



THE AMERICAN CHAMBER OF COMMERCE IN JAPAN

# JOURNAL

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THE VOICE OF GLOBAL BUSINESS IN JAPAN



## MPowering Ideas

**Eriko Suzuki, Miwa Seki, Kathy Matsui, and Yumiko Murakami lead Japan's first ESG-focused venture capital fund**

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### Start It Up!

Advice on turning your big idea into a successful business as an expat

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# Nurturing Ideas and Creative Minds

We take a look at the entrepreneurial spirit in our business community

Ever since third grade, when my stepfather took me to a store where we bought a rubber stamp emblazoned with Jones Inc., the entrepreneurial spirit has been part of me. I used that little stamp for a company that wasn't a company to mark the papers on which I captured my ideas for video game concepts. I had a couple of "employees" who contributed their own ideas, which we also stamped. In those days of Atari 2600 cartridges and visually enthralling 8-bit adventures, the idea of creating my own games was exciting. While Jones Inc. never came to be, a few other companies did as I grew up and found my footing in the world of media, design, and publishing. And I can trace those endeavors back to that support from my stepfather, who himself owned a small business.

*This issue ... is all about taking an idea and turning it into a business, finding funding, [and] navigating the red tape.*

This spirit is also the reason I enjoy working with so many talented and inspiring businesspeople through the American Chamber of Commerce in Japan (ACCJ) in my role as publisher of *The ACCJ Journal*. Our community is filled with stories of ideas brought to life and the determination to succeed as an expat in an environment filled with challenges that sometimes differ from those in our home countries.

This issue of *The ACCJ Journal* is all about taking an idea and turning it into a business, finding funding, navigating the red tape, and making the community better for everyone.

In two feature stories, we gather the experiences, insights, and advice of nearly two dozen ACCJ members, from companies large and small, to help you chart a course through the obstacles that may stand in your way. With the country's digital evolution and push for more foreign direct investment and business, this is a wonderful time to be an entrepreneur in Japan.

## MPowering Ideas

I couldn't resist this playful title for our cover, inspired by the story of Japan's first venture capital (VC) fund

focused on environmental, social, and corporate governance. MPower Partners and its mission to "revolutionize Japan's venture ecosystem via greater globalization, diversity, and innovation" was launched in June by Kathy Matsui, former Goldman Sachs vice-chair; Yumiko Murakami, who previously led the Organisation for Economic Co-operation and Development's Tokyo Centre; and Miwa Seki, who was head of asset management company Clay Finlay's Japan office.

I had the pleasure of attending an ACCJ event in July at which the three general partners were joined by MPower Managing Director Eriko Suzuki, who we previously profiled here in *The ACCJ Journal* back in June 2019, when she was a general partner at VC firm Fresco Capital. I believe that what they are setting out to do is much needed in Japan's effort to become more competitive on the world stage, and I've written an extended recap of the event starting on page 10.

## Necessity Is ...

Another bit of inspiration I got from chamber events over the past month comes from our Kansai chapter, where Oak Lawn Marketing, Inc. co-founder Robert Roche shared how the company and its Shop Japan brand came to be. What I love about the story is the way in which many of us can relate. Settling into a new life in Nagoya and needing to find a way to make money, Roche took bold steps that paid off. Turn to page 16 to find out just what he did.

Speaking of necessity, new ideas are very much needed if Japan is going to maintain the level of healthcare that so many of us appreciate as the aging society and demographic shifts put increasingly more pressure on the National Health Insurance system. The ACCJ is once again working to bring these ideas to the surface and make them a reality through the Healthcare x Digital (HxD) competition, now in its second year. We have an overview of HxD 2021 beginning on page 22. And just before that, on page 20, ACCJ Healthcare Committee Co-chair John Carlson outlines a new approach to the chamber's biennial health policy white paper that will make the committee's advocacy nimbler, allowing it to keep up with the ever-quicken pace of change in healthcare needs.

I hope you find inspiration in this issue of *The ACCJ Journal*. As always, if you have a story to share, I'd love to hear from you at [cjones@accj.or.jp](mailto:cjones@accj.or.jp). ■



C Bryan Jones  
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editor-in-chief

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NEW FROM THE AMERICAN CHAMBER OF COMMERCE IN JAPAN

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ACCJ Wai Gaya (ワイガヤ) is a new platform for open, informal discussion among ACCJ members.

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Set your own agenda or join a conversation today at: [waigaya.app](https://waigaya.app).

# Adapt, Innovate, Discover, Connect

## New Wai Gaya platform supercharges ACCJ networking

One of the greatest strengths of our international business community is the varied experiences and skills of our members. I'm proud of the way in which the American Chamber of Commerce in Japan (ACCJ) has transitioned to a virtual environment that allows us to serve the needs of the membership through a robust schedule of events and meetings. But, during the pandemic, tapping into our network for a less formal exchange of ideas and expertise (the way we would during coffee breaks in more normal times) has been a challenge.

This month, we're launching a pilot project to help members discover and connect with other members. We're calling it Wai Gaya, a term coined by Honda Motor Company, Ltd. for their practice of convening impromptu meetings among colleagues. At these gatherings, everyone is encouraged to share their ideas—regardless of role or seniority. *Wai wai gaya gaya* is also a Japanese expression used to describe a lively environment, such as an *izakaya*, filled with conversation—the words being onomatopoeias meaning chatter—and that's exactly what we aim to create among members.

### Supercharged Networking

Maybe you'd like to find members who have experience negotiating rents with commercial landlords. Perhaps you want to bounce around ideas on a specific business challenge with members who are facing a similar issue. You may want to get some sound advice on how best to leverage your experiences in Japan to take the next step in your career as an expat. Or maybe you're looking for new business partners and simply want to expand your network.

Using the Wai Gaya platform—developed in-house by the ACCJ—any member can suggest a topic for conversation. The topics will be promoted in our *Insider* email and can be reviewed on the Wai Gaya website. If you see a conversation in which you would like to participate, just click "I'm interested." Once three members express interest, we'll open the ACCJ's Webex

videoconferencing platform to schedule a meeting among up to 10 interested members. We're keeping the number of participants low to ensure that all parties have a chance to interact.

### Nimble Ideas

Inspired by the world of startups and minimum viable products, we've built Wai Gaya in-house using a "no-code" platform. This new capability allows us to test ideas without investing a lot of time or resources

***What Wai Gaya does is provide a venue for those topics and conversations which lend themselves better to conversation rather than presentation.***

in their creation. If the membership sees value in Wai Gaya and engages with it, we'll enhance the platform's functionality. If it doesn't take off, we'll shift our efforts to other new ideas based on input and ideas from the membership.

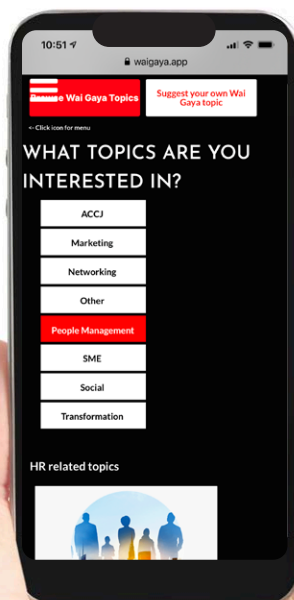
### Beyond Events

Planning and presenting formal events remains the responsibility of ACCJ committees. What Wai Gaya does is provide a venue for those topics and conversations which lend themselves better to conversation rather than presentation.

We all look forward to the day when we can return to in-person meetings, as well as the introductions and chats that happen over coffee during the in-between moments of our events. Our hope is that Wai Gaya will fill this need—at least in part—and that the Wai Gaya model might provide value to the membership even after we emerge from our current virtual mode. ■



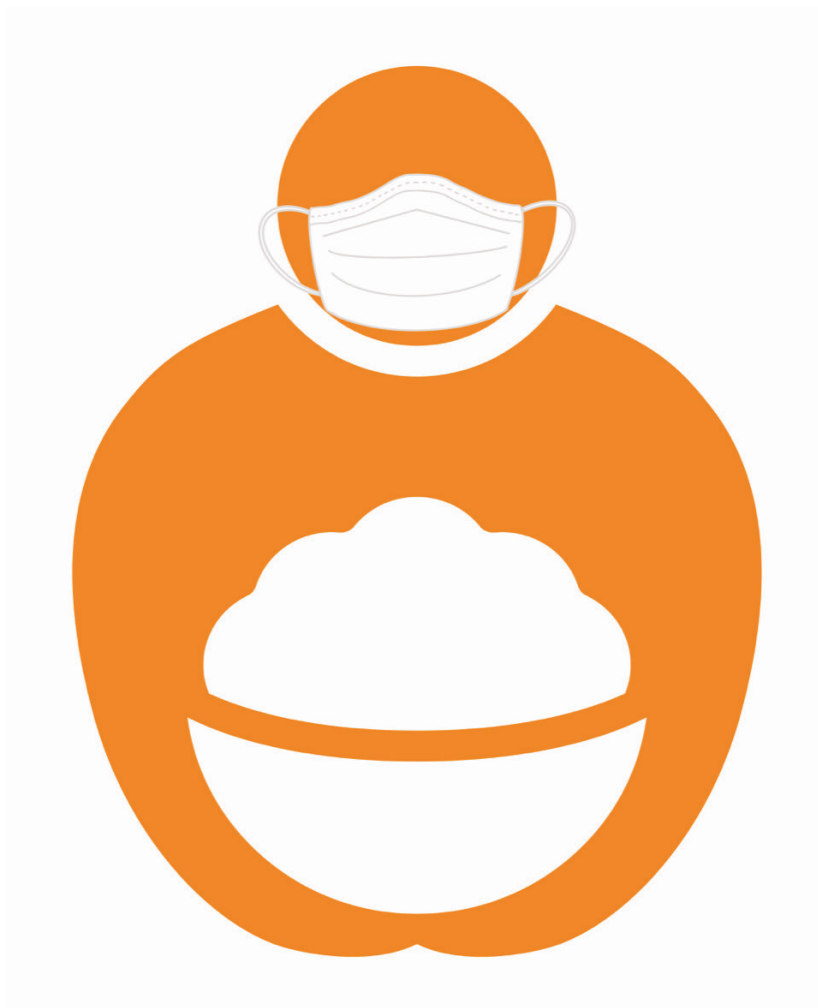
**Laura Younger**  
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*Thank you.*

**SECOND HARVEST JAPAN**

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# Robert “Skipp” Orr (1953–2021)

The American Chamber of Commerce in Japan (ACCJ) has lost a longtime member and leader, Robert “Skipp” Orr, who passed away on August 12 due to heart failure at his home in Kamakura. He was 68.

Orr played a key role in US–Japan relations over many decades and helped lead the ACCJ during the 1990s as a governor (1995–96) and vice president (1997–99). He guided Boeing Japan K.K. as president from 2002 to 2007 and served as chairman of the board of the Panasonic Foundation from 2007 to 2010.

In September 2010, he was named US Ambassador to the Asian Development Bank (ADB) and held the post until December 31, 2015. He continued to serve as a member of the ADB Institute Advisory Council following his ambassadorship.

Orr’s contributions to US–Japan relations were recognized by the Japanese government in 2018 with the Order of the Rising Sun, Gold Rays with Rosette.

## Memories

During his time as an ACCJ leader, Orr often wrote columns for *The ACCJ Journal*. We asked some members who worked alongside Orr at the chamber for their memories.

ACCJ Chairman Emeritus Kumi Sato said that “Skipp was the kind of person who, the longer you knew him, the more you found out about his depth of knowledge and expertise, and his life. He knew what he was talking about.

“He devoted his life to improving US relations with Asian countries,” she continued. “It seemed like he loved his job, and had a strong sense of duty to let everyone understand the challenges and sensitivities of these relationships. He cared. I’m so saddened that he went too early and fast, and wish that we could have had more chats, to find out what he thinks of the world today.”

President Emeritus Tom Whitson remembers Orr as “a longtime friend and ACCJ colleague who enjoyed life and could laugh at himself. He didn’t mind being teased as ‘Mr. Ambassador’ for his position with the Asian Bank in Manila. As an ACCJ vice president, Skipp’s knowledge of US–Japan trade policy and policy-makers was very valuable to the chamber. He had a fascinating career in politics, academia, industry, and with international organizations. I appreciated his willingness to share what he knew with people less well-connected than he was, like me.”



Orr (second right) with US President Bill Clinton at an ACCJ Town Hall meeting on November 20, 1998.

Glen Fukushima fondly remembers working together with Orr. “Skipp and I were friends from the 1980s, and we had a lot of fun in the 1990s when I was ACCJ president and he was one of the vice presidents,” he recalled. “We worked especially closely with Ambassador Walter Mondale (1993–96) and Ambassador Tom Foley (1997–2001) on US–Japan trade issues, since Skipp was working for Motorola and I was working for AT&T. He later worked for Boeing and I worked for Airbus, but we always maintained our friendship. We had a Zoom call in April and exchanged emails in early August, only a week before he passed away. I will really miss his great friendship.”

Former ACCJ Executive Director Samuel Kidder said: “I first got to know Skipp Orr when working on telecom market access decades ago—Skipp at Motorola, me at the US Embassy in Tokyo. Through his years at Boeing, and then as Ambassador at the Asian Development Bank, our paths often crossed or converged. It was a privilege to be on the same team with him so often. His open friendship and broad intellectual curiosity made him a special colleague. So many of us will miss and long remember Skipp.”

And Don Kanak, who served as ACCJ president in 2002 and chairman in 2003, told *The ACCJ Journal* that he was shocked and saddened to learn of Orr’s passing. “I met Skipp in Japan many years ago, in Tokyo, when he was representing Motorola and then heading Boeing, and I was with AIG,” he said. “We collaborated on a number of ACCJ initiatives related to high-profile US–Japan trade issues.

“Skipp was an excellent strategist on trade and political economy and a joy to work with. He had an exceptional understanding of the value of long-term relationships in Japan, the United States, and Europe. Not everyone knew Skipp’s background included a deep knowledge of Europe and native German language skills, in addition to Japanese,” Kanak continued.

“More recently, I was able to connect with Skipp while he served with distinction as the US Ambassador to the Asian Development Bank, playing a big role building multilateral support for infrastructure in Southeast Asia and for sustainability. He was an extraordinary person and a good friend. We will all miss him greatly.” ■

# MPOWER PARTNERS

## JAPAN'S FIRST ESG VENTURE CAPITAL FUND

**J**apan has incredible potential to support innovative startups and for strong economic growth. Yet it continues to fall short compared with the United States and many other countries. Why is this? What can be done to turn the tide, energize business, and bring greater diversity and opportunity to the country?

These questions and more were addressed on July 19, when the American Chamber of Commerce in Japan welcomed Kathy Matsui, Yumiko Murakami, and Miwa Seki, the co-founders of MPower Partners, Japan's first global venture capital (VC) fund focused on environmental, social, and governance (ESG) criteria. Managing Director Eriko Suzuki joined the three general partners for the virtual event co-hosted by the Women

in Business, Alternative Investment, Sustainability, and Kansai Diversity and Inclusion Committees.

Launched in June, MPower is on a mission to empower startups that are providing tech-enabled solutions to societal challenges and to drive sustainable growth through ESG integration.

During the enlightening panel discussion, moderated by Association of Women in Finance President Yuki Hasegawa, the general partners and managing director covered a wide range of topics, including the challenges facing women founders, the importance of diversity on boards, why Japan is falling short of its potential, and why MPower has chosen to focus on startups rather than larger established companies.



## Idiosyncrasies

The session began with Hasegawa asking how Japan differs from other countries when it comes to economic potential and ESG.

Murakami explained that, during her eight years with the Organisation for Economic Co-operation and Development (OECD), where she was head of the OECD Tokyo Centre, she worked with a number of interesting data sets which helped her see common elements in different scenarios that lead to economic growth.

“You need to have people who are well educated, you need to have money to invest, and you need to have very good social infrastructure as well as general stability in the society,” she noted, adding that a high level of technology is key.

“When you look at a lot of the data points around those metrics, Japan does extremely well. It is one of the best countries, which has all the elements necessary [in order] to have very strong economic conditions.

“Yet, Japan has not done all that well—especially over the past 20–30 years—relative to the United States and countries in Europe or even Asia,” she said.

This left Murakami wondering what is missing in Japan.

“You’ve got all of these great things—people, technology, money, a very stable social and political environment—and realizing this was actually one of the triggers where I started to think, what can I do? What can we do to change that?”

Matsui expanded on this.

“At least for me, I felt the sense of urgency. There was so much potential, but the situation, or the conditions, in this country didn’t feel urgent enough,” said the former vice-chair and chief Japan equity strategist at Goldman Sachs Japan. She retired from the company at the end of 2020 to start MPower.

