs. This is consistent with the traditional attitude of Japanese employers that women are expendable cogs in the corporate machine.

Sadly, that attitude does little to help women “shine” and is effectively a massive waste of one of Japan's few natural resources: its human capital.

It also fails to recognize the economic value of increased diversity in the business sector.

Keidanren's recent policy shifts signal at least a partial recognition of the importance of gender diversity to 21st-century economic success. It is urging its members to ensure that their policies and practices do not cripple the long-term opportunities of working women who have home and family obligations.

EQUAL OPPORTUNITY?

Curiously, one feature that seems to be missing in Keidanren's approach is equality in hiring. While the Equal Employment Opportunity Law prohibits gender discrimination in hiring decisions, there is currently no enforcement. And, apart from examining data on numbers hired, there is no way to know the extent to which women are being passed over in favor of men at this early career stage.

We do know that there is some level of bias in university admissions. The country was scandalized in 2018 when it was learned that several medical schools had regularly doctored exam scores to ensure a greater number of male admittees. But query whether the problem exists only at medical schools.

Although universities are constantly being encouraged to adopt fair admissions practices—quotas have, from time to time, been suggested to ensure this—most universities, particularly the most prestigious ones, have resisted, saying that their goal is to admit only the most qualified students. It remains curious how, when in so many other endeavors in life women are equal to or even outshine men, those prestigious universities continue to admit classes dominated by men, purportedly based solely on qualification.

For Japan to truly gain the benefits of diversity at its highest levels of business and government, it is necessary to nurture women and, once they have entered the workforce, to provide them with the same career opportunities as men. The value of the diverse perspectives that women bring to the table also needs to be recognized.

But it is perhaps even more important to ensure that women have the opportunity to enter the workforce on an equal footing to their male counterparts, which requires both unbiased hiring opportunities and unbiased educational opportunities.

This is a problem to which any foreign business that has struggled to gain a toehold in Japan can relate. How can one compete at all if one cannot even enter the marketplace? And the more competitors we have in the marketplace, the more likely the very best will prevail, right? ■



VICKI BEYER

Professor of Law
Hitotsubashi University Graduate School of Law
Former governor and vice president
American Chamber of Commerce in Japan

MEDICAL MARVELS

Japan startups receive boost from big pharma

By C Bryan Jones



One thing made clear by the coronavirus pandemic is that innovation in healthcare is essential to the future of society. Those who develop new treatments, technologies, and devices for medicine are, first and foremost, seeking to help individuals live their best possible lives. But their efforts and ideas are also essential to business success, not only in terms of a healthy workforce but also market vitality.

In August, the American Chamber of Commerce in Japan (ACCJ) announced an XPRIZE-style competition meant to spur industry-changing technologies and connect Japan-based startups with major pharmaceutical companies and public officials. Entitled Healthcare x Digital, the initiative is driven by a group of ACCJ committees—Healthcare; Alternative Investment; Information, Communications and Technology; and Secure Digital Infrastructure—and led by ACCJ Corporate Sustaining Members AstraZeneca K.K., Bayer Yakuhin, Ltd., and Deloitte Touche Tohmatsu LLC, as well as President's Circle Member Eli Lilly Japan K.K. The ACCJ-Kansai Chapter played a critical role in organizing the competition.

The aim was to attract 10–15 applicants, but the results far exceeded those expectations, with proposals submitted by 28 companies. Of these, 10 were chosen to take part in the Healthcare x Digital Pitch Event on October 29.

PERFECT PITCH

Three finalists were then invited to give a 20-minute presentation on December 1 at the virtual Healthcare x Digital Final Pitch and Awards Event, moderated by ACCJ Vice President Eric Sedlak.

These companies, which competed for awards and prize money, represented a range of innovative ideas. Vying for honors were:

- Bisu, Inc.
- MediFrame, Inc.
- MICIN, Inc.

Bisu is transforming at-home urine testing through cutting-edge microfluidic technology, novel design, and intelligent software.

MediFrame has developed a new platform for optimal drug treatment that shares information provided by pharmaceutical companies and the results of patient interviews with doctors, pharmacists, and other care providers.

MICIN operates a telemedicine service and recently launched an online drug administration support system.

Entries were judged on several criteria to assess the relevance and maturity of the team's experience and skill mix, as well as the strength of the startup's vision and strategy. Other factors included expertise, level of innovation, the startup's flexibility, and the scalability of the idea.

Takashi Nakaoka, manager of Beyond Next Ventures Inc.—a venture capital (VC) company launched in 2014—spoke about the difficulties that some startups face and how his



ATUSHI WADA
CEO
MediFrame, Inc.



RYOICHI KUSAMA
Co-founder and COO
MICIN, Inc.



DANIEL MAGGS
Co-founder and CEO
Bisu, Inc.

organization helps them develop business plans and manage other critical business aspects through a program called Brave.

With 15 people in the organization and assets under management totaling about \$200 million, Beyond Next Ventures is investing in 46 startup companies—27 of which are in the area of life sciences. The VC company provides opportunities to found startups or participate in seed or early-stage funding and supports those who aspire to become entrepreneurs, co-founders, or startup members to create new industries through technology.

While there was ¥2 million in prize money to be had—¥500,000 for each of the three finalists and another ¥500,000 for the attendee-selected Moonshot Prize—the biggest benefit will be something far more important: possible financial backing from a major player to develop their ideas.

KNOW YOUR BODY

Bisu, which last month garnered attention in the Tokyo community by winning Digi-Tech Innovation honors at the British Chamber of Commerce in Japan's British Business Awards, was recognized with the Best Innovation Award as well as the audience-selected Moonshot Prize for their smart urine analyzer. The device allows customers to easily get personalized feedback and advice on their diets through simple, quick, and comprehensive at-home tests.

While genetics plays a huge part in our health, ultimately the biggest part of disease risk comes down to our daily lifestyle habits and decisions—diet, exercise, sleep, stress, alcohol, and tobacco—explained co-founder and Chief Executive Officer Daniel Maggs.

“Having healthy lifestyle habits is not easy. Why? Most consumers don't have much knowledge. There's a huge amount of information and conflicting advice. They don't know what their body actually needs, what is deficient, and what they're taking too much of. They don't have time to look into all the details or to write everything down,” he said. “Generally speaking, fad diets and one-size-fits-all recommendations don't work, either from a science or a psychological perspective. And it takes time, and they need short-term feedback and short-term rewards for good behavior.”

Much of this data can be obtained from urine. Noting that test-strip technology is almost 70 years old, Maggs pointed out that the process can be messy, and the results limited or inaccurate.

“We made Bisu to address this shortfall. It's a microfluidic device that makes testing extremely easy from only a few drops of sample, provides highly accurate results based on spectrometry—not conventional reflections—delivers access to new data because of the use of a microfluidic chamber, and has proprietary technology that's bringing this lab-on-a-chip to the masses.”

The first test Bisu is offering is a nutrient test that tracks things such as electrolytes, hydration, fruit and vegetable intake, and antioxidants.

A single-use, disposable test stick is inserted into the reader, a white pad on the tip is very briefly placed into the stream to collect a sample, and less than one milliliter is required. The device automates the whole measurement, and it performs it in just two minutes. Information can then be reviewed through the Bisu Body Coach smartphone app so you can see where you are and what needs work. The app provides recommendations based on the data and also allows you to set goals and track progress.

“It's not about changing people's habits completely, but with a simple, easy-to-use and trusted advisor product we can come into people's existing routines and add new value, insights, and happiness to their life.”

LEVERAGING TECH

Healthcare x Digital's Best Value Proposition winner MediFrame is focused on solving the problem of how to care for an aging population with an insufficient number of doctors.

Atsushi Wada, the company's CEO, explained that, while Japan has fewer doctors per capita than many nations, it has many more pharmacists—180,000, in fact, or 1.8 per 1,000 people. The average for Organisation for Economic Co-operation and Development member states is 0.8. Given this, MediFrame sees information sharing—a weakness in the Japanese medical system—as the key to providing care.

