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Brave new world
Rise in temp workers: helping or hurting Japan?

CSR, Japan-style
Volunteer activities take off after Fukushima

Remembering Michel Théoval
EBC Senior Vice-Chairman

Innovative tastes

Tim Paech
President & CEO, Pernod Ricard Japan

07 2015

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COLUMNS

The Mission of the European Business Council
To promote an impediment-free environment for European business in Japan.

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European Business Council in Japan (EBC)
The European (EU) Chamber of Commerce in Japan

The EBC is the trade policy arm of the seventeen European national chambers of commerce and business associations in Japan

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EURObiZ Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

Contributors

David McNeill examines the rise of temporary workers in Japan, page 24.

David McNeill writes for *The Economist*, *The Irish Times* and other publications. He is co-author of the acclaimed book of survivor stories *Strong in the Rain* (Palgrave Macmillan, 2012).

"The fact that Japan is an increasingly casualised labour market surprises some, and pleases others. Few would argue against shaking up rigid employment practices at large corporations, but the consequences might not always be pleasant."

Tim is a Nara-based freelance business and industry journalist. He moved to Japan in 2008, after nine years with a London magazine publisher.

"'The Workshop of the World' is what they used to call Britain. These days, manufacturing accounts for only 10% of GDP. So my pulse quickened when I saw UK-made, state-of-the-art fuel cells in Kyoto. Good for the British economy,

Tim Maughan checks out a Kyoto company that produces fuel cells for use in homes, page 33.

and excellent green technology that will benefit Japan."

Allison Bettin writes about a restaurant that boasts Japan's first authentic British fish & chips, page 40.

Allison recently relocated to Tokyo from Hong Kong, where she received her degree in journalism and geography. She now writes freelance articles for various publications.

"Malins is everything I want in a company: a group of friends from different backgrounds creating something they can have fun with, and doing it with sustainability in mind. Fish and chips may not sound like food the Japanese would eat regularly, but the Malins' team sure seems convinced it can change that."

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Temporary work, millennials and post-war apologies

With the old expectations of lifetime employment a distant memory, the phenomenon of temporary work has taken hold in Japan, Ever since former Prime Minister Junichiro Koizumi relaxed the rules, companies have taken advantage, hiring short term employees for various projects. While some argue that temp jobs offer flexibility for firms and opportunity for workers, others say the generally lower wages and lack of security provided do little for the nation's economy. David McNeill has an informative look at the debate (page 24).

Many younger, so-called "millennials" are also finding themselves in positions of authority in Japan. How are they managing in such a traditionally hierarchical business culture? The BCCJ recently held an engaging event on this topic, covered by our Allison Bettin (page 37).

Following World War II, Japan and Germany suffered similar disgrace and humiliation. However, the two countries chose very different paths in dealing with consequences after the war. This controversial topic is part of our Q&A discussion with German Ambassador Dr Hans Carl von Werthern (page 16). The ambassador is frank with his opinions, and tells us why he believes multilateral cooperation should replace confrontation in global affairs.

Thanks for reading.

Michel Théoval: 1945–2015

In late June, we were saddened to hear of the passing of European Business Council senior vice-chairman Michel Théoval. Mr Théoval was a longtime supporter of *EURObiZ* and the EBC. A member for more than twenty years, he served on various boards and committees and contributed greatly to EBC policies and initiatives. Our condolences go out to Mr Théoval's family and friends.

Mike de Jong
Editor-in-chief

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Michel Théoval

Tireless champion of European business in Japan

Text **MIKE DE JONG** Photos **TONY MCNICOL**

In late June, the European Business Council (EBC) community was saddened to learn of the passing of Senior Vice-Chairman Michel Théoval, who died suddenly in Paris at the age of 70. Senior EBC members were quick to offer tributes to someone considered a confidant, business colleague and good friend.