“We know that Japan needs innovation. We know that Japan needs to leverage its human capital. We know that there’s ¥2,000 trillion in cash sitting under futons. So, who’s going to make that change? Who’s going to start that progress?” she asked. “We are, perhaps, one small grain of salt in this vast landscape, but what is it that we can bring to this dialogue from our own experiences and, frankly, what do we want to do with the next chapter of our lives? That’s what prompted this whole idea generation.”

Diversity also played a key role in the genesis of MPower, added Seki, an associate professor at Kyorin University who spent more than 20 years at Morgan Stanley and Clay Finlay. This is something that she, Matsui, and Murakami felt was lacking in Japan which they could bring to the table to help address the lack of global perspective that sometimes hampers Japan’s growth.

## Personal Stories

While the struggle of women founders to find equal footing with men remains a serious issue in 2021, Murakami shared the inspiring story of her mother’s entrepreneurial spirit and success three decades ago.

A housewife until age 47, she opened her first “tiny little drugstore” as she neared 50. The shop did very well, so she opened another, and another. Soon she was running the largest drugstore chain in western Japan.

“She was the only woman in this business, and no one else was like her, which really helped her in terms of understanding the marketplace and where opportunities were,” Murakami explained. “This is going back to the 1990s. Japan was starting to have this demographic crisis, but no one knew about it—except for housewives, who were taking care of their in-laws. In my hometown,

[aging] was already starting to occur, but it was really not visible to anyone else—especially not to those big companies based in Tokyo. So she was able to identify this incredible opportunity basically to cater to the silver economy.”

Today, the silver economy—products and services designed to meet the needs of people aged 60 and over—is very lucrative, but at the time that Murakami’s mother was building her drugstore business no one yet knew this was going to be the case. It was a different perspective that allowed her to see things from outside. “My mother, because she was a minority in this business, was able to identify that,” Murakami said.

The story also highlights something that remains an obstacle 30 years later, something MPower hopes to change.

“It was really hard for her to obtain capital. Because she was a woman, because she was a housewife, she had to use my father’s name to take out loans. It was the only way for her to raise funds for her business expansion,” Murakami continued. “So, the moral of the story is, I think, opportunities like that are actually abundant. You just have to be able to look at the same opportunity or situation from a different angle and realize, oh, that is not yet addressed in terms of potential demand or needs. And I think that’s really exciting for us, because there are so many opportunities that have not been discovered. I think we can unlock some of these really interesting opportunities in the Japanese business setting.”

## Focus on ESG

Moving to the foundation of MPower, Hasegawa asked about the areas on which the group would like to focus.

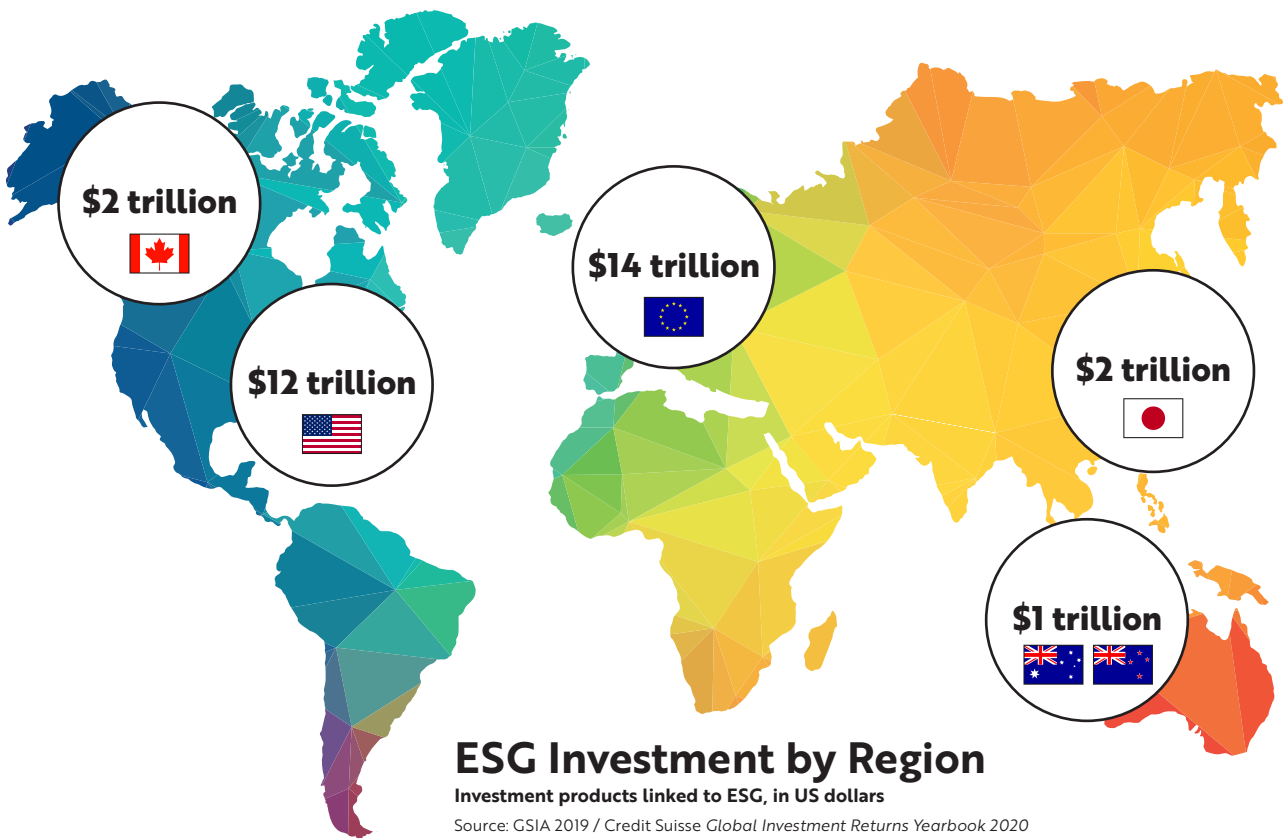
Suzuki, a former general partner of global VC fund Fresco Capital and former director of Mistletoe, a social impact-focused VC fund founded by Taizo Son, noted that while most people are familiar with the concept of ESG, they may not realize that it is still early days for ESG in the VC space. MPower sees this as an opportunity and is working on solutions to help startups.

“What we mean by early is there aren’t many frameworks or agreed-upon metrics to measure ESG progress within the startups and private-company space,” she explained. “We are assembling a lot of tools on our end and customizing them for each company. It differs by industry, so startups in a healthcare sector would have different metrics from a startup in a pure software and digital transformation sector. It is customized by the industry of the startup, and also slightly by stage.”

Given that startups in the early stage of development will have a different environment and probably fewer resources compared with those in later stages, MPower is focusing on mid- to late-stage companies, Suzuki said. This is because, she explained, they have a more established foundation on which to incorporate ESG principles.

Globally, ESG is becoming more important to venture capitalists, according to Suzuki. This is especially true in Europe. In the United States, while ESG is important, there has been more focus on diversity, equity, and inclusion given the social dialogue around gender and racial diversity that has been taking place there in recent years. When it comes to ESG, which parts of the acronym are most important differs by company, and some organizations may choose to focus on just one.

“Our stance, and I think this is the overall trend, is that they are all important,” Suzuki said. “But what we are seeing is that startups may not realize this. They might think, oh, we are doing



something in [a particular] sector—perhaps it’s an edtech company focusing on social, the S—and we’re contributing to progress in society, so we are okay. However, investors are looking at all aspects and, once these companies go public, they will be looked up on the E and the G as well. So, we are tailoring a lot of these materiality concepts.”

### Case Study

Suzuki gave as an example of MPower’s approach its investment in Japanese startup UniFa Inc., which uses the latest technologies to support safe and secure childcare environments by reducing the workload on childcare workers. The company is in the mid to late stages of its launch.

“They are growing and are on their way to becoming a public company quite soon. We have invested in them because we think they are a growing business with all the types of innovation needed in Japan. This is a childtech company that, in Japan, is selling into childcare centers—public and private—and they start out by selling sensors to prevent sudden infant death syndrome. These are high-margin, high-technology solutions. With that, they build relationships with these childcare centers and provide other forms of digital transformation tools for the back end, to enable the service providers to focus on actually taking care of the children rather than doing a lot of paperwork.”

Suzuki explained that, before MPower invests in a company, they want to make certain that the founders are interested in making ESG part of their core business. “We truly believe that incorporating ESG will grow the business and contribute to the bottom line and enterprise value.” They identified such a desire in the leaders of UniFa prior to investment, and the company is very willing to work with stakeholders on all aspects of ESG.

“In terms of next steps, we will be identifying together with the company—and the company itself will be setting—the most relevant ESG metrics that they want to follow, and we will be working with them very periodically, at least quarterly, to achieve

some of these,” she said. “We understand the challenges, because startups are resource constrained but, at the same time, they need to grow two or threefold per year. So, they need to balance what types of initiatives they can take on. But we really tried to align with the company that this is not a cost but is really an investment in their growth.”

### Why VC?

Given that Murakami, Seki, and Matsui have a collective background that is much more in the public equity market rather than VC, they are often asked why MPower is focusing on unlisted companies as a VC fund rather than as a public market investor. Matsui explained that it is a matter of finding the right companies with which there is a better chance of achieving ESG goals.

Noting fast-moving global trends toward more diversity on boards, she gave as an example Nasdaq, which has a woman president. A change to the requirements being proposed would mandate that a company have at least two diverse board directors to be listed on the exchange.

And such moves are not limited to the United States.

“We’ve already seen here in Japan, over the past few years, institutional investors—be it State Street Global or Goldman Sachs [in] asset management, or proxy advisors like Glass Lewis—demanding in their voting guidelines that at least one diverse board member be present—or at least be worked on—otherwise, they will cast an automatic no vote against management,” Matsui said.

She also noted that many Japanese startups with which MPower speaks say that they have a strong desire to diversify their boards and are desperately looking for candidates. So, if you are interested in becoming a board member, MPower would like to know, as they are starting to help match companies and candidates. “It’s quite different, of course, serving on the board of a startup versus that of a large publicly traded company, but we think there are a lot of amazing learning opportunities that could be had,” Matsui added.

Returning to the reason MPower is focusing on startups, she explained: “We felt that trying to change larger, established companies is quite difficult for a whole host of obvious reasons. It’s important here to recognize that we know there’s a lot of what we call greenwash risk. It’s very easy to tick boxes but much more difficult to actually implement ESG in your core business strategies.”

For MPower to achieve its goals, the founders feel that it is better to work with startups and younger companies, “maybe in their teenage phase,” as Matsui put it, to integrate ESG.

“Perhaps it’s not easy, of course, but it’s easier to integrate ESG values and principles at that younger stage of a company’s development, before they go public, before they are acquired,” she explained. “And we’ve been very positively surprised. We look at domestic Japanese startups as well as overseas startups. Maybe its selection bias, but most of the entrepreneurs we’re meeting are very keen to fix the ESG areas that they deem weak. So, we’re really positively surprised by the direction thus far.”

### Fostering Change

Matsui recalled with a laugh something said to her by a foreign investor when she began researching Japanese corporate governance more than 20 years ago: “Kathy, you’re trying to convince vegetarians to become carnivores.” But eventually Japan adopted a

business and economic sense, not because it is being mandated by regulations.

“If you don’t start with that argument, I think it’s very, very difficult to convince the naysayers or the skeptics why this is important,” she said. “So, to me, having a different perspective and a different point of view to challenge the status quo is one of the most important things that diversity of thought brings to the discussion.”

### Social Solutions

What is it that attracts MPower to the ESG space, and what do the partners see as Japan’s competitive advantages and weaknesses?

Seki began her answer by highlighting Japan’s position as a *kadai senshin koku*, a country with many emerging social issues to tackle. Aging is at the forefront, but the lack of diversity in corporate management and low productivity are problems as well.

“Identifying startups to provide the best solutions to those social issues will be a huge opportunity for us,” she said. “Putting ESG aside, there is a huge funding gap in the VC field, especially in the growth to later-stage funding. That provides us with a huge opportunity to support those startups that are willing to—or are trying to—go global. And the lack of diversity and the aging of society are also great opportunities for companies—and for us as well—to bring diversity to the table.”

## THE LACK OF DIVERSITY AND THE AGING OF SOCIETY ARE ALSO GREAT OPPORTUNITIES FOR COMPANIES—AND FOR US AS WELL—TO BRING DIVERSITY TO THE TABLE.

stewardship code, in 2014, and a corporate governance code, in 2015. Despite these requirements, the management of many companies is seen as reluctantly going along with something they know they must do but which they “do not really have in the bottom of their hearts and do not really get,” Matsui said. Many do not want to spend money on initiatives around gender diversity, for example. They don’t see the benefit.

“I think the biggest roadblock is that of mindset, [understanding] that this is not a cost, but an investment in their future,” she continued. “And I think that a lot of the governance-related challenges that Japanese companies—at least the large ones—have faced, if you look at the root cause of these problems, stem from an echo-chamber decision-making process. Their past presidents or chairmen—even though they don’t have an official vote—are all hanging around. We call it ghosts in the boardroom.”

Once a company does see the need and benefit, the next step is helping them understand that the process is a marathon, not a sprint, Matsui explained. It must be understood that all the training and education involved in the transition is being done because it makes

Matsui noted that Japanese companies tend to score relatively high for the E in global sustainability studies, but are weaker when it comes to the S and the G. And in terms of the E, meeting the government’s ambitious target of being carbon neutral by 2050 will bring serious challenges to corporations in Japan.

“What some companies are complaining about is that this effectively is a tax on them, if they have to go in that direction,” Matsui said. “So, even though on the surface Japanese companies look like they’re really stronger in the E, just given how rapidly the world is changing they are going to have to double down on their efforts on the E. But also on the S and the G there is a lot of work to be done. That is an absolute opportunity for a fund like ours and investors like ourselves to help companies who want to provide those solutions in those spaces.”

### Frameworks and Urgency

One need only turn on the news to see how climate change is impacting our lives on a daily basis. Murakami said there has been a lot of discussion about climate risk, but people are beginning to realize that the problem



**Kathy Matsui**  
General partner



**Miwa Seki**  
General partner



**Yumiko Murakami**  
General partner



**Eriko Suzuki**  
Managing director



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Step Up to Leadership (2 sessions)	6 hrs
Strategic Planning Essentials: Prepare for Future Success	3 hrs
Succession Planning for You and Your Manager	1 hr
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Time Management (4 sessions)	12 hrs
Unleash the Power of Mentoring in Your Organization	2 hrs

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Attitudes for Service	3 hrs
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Managing Customer Expectations	3 hrs
Outstanding Customer Service	1 hr
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Sales Effectiveness	
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Compelling Sales Presentations	3 hrs
Cross and Up Selling	3 hrs
Dale Carnegie Sales Training: Winning with Relationship Selling (8 sessions)	16 hrs
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How to Cold Call and Build New Customers	3 hrs
Negotiations: A Human Relations Approach	2 hrs
Present to Persuade	1 hr
Trusted Advisor Bootcamp (6 sessions)	12 hrs

Presentation Skills	
Communicate Effectively	2 hrs
Expert Online Trainer Bootcamp (4 sessions)	8 hrs
How to Present Online	1 hr
Present Complex Information	1 hr
Present to Persuade	1 hr
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Photo: MPower Partners

Longtime friends Matsui, Murakami, and Seki chose the name MPower because all three of their maiden names start with M, Seki's being Matsuo.

isn't going away. Efforts must be accelerated, and more agreement on how to measure and report the effectiveness of actions is needed.

Among the initiatives underway this year are the United Nations Climate Change Conference (COP26), to be held November 1–12 in Glasgow, Scotland, and a working group announced on March 22 by the International Financial Reporting Standards (IFRS) Foundation, “to accelerate convergence in global sustainability reporting standards focused on enterprise value, and to undertake technical preparation for a potential international sustainability reporting standards board under the governance of the IFRS Foundation.”

Murakami said these are very exciting moves that everyone should be watching, because one of the problems is that, with so many frameworks in use around the world, it is difficult to really measure what is driving the climate change we are seeing. “Yes, it is hotter, it rains more, and we feel climate change impacting us ... but it's difficult to move the needle when you don't know where the needle stands.”

MPower has been developing its own framework for measuring and reporting, one better suited to VCs than to large companies, and they have looked at various existing frameworks in the process. But Murakami is looking forward to a consolidation of the hundreds that are currently out there down to just two or three globally accepted standards that can be used as guidelines for companies to measure where they stand on ESG. “I think that's a very exciting development that we're actually watching this year.”

### Shifting Needs

The aging of society, expanding role of technology, and efforts to mitigate the impact of climate change are all remaking the job-market landscape. Hasegawa asked if the Japanese government is doing enough to address the need for skills in emerging areas and the potential displacement of workers as industries change as a result of the country's pursuit of carbon neutrality.