“To suppress healthcare costs like those seen in the United States, Japan is now reducing hospitalization and increasing outpatient care,” Wada said. “Doctors usually look after hospitalized patients, but there are 180,000 pharmacists who look after outpatients, and we should be able to utilize them as a resource.”

MediFrame has identified three points that must be addressed to do this:

- Availability of quality information when needed
- Information sharing system regarding drug therapy
- Response to changes in business flow



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Wada said information and communications technology (ICT) can be a solution to providing appropriate care, but its use has not been fully successful yet because it relies, in part, on patients being tech literate.

“The majority of patients in Japan are elderly and, therefore, their tech literacy is limited. This is a hurdle for the penetration of ICT solutions,” Wada explained, adding that healthcare specialists are becoming more versed in technology to help with this.

“But even though we use ICT, we still need healthcare providers. To supplement the shortage of doctors, we can utilize pharmacists,” he said.

This is where MediFrame’s system comes in. Currently, pharmaceutical companies provide information to healthcare professionals, and only the information possessed by the healthcare staff is provided to the patient. This means that it can be difficult to fully and effectively serve the needs of the patient. MediFrame facilitates information sharing among all parties and places the patient at the center, allowing for greater care.

BRINGING DATA TOGETHER

MICIN, which received the Best Product award, operates a telemedicine service called Curon.

Co-founder Ryoichi Kusama, who is also the company’s chief operating officer, said that their “vision is for all people to live out their lives with dignity.”

MICIN has three business domains:

- Diagnostic service
- Data solutions
- Clinical trial support

More than 4,500 medical institutions and facilities are using the Curon service, and 2,500 pharmacies employ MICIN’s recently launched online drug administration support system.

Kusama sees great market potential for Curon. “There are 100,000 medical facilities, and only five percent are using our system,” he said. “Including other similar providers, a total of just 7,000–8,000 medical facilities are using some sort of



SIMONE THOMSEN
President and representative director
Eli Lilly Japan K.K.

remote diagnostic online system. That’s still very small. We expect that this will increase starting next year, thanks to regulatory and other changes.”

The company also develops smartphone apps for digital therapeutics and provides support for the continuity and sustainability of clinical trials—something Kusama says has been at risk during the Covid-19 pandemic.

He also sees benefit in data collection through wearables, which are increasingly popular, but noted that these devices are not connected to a system for sharing the data with doctors and healthcare providers. “But once they are put into one flow of online diagnosis, the patient’s situation becomes clearer and, based on that information, healthcare providers can deliver more personalized intervention.”

Kusama said that there are three levels of interaction, or touchpoints, through which doctors and pharmacists support patients:

- High touch: face-to-face or online
- Low touch: call center support
- Tech touch: apps for data collection

“All these levels can be integrated into one platform, and that will help us comprehensively support the patient’s treatment journey.”

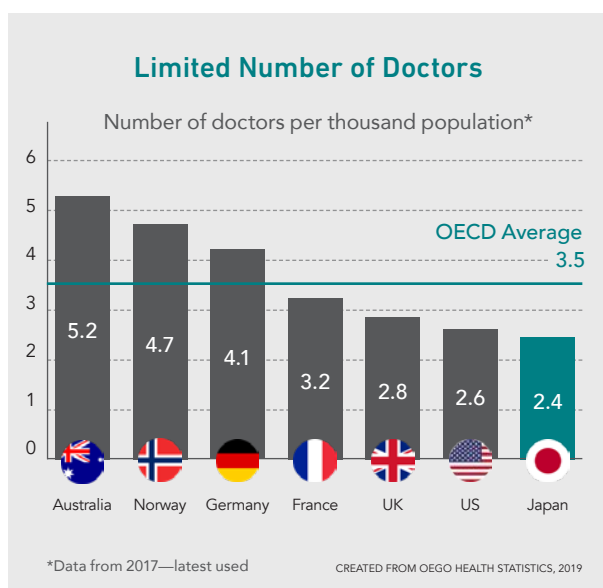
INDUSTRY ATTENTION

A key goal of the initiative was to connect startups with industry leaders who can help advance ideas, and that was on full display with the participation of Bayer Yakuhin, Ltd.’s Heike Prinz, AstraZeneca K.K.’s Stefan Woxström, and Simone Thomsen of Eli Lilly Japan K.K. Each is president and representative director of their company. The three executives participated in a panel discussion with Kusama, Maggs, and Wada.

Google Japan was also represented by ACCJ President Peter Fitzgerald, who is president of the tech giant. In his opening speech, he said: “It’s no surprise that, this year, the ACCJ is conducting an event such as this for the first time. Digital transformation and a sustainable society and healthcare have been two of the ACCJ’s main strategic goals for this year—even before the onset of Covid-19.

“The pandemic has accelerated the need to reshape digital and healthcare plans across industries and companies around the world. The pandemic has also shown how unprepared many in the private and public sectors were for the immediate shift to digital, and how vital digital has become to healthcare.”

Citing access to healthcare records, digital or mail-order prescriptions, and even talking to your doctor virtually as needs for which the country was not prepared, he said. “For many years, ACCJ members have been at the forefront of transforming the healthcare and digital ecosystems in Japan. Thanks to their vision, this initiative will not only harness the strengths of





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these important industries, but also build relationships between innovative startups and established healthcare companies to drive digital innovation in the Japanese healthcare system and accelerate activities to bring incredible ideas to market.”

Thomsen spoke about the genesis of the competition and how she, Prinz, and Woxström got together over lunch to discuss the initial idea.

“[We asked], can we do something here down in the Kansai region, with the experience we have, to make sure that we understand more about the entrepreneurship and the startup environment, what’s out here, and how we can partner?” she explained. “We have some understanding as bigger pharmaceutical companies, but there is a lot of innovation out there. We wanted to create a platform to continue to collaborate and to find interesting ideas on which to partner.”

Woxström added to this: “I think there is huge untapped potential in Kansai—which we started to talk about, and which now has gone far beyond Kansai—to drive the medical need that we have. Strategically, there’s so much innovation.

“We’re also having the Expo 2025 coming up, and I think that showing great healthcare in Japan—the new smart healthcare-connected society that

we’re talking about here—is very much in line with this. I think it’s a very good strategic move to start interacting much more in this field,” he said, speaking of the world exposition that will be held in Osaka April 13–October 13, 2025. The expo’s theme is designing future society for our lives, and sub-themes include saving lives, empowering lives, and connecting lives.

Prinz expressed the importance of entrepreneurs and startups in driving innovation as she recounted the lunch meeting with Thomsen and Woxström.

“Almost all pharma companies these days look at innovation not just as something that is created in our companies, but we constantly look for innovation from the outside. Today, innovation is not just the next new molecule. There’s a lot of stuff happening in the digital therapeutic space,” she said. “So, kudos to the organizing team. It’s one thing to have a great idea, but then to have people take the idea and run with it . . . that’s where I am very grateful to the great team that made every effort to make this event happen.”

The organizing team for Healthcare x Digital includes Yasuhiko Iida of Eli Lilly, Torsten Kanisch of AstraZeneca, Francisco Proano of Bayer, and Deloitte’s Christian Boettcher, who moderated the panel discussion.

Almost all pharma companies these days . . . look for innovation from the outside.

GOVT HELP

The importance of US–Japan connections was highlighted by Aaron Forsberg, trade and economy policy unit chief at the Embassy of the United States, Tokyo, who delivered the keynote speech. “I wish to applaud the organizers and competitors for focusing on this intersection of digital and healthcare,” he said. “Some of the most exciting new companies of our day are applying digital solutions—from artificial intelligence to 3D printing—to problems across a range of areas.

“Healthcare is long established, but the idea of a global digital healthcare market is new. Without question it’s growing. According to [strategy and consulting company] Accenture, it could exceed \$500 billion by 2025,” he said.