"My experience working with Michel was wonderful, and it is a sad time for the EBC and me personally," says Chairman Danny Risberg. "I had only the greatest respect for Michel as a friend and colleague. Not only from the perspective of EBC operations as counterparts, but within the scope of growing and bettering the relations between the EU and Japan in business, cultural exchanges and relations."

"Michel spent many years unselfishly working with and supporting the EBC," adds Vice-Chairman Carl Eklund. "He was also a very sharp businessman and a very good lecturer. There are no words really to express this loss. We can only say thank you for having let us spend time with Michel and we will all continue to work for the EBC in the spirit of Michel."

In a June 2010 article in *EURObiZ Japan*, Théoval mentioned how he never forgot the experience of his first visit to Japan, for the 1970 Osaka Expo. A fan of classic Japanese directors Ozu, Mizoguchi and Kurosawa, the Paris native had developed a fascination with Japanese culture at an early age, through cinematic depictions of sword-bearing samurai. However, when he first stepped off that plane, Théoval said reality did not match the images in his mind.

"When I arrived, Japan was a completely different place to what I imagined," he recalled. "[It was] already a very modern country; in fact, accepting modernity with zeal. But at the same time, Japan was guarding its unique cultural identity, and that hasn't changed."

Barely 25 years old when he first arrived in Japan, Théoval described his initial feelings of "utter powerlessness", coping with his new, exotic surroundings. "Since I could not speak the language, read or write, I had no idea what was going on," he said in that *EURObiZ Japan* interview.

Despite his early feelings, Théoval would go on to develop an outstanding career in the aerospace and defence industries, heading several firms with specific interests in Asia and Japan. He was also a leader at the EBC.

"His council membership dates back to the days when the EBC first developed structure with a Secretariat, more than 20 years ago," says Executive Director Alison Murray. "We will sorely miss his passion toward the organisation, his fervour in developing the EU-Japan relationship, and his contribution to improving the business environment in Japan for European companies."

A lawyer by training, Théoval headed

“HIS PASSING IS A **TERRIBLE LOSS** FOR ALL OF US AND I DEARLY MISS HIM”

Danny Risberg

Condolences from the French Embassy

It is with great sadness that I heard of the sudden passing of Michel Théoval, a key person in the French business community in Japan.

Mr Théoval was in close contact with the embassy on many topics and had been involved in the work of the French counsellors for external trade for a long time. As an EBC representative, he was especially involved in the EPA negotiations and played a major role at the CCIFJ, helping new companies settle in Japan.

Moreover, it was Mr Théoval's initiative to create the French Aerospace Industries Association in Japan, which was the first representation of GIFAS abroad. This helped reinforce the visibility of the French aerospace industry in Japan.

The French community in Japan will miss him. On behalf of the embassy, I would like to extend my deepest condolences to his family and friends.

Thierry Dana,
Ambassador of France to Japan

Michel Théoval

1945
Born May 28 in Paris, France

1972
Graduate Masters of Public Law Paris 1 Pantheon Sorbonne

1997
Posted to Tokyo by Tomson International

2000
Named president of Thales Japan

2006
Elected First Vice President of the CCIFJ

2010
Elected Senior Vice-Chairman of the EBC

2011
Created GHT, a division of PMC

2001 – Knight of the National Order of Merit (Government of France)
2006 – Knight of National Order of the Legion of Honour (Government of France)

defence and security firm Thales Japan for nearly a decade-and-a-half, before establishing the Group HiTech (GHT) division of PMC Japan. Fascinated by aviation since a young boy, Théoval also earned his private pilot's licence, and had worked for Cessna in the US and Aérospatiale in France. He also taught briefly at the Sorbonne University in Paris, and published numerous articles on defence and geopolitical issues. His expertise was sought by corporations and governments alike.

Gaël Austin, president of PMC, worked with Théoval for five years.

"Michel was an avid reader, specially of history books, giving him a very deep understanding of political situations," says Austin. "His activities in Japan mostly covered defence-related matters. His geostrategic vision and deep knowledge of advanced technologies brought creative business solutions to clients by integrating political and diplomatic dimensions."