Murakami said one of the greatest challenges for Japan is to address the very rigid employment system that makes it difficult for people to reskill themselves and find jobs.

“One thing the government really needs to do is to encourage companies to become a lot more flexible and understand the changing demands of the labor market—and of their customers as well—so that they can adjust the skill sets of their employees by not only reskilling or upskilling them, but also making sure that they can provide opportunities for people who may be joining a company at the age of 25 or 35 instead of 22,” she said.

In addition, there must also be a merit-based compensation system and promotion scheme. That is an area where Murakami feels many companies are trying to change, but have not fully done so yet—in part due to policies and regulations that are preventing them from moving to more merit-based systems.

### Empowering Women

While MPower is not focused exclusively on female founders, encouraging more women to pursue entrepreneurial paths and working to close the gender gap in financing is one of their goals. And as Murakami's story about her mother shows, women often bring a perspective and insight that reveals a solution which men may not see.

But traveling the road to that solution requires money, and one challenge for women looking to raise capital is that most investors are male. Suzuki pointed out that fewer than 10 percent of decision-making investors in the VC space are female, and just four to five percent of VC is invested in woman founders.

A common belief among investors, Suzuki said, is that women are unable to take risks. But studies have found that female founders actually return capital at a greater rate than their male counterparts. They may also be more conservative in terms of the projections they share with investors compared with their male peers, who tend to be more aggressive. But whereas the men don't necessarily hit their targets, the women tend to be very stable.

“So, there's a lot of great potential there, and we'd love to see entrepreneurialism in various areas solving some of the issues that women are facing,” Suzuki added, pointing out how the caretaking burden disproportionately falls on women. “That is something we hope to see in the next generation.” ■

# Entrepreneurship in Japan and Beyond

Oak Lawn Marketing co-founder Robert Roche shares his personal journey



**Robert Roche**  
Executive chairman and president  
Oak Lawn Marketing, Inc.  
ACCJ vice-president  
Chubu



**Michel Weenick**  
Senior vice president,  
design and construction  
MGM Resorts Japan LLC  
Co-chair  
ACCJ-Chubu External  
Affairs Committee



**Harry Hill**  
CEO and president  
Better-U, Inc.  
ACCJ governor

**W**hen entrepreneurs consider entering the Japanese market, often they eye the nation's capital as their starting point. The allure of Greater Tokyo, with its population of more than 35 million, is strong. But ask American Chamber of Commerce in Japan (ACCJ) Vice President-Chubu Robert Roche where you should start and he'll invite you west, to the city of Nagoya.

It was there that the entrepreneur, investor, civic leader, and philanthropist got his start building businesses, and he believes that the capital of Aichi Prefecture, in the central Japan region of Chubu, remains one of the best places in the country for entrepreneurs.

He expanded on this while also sharing his personal business journey on September 3, during an event hosted by the ACCJ-Chubu Programs Committee. The virtual session was a one-on-one discussion between Roche and his longtime friend and ACCJ-Chubu External Affairs Committee Co-chair Michel Weenick. Together, in 1990, they helped found the American Business Community Nagoya (ABCN), a hub for the US and greater international business communities in Nagoya. The ABCN became the Chubu chapter of the ACCJ in 2000.

## The Magic of Nagoya

Roche joined the session from China, where he currently invests and does business in addition to his US and Japanese endeavors. But he remains very involved in Nagoya. In 2018, he returned to Oak Lawn Marketing, Inc., the company he co-founded with Tadashi Nakamura almost 30 years ago, as executive chairman and president.

Although Oak Lawn Marketing, and its Shop Japan e-commerce brand, are well known today, their start is sure to inspire burgeoning entrepreneurs. Roche shared the story.

Recalling those early years after university, when he had recently married, he explained: "My wife's family is from Nagoya, and they didn't want me to be anywhere else. So, I had this constraint of needing to figure out something to do. I didn't know what to do, but [whatever it was] I needed to do it in Nagoya."

He soon met Harry Hill, a current ACCJ governor who has long been a leader in the Chubu community as well.

"Harry and I became partners pretty much the second day after we met, in 1990. He had his own

business, and I had my 'business' that really wasn't a business—it was just me kind of doing stuff," he shared. "Then he and I formed H&R Consultants together, and that was really the beginning of a successful creation of a business. We are very complementary. He's very good at stuff that I'm not very good at, and I'm very good at stuff that he's less good at."

Roche said that's how he got started on the entrepreneurial front. At first, they made just enough money to survive. But after expanding H&R and earning a bit more, he got into the import-export business.

## On Air

Initially, Roche was importing Tiffany products and L.L. Bean bags. His partner, Nakamura, being a local with lots of connections in Nagoya, was able to set up some meetings with a local TV shopping company.

"In the early 1990s, there was this show called *Waku Waku Terebi Shoppingu*. They would tape a one-hour program once a month and run it over and over on 25-30 stations. We were lucky enough to secure a four-minute spot for Tiffany," Roche recalled.

Soon he found himself selling Tiffany items on television in Japanese—a stint that his mother-in-law enjoyed critiquing—and the seeds for Oak Lawn Marketing and Shop Japan were planted.

As a result of these appearances, Roche gained a reputation for having access to the country's TV shopping market. One day, in 1992, he received a call from a company in Canada that was selling all sorts of products on CNN. Viewers around the world could call a local number in their country and order items such as the now-famous Didi Seven stain remover. But not in Japan.

The company saw Roche as their path into the market. They told him that he needed to have a call center, a fulfillment center, and all sorts of other things.

"I didn't have a call center. I didn't have logistics ready. I didn't have anything," Roche recalled. "I said, 'Sure we got it, we're gonna go, you just let us know.' And then they said that we had to make a minimum order. I asked how much, and we just scrambled to get the money together. And we ordered all this stuff."

At the start, Roche and Nakamura just ran calls through their tiny 100-square-meter office. They stored products there as well. The calls started rolling in, and the business grew. Doing fulfillment from the office wasn't easy. "One of the products was a stepper



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machine, and some days we'd send out 100. We were landlocked, trapped in the office until the Sagawa guy came and took the boxes away," he remembered.

"If I was a better planner, I would have had all that stuff in place before the first call came. But we just had to adapt. And that was good, because we learned every key part of the business. The very beginning, that was fantastic."

### Accelerated Growth

The business grew incrementally until they were bringing in about ¥1.5 billion per year. At that point, something different was needed to take the next step.

"As entrepreneurs, we love chaos. We love to be the hero. We love for there to be a problem and then come in and solve that problem,"

Roche said. "H&R Consultants kind of went through this. Harry and I ran it, and then we brought in John Coomes to run it, and then Scott Reid, and then Harry went back to the States and did a big development. When he came back in 2004, there really wasn't a spot for either of us at H&R anymore."

So, Hill joined Oak Lawn Marketing and this, Roche said, is when things really began to take off.

"The company didn't need a firefighter anymore; it was getting pretty standard. We had a nice foundation, but what really moved it [to the next level] was that Harry just took over and he banged it out," he explained. "I think that, from an entrepreneur's perspective, there is always that time when, as a founder, you have to hand off."

Fast-forward to 2017 and Hill handed back the baton. "But he gave me a much bigger platform than I gave him," Roche said.

### Making Connections

For the success they have had, Roche credits the environment of Nagoya and the easier access to top executives compared with Tokyo.

One of the things he said was most important to him about being a young entrepreneur in Nagoya was the access to people whom he never would have met in Tokyo.

"There were all these real leaders of Japanese industry who we had access to. We never did business with those guys ever, but we learned from their demeanor, and they told us little things like, 'Don't say it that way.' You would say something [in Japanese] and they would kind of twist their head and you would think, 'Oh, that's not the way to say that,'" he recalled. "It was this almost subliminal teaching from true leaders [that helped], and we never would have gotten access to that caliber of leader in Tokyo. The big business guys of the ACCJ in Tokyo do, and now we do. But then? No way."

To make the most of such opportunities, Roche advises entrepreneurs to learn Japanese.

"If you think you can do this without speaking Japanese, you can—you can be that unicorn—but I'll tell you right now, it's better to speak Japanese," he said.

That's because it's the unplanned conversations you end up having with people whom you didn't plan to meet that can make a difference and lead you down unexpected—and fruitful—paths.

"Learn Japanese if you're going to do business in Japan, because there are all these seasoned guys like Nakamura, who could not have communicated with me in English. And I learned from that guy. That's what really made a difference."

### More Advice

"Hire planners." That was Roche's tip when Weenick asked if he is a better planner today than he was 30 years ago, when he dove right into the pool of TV shopping. Often, entrepreneurs feel as if they can do it all. But to really succeed requires surrounding yourself with those who are more skilled in areas where you are weak, just as Hill and Roche complement each other in their business endeavors.



Shop Japan has grown immensely since Roche's TV Tiffany days. This store in the LaLaport Shonan Hiratsuka shopping mall opened on April 26, 2019.

"My plan, basically, is to hire people to run the business who are better planners than me," he said. "I hire people who can plan and not react—because I'll react for them."

Then Roche gave his biggest recommendation: Don't take no for an answer. "I was told no every day, 10 times a day. You can't do that. You can't do that." It's one of the realities of Japan's very orderly society—with its resistance to deviating from exactly what has been laid out—that can be discouraging to those wanting to explore new ideas.

But he encouraged people not to let the little things that sometimes frustrate expats get to them. "There is a tendency to get a little bit negative on Japan," he noted. "We've all sat through those complaint sessions. Why do they do this? Why is it that way? Why are a bunch of things out of our control? But, really, it's the positive nature of this that we should focus on. Japan is a very, very good market, because things don't change much. And the reality is that most people in Japan want to see foreigners succeed."

To sum it all up, Roche looked back at how, perhaps by lucky chance, he was accepted into the local business community, the *mura* (village), as he called it, and why it's important to become part of the group.

"If you hang out in the village long enough, you understand the rules and you just get incrementally bigger and bigger and bigger. And then you can diversify. I do a lot of business in China, and I do a lot of business in the States, but Japan is a really, really nice base, if you can keep it going." ■

# Nagoya Means Business

## Reflecting on the region's supportive business climate

**N**ow more than ever, Nagoya means business. The Chubu region, and specifically the city of Nagoya, has attracted many large tech companies and manufacturers—from automotive to aerospace—because it offers a skilled and talented workforce, affordable land, and a competitive cost of living. With a dedicated focus on creating an innovation ecosystem, Japan's fourth-largest city has become an attractive location for small business owners and entrepreneurs.

Nagoya has traditionally been a center for manufacturing and industry, but as home to an innovative tech scene it is also fertile ground for startups. As an expat and a serial entrepreneur, I launched several businesses in the early 1990s, of which two are well-known today: Oak Lawn Marketing, Inc. and H&R Consultants K.K.

Oak Lawn Marketing was incorporated in Nagoya in 1993. Now, more than 30 years later, that small startup is a direct-marketing giant with more than 1,000 brick-and-mortar Shop Japan stores selling some 3,500 products in locations across the country.

Over the past three decades, I've managed, invested in, or founded more than 50 companies around the world. I chose Nagoya as the location for Oak Lawn Marketing because it's where I lived when I first came to Japan. As an undergraduate and law student in the United States, I participated in study abroad programs at Nanzan University, where I met my wife.

Starting a business in a foreign country—in my second language—was challenging to say the least. Today it is much easier, and there are so many solid business reasons to choose the supportive environment of Nagoya.

### Big Market for Small Business

With so many people from abroad now doing business in Japan, the business community in Nagoya has become much more accustomed to working with non-Japanese. It is also very open to entrepreneurs. While Nagoya is one of Japan's largest cities, it is somewhat off the beaten track. Yet, with 2.3 million residents, it offers a market that is large enough to develop critical mass. In addition, the cost of living is a fraction of what it is in Tokyo.

Government support for small businesses and entrepreneurship has increased incrementally over the past 20–30 years, and these enhancements all add up to creating a solid environment for foreign entrepreneurs to do business in Japan.

In addition, the government fosters entrepreneurial collaboration through communal spaces, education, and networking opportunities. These include the Nagoya Innovator's Garage, created by the Central Japan Economic Federation and Nagoya City, as well as Nagoya Connéct, powered by Venture Café Tokyo.



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Local universities also provide educational and networking opportunities, while organizations—such as the American Chamber of Commerce in Japan’s Chubu chapter—offer outstanding opportunities for networking and mentorship.

### Startup Ecosystem

Recently, I participated in a government task force on startups which brought local business leaders together to enhance regional entrepreneurship and innovation by combining different fields and creating new industries. The goal is for central Japan to expand beyond manufacturing into other industries.

I learned that, in 2019, startups in Aichi Prefecture raised the third-largest amount of funds in Japan. The abundance of ideas, technologies, and support services necessary for startups to grow is providing a tailwind for new businesses. Large companies based in Nagoya are instrumental in supporting the startup ecosystem, and smart human resources are further driving the local economy and actively engaging in innovation activities.

In 2020, Aichi–Nagoya was named a “startup ecosystem global hub city” by the Cabinet Office. This ecosystem aims to realize growth that drives the Japanese economy, and the creation of startups and new industries continues to promote innovation in this central region of Japan.

Government and local business leaders, as well as universities, are working together to form a globally cohesive innovation and startup ecosystem by utilizing the deep tech and manufacturing knowledge that is the strength of the region.

As a lifelong entrepreneur, I’m excited about the opportunities offered to a new generation of dreamers and doers. There has never been a better time to start a business, nor a better place to do it than Nagoya! ■



# Nagoya Resources for Entrepreneurs

## Startup Guide Nagoya

Developed by the Nagoya Innovator’s Garage and Nagoya City, this guide—available in digital and print formats—shares practical information about startups, coworking spaces, business programs, schools, and investors.

<https://startupguide.com/shop/startup-guide-nagoya>

## Nagoya Innovator’s Garage

Created by the Central Japan Economic Federation and Nagoya City, this coworking space furthers entrepreneurial collaboration through social nights, innovation events, and more.

<https://garage-nagoya.or.jp/en/>

## Nagono Campus

Located in Nagoya City, this renovated elementary school offers three types of offices and serves as an incubation space in which to encounter and blend with people to create new values and form new businesses.

<https://nagono-campus.jp/englishguide/>

## Nagoya Connéct

Powered by Venture Café Tokyo, this innovation promotion and exchange program holds a free event on the fourth Friday of each month that includes panel sessions, workshops, and networking opportunities.

<https://venturecafetokyo.org/nagoya-connect/>

## National Innovation Complex

Part of Nagoya University, the National Innovation Complex is home to the Promotion Office for Open Innovation, which aims to establish a structure that enables companies and university researchers to promote and manage large-scale joint research projects.

[https://www.agc.com/en/news/detail/1201303\\_2814.html](https://www.agc.com/en/news/detail/1201303_2814.html)

## The Tongali Project

Offered by five universities in the Tokai region, this multifaceted program supports the next generation of entrepreneurs.

<https://tongali.net/nagoya/>

# Impact of Engagement

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**John Carlson**  
Senior strategic assistant  
to Pharma Japan head  
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Japan faces a very modern problem: its success in delivering universal health coverage and fostering longer life expectancy has led to demographic and social changes that are giving rise to a new set of interconnected healthcare challenges.

As the Japanese government moves to reform its healthcare system to address these challenges, new policy approaches will be necessary. Promoting innovation in all areas of the system will allow for increased healthy life expectancy and improved productivity, helping Japan move to the next phase of economic growth. And all this can be achieved while maintaining Japanese patients' access to the most cutting-edge medicines, technologies, and treatments, while ensuring the security and stability of health and social care.

With the right approach and policies, Japan can continue to improve the health of its citizens and create a blueprint that aging societies around the world can follow.

## More Agile Advocacy

On the back of our successful health and retirement work, the American Chamber of Commerce in Japan Healthcare Committee is now moving forward with our biennial health policy white paper. The upcoming report will look different compared with earlier reports. Previous white papers published by the Healthcare Committee have included topics ranging from the use of advance modeling and simulation in pandemic-related planning to improving cervical cancer screening. However, the wide range of topics

made it difficult to maintain an up-to-date and compelling narrative in a single document.

Starting with our next white paper, we plan to create more succinct recommendations that fit with the overall messages of our committee viewpoints. The individual viewpoints will become the tools with which to dig deeper into issues featured in the white paper, thus creating a hybrid set of materials that can be updated regularly and used with greater agility in our advocacy. We are excited about the new format, and appreciate the ongoing contributions of member companies.

In the forthcoming white paper, we plan to explore a range of issues, focusing our recommendations across four key themes:

- Investing in prevention, early detection, and treatment of disease
- Maximizing healthcare quality and efficiency through digital and data innovation
- Developing innovation policy, exploring reimbursement models
- Ensuring the financial sustainability of Japan's healthcare system

We believe that each theme will help Japan chart a path to more sustainable healthcare, and we encourage you to join upcoming Healthcare Committee meetings to learn more about our ongoing efforts and to help us finalize our recommendations.