“What I wish to highlight is the public’s interest in your work. The public is looking to companies to provide new services, new products, and to bring new solutions to market that will require innovation. Legacy ways of doing business will not be sufficient. Consumers and governments alike will demand solutions that better address familiar problems, are more affordable, or tackle new and unsolved problems. The good news is that startup companies have a crucial role to play in delivering the innovation required.”

Asking how innovation and entrepreneurship relate, Forsberg said that, when a startup seeks to commercialize a new technology, development of that technology alone is not enough. “Entrepreneurs must, from the outset, focus on finding a market for their product or service—and that means building a thriving business,” he said, adding that new companies put great effort into commercializing technologies expected to disrupt markets.

The Kobe City Government closed the event by sharing its support for the initiative and all those involved. Tetsuya Hattori, director of general affairs for the city’s foreign investment group and new business promotion, said they are focused on inviting and growing startups that will create innovation and then accept the challenge of taking those ideas globally. The Kobe Biomedical Innovation Cluster is one of the largest in Japan, and the city is building a life science startup ecosystem in the phase-two area of Port Island. A startup creative lab has also been opened.

“Those who participated in today’s event are startups who are trying to bring innovation into the area of digital healthcare. So, I would like to invite you to come to the Kobe Biomedical Innovation Cluster with your solutions so that we can, together, stimulate the life science healthcare industry in Japan. I wish you great success and great health in the future.” ■



STEFAN WOXSTRÖM
President and representative director
AstraZeneca K.K.



HEIKE PRINZ
President and representative director
Bayer Yakuhin, Ltd.

RENEWED ENERGY, BETTER HEALTH

Govt and industry target cleaner tomorrow

By Julian Ryall



The announcement by Prime Minister Yoshihide Suga in late October that Japan will work to achieve net-zero carbon emissions by 2050 has been welcomed around the world as a significant step forward in the campaign to reduce global warming and protect our environment.

Nowhere was the applause for this commitment greater than among foreign companies in Japan. The American Chamber of Commerce in Japan (ACCJ) issued a statement on November 13 expressing support for the government's ambitious targets and offering some advice on measures that might assist.

The statement said: "This target is a welcome sign of Japan's forward-leaning approach to long-term and sustainable economic growth. As a business association that represents US-centered companies with extensive partnerships in Japan, ACCJ member companies are committed to contributing their collective capabilities, including through innovation and adoption of new technologies, to help Japan achieve its target."

AMBITIOUS GOALS

Ken Haig, who chairs the ACCJ Energy Committee, said the timing of the announcement was particularly powerful, as it came shortly after China committed to net-zero carbon by 2060 and was followed by South Korea making a similar promise.

Those pledges have "set a tone for the Asia-Pacific region that will be hard to ignore going forward," he said, adding that policymakers in other countries in the region are now under increasing pressure to follow suit.

"Japan remains the third-largest economy and the fifth-largest emitter of greenhouse gases in the world today," said Haig, who is also Asia-Pacific Energy Policy Lead for Amazon Web Services. "While the details of how Japan will get to net-zero carbon by 2050 remain unclear, this is a more ambitious target than Japan had previously."

ACCJ member Rakesh Mani, director of APAC consumer and retail at Strategy&, echoes that view. "It is a bold ambition and an important milestone in advancing the dialog on ESG in Japan," he said. "It will likely spur more thought on the R&D and innovation needed to serve this."

"But it is also a difficult challenge, given the huge structural changes it will require across sectors—from electricity and power to steel, transportation, and others."



KEN HAIG
Chair
ACCJ Energy Committee



RAKESH MANI
Director of APAC consumer and retail
Strategy &

RENEWED ENERGY

Underlining his desire to make rapid progress on the targets, Suga has already ordered revisions to Japan's Global Warming Countermeasures Plan, the Basic Energy Plan, and the nation's long-term strategy under the Paris Agreement on climate change. In addition, he has signaled that he intends to submit a revised Nationally Determined Contribution plan to the United Nations ahead of the COP26 meeting in November 2021.

Haig says there are hurdles to take the proposed reforms "from aspiration to implementation," but the ACCJ Energy Committee has a range of initiatives and ideas that would contribute to decarbonization of the sector that is the single largest source of greenhouse gas emissions in Japan. Two of the most promising are in the areas of cost reductions and increasing the nation's supply of renewable energy.

"Growing the pie" for renewables in Japan is a "good start and may help to drive greater economies of scale, which should in turn help to reduce costs," he said. But there are still de facto barriers to increasing the share of renewables in this market. One clear example Haig cited is the market priority granted to existing power utilities. This gives these providers little incentive to adopt renewable energies.

Another issue that needs to be addressed is the high cost of renewable energy in Japan for companies that are keen

to meet their global renewable energy commitments, in part through power purchase agreements. This approach works in other countries, but high, fixed, long-term rates benchmarked against the feed-in-tariff (FIT) serve to drive prices higher in Japan.

POSSIBLE SOLUTIONS

The ACCJ statement takes up several issues in the energy sector and offers a number of specific solutions, including:

- Increasing targets for renewables as a proportion of Japan's overall energy mix
- Reducing regulatory and administrative burdens on corporate consumers
- Streamlining processes to make it easier for developers and technology providers to build renewable power generation facilities

The chamber is also proposing additional support for clean energy sources and related services and infrastructure, such as energy storage and demand-side management approaches, alongside greater integration of renewables to enable aggressive moves away from coal and other carbon-intensive fuels by embracing renewables.



P&G beach cleaning

Mani feels that pressure for change may also accrue more organically from the investor community, in part due to environmental, social, and corporate governance (ESG) concerns.

“Larger companies—particularly those with foreign investors—may already be facing greater investor scrutiny on their ESG credentials, which is now an increasingly important determinant in investing and financing decisions,” he said.

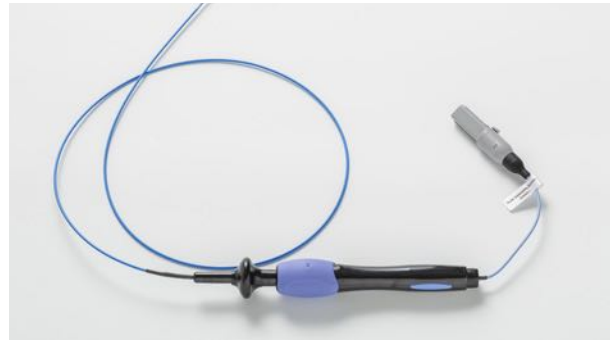
MOTTAINAI

A critical part of the campaign is educating future generations on the importance of what was previously referred to as the Three Rs—reduce, reuse, and recycle—but to which is now being added the Fourth R: respect.

Procter & Gamble Japan K.K. (P&G) and Coca-Cola (Japan) Company, Ltd. are collaborating with publishing house Kodansha Ltd, which in turn has been working with the author, to turn a series of books into short animated films documenting the efforts of Mottainai Baasan (No-waste Grandma). Originally authored by Mariko Shinju, the series instructs readers on ways in which they can each play a part in helping to preserve our environment, such as not discarding plastic bottles as litter and not wasting food.

The project is supported by the Ministry of the Environment and funded by the Alliance to End Plastic Waste. It was also introduced by Minister of the Environment Shinjiro Koizumi at his May 29 press conference.

Another initiative being actively pursued by Coca-Cola Japan and its bottling partners, including Coca-Cola Bottlers Japan Inc., is its World Without Waste program, which has an ambitious target of producing PET bottles with 90 percent recycled content by 2030.



Stryker is working alongside key partners to increase awareness of R-SUDs and their potential to positively impact healthcare and the environment.

ACCJ member Raymond Shelton, who leads sustainability initiatives in his role at Coca-Cola Bottlers Japan, said the Bottle to Bottle initiative is an opportunity for Japan to demonstrate leadership in sustainable packaging. But the key, he added, is to partner with industry and government. The company recently did just that with Higashiyamato, a city in western Tokyo, to collect PET waste and recycle it into new PET bottles. Collaborations such as this ensure that the right infrastructure and incentives are in place to make meaningful progress.