Austin says his friend and colleague also had a playful side.

"Michel was a discerning collector of model trains and planes, with a huge collection of more than 10,000 pieces. It was a passion that he shared with his personal friend, former [Japan] Defence Minister Shigeru Ishiba."

French Chamber of Commerce and Industry in Japan (CCIFJ) President Bernard Delmas also considered Théoval a close friend.

"It is very sad news and a big loss for the French community in Japan, as well for the entire European business community here," says Delmas. "Michel had a lot of high-level contacts within Japan's political, administrative and business community. All of us will feel the void created by the loss of Michel."

Théoval once said the biggest deal of his career was selling a Franco-German air-defence system to the US Pentagon, for use at bases in Germany. He was a strong proponent of European technology and a great believer in the potential of a free trade agreement between the EU and Japan.

"Michel took a special interest in the cause of European SMEs at the highest possible level in the framework of Europe-Japan economic partnership negotiations," points out Delmas. "Being an entrepreneur himself, he was the best to lead this cause."

For his efforts to promote French industry globally, Théoval earned several honours from the French government. In 2001, he was named a Knight of the National Order of Merit. In 2006, he became a Knight of the National Order of the Legion of Honour.

Around the EBC offices, Théoval was known for his humour and jovial spirit. But he was also a tough negotiator and key contributor to the Aeronautics, Space, Defence and Security Committee.

"We are all very shocked by the sad news that Michel Théoval passed away so suddenly," says EBC colleague Eklund. "I myself remember his smile and 'au revoir' from our last meeting in early June."

French chamber colleague Stephane Ginoux knew Théoval for 20 years, and worked on many projects together. "Michel spent his life getting Japan and Europe closer. His unflinching enthusiasm and his vision were keys to creating a Japanese-European spirit of cooperation. His legacy is of professional and personal partnerships built through the years that are now starting to bear fruit. The economic agreement that Europe and Japan will sign in the future will owe a lot to him. The industrial projects that are now starting had in one way or another the involvement of Michel Théoval.

"His message was to carry on no matter the odds. We need to carry on," continues Ginoux.

Adds EBC Chairman Risberg, "In his dedication in education to share and build foundations for the future, Michel was practical, factual and sincere. His passing is a terrible loss for all of us and I dearly miss him. My sincerest condolences to his family and to those who suffer as a result of his loss."

Michel Théoval is survived by his wife, Mieko, and daughter Ariane, who is an engineer in Germany.

CSR, Japan style

Volunteer activities take off after Fukushima

Text **ALLISON BETTIN** Photos **KAGEAKI SMITH**

> WE ALL SEE SOME **SOCIAL ISSUES** THAT NEED FIXING
>
> **Masao Torii**

"They wanted to draw a picture pre-tsunami," says Masao Torii, president of Boehringer Ingelheim Japan (BI), recalling a workshop experience he had in Tohoku after the Great East Japan Earthquake. "But they just could not because their bad memories came [back]."

Even for those not directly affected, it is difficult to imagine Japan before March 2011. The magnitude of the disasters associated with Japan's largest earthquake and tsunami on record, and subsequent nuclear meltdown, left thousands dead or homeless, and caused an estimated ¥3.6 trillion in damages. The tragedy also triggered an enormous humanitarian response both from within Japan and abroad. Donations from NGOs, businesses, foreign governments and citizens had totalled €5 billion just a year after the quake. Almost one million people were said to have volunteered in the affected areas, including the three hardest-hit prefectures of Iwate, Miyagi and Fukushima. The response subsequently ushered in a new era of corporate social responsibility (CSR) in Japan, a country where that term barely used to exist.

Torii says that watching employees volunteer in the affected areas inspired

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him to become active in supporting social responsibility. "That's when I really realised our colleagues are very eager to do something themselves," he says. "What can we do together?"