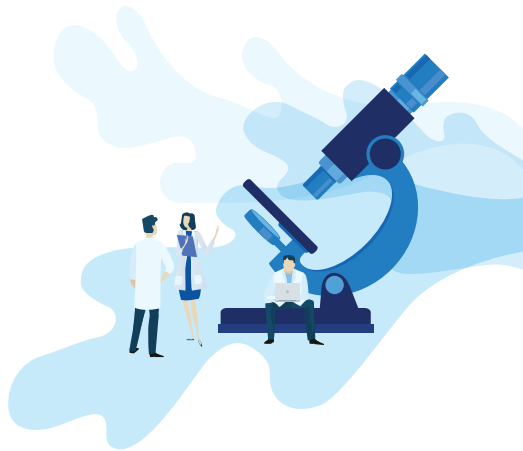
To help you consider what form those final recommendations should take, more information about each of the key themes is provided on the facing page. ■

## ACCJ Healthcare White Papers & Viewpoints



The ACCJ Healthcare Committee strives to stimulate multi-stakeholder partnerships and discussions that will drive healthcare transformation by identifying practical, tangible actions and providing innovative solutions that address patient needs and ensure the sustainability of Japan's healthcare system. Read advocacy documents and get involved in the committee's ongoing efforts at: [www.accj.or.jp/healthcare-advocacy](http://www.accj.or.jp/healthcare-advocacy).





### 1. Prevention, early detection, treatment

In recent years, the Japanese government has shifted its focus from simply caring for disease to applying the practices of prevention, early detection, and earlier aggressive treatment to reduce overall healthcare expenditure and to sustain the productivity of its citizens. While significant progress has been made, much more could be done.



### 3. Innovation policy, reimbursement models

In response to calls for the acceleration of healthcare innovation in Japan, the government launched a healthcare innovation initiative in 2014. Since then, the government has pursued several broad initiatives for research and development support, as well as the registration, authorization, commercialization, and evaluation of new healthcare technologies.

Despite this, reforms made to the pricing of, and reimbursement for, innovative medical technologies threaten to undo the progress made over recent years. With the clear purpose of delivering innovative healthcare to people in need, as soon and safely as possible, more could be done to allocate physical, human, and financial resources to maximize the potential for innovation.



### 2. Digital and data innovation to boost quality, efficiency

Recognizing the need for better healthcare data management, the Japanese government has begun to centralize data platforms, accelerate data-driven innovation programs, and strengthen cybersecurity infrastructures to safeguard against external threats.

Yet, despite these efforts, Japan trails other developed countries in the implementation of a comprehensive healthcare data platform. Much more could be done to incentivize better collection and utilization of healthcare-related data.



### 4. The healthcare system's financial sustainability

Japan's healthcare system is respected around the world for its quality of care and contribution to long life expectancy. However, the aging society and low birthrate are straining a system designed, starting in 1868, primarily to control infectious and acute diseases in a different population structure. Improving the overall financial health of the system will be critical as more of the population ages and the workforce shrinks further.

# HxD 2021

## ACCJ drives innovation by bringing together startups and big pharma

Last August, the American Chamber of Commerce in Japan (ACCJ) announced Healthcare x Digital, an XPRIZE-style competition meant to spur industry-changing technologies and connect Japan-based startups with major pharmaceutical companies and public officials.

Driven by the ACCJ Healthcare Committee—with support from the chamber’s Kansai Chapter—the initiative is led by ACCJ Corporate Sustaining Members AstraZeneca K.K., Bayer Yakuhin, Ltd., Deloitte Touche Tohmatsu LLC, and President’s Circle Member Eli Lilly Japan K.K.

The inaugural event was a huge success, with 28 companies submitting proposals. Three finalists were selected from this pool, and each emerged from the December 1 Pitch Event with awards and prize money to help them continue development of their ideas. Honors went to:

- Bisu, Inc.: Best Innovation; the Moonshot Prize
- MediFrame, Inc.: Best Value Proposition
- MICIN, Inc.: Best Product

### Great Opportunity

In a follow-up interview, Bisu Chief Executive Officer Daniel Maggs told *The ACCJ Journal* that participation in the Healthcare x Digital competition was important to them because “it matters for us to have validation and recognition from the medical industry, because we care very deeply about quality.”

Ryoichi Kusama, co-founder and senior vice president of MICIN, said that his company wants to help the medical industry change from within and become a player that can be trusted. Therefore, “the biggest plus is that it has expanded the collaboration with major pharmaceutical companies.”

And MediFrame CEO Atsushi Wada said that it meant a lot to him to be recognized by AstraZeneca, Bayer, and Lilly. “For them to see the potential in my company made me feel very pleased and encouraged.”

This year’s competition will once again bring together global healthcare leaders with top and emerging tech companies, entrepreneurs, and innovators in the search for new ideas.

### Three Challenges

Healthcare x Digital 2021 will carry forth the goal of forging new partnerships and creating new solutions to solve Japan’s most critical community healthcare and individual patient challenges by focusing on three areas:

- Overcoming the urban vs. rural healthcare divide
- Reimagining the hospital of the future
- Empowering patients to own their healthcare

These areas tie into the digital transformation of society and can help Japan continue to take care of—and provide even better care for—all its citizens. Demographic and economic trends are creating a



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strong contrast between rural and urban regions, and these shifts will require Japan to adopt new healthcare approaches and solutions. One question being asked in this year's competition is how digital technology can break down the boundaries of distance to provide great and uniform care for everyone, no matter where they live.

Of course, reform of the healthcare system puts great pressure on hospitals to transform themselves and make better use of tools and resources. Technology is certainly key to that makeover, but what are the most innovative digital levers that can open up those paths to greater efficiency?

Another important part of ensuring that the healthcare system remains sustainable is empowering individuals to monitor their own health. A great example of such a tool is Bisu's home health lab, for which the startup won ¥1 million in funding at last year's competition. The elegant and easy-to-use system supports a range of tests that anyone can perform at home, allowing early disease detection and providing a way for individuals to track their health and adjust their daily lifestyle habits and decisions.

### Joining Forces

At the core of Healthcare x Digital is the goal of bringing together emerging players—who have healthcare ideas, but require partners—with established players looking for innovative ideas to solve healthcare challenges.

This is made possible through the Healthcare x Digital ecosystem, which comprises four groups:

- Innovators and startups
- Established companies
- Government organizations
- Academic and non-profit institutions

These public, private, and non-profit sector players join forces to deliver all the pieces required to envision and execute groundbreaking solutions.

In the private sector, startups often have innovative digital healthcare ideas, but they lack the partnerships to evolve them. Teaming up with established companies that have the resources to develop an idea and bring it to market can allow the startup not only to grow as a company, but to change the course of future healthcare.

In the public and non-profit sectors, government bodies are searching for solutions to long-term healthcare challenges, such as cost, quality, and access. They want to drive innovation, which can lead to economic growth, but how to drive that change is not always clear. Academics and research institutions have insights that can help effect change, and they need a way to translate this into real-impact non-profit organizations.

### Pitch Your Idea

Healthcare x Digital 2021 began accepting submissions on July 1 and the deadline is October 1. Evaluation of submissions is set to start on October 5. Pitches will be evaluated according to the following criteria:

- Focus on patient and community needs
- Healthcare x Digital value proposition
- Need for an ecosystem to flourish

Everyone who participates in Healthcare x Digital will benefit from having their ideas reviewed by top executives from leading international healthcare and technology companies.

Those selected to participate in the Pitch Day will be invited to the full-day virtual event on October 14. Finalists will then take part in the HxD Ideas Day on November 11, a hybrid in-person and virtual event at which they will present to a panel of leading healthcare and pharmaceutical executives—all empowered to initiate business deals and new relationships on behalf of their global brands.

Monetary prizes will also be awarded, and the finalists will meet with senior executives from the organizing sponsors. Winning companies will receive mentoring and support from healthcare professionals and executives from organizing sponsors.

Join us to discover Japan's most innovative healthcare ideas and develop partnerships to make them a reality. ■

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# Do the Right Thing

## Medline's Tomo Hasegawa on the importance of ethics to business success

**A**s the coronavirus pandemic unfolded in early 2020, supply chain disruptions put extreme pressure on many companies. The healthcare industry, in particular, struggled with a shortage of personal protective equipment (PPE), and procuring resources became a difficult—and sometimes risky—business for those in need, as some unscrupulous vendors took advantage of the situation.

For others, the crisis was a chance to show how strong ethics provide a solid foundation for long-term business success. One such company is Northfield, Illinois-based Medline Industries, LP, whose Japan president, Tomo Hasegawa, is scheduled to speak at an upcoming American Chamber of Commerce in Japan (ACCJ) event hosted by the ACCJ Independent Business Committee on November 4.

Topics he will discuss include supply chains and ethical sourcing, and *The ACCJ Journal* spoke with Hasegawa ahead of the event to find out how Medline weathered the Covid-19 storm of 2020 and what advice he has for leaders trying to make tough choices and guide their companies in a sustainable way.



### Sudden Impact

Many of us watched the early days of the pandemic unfold on TV, as initial reports from China painted a confusing and grave picture, but one that felt far away. For Hasegawa, however, the reality of what Covid-19 would bring to the world was much closer.

“We were at the 35th Annual Meeting of the Japanese Society for Infection Prevention and Control, which was being held in Yokohama in February 2020,” Hasegawa recalled. “That was just after the *Diamond Princess* made its way into the port there. Having the ship right in the backyard of this major

medical conference, which was all about infection control, made it very real.”

As the seriousness and widespread nature of the pandemic became clear, Medline began to look at how the situation might affect their business in Japan. Hasegawa said that their initial assessments underestimated the impact.

“We thought it might drive the sales of some PPE and were not thinking about changing what we would do in terms of strategy,” Hasegawa said. “Then, all of a sudden, the next stage of the crisis occurred and there was a business continuity scenario playing out. I don’t think anybody anticipated the entire country of China literally shutting down for two months.”

### Supplies Stopped

China manufactures almost half of the world’s supply of PPE. With the source of so many medical supplies cut off, Medline had to quickly work with its Chinese partners to assess the situation and look at alternative ways of obtaining products, including qualifying new substitute PPE offerings.

Recalling the scramble for toilet paper that occurred in spring 2020, and the empty shelves that greeted panicked buyers, he said that Medline faced the same situation with medical supplies, as masks, gowns, and gloves “were literally being hoarded.”

As it turned out, the China supply situation, while acute and unprecedented, was just a harbinger of even bigger issues. China was able to get Covid-19 under control and mobilize its entire infrastructure so that, by the middle of 2020, most of its PPE factories had increased capacity to meet the ever-increasing global demand.

The real crisis turned out to be a shortage of examination gloves. Malaysia supplies 75 percent of the world’s nitrile (synthetic rubber) gloves. Unlike factories that manufacture non-woven PPE products, such as masks and gowns, those that produce examination gloves require significant capital investment and cannot increase capacity in a matter of months. Figuring out how to manage the supply chain was critical, but doing so was not as simple as finding a factory that could churn out PPE. For example, the nitrile gloves supply had a hard constraint and, despite all factories running 24/7, demand outpaced supply by 37 percent, according to the 2020 *Personal Protective Equipment Market Report*, published by the Health Industry Distributors Association.

“Medline is very proud of how we do sourcing to begin with. We’re very strong advocates of what we call ethical sourcing—we have a supplier code of



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conduct, for example—and there were certain companies and factories with which, even prior to Covid-19, we chose not to work,” Hasegawa explained.

“This is because we did not agree with how they went about producing products, making money, etc. Coronavirus literally brought out the best and worst of many companies. A lot of suppliers went into a mode that was pure capitalism—supply and demand at its extreme—as the demand skyrocketed,” he said.

### Ethical Sourcing

Human rights issues in supply chains is a growing concern and is something investors consider when assessing how a company is doing in the social aspect of its environmental, social, and corporate governance, or ESG, efforts.

In August, Japan’s Ministry of Economy, Trade and Industry began a large-scale investigation into about 2,600 companies listed on the first and second sections of the Tokyo Stock Exchange to better understand where they stand on these issues and what support they need from the government.

## WAKING UP THE NEXT DAY, I ALWAYS WANT TO BE PROUD OF THE DECISIONS I MADE.

Medline is a great example of how a company should approach the matter. Their Ethical Sourcing Program comprises 11 pillars, through which the company carries out its commitment to promote human rights. That involves setting expectations and requirements for its suppliers, assessing and investigating alleged violations, and empowering employees and suppliers with information and training.

The company undertook a comprehensive assessment of its policies and procedures in 2020, and its approach is guided by widely accepted international standards, including the United Nations Guiding Principles on Business and Human Rights.

Medline’s suppliers are obligated to ensure:

- No forced labor, human trafficking, and slavery
- No child and underage labor
- No discrimination and harassment
- Promotion of health and safety
- Minimal environmental impact

“These are standards that most companies would normally state, but I think the difference is that we put our money where our mouth is,” Hasegawa said. “We regularly conduct onsite social compliance audits, and we expand and update our supplier risk assessments on an ongoing basis.”

He added that there is a strong belief at the top of the family-managed business that the values which are important to the family should be important to the company. Medline’s stability and success show that the approach works. The company recorded \$17.5 billion in worldwide sales in 2020 and has had 54 years of consecutive annual growth. In all but one, the growth was in the double digits.

### Focus on Stable Supply

Hasegawa said that Medline’s strong buying power was a real asset during all of last year, as companies were scrambling to secure supply. Not only were they able to minimize price increases from

various suppliers as the situation changed, but they were also able to secure much needed supply allocations for their customers.

“It certainly was challenging, not just for us but the entire industry,” he said. “The radical imbalance in supply and demand was unprecedented. Literally, on our supplier side, costs reached levels previously unimaginable. Masks went up by a factor of 16. Gowns and gloves went up by at least five times. That was our cost to procure the products. So, what do you do with that?”

As costs rose, Medline eventually did have to raise their own prices, but Hasegawa said that the way this was done makes him feel proud. “After making initial price adjustments to get the exam gloves business profitable again, we took a different approach where, if we got a cost increase of, say, ¥5 per glove, then we asked our customers to pay that same ¥5 increase. We did not take any incremental profit on top of that to our customer,” he said.

Covid-19 forced companies to make trade-offs. At Medline, the decision was to prioritize stable supply over growing the bottom line. “Our mission is to be a partner for healthcare providers so they can focus on providing care,” said Hasegawa. “We interpreted that as, ‘Don’t stop healthcare’ and focused all our energy on maintaining stable supply to our customers.

“In addition, multiple new customers were willing to pay a higher price to us for the much needed gloves. It was painful to turn away accounts who obviously needed help but we chose to prioritize protecting our existing customers over the opportunity to make more money,” he continued.

“Specifically for gloves, where the pricing truly went out of control all around the world, we saw some very unethical behavior; customers ended up getting something completely different than what they had ordered when they went outside the normal supply chain.” Customers purchased what they thought were medical-grade gloves from a new vendor and received substandard gloves. Even now, around the world, many hospitals are realizing they have stockpiles of inappropriate gloves and are having to replace them.

Medline, Hasegawa said, chose to protect their customers and make sure they did everything they could to ensure that customers received a steady flow of proper supplies. This meant minimizing, as much as possible, the financial impact of price gouging by unscrupulous vendors. This also meant educating customers on how to conserve usage of much needed PPE products such as examination gloves.

### Making a Difference, Together

Japan is known for coming together in the face of adversity, and Hasegawa noted that there was very good cooperation among vendors and distributors. While most large companies moved to protect their own customer base, wholesalers worked together to ensure the supply was as stable as possible to hospitals.

“It was all about making sure we got life-saving equipment to the hospitals, to the doctors and nurses who depend on it,” he explained. “That singular focus on the mission to provide not just a service, but to protect the healthcare workers who were doing everything they could to save the lives of Japanese citizens, was very clear to us and, I believe, most of the industry followed suit.”

And that’s a big reason Hasegawa—who says he is fortunate that his personal values mesh with those of the company—believes so strongly in Medline and its role in healthcare. “That tone from the top makes it very, very clear that this is how we want to run the business. And waking up the next day, I always want to be proud of the decisions I made.” ■

# Make Japan a Startup Nation

## How can government best encourage economic growth?



**Jesper Koll**  
Global ambassador  
Monex Group Inc.

If you had two minutes with the new prime minister, to give your best-shot advice on how to create a better economic future for Japan, what would you say?

From a macro perspective, by far the best answer is: Do whatever you can to make Japan a startup nation.

But where does economic growth come from? Not from the stuff politicians and technocrats talk about most of the time—e.g., monetary, fiscal, or trade policy. And importantly, it doesn't come from population growth. It comes from entrepreneurs.