HEALTH MATTERS

Healthcare is another sector that is increasingly engaging in efforts to reduce waste and preserve the environment, with Stryker Sustainability Solutions playing a leading role in Japan—and demonstrating just what is possible—through its remanufactured single-use medical device (R-SUD) business.

Animation

Mottainai Grandma

- MOTTAINAI -

Mottainai Grandma conveys the heart of Mottainai

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Coca-Cola beach cleaning

According to the Ministry of the Environment, Japan's medical welfare sector produces 484,000 tons of waste each year. R-SUDs present a novel approach to both environmental and fiscal stability.

In April, Stryker released the first R-SUD in Japan, said Hisataro Nonaka, the company's country manager for Japan. The company is the first to do so since approval of R-SUDs by the Ministry of Health, Labour and Welfare in 2017.

"I was pleased to see the government of Japan take a bold step forward on environmental sustainability," he told *The ACCJ Journal*. "Japan has proven to be an effective global leader on past initiatives, and I am hopeful environmental sustainability will become another area where Japan's leadership will make a difference."

Nonaka believes that collaboration between industry and the government will be critical to meeting the targets, with the private sector bringing experience and know-how to the campaign while the government works to deliver goals that have a positive impact on society.

And he is convinced that growing acceptance of R-SUDs will play a part in the healthcare sector.

"R-SUDs have been in use in the United States and the European Union for nearly two decades but are a relatively new type of medical device in Japan," he explained.

"While this only represents a very small portion of our business, we are working hard alongside key partners to increase

awareness of R-SUDs and their potential to positively impact the healthcare system and the environment because we believe in our responsibility to contribute to the future of Japan," Nonaka said. "In the United States, where nearly 80 percent of hospitals participate in R-SUD programs, savings to the healthcare system are approximately \$360 million annually, and waste has been reduced by 9,000 tons per year."

LOCAL CONCERNS

There are, however, still obstacles to greater acceptance of these devices, he admitted. Broad acceptance in the United States and Europe has given rise to the creation of localized remanufacturing facilities, which are still lacking in Japan. The Japan R-SUD Association, established in 2018, is calling for incentives that could drive greater market participation.

Some healthcare professionals in the country also lack access to information on the safety of R-SUDs, meaning that an information campaign is required to increase provider

understanding of the security of the devices.

"Japan continues to face fiscal challenges within its healthcare system while positioning itself as a global leader on environmental sustainability," Nonaka said. "R-SUDs are a useful, lower-cost solution that should be given greater consideration for its potential to reduce healthcare costs while helping Japan to achieve progress on its environmental sustainability targets." ■

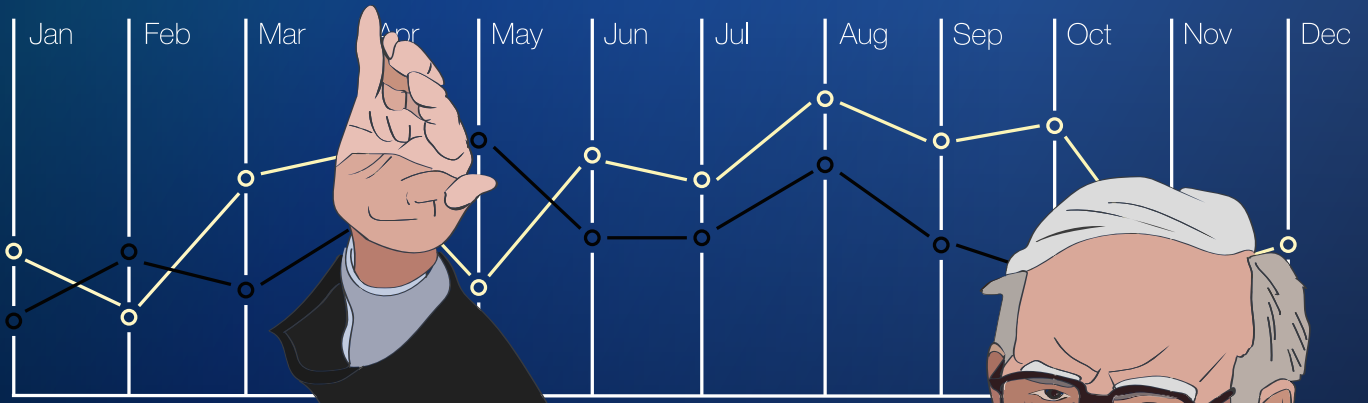
[Coca-Cola's] Bottle to Bottle initiative is an opportunity for Japan to demonstrate leadership in sustainable packaging.



RAYMOND SHELTON
Executive officer, head of investor relations
and corporate communications
Coca-Cola Bottlers Japan Inc.



HISATARO NONAKA
Japan country manager
Stryker Sustainability Solutions



WARREN BUFFETT'S JAPAN TRADE

US investment helps *sogo shosha* meet digital challenges

By Koji Nozawa and Mitsure Obe

NIKKEI Asia

At a FamilyMart convenience store in Tokyo, shoppers grab fresh bananas and pay using their smartphones. A familiar scene, but few would know that one company is orchestrating almost the entire transaction—from growing the bananas to owning the store and even developing the smartphone payment system.

The company, Itochu Corporation, is one of Japan's venerable *sogo shosha* or trading houses—a quintessential feature of the country's corporate landscape, sprawling across dozens of business sectors.

Itochu not only owns FamilyMart Co., Ltd., which it recently took full control of in a ¥580 billion (\$5.5 billion) transaction. It also produces bananas and pineapples on the island of Mindanao, in the southern Philippines, as the owner of Dole Food Company's Asian fresh food business, and ships them to Japan, South Korea and—an anticipated growth market—China.

Chief Executive Officer Masahiro Okafuji has been determined to strengthen Itochu's non-resources businesses. "I decided to attack areas related to household consumption," he said in an interview with *Nikkei*.

Itochu also owns a 25-percent stake in a unit of Thai conglomerate Charoen Pokphand Group, 10 percent of Chinese financial conglomerate Citic Group Corporation Ltd., 33.8 percent of British fashion house Paul Smith, and 40 percent of Japanese apparel maker Descente Ltd., as well as iron ore and coal mines in Australia.

US INVESTMENT

Itochu and its *sogo shosha* peers attracted global attention when well-known US investor Warren Buffett's Berkshire Hathaway announced in August that it had acquired slightly more than five percent of:

- Itochu
- Mitsubishi Corporation
- Mitsui & Co., Ltd.
- Sumitomo Corporation
- Marubeni Corporation

Berkshire has said it may boost its stake in each company up to 9.9 percent and is eyeing opportunities for the trading houses to strike partnerships with its own businesses.

It was a rare boost for a sector that has been unloved by investors for whom the conglomerate is out of fashion, and which also runs many old-economy businesses hit by the inevitable fallout from the Covid-19 pandemic.



Itochu is putting its sprawling business network to work at FamilyMart.

ECONOMIC OPTIMISM

For Buffett, the deal was a bet that the world's third-largest economy can overcome myriad challenges, including slow growth and demographic decline. "I am delighted to have Berkshire Hathaway participate in the future of Japan," Buffett said.

His interest has spurred more scrutiny of the trading houses' role in Japan Inc.—and optimistic talk within the *sogo shosha* themselves.

Already, some are unveiling plans for closer collaboration with their new shareholder, perhaps conscious of the opportunity to accelerate changes across their portfolios in an era of digital upheaval. Mitsui would like to collaborate with Berkshire to expand its Asia healthcare business, Mitsui CEO Tatsuo Yasunaga told *Nikkei Asia* in a recent interview.

Change is something the *sogo shosha* are familiar with—as epitomized by Itochu, which has grown from a 19th-century textile merchant into a diversified business group covering sectors that include apparel, foodstuffs, steel, information technology, and natural resources.