And so Torii, along with other senior executives, created From Heart to Actions, a programme which gives communications and financial support to employee-led programmes, mostly targeted at relief for the earthquake's victims. The programmes — which range from making postcards for victims to hosting talks for parents of at-risk children — are voted on by employees, something which Torii believes stimulates participation.

"I'm so proud of the evolution of people getting so inspired and motivated after the earthquake to try to do something to help the people affected," he says.

Such charitable activity from outside volunteers has not always been the norm in Japan. Jonathan Kushner, head of Asia for Tokyo communications consulting firm Kreab, says that people have, instead, often looked to their employers to fill that bill. "In a lot of ways, the company has always been the core of the family unit. It's like being part of the company means you're part of the club, and people take care of one another within their groups," he says. "And then the government has the role of taking care of those less fortunate. So there hasn't been a history or tradition of strong NGOs and charities."

Kushner sees the tradition rapidly changing, though. "Corporate social responsibility is a term that is [now] very much in vogue in Japan," he says. "I think Japanese companies all have some level of CSR efforts, and they're trying to figure out how they can be active and responsible members of the community in addition to doing their regular business work."

CSR has always been at the core of the business for outdoor clothing company Patagonia. One survey recently ranked the firm the second-most sustainable company in the world. "We don't just focus on doing something for the environment or whatnot," says Shino Kenji, director of the Environmental Programme at Patagonia Japan, "But really, [we] look deeper into the relationship we have with our stakeholders and the supply chain."

After Fukushima, this meant putting renewed focus on campaigning against nuclear energy. The company's No Nukes, Go Renewable programme, which began in 2009, focuses on educating the public about the dangers of nuclear energy. It was the impetus for a demonstration at the Patagonia store in Kyoto this year, which saw part of the shop close down. "The whole energy issue in Japan has been a critical focus for many years and will continue to be so with the conditions worsening and with the government also going in the direction of still promoting nuclear energy," says Shino.

Another inspiring effort is the Fukushima Organic Cotton Project, in which agriculturally depleted land is used to cultivate organic Japanese cotton. "We're involved in the whole process of growing, cultivating and harvesting, and then making the harvested organic cotton into products," says Shino. "Our staff at Patagonia are involved. They attend the tour to help with the various processes of growing and also creating the products made from the organic cotton."

In fact, Patagonia actively encourages its employees to participate in such work through their Environment Internship Program, in which employees are given up to two months paid leave to intern at an organisation of their choice. "There are very few occasions where our staff is not paid. So it's based on their intention to want to participate," says Shino.

Patagonia and BI's commitment to their employees is something that Kushner says is key to effective CSR. "One of the things we find is a lot of CSR efforts can be very, very empowering tools for employees and motivation, particularly for large companies," says Kushner. "Not only is it the volunteering, but to be as an employee part of an organisation that is doing something for the greater good."

At BI, doing something for the greater good is part of the firm's core values. In 2010, it celebrated its 125th anniversary and decided to support social entrepreneurs. "So rather than … give donations, [we would instead] help social entrepreneurs to become independent businesses," says Torii. "Money and our business experience should be [used] supporting people who have clear goals as to dealing with social issues."

With the help of Ashoka, a global organisation that identifies social entrepreneurs, BI created Making More Health. The programme helps social entrepreneurs like Junto Ohki — a young businessman who created the world's first electronic sign-language dictionary — gain the know-how for running a successful company.

"Social enterprise is not volunteer work," Ohki says. "It's a business that solves problems. All businesses are related to social problems somehow, just different [in] how deep or how scalable. We focus more on social change than just business."