### Clear-Cut Correlation

History has confirmed again and again that we only get sustained economic growth when human ingenuity and ambition are allowed and encouraged, and people are empowered to start an enterprise and build their own business.

than 20 years actually destroyed some 800,000 jobs over the same period.

So, dear prime minister, make no mistake—startups and entrepreneurship are a nation's single most important source of growth and prosperity.

### Finding Founders

The need for entrepreneurs is clear, but where do they come from?

Unfortunately, there is no magic bullet, no one simple policy tool that can be turned on to deliver entrepreneurs and create Startup Nation Japan.

However, the key ingredients are all in place and, in my personal view, I firmly believe Japan stands at the brink of a golden age of entrepreneurs and startups.

Why? It's a combination of cyclical and structural forces. Cyclically, the Covid-19 crisis has not only freed

**HISTORY HAS CONFIRMED AGAIN AND AGAIN THAT WE ONLY GET SUSTAINED ECONOMIC GROWTH WHEN HUMAN INGENUITY AND AMBITION ARE ALLOWED AND ENCOURAGED.**

China long had one of the world's highest rates of population growth, but it only started becoming an economic miracle when the Communist Party encouraged entrepreneurship and private business in the early 1980s.

More generally, the numbers speak for themselves. When you analyze the world's 40 leading economies over the past 30 years, you find a clear-cut correlation between the percentage of entrepreneurs in the adult population and the sustainable growth of the country's gross domestic product (GDP). More entrepreneurs create higher sustainable growth. In fact, if you raise the number of entrepreneurs in the population by one percentage point, your potential GDP goes up by about half a percent.

In even simpler terms, employment data confirms the positive power of entrepreneurship: startups have created 60–70 percent of new jobs in G7 countries over the past 20 years. Specifically, here in Japan, new companies set up after 2010 have provided about 2.3 million jobs over the past decade. In contrast, companies older

up resources but, more importantly, has become a catalyst for many people to rethink their career and life priorities. No matter how small, a startup can finally hire people and build teams, investing in what always yields the highest returns for any new venture: human capital. One of the biggest obstacles for growth and expansion has finally disappeared.

Even the most techy of tech companies, such as Google or Amazon, did not grow by the force of their superior algorithms, business models, or charismatic leadership vision. Instead, they grew as a result of the sweat equity and animal spirits of their team leaders, sales managers, and back-office clerks who pulled all-nighters. Elon Musk's biggest problem is not tech, engineering, or digital transformation; it is his teams, the people who actually get stuff done.

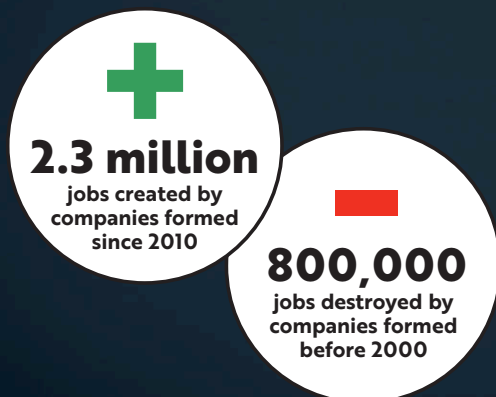
In Japan, the bar for startups to attract talent has always been especially high because top graduates strongly prefer established companies. Bigger is supposedly safer. Here again, the current recession may well mark an important turning point. Not a week goes



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## Job Creation

How does the age of a Japanese company impact its contribution to the job market?



by that we don't read about establishment companies announcing a restructuring plan. All of a sudden, big-company job security is not what it used to be. This is great news for entrepreneurs.

To be specific, I have the good fortune of working as an adviser and angel investor for a couple of Japanese venture capital funds. Over the past six months, all the startups with which we deal have grown their staff and partners. Several have more than doubled the size of their teams. Most importantly, the quality of potential candidates has grown enormously.

One young woman from a top establishment company, who has had no overseas or global experience, told me: "Working at my current employer has been great, but now that I know how good I am, and what I want, staying there puts me at risk. I don't want to be reassigned to some random project by some random salaryman superior. I want to create my own destiny. Your startup is the best place to do that."

To be sure, this young woman almost certainly is exceptional, and it may very well be wrong to present her as anything like the new norm for Japanese employees. However, unlike five or 10 years ago, candidates such as her do exist, and it would be wrong to underestimate the powerful ambitions—and awareness of opportunities—that Japan's young talents and employees are prepared to explore.

Taking the leap from exploring to actually quitting one's job and beginning a new career at a startup venture is likely to become easier. There's no doubt that opportunities will increase, large established companies will continue to stagnate, and more young startups will demonstrate high, sustainable growth. Opportunities worth watching include:

- Healthcare and biotech
- Professional services and process automation
- Education and deep tech-based materials
- Anything serving wealthy Japanese retirees

Some will make a fortune building the Louis Vuitton retirement communities of Japan.

### Learning from the Masters

On the structural side, Japan has developed a true and sustainable ecosystem of support for startups and aspiring entrepreneurs. Not a day goes by that the major newspapers don't advertise a startup competition or venture capital symposium. Even Keidanren—the Japan Business Federation, which is the proud sanctuary of Japan's corporate culture—now fully embraces innovation and entrepreneurship in its strategic vision. Japan's elite establishment now knows that BAU—business as usual—is no longer an option.

Most importantly, Japan has a new generation of successful entrepreneurs, people who have built true going concerns, who commercialized and monetized an original idea, who overcame many obstacles and difficulties to build their dream. Sure, they have money to invest; but more fundamentally, many of these new successful entrepreneurs are focused on creating a positive legacy by giving back, mentoring, and advising the next generation.

Hidden from view by media obsession with Silicon Valley superstars, Tokyo, Osaka, and Fukuoka have become hotbeds of private initiatives to grow and develop a startup culture. These include mentorship programs, incubators, accelerators, venture capital funds, and daily discussions on the drop-in audio chat app Clubhouse. This private-sector ecosystem of open discussion, sharing, and networking is vital because a sustainable startup culture can only develop if success is celebrated and, more importantly, if failure is peer-encouraged to become a catalyst for another try.

As Japan's most successful entrepreneur, Yanai Tadashi, founder of FastRetailing, which owns Uniqlo, supposedly once said, "I failed about 25 times before I finally succeeded."

All said, the new Japanese golden age for entrepreneurs is very exciting. If I am right, we will have to become more optimistic about the overall outlook for Japan. Because one thing is certain: private entrepreneurship—not government handouts—will build future prosperity.

Dear prime minister, I trust you understand. ■



EDUCATION

By John Amari

# SOCIAL IMPACT

US-RAISED ENTREPRENEUR PRIYA SULTAN  
OPENS PATHS TO SOCIAL INNOVATION IN JAPAN

If the future of Earth as we know it is to be secured, not just for ourselves but for generations to come, the way we do business has to change.

That was the conclusion of scientists in a recently released report by the Intergovernmental Panel on Climate Change (IPCC), a body under the mandate of the United Nations. In August, an IPCC working group found that human activity is changing the climate of the planet in unprecedented ways, and that a change in course is necessary.

Serial entrepreneur Priya Sultan agrees with the report's conclusions, adding that the education system—in addition to business practices—must be upgraded.

For Sultan, a new focus has to be placed on education and business models driven by social outcomes if the challenges identified by organizations like the IPCC are to be tackled. That's the reason she established Social Impact Lab Japan, a company that incubates, accelerates, and invests in businesses that have societal solutions at their core.

Since its founding in 2019 in Tokyo, Social Impact Lab Japan has supported dozens of aspiring entrepreneurs, including high school and university students, as well as professionals. Working with partners in industry and education, the company isn't just trialing new ideas; it is also inspiring a generation of founders in Japan—and, in the future, overseas.

It is Sultan's hope that, by supporting social entrepreneurship, new, socially minded leaders will emerge to define the shape of future business opportunities and solutions.

## Social Business

The chief executive officer and founder of Social Impact Lab Japan, Sultan speaks in rapid sentences, a sense of urgency and determination rising in her voice.

“The way that we are living in the world is not scalable or sustainable, it’s not good,” she told *The ACCJ Journal*. “There are a billion people going hungry every year, and it’s worse now because of the coronavirus pandemic. Why is that?”

But it’s not just solving the challenge of global hunger that motivates Sultan. Lack of access to education is another of her bugbears.

“Why don’t people have access to basic education, things that we took for granted when we were growing up?”

There are three ways to begin tackling both issues, all of which are priorities at her lab, she explained:

- Education
- Creating allies
- Raising awareness about social impact as a solution

For Sultan, “it’s about people hearing that things need to change. And so, you have to inspire more people to effect that change, because you can’t do it alone.”

What’s more, she added, “it’s realizing that social entrepreneurship is crucial to how we do business in the future.”

Young people are amenable to socially driven change and businesses. “They want to spend their money on companies that are doing things the right way,” Sultan said. “And if more companies start to do things that way, we’re going to be able to make the changes that are absolutely needed.”

## Inspiring Founders

The motivation behind Social Impact Lab Japan goes back to 2017, when a conversation between Sultan and a female student at Showa Women’s University sparked an idea.

“I told them my story; told them about the Hult Prize. At the end, I remember some students coming up to me to say thanks,” she said.

At the time, Sultan was speaking at Japanese universities in her capacity as the global projects director with the Hult Prize, a global competition that incentivizes students to pitch socially focused business ideas.

“So, this girl comes up to me—I think she was 20 or 21 years old. And she burst into tears. I asked, ‘Are you okay?’ Clearly there was something there.” As Sultan recalls, the student said, “This is the first time in my life that someone told me that I could pursue my own dreams.”

For Sultan, the student’s comment was eye-opening. On reflection, she remembers thinking, “How can you be 21 years old and have this sense of hopelessness?”

Speaking to other students during her tour of Japan, she discovered that this sense of hopelessness ran deep among students, especially regarding their post-university career.

“They would say, ‘I have all these ideas, but when my third year comes, I have to start job hunting so that I’m secure in my final year, and that’s it.’”

In other words, students in Japan—quite apart from professionals already in the workforce—often sideline their ideas about entrepreneurship for the sake of a risk-free career in a large company. Social Impact Lab Japan was established to provide such people with the resources necessary to take their burning ambitions from idea to product or service and beyond.



## Impact Lab

Working with socially minded startups and founders, Social Impact Lab Japan provides a platform where ideas are pitched, tested, and prototyped—and incubated or accelerated.

Entrepreneurs there can tap into a wide network of mentors from the private, public, and non-profit sectors to learn the ins and outs of developing and launching a business.

The company does “a lot of sessions with entrepreneurs to help them get the skills they need, and for them to hear different voices, meet different people, and leverage our network, which can give them more resources if they need it,” Sultan said.

Sessions include seminars and workshops on subjects such as purpose-driven leadership, pitching for contests, and mentoring.

“We’re focused on the education side, because I think there is an education and cultural change that needs to happen,” she explained. “People need to get a better understanding of what social entrepreneurship is really about.”

And the result? “You can see them light up when they feel that they can make a change in society, and I notice that particularly with young people, especially high school students,” Sultan said.

Because of social-distancing rules during the coronavirus pandemic, these sessions are conducted via video conference instead of in person.

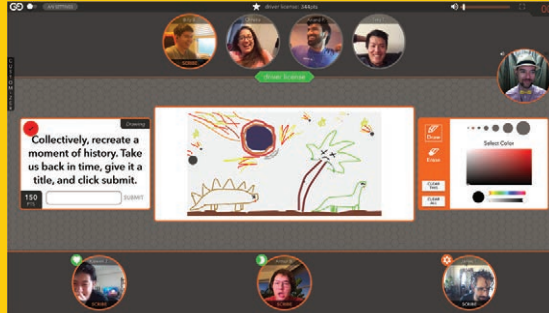


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Social Impact Lab and the Hult Prize Japan hosted a mentorship session on March 10, 2021. ▶



But it's not just founders and aspiring entrepreneurs who are the focus of activities at the lab. Companies, too, are important players in their social impact ecosystem.

"In talking to, and doing sessions with, corporates, I noticed that there is a big misunderstanding about the concept of social entrepreneurship," Sultan said. "I think [they believe that what we do is] charity, but it's not charity. And the reason it's not charity is that charity doesn't work, because it's a donor-based model, which makes it donor-dependent. If charity worked, we wouldn't see the problems that we are seeing, such as so many people going hungry, or without water or electricity."

### Time to Change

Born in India and raised in the United States, Sultan's own journey into entrepreneurship could not have been predicted from the choices she made early in her career. Like so many in her peer group, her priority on graduating college was to join the workforce, and to do so in a sector that conformed to societal expectations for job security. That's why she joined multinational financial services provider Wells Fargo & Company in New York, where she worked for a couple of years as a credit manager.

"It's banking in New York, so working 90 hours a week [was] normal," she recalls.

But it was not long after joining the bank that she hit a crossroad: continue or change path. In the end, it was her father's worry for her well-being that helped her decide.

"My dad came up to me and said, 'Priya, it's six in the morning. You're stressed all the time. And you don't seem happy with your job, so think about changing it.'"

That very same day, Sultan walked into her workplace and tendered her resignation.

"I walk out of there with no job. I'm 25 years old, and I don't know what I'm doing with my life," she remembers.

And yet, only two months later, she set off on a new course, boarding a plane to New Delhi, India's capital. That was 2009.

### Meaningful Mentors

Starting her life in New Delhi, Sultan found refuge in a small garage apartment. Her goal? To begin work at World Health Partners, a sustainable healthcare services provider in the city.

In hindsight, her experiences at the organization played an important role in setting her on her current trajectory. In particular, she found a mentor there who inspired her to pursue a career in the social impact sector.

"Gopi Gopalakrishnan, the director of World Health Partners, took me under his wing and said, 'I'll teach you everything I know.' What I learned was that you can do business and make socially positive changes. And that was something that was not often spoken about more than 10 years ago," she explained. "He

really opened my eyes to how you can make profitable companies and create the positive change that society desperately needs."

After nine months at World Health Partners—but desiring to add new skills to her knowledge belt—Sultan enrolled at the Hult International Business School in London.

During that period, she herself became a student competitor in the Hult Prize (then the Hult Global Case Challenge). Her team made it to the regional finals.

When she graduated with a masters in international relations, another mentor connected her to a job opportunity at the Hult Prize, which was at the time—more than a decade ago—taking on its very first hires.

### Full Circle

As the global projects director at the Hult Prize, Sultan is able to leverage the platform's international network to support her work at Social Impact Lab Japan.

"We exist in over 121 countries; we have over 3,000 universities that participate every year—and that's just in the on-campus program," she noted, speaking about the prize.

In Japan alone, student teams from 50 to 100 universities take part in the Hult Prize's annual pitch contest. The challenge for students in 2022 is "to create 2,000 jobs by 2024 by thinking globally and acting locally."

Pitches are made at the campus level, with successful ideas going through regional finals and an accelerator program in the United Kingdom. The top prize of \$1 million in startup funding is awarded to one team at a ceremony at the United Nations in New York.

Promoting participation in the competition among universities in Europe and Asia was the main thing that drew Sultan to Japan in the first place.

"I first came to Japan because we saw an opportunity to grow the Hult Prize here. Ahmad Ashkar, the founder of the Hult Prize, said, 'Priya, why don't you go and check out the scene.' This was at the end of 2016," she recalls.

A year later, Sultan had the encounter with the student at Showa Women's University, a despairing moment that opened new paths of hope and entrepreneurship. And she has been helping young Japanese talents pursue their dreams ever since. ■

# START IT UP!

## ADVICE ON TURNING YOUR BIG IDEA INTO A SUCCESSFUL BUSINESS AS AN EXPAT

Starting a business anywhere is a demanding endeavor, but doing so in Japan presents its own particular set of hurdles and idiosyncrasies. For those who can navigate the process, however, there are many rewards to be had.

Although the dynamics can vary widely depending on the industry, the top challenges facing startups in Japan include simply breaking into the market, language and cultural differences, the time it takes to build a customer base, bureaucratic requirements, and difficulties raising money. It's also hard to find staff suited to the brisk-paced, rough-and-tumble, uncertain world of startups. That is according to 10 entrepreneurs and venture capital (VC) investors interviewed for this story.

"This is definitely playing with the difficulty level turned up," said Jim Weisser, co-founder and chief executive officer of

e-signature service provider SignTime KK. Weisser has launched five companies in Japan, some of which have succeeded and one that he says was a "complete flop."

Yet, Japan also offers many positives and rewards for entrepreneurs—from the loyalty of customers and employees to the high quality of infrastructure and a society that is much less litigious than the United States.