Itochu and Marubeni—which has its roots in the same linen trader—are to some extent relative upstarts among the *sogo shosha*. Their grander rivals are Mitsubishi, Mitsui, and Sumitomo—often referred to as *zaibatsu* member trading houses. The *zaibatsu*, once family business conglomerates, dominated the modern Japanese economy and forged strong connections with the government before the Second World War.

Japanese Major Trading Houses

(Ranking in Japan by market cap; figures in yen)

	Company	Sales (in trillions)	Net Profit (in billions)	Market Cap (in trillions)	Main Business Areas
26	Itochu	10.9	501.3	3.7	Food (Dole), apparel (Paul Smith, Descente), IT (Itochu Techno-Solutions), retail (FamilyMart)
34	Mitsubishi	14.7	535.3	3.3	Energy (natural gas), metals (coal), automobile (Mitsubishi Motors), retail (Lawson)
44	Mitsui	6.8	391.5	2.6	Energy (natural gas), metals (iron ore, nickel), healthcare (IHH)
94	Sumitomo	5.2	171.3	1.3	Metals (copper), cable TV (Jupiter Telecommunications), retail (Tomod's drugstore)
125	Marubeni	6.8	-197.4	0.9	Pulp (plantation in Indonesia), food (Gavilon), retail (Tobu Store supermarket), power (solar and wind)

Sales and profit as of year ended in March; market cap as of October 30

SOURCE: COMPANIES, QUICK-FACTSET

Those structures were broken up by the United States and its allies after the war, but while the family holding companies have lost their control, the companies that were once under one umbrella remain tied together, albeit loosely, by their historic bonds.

In the postwar era, the trading houses supported Japan's manufacturing resurgence by importing resources and food, and exporting finished goods, including electric appliances, cars, and machinery. But as manufacturers started to eliminate the trading houses as a middleman, the *sogo shosha* responded by branching out—partnering with food processors, oil producers, or retailers to make profits throughout the value chain.

EVOLVING MODEL

Today, the *sogo shosha* depend more on returns from investment than on the trading commissions that used to be their major profit source.

Trading houses "have adapted their business models in an incredibly agile way over the [many] years and have done really well, not just for the economy but also for themselves," said Kei Okamura, director of Japan investment stewardship at Neuberger Berman East Asia Limited.

Yet the *sogo shosha* and their diversified businesses have fared badly in their reputations with investors, lagging behind automakers, telecom carriers, tech companies, banks, and drug companies in market capitalization and valuations.

And their diversification is no foolproof defense against losses—Marubeni reported its biggest loss ever for the last fiscal year ended in March, and Sumitomo warns of the biggest loss in its history in the current fiscal year.

Mitsubishi, long seen as reigning over the other *sogo shosha*, epitomizes the industry's struggle to transform and move away from old-economy roots.

Mitsubishi first brought liquefied natural gas (LNG) from Alaska for Japanese power plants 50 years ago and now supplies the nation with 55 percent of this import. The company has been a steady supplier of iron ore and coal for steelmakers, and this has supported Japan's vital auto industry. It owns one of the world's largest metallurgical coal mines in Australia with BHP, and its metals division accounted for 40 percent of the company's profit in the last fiscal year.



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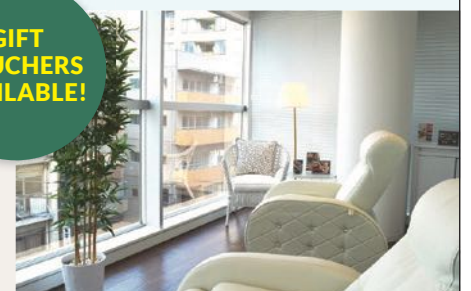
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“Our clients have confidence in our ability to ensure a steady supply of essential resources,” a Mitsubishi manager said.

But the company expects profits to drop by nearly two-thirds this year, hit by the coronavirus-induced global recession. Demand for coal—Mitsubishi’s cash cow—has slumped while prices for natural gas have slackened. And Mitsubishi Motors Corporation, of which the trading house owns 20 percent, is bracing for a huge loss after car sales collapsed.

Mitsubishi also faces a longer structural shift away from thermal coal and oil. “Essential energy has been changing from oil to LNG and renewable energy. We have to suit this change,” Mitsubishi CEO Takehiko Kakiuchi told *Nikkei* in an interview.

DIGITAL FUTURE

Kakiuchi also emphasized the need to review the business portfolio, doing more using digital technology and artificial intelligence (AI). “With digitalization, it has become possible to quantify demand forecasts and so on that were previously done by experience and intuition,” he said. “The knowledge of employees who have raw data can be further utilized and . . . new businesses can be developed.”

A case in point is a recent initiative to use AI to predict day-to-day changes in sales at the Lawson convenience store chain, a subsidiary, to help cut waste.

One advantage *sogo shosha* managers stress is their style of running their portfolio companies. In contrast to private equity firms, investment banks, or management consultants, they say they are much more hands-on and accept a longer time horizon to recoup their investment.

Mitsui’s Yasunaga said their “functions are trading as well as marketing, financial arrangement, and business restructuring.”

Take Marubeni, for example. It manages 290,000 hectares of dense forest on the Indonesian island of Sumatra, making pulp for paper manufactures, mainly in Asia, for 15 years. There, 10 of the company’s expat staff patiently wrestle with how to renew the forest’s tree species, which have been hit by disease since 2013, while dealing with the odd scorpion, snake, or tarantula spider along the way.

“We find at least one thing to be improved every week,” said Terutoshi Fukuoka, the 25-year-old deputy general manager at Musi Hutan Persada, Marubeni’s operating subsidiary, who is in charge of quality control and innovation and oversees 100 staff members. After being in the red for five years, MHP became profitable again in 2017.

Sumitomo—which is leading a \$4.3 billion smart city project near Hanoi, in Vietnam’s largest urban development—stresses its thorough training. Before being dispatched to a company in which Sumitomo has invested to learn and practice management, employees need to pass exams in import–export practice, accounting, project investment, and management.

Employees are even taught liberal arts subjects—unusual in Japan—on the grounds that such education helps managers to gain respect from their overseas counterparts. *Sogo shosha* have consistently ranked high in terms of popularity for Japanese graduates, because they offer good pay, job security, and opportunities to work overseas.



Staff of Marubeni’s pulp operations in Indonesia

VALUE LAG

But whatever their attention to management practices, the *sogo shosha* are not being rewarded in one vital aspect: their share prices. For the past seven years, the price-to-book ratio—a measure of the market’s valuation of a company relative to the value of the assets it owns—has stayed below one for all except Itochu.

The persistent undervaluation is often explained by reference to the concept of a “conglomerate discount”—a recognition that a company cannot gain synergies from a very diverse range of business units. The result, critics argue, is inefficient use of capital. Most investors would rather assemble their desired portfolio themselves on the stock market.

Some within the sector acknowledge the point. “We have 1,700 group companies. That is too many and each company is too small,” said Kakiuchi of Mitsubishi, who would like to merge many units to increase efficiency.

The trading houses still offer one of the best returns in terms of dividend payments among large-cap stocks, points out Hidenori Kusunoki, analyst at Mizuho Securities Co., Ltd. He said that *sogo shosha* have increased their dividends on a sustained basis. “Over the past 10 years, their dividend yield, or the ratio of dividends to share price, has stayed around three to five percent,” he said.

Nevertheless, the key for them to achieve higher valuation will be whether they can keep up with an accelerating pace of change, as the global economy shifts from manufacturing to services and from physical to digital.

Investors—now, of course, including Buffett—might need patience, suggests Neuberger Berman’s Okamura. “We don’t think trading houses will be able to change their business model dramatically over the next three to four years,” he said.

But as Itochu moves to cement its control of FamilyMart—an extraordinary general shareholders meeting to delist the retailer was held on October 22—Okafuji is convinced that standing still is not an option.