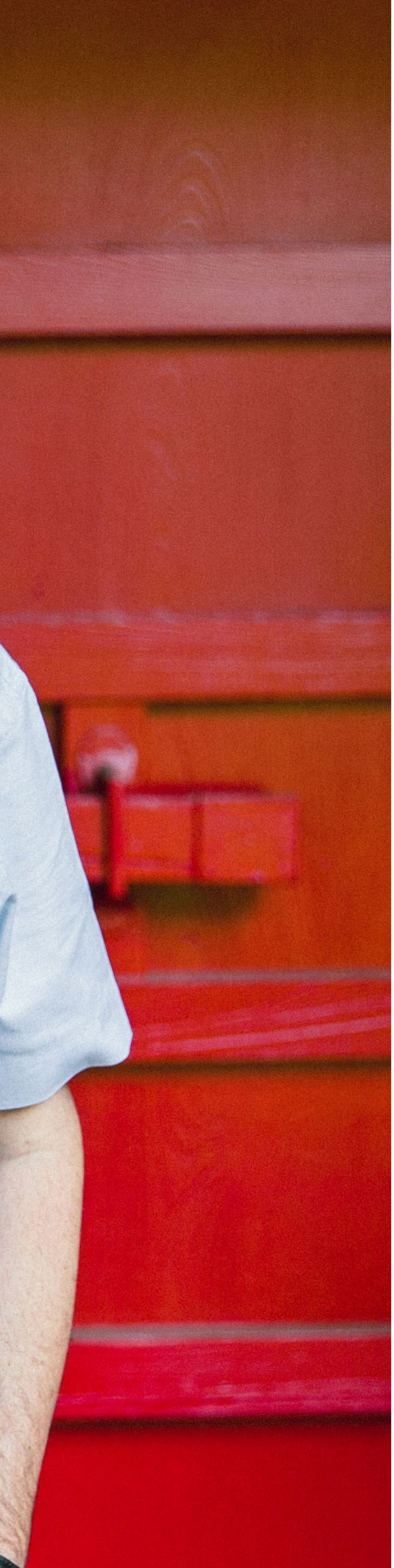
In return for BI's help, Ohki has attended events and led talks at the company, inspiring BI employees to become active in social issues.

Torii adds that his employees were "really moved by what Ohki-san was doing. We all see some social issues that need fixing. We see it and do nothing. But here's Ohki-san … who is taking action."

Dr Hans Carl von Werthern,
German Ambassador to Japan

Deutsche marks

Text **MIKE DE JONG**
Photo **BENJAMIN PARKS**



As Japan's largest European trading partner, Germany plays a vital role in this country's economy. Recently, the two nations celebrated the 150th anniversary of business relations, and German Ambassador to Japan Dr Hans Carl von Werthern took time to talk with *EURObiZ Japan* about this long-standing relationship.

The anniversary was quite a benchmark for the two countries. How do you see this bond being strengthened in the coming years?
Looking at the past few years, you can see that the bond between Germany and Japan has been strengthened continually. Since we celebrated 150 years of diplomatic relations in 2011, we've had a number of high-level visits, the most important being by Chancellor Angela Merkel in March of this year. Prime Minister Shinzo Abe went to the G7 summit in Bavaria in June. With Japan taking over the presidency of the G7 next year, Chancellor Merkel will visit Japan again in 2016. The close ties in the fields of economy and trade, science, culture, and between civil societies make the relationship with Japan the closest we have in Asia.

You have written about the world facing many new challenges. Which do you see as the main ones?
Climate change and demographic change are the issues that immediately come to mind. But, we also have to fight hunger and poverty globally, secure our energy supply, address challenges in the field of cyber security; and we are confronted with new forms of warfare: asymmetric and cyber. There are also a lot of challenges in the economic domain. Quite important – not only for Japan – is that China is growing more slowly than we all thought it would. Germany and Japan are facing similar challenges, but we have found different answers to some of them. As there is no single nation that can face these challenges alone, it is important that we cooperate bilaterally, as well as multilaterally.