Michael Alfant, founder and CEO of software solutions provider Fusion Systems Group—one of about 25 companies he has started here as well as in mainland China, Hong Kong, Australia, and the United States—said that Japan is one of the most challenging markets to crack, but not that much harder than elsewhere. One big advantage is that Tokyo by itself is the most "target-rich environment" in the world, he told *The ACCJ Journal*.





“People sometimes lose sight of the density of economic activity in Tokyo, which is the highest anywhere. You’ve got the third-largest [gross domestic product] in the world, and 35 percent of that is accessible to us via the subway,” Alfant said. “In Tokyo, I can easily do four or five meetings a day with clients. If I wanted to do that in Los Angeles, I’d better have a helicopter.”

Sophie Meralli of Eight Roads, a VC fund backed by Fidelity Investment, pointed out that Japan shows strong potential for new businesses in part because it is still in the early stages of digital transformation. “Japan’s economy provides entrepreneurs with numerous opportunities to launch new businesses,” she said. “Due to their position in the adoption cycle of new technologies, entrepreneurs can continuously innovate by transforming the way services can be deployed in Japan.”

### It’s a Marathon

Nearly all those interviewed—representing a collective 180 years living in this country—agreed that two key qualities needed for an entrepreneur to succeed in Japan are patience and perseverance. That’s true of any startup, but the more traditional nature of Japanese society and business, which deeply values relationships and trust built over time, requires extra stamina, they said.

“I can guarantee there will always be hard times,” said Terrie Lloyd, who has lived in Japan for 38 years and is the founder and CEO of full-service travel services provider Japan Travel K.K. “If you’re not prepared for those hard times, then maybe you’re not cut out to be an entrepreneur.”

Alfant noted that starting and running a business in Japan is like running a marathon, whereas in other markets where he’s done business—especially New York and Shanghai—it’s like being in a boxing match. “When the bell rings, you have to be on your toes, totally engaged from the first nanosecond, or somebody is going to knock your block off. It’s intense for a shorter period, and then you get a break.”

But in Japan, “you put your head down and you keep putting one foot in front of the other—and you don’t look up for the finish line,” because it’s still a long way off. When you get to the very end, “and you hear the crowd yelling, [then you say] ‘Okay, now I can see the finish line.’”

### Start with a Hunch (and Test It)

So how do you start that marathon here? What are the first steps? What lessons can be learned from entrepreneurs who have succeeded and failed in Japan?

“Entrepreneurship is not one size fits all,” Alfant explained. “In fact, it’s the bespoke aspect of entrepreneurship that tends to create value for, and appeal to, a certain kind of person. So, it doesn’t surprise me that you get different answers from different people.”

Lloyd, who teaches classes for would-be entrepreneurs, said that often the kernel of a business idea is simply a hunch. Three of his companies began that

way, and all three have done well; two he sold and the third is Japan Travel.

The quality of the hunch is, of course, what makes the difference, according to Lloyd. So, to test out your idea, he recommends finding a mentor, someone who already has entrepreneurial experience and can help you “sort of BS-check your idea.”

Steve Bleistein, founder and CEO of consultancy Relansa, Inc., recommends doing something similar—talking about your idea with a lot of people who might become customers to validate whether it is a credible concept. Some entrepreneurs develop a business idea without really checking to see if there’s an interest in it. That, Bleistein said, is a big mistake. It is through those conversations that you gain valuable information about what exactly your potential customers want.

“This is a way you can mitigate risk,” he continued. “If you’re talking to 12 people who you think are likely buyers of your product, you understand exactly what it is that’s valuable to them. You find out that some of your assumptions were wrong, but some were right. Then you start to discover opportunities that you hadn’t realized existed.”

Some entrepreneurs worry that sharing too much information—even with a mentor—might lead to their idea getting stolen. If that’s the case, then ask them to sign a non-disclosure agreement (NDA), said Lloyd. He has signed NDAs with numerous people who have showed him business plans.

Already having business experience in Japan—and a deep knowledge of the target market—obviously helps with getting a hunch right. Seth Sulkin, who operates hotels and shopping malls and has lived in Japan for 27 years, came up with the idea for Food-e, the upscale food delivery service he started last year, as he was exchanging information about business conditions with struggling restaurant owners early in the pandemic.

But the idea didn’t come out of nowhere. He noticed a trend at his favorite restaurants during the pandemic: none of them delivered. When he began to ask about this, he found that higher-quality restaurants couldn’t rely on mass delivery services because the food couldn’t be reliably transported on time or without being shaken up.

“After talking with 20 restaurant owners, I could see there was a clear opportunity. And it wasn’t something I needed to test,” Sulkin said.

### Compelling Idea vs. Fierce Execution

Lloyd explained that once you’ve tested and refined your idea, and it’s becoming a more realistic business concept, you need to ask yourself some key questions:

- How powerful is this idea?
- Does it engross you?
- Do you dream about it?
- Do you wake up thinking about it?

If not, maybe it’s not strong enough, he cautions.



**Jim Weisser**  
Co-founder and CEO  
SignTime K.K.

Co-chair, ACCJ  
Digital Transformation  
Committee



**Michael Alfant**  
Founder and CEO  
Fusion Systems Group

ACCJ  
president emeritus



**Sophie Meralli**  
Venture capitalist  
Eight Roads

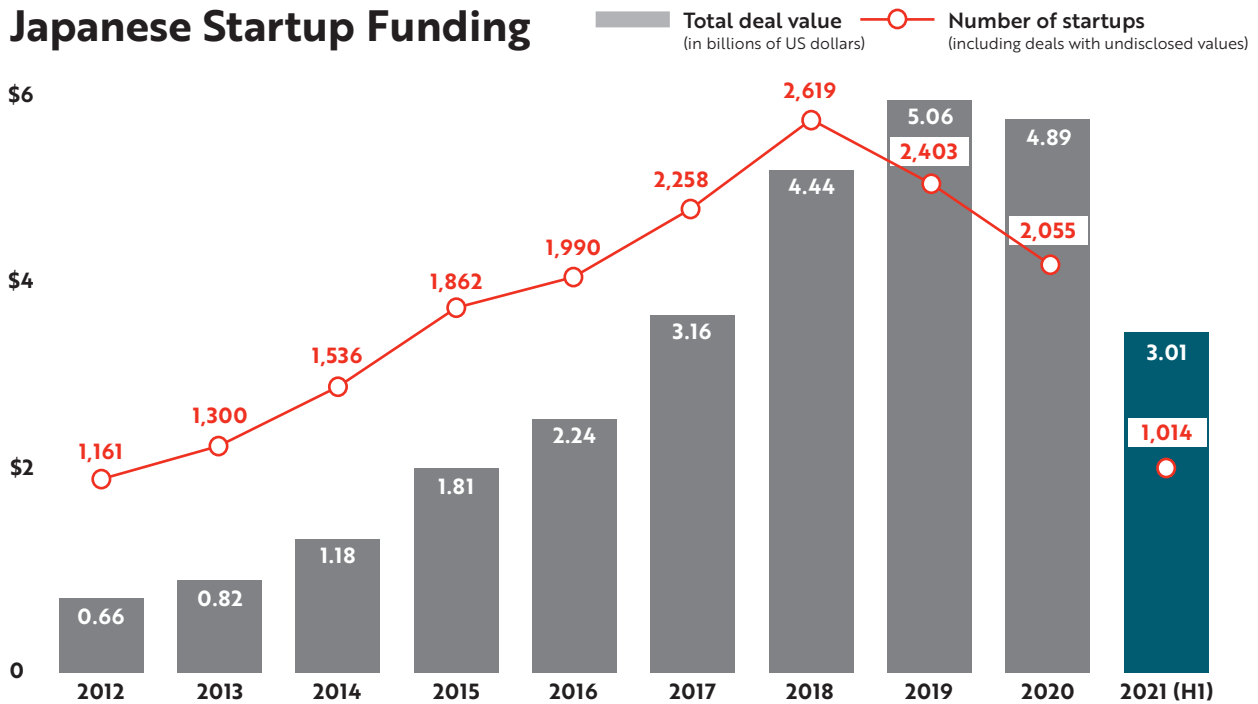


**Terrie Lloyd**  
Founder and CEO  
Japan Travel K.K.



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# Japanese Startup Funding



Source: INITIAL

“In years two and three, when things are getting tough, people give up. In fact, most new companies fail within the first three years,” Lloyd said. “But if you have something that’s akin to religion—and you can hold onto that dream—the idea will sustain you through the hard times.”

Alfant has a slightly different approach to this initial “hook,” as he calls it—an information advantage in the market segment he’s targeting. “That doesn’t mean inside information. It means I have access to knowledge and information that gives me an advantage over other entrants into the space.”

And while businesses do need a compelling concept, “ideas are a dime a dozen. Execution is what matters,” he added. “If the idea is so shallow that someone else can go and replicate it or beat me to the punch, God bless them. I view execution as the differentiating factor.”

This is a familiar debate in the world of startups, Weisser said. Some believe that the right idea can rule the world. Others hold the view that an idea doesn’t win without excellent execution, but execution can often lead to success even if the idea is not so good. “I’m firmly in the second camp,” he said, noting that this has been borne out in the US tech industry where “not-as-good” ideas executed fiercely and quickly usually beat out better ideas that take more time to take shape.

## Timing Matters (But So Does Planning)

Sometimes, the biggest factor determining a business’s success is timing—particularly in something as fast evolving as technology, Weisser noted. In his case with SignTime, he had discussed the idea of creating a digital signature business for Japan a few years ago, believing that, at some point, Japan would give up its reliance on *hanko* (personal seals) and faxes. But he wasn’t convinced the timing was right. “A lot of companies have great ideas, but if it’s too early, they go bankrupt.”

When Covid-19 struck, and people were forced to work from home, he knew the moment had arrived. “We’d already laid the groundwork for the company, so getting it up and going, and doing some of our first pitches, was doable,” Weisser said.

The best time to start a business is at the bottom of the market, said Lloyd, who launched Japan Travel shortly after the Great East Japan Earthquake and Tsunami of March 11, 2011, and subsequent nuclear disaster, when foreigners left the country by the tens of thousands. “Thinking about how tourism was devastated after the disasters, I thought, well it’s a great industry to get into.”

Timing may be important, but not at the expense of careful planning, said Andrew Dunbar, who founded his wine importing business Iconic Wine Japan, Inc. about 10 years ago. He cautions against launching too quickly and without investing time in a well-thought-out, five-year business plan. He said having that gave him confidence when things got tough and helped him see the big picture.

“A lot of times, people jump into things quickly, thinking it’s going to work out. But it’s so much better if you have a full written plan and projections for how you’re going to build the business for the first five years,” he explained. “Make a good plan and be able to finance that plan in a credible way.”

## Red Tape, No Tape

Once you’re ready to launch the business, the formality of incorporating the company with authorities is relatively easy. The task can be outsourced to a lawyer who can file the necessary papers for you, the entrepreneurs said. Getting approval takes anywhere from several days to three weeks, depending on the circumstances.

The two main options are registering as a *kabushiki kaisha* (KK), a stockholding company, or *godo kaisha* (GK), a limited liability company. Essentially, if you’re planning to bring in outside investors, you need to be a KK. If you don’t need a lot of money, you may want to be a GK. Most entrepreneurs in this story registered as the former.

For some businesses, such as consultancies, that’s all you need. But many other kinds of companies require various licenses and approvals specific to the products or services they aim to provide. Acquiring those can take a lot more time.

Anything to do with food and beverages, for example, tends to be heavily regulated in Japan. Having run hotels and shopping malls, Sulkin was familiar with the regulations, but he was still

surprised by the amount of red tape he encountered in setting up Food-e.

Since he was using cars and motorcycles, not bicycles, he discovered that if his company wanted to hire drivers directly he needed a difficult-to-obtain license that required him to have his own garage and maintenance staff. So instead, he outsourced the actual delivery part to another company, which required a different license.

Then he was told that alcohol served as part of a delivery service was taxed at a different rate than when served in a restaurant. Initially, authorities said this meant restaurants needed to purchase and store the alcohol for delivery separately. Untangling all this involved several trips to the tax office with lawyers.

“There were just insane layers of regulation,” he said. Before starting a business, “I would highly recommend getting help from lawyers to investigate whether there’s any aspect that is regulated.”

In Dunbar’s case, he had to get a liquor license to import wine, which took about three months, though now it can take up to six months, he said. And he found that waiting times for such licenses can vary by location. Getting permission in Kanagawa Prefecture, where he was initially based, took less time than in Tokyo, which has a reputation for being stricter.

## A LOT OF FOREIGN BUSINESSES SEE THINGS FROM THEIR OWN COUNTRY’S PERSPECTIVE ... BUT DO THEY HAVE A REALLY STRONG UNDERSTANDING OF THE JAPANESE PLAYERS AND MARKET, AND WHY THEIR SOLUTION WILL BE BETTER?

Once Dunbar had the license, the regulatory side of his business was pretty straightforward. It was easier than in the United States, where alcohol regulations are more complex, differing by state and requiring some wineries to hire entire regulatory teams to handle the paperwork, he said. Dunbar has no such headaches here and hired a customs broker to handle his incoming shipment paperwork.

Other businesses—many providing services—are much less regulated. Consulting, for example, has little regulation and is easier to get into because it requires little upfront investment—not even an office. “You need a phone, a laptop ... and that’s about it,” said Bleistein.

Given that ease of entry, first-time entrepreneurs should try independent consulting for starters, advised Jeff Crawford, founder and CEO of Zo Digital Japan, which provides digital marketing services-related advice to foreign companies entering the market. “Put together a nice website that basically advertises your services and demonstrates that you’re an expert in some field,” he said. “That’s what I did.”

The finances at a consultancy are also simpler. Once you provide the services, the client pays you. You don’t have to worry about suppliers, delivery costs, or other middlemen as you do in a product business, which tends to be much more capital-intensive and requires owners to handle inventory, production,

safety, and delivery. “If you’re looking to start a business in Japan, look really hard at services,” Bleistein added.

On the flip side, that also means there are few barriers preventing competitors from jumping into the same market, Lloyd pointed out. “There is no safety in having a low hurdle to entry. Yes, products are harder and riskier, but if you get it right you have a much longer run before the competition shows up.”

### Breaking In

Perhaps the most difficult step in starting a business is finding customers, most of the experts agreed. Clearing this wall is do-or-die for a startup, and it can be particularly hard in Japan, where business is driven so much by long-term relationships. So how do you break in?

Here is where a mentor or consultant with an established network can be a big help by introducing you to potential clients. When Dunbar started his wine importing business, he hired a Japanese consultant who knew the alcohol industry and introduced him to people in the business. “That was a very important step for me, because I was new to the industry.”

That was a start, but Dunbar still needed to make hundreds of cold calls and visit a slew of wholesalers and other related companies to drum up business. While at times the rejections got discouraging, he

knew that, to survive, he had to get out there and make connections. And he enjoyed sales, so that wasn’t a problem. He later discovered that he had started his business during a seasonal year-end ebb.

“The sales portion was not something that was scary to me. I’d much rather go and visit customers than almost anything else,” he said. “And in this particular business, it’s all about meeting people. We have to go out and visit our customers—they don’t come to us.”

Similarly, after he set up his consultancy website, Crawford started “pressing the flesh”—going to meetups where he thought he might connect with potential clients. He also attended other relevant events, such as those presented by the American Chamber of Commerce in Japan (ACCJ). “I’m a big fan of going to meetups, introducing myself, and handing out a ton of business cards,” he said.

Crawford, who worked at Microsoft Japan Co., Ltd. and Adobe KK in Japan after having worked in Silicon Valley, also started hanging out at online sites where digital marketers and search engine optimization experts would gather. He would field any questions about Japan to establish his expertise in his niche, and started blogging and creating podcasts. He tried to snag public speaking opportunities and was thrilled to be invited to do so at the ACCJ. Writing and blogging also helped him become more widely known within



**Annie Chang**  
Founder and president  
AC Global Solutions Ltd.

Vice-chair, ACCJ  
Independent Business  
Committee



**Steve Bleistein**  
Founder and CEO  
Relansa, Inc.

Co-chair, ACCJ  
Independent Business  
Committee



**Seth Sulkin**  
CEO  
Food-e

Co-chair, ACCJ  
Real Estate Committee  
Chair, ACCJ Integrated  
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that business circle and paved the way for better initial conversations with people, he explained.

“If people see you on stage talking about a topic, they view you as an expert,” he said. “It’s great when people come up to you afterwards and say, ‘Hey, we read your content. You sound like you know what you’re doing.’ They already assume you’re competent. They don’t ask questions like, ‘Tell me about your clients.’ They just jump right into their issues. It’s like a level of trust is already there.”

In Bleistein’s radically stripped-down view of starting a business, there really is only one step: finding a customer. Everything else is secondary. Many entrepreneurs mistakenly think they need to have all sorts of systems in place before they launch, he said, but that’s not true.