“We have to understand the changes taking place in the world and follow without delay. And we must change ourselves accordingly,” he said. ■

Additional reporting by Hidefumi Fujimoto and Rurika Imahashi in Tokyo.

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MINISTRY OF LAND, INFRASTRUCTURE,
TRANSPORT AND TOURISM

MIGHT FOOD-DELIVERY DEMANDS FORCE DEREGULATION ON TAXIS?

The taxi industry is not especially pleased with the idea of using its vehicles for meal deliveries. While the Ministry of Land, Infrastructure, Transport and Tourism was expected to approve the request from the industry, many are saying that, compared with transporting passengers, delivering boxed meals is not economically viable.

The so-called transporting-goods-for-a-fee system being utilized by taxis was announced by Minister of Land, Infrastructure, Transport and Tourism Kazuyoshi Akaba at a press conference in April and went into effect on May 13. It ran until September 30 and became semi-permanent on October 1.

Previously, the use of taxis for hauling freight was intended to serve depopulated areas, and the system was tightly regulated, with approval normally taking several months.

While deregulation has enabled taxi operators to engage in deliveries for restaurants, those in metropolitan Tokyo have pointed out a number of problems.

The first is cost. The base rate for remuneration between the restaurant and the taxi company was set at ¥3,000 per job (the actual figure may vary) but, according to a source in the taxi industry, it is not possible to break even unless they are delivering fairly expensive meals and drinks. Unlike Uber Eats and other services that utilize bicycles or motorcycles, taxis face higher fuel costs and must pay for parking.

Also, customers have not found the option of using taxis to have meals delivered to be easy to use. Digital applications and other services that provided data on shops served by taxis—with maps of local areas—have so far fallen short of expectations.

The industry has been calling for deregulation that enable its cars to deliver not only food and beverages, but also pharmaceuticals, mail, and other things. Should taxis receive permission to handle virtually anything, it

may be possible to reach a level where such services become a major contributor to revenues on par with passenger services. However, this service would likely clash with that of transport companies, and people in the taxi industry have voiced pessimism regarding the likelihood of full deregulation.

MINISTRY OF AGRICULTURE,
FORESTRY AND FISHERIES

SWINE FEVER SLOWS JAPAN'S PORK EXPORTS

An outbreak of classical swine fever (CSF) was confirmed in September at a pig farm in Takasaki City, Gunma Prefecture. It was the first incidence since March, when CSF was detected in Okinawa. The flare-up follows the reported thefts—on at least seven occasions—of some 670 young swine, aged between two and four months, which Minister of Agriculture, Forestry and Fisheries Kotaro Nogami has described as “extremely regrettable.”

The farm had been conducting vaccinations, but the three infected pigs, which were about 70 days old, had not been vaccinated and their symptoms had been overlooked.

It is believed highly likely that the source of the infection was a wild boar. Fifty-five boars

have so far been diagnosed with the disease, and four had come within five or six kilometers of the farm. The ministry has dispatched an epidemiological survey team to investigate.

Nogami remarked, “It will be important to first take steps to prevent spread. We have received requests for staff in other prefectures, and we intend to respond quickly.” Some 5,390 pigs at the farm where the outbreak occurred have been culled.

Meanwhile, the Kanto Local Finance Bureau of the Ministry of Finance has asked financial institutions to provide assistance to farms hit by the disease. The quasi-government Japan Finance Corporation has set up a hotline for affected farms. In addition, in the Gunma Prefecture city of Maebashi, the JA Group of agricultural cooperatives and individual members have convened a conference regarding contagious diseases among livestock. As an emergency measure, they have also arranged to deliver 200 kilograms of quicklime to a number of farms in the area.

Due to the earlier outbreak, the Paris-based World Organisation for Animal Health (OIE) rescinded Japan's status as a disease-free country on September 3, thereby placing restrictions on its exports. To recover the nation's earlier status, the ministry will need to double down on efforts to instruct local governments and farmers in sanitation control. ■





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NEXT GENERATION ACCOUNTING AND AUDITING

How evolving technology is changing our profession

With the roll-out of 5G cellular networks, ultrafast data transmission promises to strengthen the viability of the Internet of Things (IoT). This is important as information technology (IT) has significantly affected how we do our work and has made it possible for business to continue through the pandemic—and its role will only expand in the new normal.

ACCOUNTING

From an accountant's perspective, the use of artificial intelligence, robots, and the IoT is helping us process transactions almost instantly. This ability has led us to focus more on review and analysis of the output rather than data input. In this case, review and analysis is a supervisory and managerial function, which means businesses can drastically lower the headcount of their finance and accounting department. This poses the risk of unemployment for accountants who process business transactions.

For an accountant to thrive in the business sector, knowledge of the essential IT processes, proficiency in the use of accounting and business software, and competent analytical skills are a must. Accountants possessing these skills are ready to navigate the turbulent waves brought by technological advancement.

At its pinnacle, this advancement would make the work of accountants primarily that of financial reporting and standards setting—two accounting jobs that will not be eliminated by technology. The reason these tasks will remain in human hands is the need for standardized financial reporting, which requires a body of accountants representing various industries to set the standards.

AUDITING

Meanwhile, for audit firms, the number of clients and the complexity of their clients' accounting processes will be the factors that determine headcount. Staff auditors will still be needed, as they are the ones who will execute the audit procedures. Technology will not eliminate their job, but rather change how they do it. In other words, audit methodology will evolve, but the core audit objectives will remain the same.

Just a few decades ago, auditors used worksheets and a calculator to do their job. They archived their work papers using binders. Today, auditors use software on laptops and store documents electronically. The methods have changed, but the objective has remained the same.

Based on what I currently see in the audit environment—and considering the application of sophisticated technology such as robotic process automation (RPA) in the accounting profession—I believe the future of auditing may include procedures such as testing the logic of the RPA to see if it conforms to a standard.

Also, the need for vouching may decrease if there is widespread application of blockchain technology. It will be too difficult for fraudsters to alter an entry in a network of ledgers, so the risk to

the integrity of the source data will be lower.

If technology reaches a point where it can eliminate doubts about the integrity of financial reports, then there is a risk that the audit profession will become

obsolete. This is because an audit is a cost that is incurred for not trusting financial reports. If there is no conflict of interest between the preparers and the regulators, or others who use the reports, then there is no need for an audit.

If technology reaches a point where it can eliminate doubts about the integrity of financial reports, then there is a risk that the audit profession will become obsolete.

TODAY AND TOMORROW

As current accountants and auditors, we are privileged to witness the dawn of advanced technologies and their application to our profession. From this vantage point, we can appreciate what these tools have brought to our jobs and what will be possible in the future. Those of us who are not so tech savvy may see a threat to our ability to continue in our profession. But we should not be discouraged by the difficulty. As former British Prime Minister Winston Churchill said, "A pessimist sees difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

To continue and thrive in our profession, we must prepare and equip ourselves with the necessary tech skills and knowledge of the trends that are guiding business. Let us sail together the uncharted seas to a promising tomorrow. ■



Harold Young is a secondee to the Tokyo office of Grant Thornton Japan. He previously worked at Punongbayan & Araullo GT in the Philippines, where he was involved in financial statements audits for the real estate, manufacturing, and business process outsourcing industries.





FEET FIRST

Tokyo Yamathon inspires thousands to walk for charity

Even for long-time Tokyo residents, there's always something new to be found in the city—you just need to be willing to step out of your everyday routes with a sense of adventure. And when you can combine urban exploration with the chance to support charities, you're getting the best of two worlds.

That's the experience Tokyo Yamathon has been offering since 2010. Established by the International Volunteer Group, a nonprofit organization (NPO) that runs fundraising and awareness events around Japan, Tokyo Yamathon is based on a simple concept: teams of three or four walk the entire loop of the Yamanote Line and must complete the circuit within 12 hours.