Germany is a leader in renewable energy. Can Japan learn from the German example in this area?
I'm always at pains to stress that we are not giving advice, certainly not unsolicited advice. We are, however, more than willing to talk about our own experiences. Japan can then draw its own conclusions. In regard to our energy policy, we pursue three goals: first, we want to fight climate change; second, we want to strengthen our energy supply security; and, last but not least, after the catastrophe of 2011 we want to reduce the risks of nuclear energy. That is the main reason Germany has decided to abandon nuclear energy by the end of 2022. So far, we've been quite successful [in our resolve]. In 2000, renewables constituted 6% of our energy production. Now we have reached a share of almost 30%.

One other important point in this debate is energy efficiency. In Germany, we have implemented strict building regulations. Houses have to be insulated to a considerable extent, for example. We have established rules and guidelines regarding the saving

> “SOMETIMES WHAT YOU DO IS **MORE IMPORTANT** THAN WHAT YOU SAY”

of electricity, particularly concerning low-energy lighting. I'm confident that energy-efficiency is one of the most important ways to manage our energy needs.

Security threats are always worrisome. How can countries like Japan and Germany deal with such threats in the future?
No single country can deal with these threats by itself. In Europe, we have found multilateral cooperation to be very useful. We have the European Union [(EU)], and in the security area we have NATO. In the [EU], something is happening which is quite unique in the world: member states willingly transferring part of their sovereignty onto European institutions. As we do not want to see this trend reversed, we are working hard to ensure that both Greece and the United Kingdom stay within the Union. As for security, NATO is not the only player. In fact, it is fair to say that the EU is one of the biggest peace and security projects in the history of mankind. It has become virtually unthinkable, for a variety of reasons, that countries within the [EU] would ever go to war against each other again.

European countries have had challenges with immigration and assimilation. As Japan prepares to become more open, are there lessons it should keep in mind?
Japan is currently facing even greater dramatic demographic changes than Germany. Sometimes, the discussion in Japan reminds me of the discussion in Germany 20 or 30 years ago. At that time, nobody wanted Germany to become an immigration country. Now, even conservatives say we need immigration to overcome demographic change, although immigration is only part of the answer to this particular challenge. By the way, I don't like the word “assimilation”; I would rather talk about “integration”. The goal is not for immigrants coming to Germany to become 100% German. Our society is greatly enriched by people with a migration background, exactly because they are who they are. They bring with them a Turkish, or Polish or Spanish heritage, which brings a new depth and diversity to German society. For a modern society, diversity is of tremendous importance.

You have written that “Germans have learned from the events of the 20th century” and that “multilateral cooperation can replace confrontation”. Can you explain these concepts?
The virtues of multilateral cooperation have been one of the leitmotifs of our experience after World War II. Germany was disdained by the whole world — rightly so — for what had happened under Nazi rule. Immediately after the war, our neighbours — especially France — extended their hands in friendship. In the following years, Germany and France became the nucleus of the European integration process. Subsequently, Germany even joined NATO. By integrating itself into the European Union and NATO, as well as other multilateral organisations, Germany was able to regain the trust of its neighbours and the world. With great interest, I see similar endeavours in East and South-East Asia. The issue here is more complex. I understand that, but, at the end of the day, a multilateral system based on rules that create clarity, certainty and confidence is the solution to the problems in the region.

The German post-war experience has been much different from Japan's. The current Japanese prime minister has been criticised over the issue of an apology. What is your opinion on this controversy?
In a way, Germany was very lucky after World War II. The Nazi regime was cast out. The West needed Germany, or more precisely West Germany, to play its part in the Cold War. And we had neighbours prepared to overcome an age-old enmity. For Japan, the situation was different. It was, therefore, much easier for Germany to make a clean cut and, after that, come to terms with its past. I do believe that an honest discussion of the past in German society and in German families across the generations was one of the preconditions for Germany reacquiring the trust of its neighbours and the world.