“At the start, you’re going to be serving one customer—that’s how you get started, that’s how you learn. Everything else will fall into place,” explained Bleistein, who is author of the book *Rapid Organizational Change*. “There is no capability more important than client acquisition. I don’t care what people say about delivery, expertise, or product ratings. You have to have the ability to acquire customers.”

## Branding Yourself

Fariza Abidova said that a key step to gaining clients at her first company, SOPHYS Corporation, a human resources and training business, was to attend events that catered almost entirely to Japanese. This, of course, required language ability. “I was just showing up and talking to people and sharing what I do and my passion.”

Abidova also paid close attention to how she branded herself, stressing and repeating key words and phrases that she wanted people to remember and spread among their networks. For SOPHYS, that was “cross-cultural communication.” For her second company, Trusted Corporation, which was founded in 2016 and helps clients with technological innovation, she stressed the key words “global open innovation.”

One way to divide Japan’s business world is to split it into a business-to-customer (B2C) market and a business-to-business (B2B) market, said Lloyd. The first functions pretty much as it does elsewhere, so is easier to enter, although you need to understand the Japanese consumer psyche, he said. The B2B market is much more political and based on long-term relationships and brand loyalty, making it much harder to break into.

“If you’re a new entrepreneur, my recommendation is to go B2C,” Lloyd said. “But if your expertise is in B2B, then secure your first project before you launch, because it’s going to be a long, hard haul.”

Still, these days, one good way to get business if you’re a tech entrepreneur is to contact Japan’s big, established companies. They are struggling to digitally transform their business, have money to spend, and are looking for people to help them make that transition, according to Annie Chang, founder and president of IT recruiting company AC Global Solutions Ltd.

“The hottest market is now IT, so there are lots of opportunities there,” she noted. “And I think foreign entrepreneurs have an advantage because they generally have more skills and can move more quickly in the market.”

When starting a business, it’s also important not to be too narrowly fixated on your niche or specific business solution, because there simply may not be enough interest in that, Chang said. When she started her company 32 years ago, she needed to be more of a *nandemo-monoya*, or a shop that sells anything, and be willing to accept a wider range of projects just to get cash flow, she explained.

“Later, when you’re in a better position financially, you can focus more narrowly.”

Language can also be a barrier for doing business in Japan. For Dunbar, being able to speak Japanese was absolutely critical to selling wine. “You need to get in front of your target audience and get them interested in your product. If you have difficulty communicating, that’s going to be a major hurdle to success.”

But in other businesses, particularly IT, language is less of a problem. Early on, Abidova used Japanese to engage potential clients, but these days she communicates in English with most of her customers at Trusted.

## Raising Money

In addition to acquiring customers, the other big hurdle is funding your business. If a startup can break even after two years, it’s doing very well—unless you’re a tiny consultancy with very few expenses. During that time, you need to keep spending money.

Nearly all startups are initially self-financed by the entrepreneur’s savings, with additional help from family and friends as the case may be, experts interviewed for this story said. Some service businesses may be able to survive on that plus income generated from the new business—especially if the founder has received a large severance package from their previous job and wants to stay small.

But most product businesses or companies that plan to grow even modestly will need financing help from investors or banks once they get up and running. “If your company is growing at a fairly high pace, you’re going to need more capital,” said Dunbar. “That was especially true for me in a physical goods business.”

Most of the experts said they didn’t borrow from the bank, partly because they found that banks in Japan generally won’t lend to startups, particularly in IT or services. “The bank is the worst place to start unless you have a lot of assets and you want to do a collateralized loan,” said Bleistein. “Banks do not make money on business plans. That’s not their model.”

But there can be benefits to pursuing that route. Dunbar said he obtained bank loans and worked to cultivate relationships with banks as much as possible, and that the Japan Finance Corporation (JFC) is a good place to begin if you are looking for debt financing. Once you establish some payment history with the JFC, it is easier to work with commercial or trust banks.



**Fariza Abidova**  
Co-founder  
Trusted Corporation

Founder  
SOPHYS Corporation



**Jeff Crawford**  
Founder and CEO  
Zo Digital Japan

Vice-chair, ACCJ  
Independent Business  
Committee



**Andrew Dunbar**  
CEO  
Iconic Wine Japan, Inc.

“I found that even if you don’t need money, if the bank offers it, you should take it,” he said. “This allows you to develop a payment history with them. When it comes time for you to ask for bigger loans, it’s a much easier conversation than if you don’t have a relationship.”

More entrepreneurs said they relied on VC funding, but even that was often hard to obtain. “I think the biggest challenge in growing a business is raising money,” said Sulkin, who first raised money from outside investors 10 months after founding Food-e.

In his experience, Sulkin found that venture capitalists in Japan—despite their name—are very risk averse. “If you’re an unknown entrepreneur, even with the greatest idea ever, you’re still going to have a lot of trouble raising money. And that’s a problem for Japan.”

### Fledgling Market

Japan’s VC industry is still small and young compared with that in the United States, but it has grown rapidly over the past 10 years. While it cooled off last year amid the pandemic, funding has bounced back so far this year.

The total number of startups that received funding in Japan peaked at 2,619 in 2018 before falling to 2,055 last year, according to Initial Inc., which tracks new deals. Total deal value slipped from \$5.06 billion in 2019 to \$4.89 billion last year, but it’s on track to reach a record \$6 billion this year. That’s up sharply from the \$660 million raised by 1,161 startups in 2012.

Since mergers and acquisitions are not common in Japan, 67 percent of startups exit through an initial public offering (IPO), Eight Roads’ Meralli said. But in recent years, there have been only 50–70 IPOs in Japan. In the United States, there were 407 last year alone.

There are very few second-time Japanese entrepreneurs who have successfully led their first startup to an IPO, Meralli noted. “The industry is quite young, and there is a need to take a bit more risk. When we get more of these, the ecosystem will become much stronger.”

Meralli sees recent growth particularly among the early-stage funds, especially seed and Series A rounds. But she sees a gap in the subsequent “growth stage” funds—Series B, C, D, and so on.

She explained that, while the Japanese government has tried to support the startup market through its growth fund, JIC Venture Growth Investments Co., Ltd., at an early stage, Japan also needs more accelerators—organizations that help startups define and build their products by offering mentoring, connections to investors, and sometimes capital.

Eight Roads Ventures is a global growth stage fund with more than \$6 billion in assets under management that invests in technology and healthcare companies. Meralli, who is also an advisor to Tokyo’s Shibuya Ward in its efforts to bring in more startups, said that among foreign entrepreneurs in Japan, she looks for individuals or teams who have experience in their field, demonstrate cultural flexibility, are coachable, and are self-aware.

She said there are always questions such as:

- Why you?
- Why now?
- How big is the market?
- How defensible is your business?

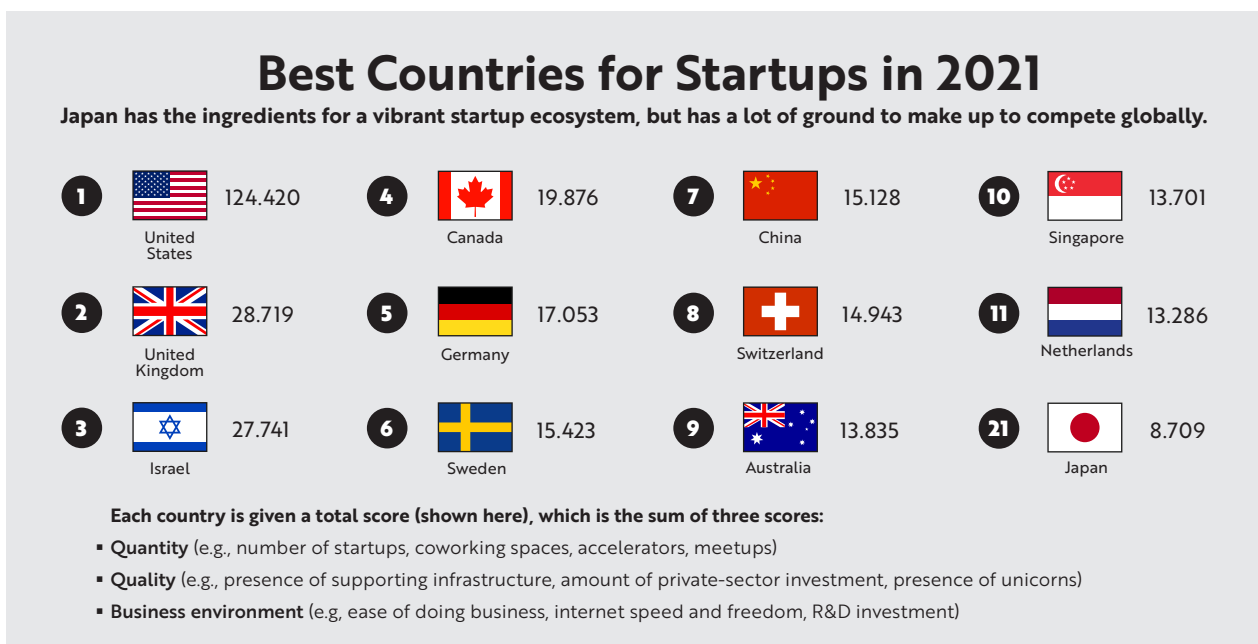
“A lot of foreign businesses see things from their own country’s perspective,” Meralli added. “But do they have a really strong understanding of the Japanese players and market, and why their solution will be better?”

She and her colleagues look very closely at the founding management team when considering investment. One suggestion she offered is to bring on board one or two experienced people who have a local track record and can help refine the startup’s business.

Sulkin agrees. “If you really want to speed up your fundraising process, probably the best thing you could do is get someone who has worked for a famous startup company and borrow their credibility,” he said. “Get them on your board and call them a co-founder. That will jump-start your fundraising.”

### Agile Mind

Another big challenge for startups is hiring good staff. This can be particularly hard in Japan, where the pool of talented candidates is smaller because many people work for one company



Source: StartUp Blink Global Startup Ecosystem Index 2021

their entire lives. Switching jobs is somewhat unusual, although it is becoming more common.

It's also difficult to find people who may have experience in your niche, and startups generally aren't able to use headhunters, because they cost so much.

Sulkin, who has eight employees at Food-e, said he relied on a variety of online recruiting services, some of which worked better than others. Rather than searching only for people with experience in food delivery, he looked for those with consumer-related online experience.

Key qualities he wants in individuals are flexibility and fast thinking—an agile mind. “Someone who can quickly adapt from whatever they were doing before to whatever I'm doing now,” Sulkin said.

Weisser said that, in a startup, you're typically hiring “for potential more than for the past,” and are looking for someone “who can deal with change every quarter. That's hard.”

Lloyd said it's important to appeal to something bigger than simply the chance to make money in an exciting new venture. At Japan Travel, he stressed how the business would help Japan recover after the devastation of March 11.

“I was appealing up Maslow's hierarchy of needs to self-esteem. That is way above the base level of physiological needs, which I equate with money. The weakest form of loyalty in an employee is how much you're paying them,” he said.

dangerous waters and a small hole appears in the hull, the last thing you need is for your chief engineer and your guy who is the lookout to run down there and try to fix it.”

Crawford said one reason for the failure of a previous consulting business he started—that was designed to provide web advice to US dance and music schools—is his personal lack of interest in what they did. “I had no musical or dance talent. I was sort of in love with the solution and not really in love with the customer,” he explained.

At Zo Digital, he's more interested “not just in the customer but in the kind of problems they face”—breaking into the Japanese market.

Lloyd likens running a company to flying a plane. You need to pay attention to multiple dimensions. Focusing too much on one will result in a crash. Just as a compass has four points, business founders need to attend to four key stakeholders: customers, suppliers, investors, and staff.

“Most people, when they start their company, worry about the money. So, they go after the shareholders. But after that's done, they forget about them,” he said. That's a big mistake, because those shareholders can make introductions, give endorsements, and provide more financing.

Similarly, many people get a deal from a supplier and then leave it at that, Lloyd said. “They don't keep pushing the supplier to innovate, reduce prices, and provide alternatives.”

**THERE IS NO CAPABILITY MORE IMPORTANT THAN CLIENT ACQUISITION. I DON'T CARE WHAT PEOPLE SAY ABOUT DELIVERY, EXPERTISE, OR PRODUCT RATINGS. YOU HAVE TO HAVE THE ABILITY TO ACQUIRE CUSTOMERS.**

“For fresh startups, you need an idea that's so powerful that when people come to work for you, or when people do business with you, they're thinking about the idea not the underlying economics,” Lloyd added. “They're there because they believe in that vision.”

**Lessons Learned**

Entrepreneurship necessarily involves some failures and mishaps—and lessons to learn from them. For Fusion Systems' Alfant, the biggest mistakes have related to choosing business partners who didn't share his values. This created friction.

“That doesn't mean they were bad people, but there was not a consistency of values, ethics, and approach to business and life,” explained Alfant. He added that, as a result of those experiences, at this point in his career, he won't go into business with people he doesn't already know and trust, and with whom he shares common values.

Another trap that entrepreneurs can fall into is getting distracted by “shiny new objects,” he continued. Entrepreneurs tend to see opportunities everywhere, so you must train yourself to stay focused. He likened the temptation to a crow building a nest and seeing a sparkling object on the road. When he flies down to pick it up, he gets hit by a car. “In the end, that sparkling thing wasn't going to help with the nest, but it looked really appealing.”

Alfant has also seen business founders attack minor problems with their most valuable resources. “Intelligent people like to solve problems. But if you're the captain of the ship sailing through

**Listen ... and Exercise!**

Listening to your customers—and thinking about their customers—is vital to success, several experts said. Many entrepreneurs are eager to talk and sell their ideas to people, but that often means they can't hear what potential clients want or see how they can adjust their businesses to meet those needs.

“Instead of spending 80 percent of the time talking and explaining my idea, I try to spend 80 percent of the time listening to what my clients or potential clients want,” said Alfant. “That's extraordinarily valuable.”

It's active listening that matters, he said. “I'm not thinking about what I'm going to say next. I'm trying to open up my mind and allow everything my counterparty is saying to come in before I formulate my next statement.” As a president emeritus of the ACCJ, Alfant stressed the many valuable and tireless contributions that entrepreneurs had made over the years. “They are the engines for a lot of the chamber's activities.”

A final tip from Alfant is about health: the need for exercise. Being an entrepreneur requires physical and mental stamina. Keeping physically fit is an important part of that.

“We tend to lose sight of the fact that it's not easy to work 60- and 70-hour weeks for years on end,” he said. “You're setting the tone in your organization. You are the leader. You need to have stamina, be in good physical condition, and have good mental acuity and balance to do that. It's important for young entrepreneurs to understand this, and allocate time so they can have a balanced lifestyle.” ■

STARTUPS

By Julian Ryall



# SMOOTHER PATHS

DEALING WITH RED TAPE AND FINDING  
YOUR WAY TO SUCCESS IN JAPAN



**R**ed tape and entrenched ways of operating are facts of business life in any country. Yet, Japan seems to have more head-scratching rules and regulations to confound the unwary than do most countries. Entrepreneurs who have navigated the minefields that make up Japanese business law each have a tale to tell of the experience—but all those with whom I spoke for this story expressed the firm belief that the country's bureaucratic red tape is slowly being unwound.

"Setting up a company is like a lot of things in Japan—difficult and time-consuming," said Timothy Langley, founder and chief executive officer of government affairs consultancy Langley Esquire. "You're bound to make mistakes, particularly if you are doing it for the first time. You can attempt to do it by yourself, with a partner or friends who can help fulfill the requirements in Japanese, or you can pay someone to do it.

"Once you've set up a few companies and learn the ropes, you know what hoops you need to jump through. But the first couple of times, you're going to 'learn by mistaking,' even if you pay someone to do it for you," he told *The ACCJ Journal*.

### Layers of Difficulty

The requirements for anyone setting up a company are clearly going to vary depending on the business sector. Anything in the healthcare industry is likely to face significant scrutiny before being permitted to operate, while companies in the legal, financial, real estate, or cryptocurrency spaces, for example, will all need the relevant licenses, said Langley, who serves as vice-chair of the American Chamber of Commerce in Japan (ACCJ) Secure Digital Infrastructure Committee.

"But if it's plain vanilla and you have an innovative technology, product, or service you are trying to sell—and you simply want to set up an entity that has formal recognition and grants access to things like opening a bank account—there are several layers of difficulty that you hit at different stages of the company's development," he added.

The first layer is simply getting established, holding an incorporators' meeting, the first shareholders' meeting, and setting up a bank account. And while opening a bank account should be straightforward, the majority of people interviewed for this story expressed exasperation over the great pains to which new businesses are expected to go.

Banking can be a "game-stopper," Langley admitted. "Sometimes you simply can't."