A nominal participation fee is charged, of which 100 percent goes to charity. Teams regularly set up fundraising pages to help them further contribute to the charities that Tokyo Yamathon supports. Over the years, the event has raised funds for organizations such as Oxfam Japan, Nadia Japan, and Plan International. Since last year, Tokyo Yamathon has supported the Yokohama Children's Hospice Project, which is dedicated to opening the first children's hospice in the Kanto region. In its inaugural year, the event drew 110 participants and raised ¥129,000. Last year, about 1,100 walkers raised ¥3.8 million.

BRINGING ABOUT POSITIVE CHANGES

Koji Oishi, chief operating officer for Tokyo Yamathon, explained that while the event is based on a simple concept the influence it has on those who take part runs broad and deep. "It's an

opportunity to build relationships with members of your team, challenge your navigation skills, and see another side of Tokyo."

Mark Legard, the Tokyo Yamathon's NPO advisor, went further: "You feel like a part of a unique club that only people who have taken part can understand," he said. "There's that slight smile of agreement that comes to people's faces when they talk about having done it. No two Yamathons are alike. It is a great opportunity to connect with our charity partners and volunteers and become a part of their dreams and aspirations, too."

Addressing the question of why more than 1,000 people would choose to spend a day on a walkathon, Operations Director Heena Sinha said that the answer is rooted in the awesome transformation the event engenders.

"It is a passion to bring about positive change in the community around you, in a long-lost friendship, or a relationship with a colleague you have been sitting beside for so many years. Also, a positive change within yourself that comes with that crisp feeling of taking up a challenge and finishing it."

CONNECT AND ENGAGE

Tokyo Yamathon teams are often arranged by companies, who can also serve as sponsors. In this new working environment—where colleagues may rarely interact in person—an activity such as Tokyo Yamathon can help boost morale and a connection to the company, Chief Strategy Officer Mitsuhiro Honda pointed out.

- 3-4 members per team
- Walk 30 stations in 12 hours
- 100 percent of fee goes to charity
- Half-Yamathon option (20km)



VOLUNTEER PARTNER TESTIMONIAL

ZAMA MIDDLE HIGH SCHOOL: MICHELLE SIMMER

The Yamathon provides Zama Key Club a great opportunity to volunteer and give back to the community. Key Club is an international, student-led organization that provides its members with opportunities to provide service, build character, and develop leadership. Our students are involved in many volunteer events throughout Tokyo, and the Yamathon is their favorite one, hands down. As long as there is a Yamathon, Zama Key Club will be there with enthusiasm and the zest to get involved.

"Employees are not just working for money; instead, they want to contribute to something and feel like a member of a community," he said. "The Tokyo Yamathon is an excellent opportunity for employees to connect with their workmates, whom they might not typically be meeting face to face, with people from different departments, and with those from different generations, such as senior board members." He added that, because of the positive internal response they get from taking part in the Tokyo Yamathon, sponsor companies almost always repeat their support.

And for the organizations that receive funding through the event, the support is invaluable. Hisato Tagawa, director of the Yokohama Children's Hospice Project, explained that once the hospice opens—which should be next fall—it will rely on donations to fund the estimated ¥40 million in annual operating costs, as there is no institutional system that financially supports children's hospices in Japan. "This is why support from the Yamathon means so much to us. In addition to its donations, it has helped increase our exposure to foreign-affiliated companies, which are quick in acting to solve social issues, have many fundraising ideas, and are open-minded to 'new' initiatives such as ours."



Rendering of Yokohama Children's Hospice

This year, the Tokyo Yamathon was scheduled for October 3 but was canceled due to Covid-19. However, the 2021 Tokyo Yamathon is already being planned, and organizers are looking forward to sharing the event's spirit of togetherness, exploration, and growth with another enthusiastic group of participants as they circle the city.

www.tokyo-yamathon.com

CORPORATE SPONSOR TESTIMONIALS

J.P. MORGAN: TSUYOSHI NAKAI

We are happy to see the Tokyo Yamathon gaining more popularity each year. Last year was certainly another rousing success, and we are excited to see that people are having a great time while helping a meaningful charity. Since 2013, J.P. Morgan has been supporting the International Volunteer Group, and we hope to see Yamathon as a platform to support our society in the years to come.



ADOBE: YOKO SAITO

For everyone who participated in the event, it was a great accomplishment. We definitely showed our Adobe spirit and teamwork. We had 10 teams last year and we were all proud of ourselves for helping to raise funds for the Yokohama Children's Hospice Project. Let's do it again next year!



SALESFORCE.COM: TAKASHI ITOH

Yamathon was a great charity event, and the support of our team and volunteers was remarkable. It was an unforgettable team-building activity and all Salesforce employees who participated enjoyed it tremendously. Thank you very much and we hope our activities will help the children.



RGF PROFESSIONAL RECRUITMENT: BENJAMIN CORDIER

One of our core values is teamwork, so we entered 10 teams in the 2019 Yamathon. All teams completed the course and had a great experience seeing new parts of Tokyo. We were also happy to take the top three places in the half course. It was wonderful to help raise funds for such an important cause and we are very much looking forward to the next event.



A big thank you to all our corporate sponsors for your support during this difficult year!

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GO TO WINTER

Inbound tourism crisis means opportunity for residents

By Andy Hughes

After a year of unprecedented uncertainty and stress, many of us are looking for an escape. With the holidays just around the corner, this is the perfect time to book a stay in a winter wonderland. And with inbound tourism all but stopped due to the pandemic, this year offers one of the best opportunities to enjoy winter sports, hiking, and fresh mountain air without the crowds.

An escape to the slopes can also be very affordable thanks to the Japanese government's Go To Travel campaign. More than 32 million travelers have made trips under the scheme since its launch in late July. Although the availability of subsidies may vary by date and region—the government announced on November 21 that areas with rising levels of Covid-19 infections may be temporarily exempted—there are many great offers to be had.

SNOWY ESCAPE

Japan has an abundance of winter getaway spots with a wealth of hotels, attractions, and new things to discover. Two of the most popular are Hakuba, in Nagano Prefecture, and Niseko, in Hokkaido Prefecture. Renowned for their natural beauty, ski resorts and hot springs, both areas have hosted the Winter Olympics—Sapporo in 1972 and Nagano in 1998—and some facilities are still in use. In Nagano, you can visit the Hakuba Ski Jumping Stadium and witness a piece of Olympic history, while a glimpse of future competition awaits in Niseko, which has been selected as a potential venue as part of Sapporo's bid for the 2030 Winter Olympic and Paralympic Games.

HAKUBA

Home to some of the highest mountains in Japan, Hakuba is perfect for skiing and snowboarding. Many of the resorts are family friendly and accommodate beginners by offering reasonably priced equipment rental and classes. And getting there need not be an ordeal—it takes just under two hours from Tokyo by bullet train.

This is not just an area for thrill seekers, however, as there are many other activities that can be enjoyed at a slower pace. Foodies will be delighted by the local cuisine and hikers will find numerous options for adventure and sightseeing.

After a long day of hiking, what better way is there to relax than to soak in a hot spring? Humans aren't the only ones who appreciate a relaxing dip, as you'll learn at the popular Jigokudani Monkey Park, where Japanese macaque monkeys can be seen frolicking in their hot springs. Unable to resist the *onsen* allure, they have been bathing there for decades. This is worth the trip on its own merit as they are the only troop of monkeys known to do so.

NISEKO

To the southwest of Sapporo you can find Niseko, a town and mountain range which boasts numerous ski resorts and offers stunning views of the iconic Mount Yotei, which is fondly called "Hokkaido's Mount Fuji." The area is well known for attracting visitors from around the world seeking off-trail skiing and winter adventure.

Food adventurers will discover a great selection of cuisine, such as the famous Hokkaido soup curry, potato ramen, and *wagyu shabu-shabu*. Cheese lovers should take time to visit Niseko Cheese Kobo, an artisanal cheese factory, to tantalize their tastebuds with award-winning Mimolette.