The last decades have shown Germany that sometimes what you do is more important than what you say. Chancellor Willy Brandt kneeling in front of the memorial commemorating the uprising in the Warsaw ghetto and Chancellor [Helmut] Kohl holding hands with French President [François] Mitterrand at Verdun where hundreds of thousands of French and German soldiers had died in World War I; these gestures have, perhaps, created more trust in Germany than all the declarations, apologies and reparation payments combined.

Free trade talks between Europe and Japan are continuing. What would an FTA mean for your country?
Germany accounts for about one-third of the trade between the EU and Japan. I am, therefore, certain that Germany would benefit greatly from an FTA, as would Japan. Regarding the agreement, Germany has two main points of interest. First, we want to abolish non-tariff trade barriers as much as possible. Second, we want to be able to participate in public procurement procedures for things such as power plants, traffic systems and trains. I am convinced that both sides would profit greatly from the FTA, provided it's a good agreement. Therefore, it is better to aim for a comprehensive agreement than for an early signing ceremony.

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Focus on technology leadership and Logistics 4.0

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Significantly expanding its expertise and capabilities in system solutions for intralogistics and automation, the KION Group announced in May the acquisition of Belgian Egemin Automation, its portfolio's seventh brand, which offers customised solutions for the automation of logistics in warehouses, distribution centres and factories.

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Brave new world

Temp workers: Helping or hurting Japan's future?

Text **DAVID MCNEILL**

Every week in central Tokyo, a group of middle-aged men gather to shed their old corporate identities. Most were managers in large Japanese companies, but were either let go or have taken early retirement. The Institute of Social Human Capital, a business school, helps them reset their lives. In lesson one, old job titles are banned: out with *bucho* (middle manager); in with nonsense names like *chiroriro*.

For years, these men rode a career escalator in big companies that rewarded them less for skills than for loyalty and hard work. With that system contracting, they must rekindle their ambition and talent. The experience is akin to emerging from prison and casting off the institutionalised habits of a lifetime. In effect, the school tries to cure them of big company disease.

The cliché of jobs for life in Japan has rarely been less true. Fewer than 10% of Japanese companies retain lifetime employment now, according to *Diamond* business magazine. Reforms introduced by former Prime Minister Junichiro Koizumi a decade ago liberalised the labour market, accelerating the growth of part-time and casual work. Current Prime Minister Shinzo Abe continues supporting that trend.

Since Abe took office in December 2012, the number of irregular workers — often earning less than half the pay of their full-time counterparts with permanent employment contracts — has jumped by over 1.5 million people, according to statistics by the Ministry of Health, Labour and Welfare. Casual and part-time employees number nearly 20 million, almost 40% of the current Japanese workforce.

For international recruitment firms, this is good news. "We are major advocates of temporary, flexible workers," says Jonathan Sampson, managing director at Hays Specialist Recruitment in Japan, whose parent company operates in 33 countries. The growth of the temporary workforce is a sign that people want to take advantage of rising

business confidence but are not yet confident of making long-term decisions, he adds.

"In an economy where there is positivity but uncertainty, it is allowing businesses to respond to the opportunities that are here at the moment," says Sampson.

The driving forces of workforce casualisation are complex. Rather than being saddled with the costs of keeping workers on payroll for life, corporations are demanding more flexible employment arrangements. Some firms are rewarding workers for merit, rather than length of service; Hitachi, Toyota Motor and Sony have all recently announced a shift away from seniority-based pay scales.

On the supply side, young professional Japanese are increasingly shying away from the job-for-life security sought by their parents (and grandparents) at big firms, say recruiters. For the professionally mobile, the recovering economy offers opportunities: there are 1.2 positions for every jobseeker in the country. Professionals with bilingual skills are in particularly short supply.

Recruiters are helping to fill the gap in payrolls, especially in Japan-based foreign organisations, and in Japanese companies looking for bilingual staff, says David Swan, managing director, Japan & Korea, at Robert Walters. His firm has enjoyed three years of "solid double digit growth" in the country; and Swan expects that to continue, saying, "There is enormous potential for growth in our business."