Thomas R. Shockley, CEO of travel business DocuMonde Inc. and co-chair of the ACCJ Independent Business Committee, is one of the founders who is of the opinion that innovations such as the ¥1 capital requirement (instead of the traditional ¥10 million) have made it easier to set up a company in Japan. But banking, he agrees, remains a source of frustration.

"Regulations are not the issue. The most challenging thing today is the same as it was 20 years ago: establishing a corporate bank account," he said. "Banks choose

their clients restrictively ... and from the bank's point of view, there is no business advantage—and it is quite possibly a disadvantage—in having a ¥1 company as one of its corporate accounts."

### Taxing Choices

Robert Roche, executive chairman and president of Oak Lawn Marketing, Inc., concurs that abolishing the ¥10 million capital requirement was a positive development, but also believes that elements of Japan's tax system are unnecessarily draining entrepreneurial capacity.

"Although at the entrepreneurial level, I think that Japan is on a par with America and better than China, where everything has to be a wholly foreign-owned enterprise," he said. "So, in general, Japan is ahead of the game in making many things easy."

But that does not extend to one key element of tax laws here.

"If you live in Japan for more than five years, the Japanese tax your worldwide income," he said. "My original success was in Nagoya. From there, not only did I establish several more companies, I also invested in even more startups in Japan. Naturally, I also invested in my home country and other countries. For many foreign entrepreneurs, over time, their non-Japanese investments become material."

Roche said that his businesses are in several countries, each with separate teams; however, income generated from them would be taxed in Japan. Consequently, he did less entrepreneurial business in Japan simply because he was not proximate, not because he didn't want to.

"I'm aware of quite a few people who no longer reside in Japan because of this tax," he continued. "If they did live in Japan, they would be building and investing in more and more Japanese businesses. But the true loss is the mentoring of new entrepreneurs that doesn't happen as a result of their absence."

### Piles of Paper

Catherine O'Connell, founder of Catherine O'Connell Law and co-chair of the ACCJ Legal Services and IP Committee, discovered that setting up a legal practice in Japan "does take a lot of time and paperwork," although she emphasized that it is "absolutely correct" for the Ministry of Justice to regulate who can practice law in Japan so that consumers are protected and to ensure that lawyers behave ethically.

"That said, the procedure for being approved as a Registered Foreign Lawyer is an example of where the process could be a whole lot shorter and much more transparent," she suggested. While the approval process is a "check-the-box" confirmation of paperwork that is submitted by the applicant, it can take eight months for approval to be granted.

"They need to remove the smokescreen and make this process transparent. I believe that crossing t's and dotting i's should really only take a month, maximum," said O'Connell, who will be speaking on policy



**Catherine O'Connell**  
Founder  
Catherine O'Connell Law

Co-chair, ACCJ  
Legal Services and IP  
Committee



**Timothy Langley**  
Founder and CEO  
Langley Esquire

Vice-chair, ACCJ  
Secure Digital  
Infrastructure Committee



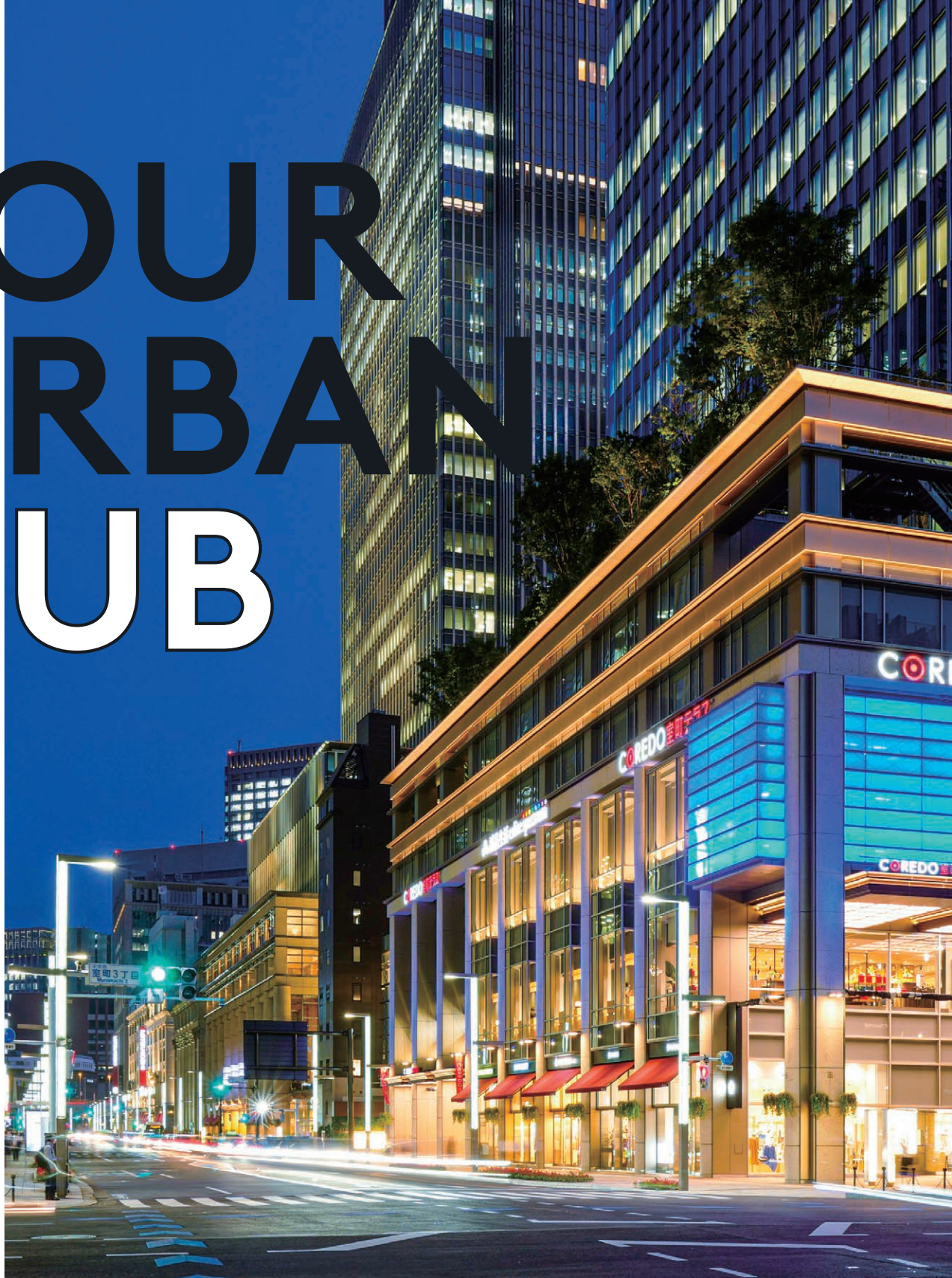
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CEO  
DocuMonde Inc.

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measures and regulatory practices for setting up a law firm in Japan at the APEC Study Center Japan event Promoting Trade in Services by SMEs and Women Entrepreneurs on October 1.

“I have an unsubstantiated personal belief that imposing lengthy processes is a way to test our dedication for doing business in Japan,” she added. “Anyone who is in Japan or has commercial relationships with businesses here knows that you are in this for the long game, building relationships over years.

“So, the process to set up is perhaps the very first trial of your tenacity and tolerance for what will be a long and successive line of tests of your *gaman*, your patience, in the journey that is doing business in Japan.”

### Resistance to Change

Other arcane requirements of the Japanese bureaucracy—such as the need for *hanko* (personal seals) on all official documents and the domestic business world’s ongoing need for fax machines—were frequent bones of contention among business leaders.

O’Connell said she was glad she opted to use a signature when opening her law firm bank account instead of a *hanko* but is shocked at how many Japanese companies protested against government plans to

the company are not resident in Japan. Also, a personal address in Japan is required for many things, such as housing rental, personal bank accounts, auto purchases, domestic credit cards, and a cell phone.”

Obtaining residency status can be much more time-consuming than expected, resulting in frustrating delays in getting your business life started.

For Iwamura, it is “very important to hire a trusted bilingual judicial scrivener who will advise you about the total picture, rather than just providing the seemingly simplified incorporation services.”

Frank Packard, an advisor at Synnovate Capital Partners and chair of the ACCJ Alternative Investment Committee, said setting up a company is relatively simple but agrees that obtaining the necessary services, such as banking facilities, can be more of a challenge.

“The biggest problems lie within us,” he said. “Approaching regulations with a negative attitude and seeing it as necessary to ‘overcome’ regulations will almost surely lose every engagement. However, if you look to ‘meet’ or ‘satisfy’ regulations, then you will have a much better chance of success.”

Parker J. Allen, president and CEO of government relations and PR consulting firm Parthenon Japan Company Ltd., said that setting up a company

**APPROACHING REGULATIONS WITH A NEGATIVE ATTITUDE ... WILL ALMOST SURELY LOSE EVERY ENGAGEMENT. HOWEVER, IF YOU LOOK TO ‘MEET’ OR ‘SATISFY’ REGULATIONS, THEN YOU WILL HAVE A MUCH BETTER CHANCE OF SUCCESS.**

abolish fax machines and introduce electronic alternatives to the *hanko*.

“Japan still has a long way to go on what other countries consider to be a given in business,” she said. “Japan is a modern country and a member of the G7, but they can’t move beyond the fax machine?”

“The pandemic has shifted things a bit, thankfully, but these archaic remnants are anchoring Japan in the past and are a major deterrent for anyone considering doing business here.”

### Smoother Paths

For all the hurdles in some sectors, however, others insist the process does not have to be too traumatic.

Over more than two decades as a partner at Deloitte Touche Tohmatsu LLC, Steve Iwamura set up a number of companies and says changes to the rules on representative directors, the attestation of the articles of incorporation, and the minimum paid-in capital have made the procedure much more straightforward.

“Although the incorporation process itself has been simplified, certain practical difficulties start to surface after the company is registered,” he said. “Even after the company is legally registered, most Japanese banks will not open corporate accounts when the directors of

is easier in the United States and other countries purely because much of the paperwork can be completed online. “However, having done the procedures on behalf of over a dozen companies in Japan, I don’t find them overwhelmingly difficult.

“For any issue that one may encounter in Japanese corporate affairs, the solution is always out there somewhere,” he added. “Having a strong network of specialists and legal professionals really makes a massive difference here. I am fortunate in that, no matter the situation, if I can’t solve it myself, I usually know who to ask.”

### Room for Improvement

Yet Langley insists the hurdles to doing business in Japan—actual or perceived, large or surprisingly small—are still damaging to innovation and entrepreneurship here.

“This applies to entrepreneurs who are Japanese, foreigners who want to start a business in Japan, and those from overseas who want to innovate new processes or technologies and introduce them to the Japanese market,” he said.

“While there is promise of Tokyo’s growing attractiveness as a global financial hub, much work still needs to be done in this regard.” ■



**Robert Roche**  
Executive chairman  
and president  
Oak Lawn Marketing, Inc.

ACCJ vice-president  
Chubu



**Steve Iwamura**  
External advisor  
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# Be on Time

## Why punctuality matters and how to ensure it

**H**ow often do we hear people say, “Sorry for being late”? How about, “I’m sorry I’m late, the traffic was so bad”? Does this sound like us?

Many studies have shown why some people just can’t get somewhere on time. Several causes have been identified, but there is one common trait running through the behavior of chronically late individuals that may be the universal reason for their perpetual tardiness.

Do we need to be on time for our appointments and meetings? Have we given thought to why punctuality is important?

Nick Saban, head football coach of the University of Alabama Crimson Tide, is renowned for teaching teamwork and responsibility. He says, “Be on time because it shows we care.” His teams’ success demonstrates why it matters.

Being on time shows others that we:

- Respect their time
- Are reliable and trustworthy

When we are punctual, we show others that we respect them and are thinking not only of ourselves but also their lives, roles, and responsibilities. We’re actively considering how our actions will affect them.

Arriving on schedule should not be a one-time event. To set a strong foundation of trust—and to make the most of our personal and professional relationships—we should always arrive on time.

As a secondee to the Tokyo office of Grant Thornton Japan for more than a year—and having worked for more than six years as an audit manager handling many Japanese clients in Indonesia—I am well aware of how important punctuality is in Japan. These days, more Japanese people have become relaxed about this, but being on time remains important in Japanese society, where *shinrai* (trust) is key.

### How to Be Punctual

Here are three ways to break a pattern of tardiness:

#### 1. Set alarms

This might not be an easy thing to do if we are not organized, but the more we use alarms to get things done—and stick to the process—the more reliable this approach will become.

#### 2. Write it down

Some of us need to physically record things to remember them. Note conversations and plans on your smartphone calendar and stick to them.

#### 3. Anticipate delays

Think ahead and plan for the unexpected:

- Check the traffic and weather before leaving
- Make sure you have enough gas the night before
- Ensure that your commuter pass has adequate fare
- Have breakfast at home instead of along the way
- Leave earlier to avoid crowded roads or trains
- Always have a Plan B
- For online meetings, make sure that you are in front of the computer at least 10 minutes early

*When we are punctual, we show others that we respect them and are thinking not only of ourselves but also ... actively considering how our actions will affect them.*

Sometimes, delays are unavoidable. What should you do when you are late?

#### 1. Apologize

The first and most crucial thing to do is to apologize to your boss and colleagues. When we can’t arrive on time, someone else may have to cover our work. Our absence might have caused a huge problem for our colleagues, therefore the most important thing is to show them respect and apologize.

#### 2. Explain

It is considered good manners in Japan to explain why we are late for work. But we need to be careful of what reason we give and avoid those which are too personal.

#### 3. Update

While still in transit, it is important to state exactly what time we expect to arrive, as this will affect the efficiency of the workplace. Giving our superiors enough information is also a way to show our sincerity and that we care about the work. Upon arrival at the office, we should apologize directly to our superiors and again explain the reason for our tardiness. It is also advisable to apologize once again prior to leaving to show that we care about having inconvenienced others. By doing so, we can leave a good impression and build a better relationship with our superiors. ■

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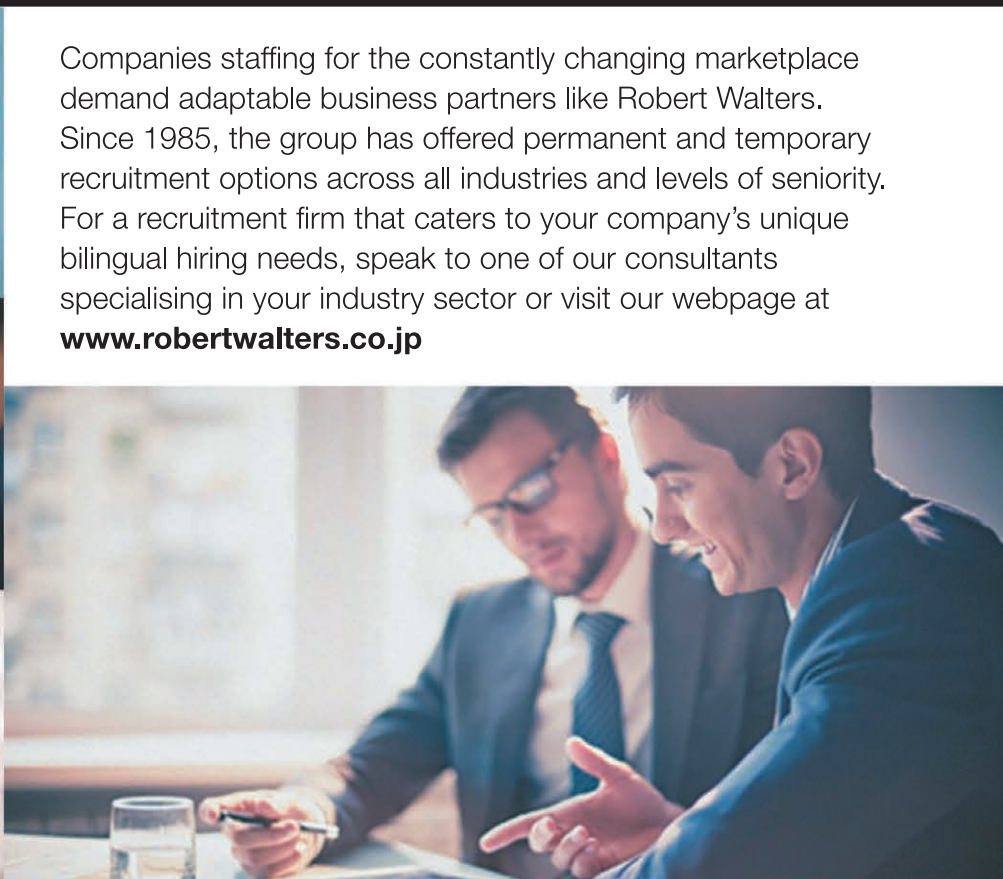
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