PLAN YOUR TRIP

On the following pages is a sampling of the many delightful experiences that await you. While your first inclination may be to book through a travel agency, there are great deals to be had if you go directly to the hotel.

Ask about special offers as well. Many resorts offer day passes which provide unlimited access to area venues and activities. The Hakuba Valley Lift Pass, for example, grants access to 10 resorts and can be booked in advance to be picked up at your accommodations on arrival, ensuring that your precious time is spent discovering the mountains rather than waiting in queues.

Also be sure to check the status of your destination to find out if Go To Travel is available, as government restrictions may come and go. ■

Details: <https://goto.jata-net.or.jp>

MNK NISEKO

In addition to its well-earned reputation as a powder haven, Niseko is now being recognized for its family-friendly options. ACCJ members and their families staying with MnK Niseko can enjoy a spacious, Covid-safe vacation home in a managed community with an on-demand shuttle service, a kids' camp, concierge service, clubhouse, ski school, snowshoe tours, and a restaurant.

Our EdVenture winter camp provides an English-language experience that features educational activities in the morning, semi-private ski lessons in the afternoon, and a pick-up/drop-off service—so parents can enjoy a full day on the mountain or just relax.

With few tourists and skiers on the mountains, Niseko offers a holiday experience with an international flair, cheaper accommodation using the Go To Travel campaign, and easy access to amazing local restaurants and experiences that typically must be reserved months in advance. Families are our business and we often host groups of families traveling together. Leave everything to us and have an unforgettable winter experience!

www.mnkniseko.com

Scan the QR code to take advantage of the combined 50-percent Go To Travel campaign, 10-percent accommodation, and 5-percent guest services discounts.



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RHYTHM JAPAN

Premium ski experience in Niseko, Furano, and Hakuba

Every winter, storms bring cold air from Siberia across the Sea of Japan, picking up high amounts of moisture along the way. The clouds then crash into the mountains and unload ridiculous amounts of snow. This is no secret. But there's more than just powder to be found—large resort networks exist across the slopes thanks to the ski boom of the 1980s, and these towns boast culinary experiences found nowhere else in the world.

Typical Day

Visitors generally kick off their morning by shredding the powder, then moving on to the groomers, terrain park, or backcountry. Locals often start their day on powder skis or a board, and then swap at midday for something more all-mountain friendly. At night, they grab a pair of carving skis.

When you're lucky enough to indulge in some of the best skiing and snowboarding conditions in the world, it's important that your equipment lives up to the hype and can adapt to the conditions. Luckily for visitors to Niseko, Furano, and Hakuba, Rhythm Japan boasts the widest range of ski and snowboard rental equipment available. The premium package allows you to swap your gear as conditions demand and includes unlimited equipment exchanges.

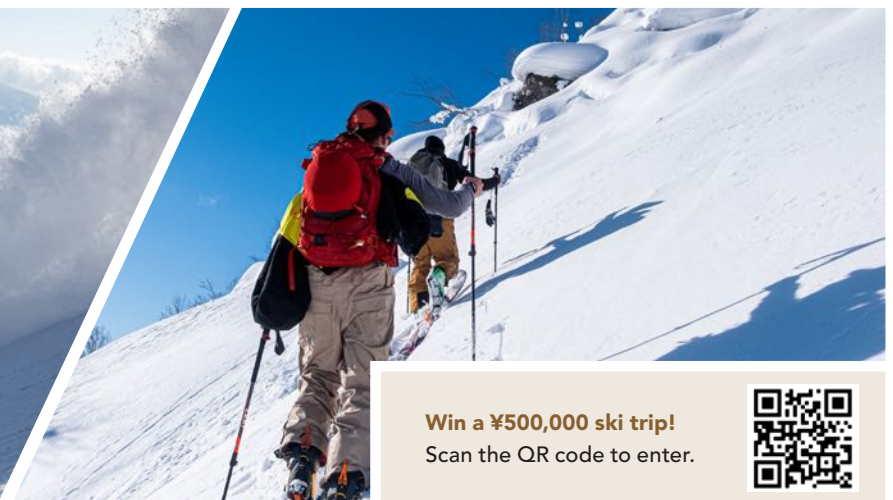
Equip Yourself

Looking to upgrade your gear? Rhythm has an extensive range of on- and off-mountain, hard and soft goods from the world's leading brands available for purchase, with price points from budget to luxury.

Already have your own equipment? The in-house Rhythm Tunes service offers mounting, tuning, and repair so you can keep your gear performing the way it's meant to.

Ready to warm up after time in the snow? Grab a delicious cup of hot java at Rhythm & Beans Coffee, found at the Niseko and Hakuba stores and consistently voted the best in town. All Rhythm stores welcome you with bilingual Japanese and English staff and have a reputation for exceptional customer service.

Rhythm also offers complimentary services, including onsite overnight storage, a pickup and drop-off service, and, for the coming season, Go To Travel benefits. Book online to receive 20 percent off!



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19-10 Kitanominecho, Furano
Hokkaido 076-0034

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Festive Menus and Luxury Experiences

Andaz Tokyo invites you to celebrate in your own style this holiday season



Andaz Tokyo Toranomon Hills is well known for its culinary prowess, and the latest addition to its team is sure to take that reputation to new heights. Tokyo native Eiji Nakamura returned to his hometown in September after years of working abroad to join Andaz Tokyo as head chef of the SUSHI, the intimate eight-seat sushi counter hidden behind the 52nd floor Rooftop Bar.

Having worked as a professional chef for 25 years, and in high-end hotel kitchens in Canada, Taipei, and China, Nakamura brings global influences to traditional Japanese cuisine. It's a journey that started as a child. "Our parents had a sushi restaurant on the first floor, and we were living above the restaurant, so I could see them working every day. I started helping them when I was very young, five or six years old," he told *The ACCJ Journal*.

From that Tokyo childhood he set out on a journey around the world that has changed how he cooks. "My style is not so traditional and is influenced by my travel experience," he said.

"I believe tradition is changing all the time. Cuisine is changing as well. Who would have thought one day we would see things like California rolls in a sushi restaurant in Japan!"

Asked how those stops have influenced his culinary arts, Nakamura explained: "I have learned to adapt to different cultures and opinions, and to adjust my menu, coaching, and guiding style depending on the situation.

"I believe one of the keys to success is flexibility. I will try to bring to Andaz Tokyo things that I have learned through my cooking experiences first and see how people like it. Then, I can make adjustments in order to meet the guests' expectations to make sure they are satisfied."

HOLIDAY OPTIONS

A great opportunity to experience this philosophy is the upcoming Gala Dinner at the SUSHI on New Year's Eve (¥30,000 per person including free-flowing Champagne).

"It is not only about the food, which includes hot items like simmered abalone and snow-aged *wagyu* beef—on top of usual seasonal *sashimi* and sushi—but also about the Champagne, with bottles selected by our experienced F&B professionals to match the food," explained Nakamura. "It's only available to guests who have made bookings in advance, so we will be well prepared to make the dinner very special."

The Gala Dinner isn't the only holiday offering awaiting you. Andaz Tokyo Toranomon Hills is welcoming guests to wrap up the year and welcome 2021 on a high note with festive menus and relaxing spa experiences. These include:

- Festive Afternoon Tea and Dinner at The Tavern - Grill & Lounge
- NYE Countdown Dinner at The Tavern - Grill & Lounge
- Festive Tiki Cocktails at the Rooftop Bar
- BeBu's Casual Festive Dinner Plan
- White Christmas Igloo Lunch and Dinner on the Rooftop Terrace
- Christmas cakes and festive gift hampers at the Pastry Shop
- 90-minute Release Yourself treatment at AO Spa & Club ■



Andaz Tokyo is pleased to offer ACCJ members **15% off** the SUSHI Gala Dinner.

Reservations: <https://bit.ly/andaz-sgd>

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