Most observers support a system that better rewards talented young workers and that recalibrates the balance away from Japan's overprotected middle-aged male workforce. Some warn, however, that a more flexible labour market means more winners and losers. Sociologists blame the low quality of new jobs being created under the Abe Administration's policies for feeding the growth of Japan's working poor.

Last year, the Japanese government recorded 16% in relative poverty rates — defined as the share of the population living on less than half the national median income. That is the highest on record. Poverty levels have been growing at a rate of 1.3% a year since the mid-1980s. Along the same definition, a study by the OECD in 2011 ranked Japan sixth from the bottom among its 34 mostly rich members.

Casualisation is contributing to a less egalitarian society, concludes Kaori Katada, a sociologist at Hosei University. At the moment, millions of young casual workers still live at home, rent-free, with mum and dad, whose generation drove Japan's post-war boom. Once that generation passes, she adds, underlying poverty will become more evident.

Swan of Robert Walters says Japan cannot go on overpaying people who don't deserve to do well and penalising those who do. "One of the problems with the labour market now is that permanent employees are overprotected, and the age-based system means payment-and-reward is stacked in favour of those who are older," he says. "Deregulation means you get to a point, hopefully, where the rewards are more equality-distributed to young people and to women." (He underscores that his company has a high placement rate for women.)

Few firms would disagree with that. One problem with the changes taking place, however, is that they may result in less equality by rewarding a minority of skilled high-fliers. Another dilemma is that such corrections work against the government's inflationary creed. Inflation-adjusted real wages have actually fallen during most of Abe's tenure, complicating his administration's plan to raise consumption and end years of overall deflation. As a result, part-time workers have been earning less money.

The outlook for students at the Institute of Social Human Capital encapsulates some of these issues. Few of its graduates can expect to enjoy the same pay, or conditions, that they enjoyed as corporate warriors, now that they have become foot soldiers again. Yet, some alumni with niche skills may do well in a deregulated market, says a director of the institute. "They have to find their own way."

Recruiters today favour labour reforms that create a truly merit-based system. The biggest change needed, however, is not legislative but cultural, says Sampson of Hays: "We have to work past the stigma that's associated with temporary contract employment here." He says any discussion on casualisation must account for two different types of people: "Those who genuinely see the value, the flexibility and lifestyle of being a temporary worker"; and others who desperately want a full-time job.

The latter will take a part-time job for different reasons, he says: to earn a living, "or to gain insights or opportunities that they wouldn't get [otherwise] — a foot in the door," explains Sampson. "We speak on behalf of the professional skilled and qualified — people with very niche skillsets."

On average, he points out that 26% of his company's temp jobs become permanent positions over two years' time. "If that's your real goal — a full-time job — a one-in-four chance is not bad."

> "WE HAVE TO WORK PAST **THE STIGMA** THAT'S ASSOCIATED WITH TEMPORARY CONTRACT EMPLOYMENT HERE."
>
> **Jonathan Sampson**

Innovative tastes

Pernod Ricard Japan's localised spirits

Text **ALLISON BETTIN**
Photo **GENEVIEVE SAWTELLE**

If your drink of choice is Scotch whisky or fine champagne, chances are you've enjoyed sipping a tipple from Pernod Ricard's vast beverage portfolio. As co-leader in the global wine and spirits industry, the company owns some of the most iconic brands: Chivas Regal, Absolut Vodka, Malibu Rum and Perrier-Jouët Champagne, to name a few. But even with a workforce of more than 18,500 employees in 80 countries, Pernod Ricard has opted for a more localised business approach, resisting the temptation of solely relying on global prestige for growth.

"I think one of the strengths of Pernod Ricard is that our decentralised business model allows each country to work with the brand owners to find the right portfolio and the right strategic mix of opportunity to maximise the business in the market," says Tim Paech, president & CEO of Pernod Ricard Japan. With 25 years' experience at the company on four continents, Paech champions the firm's innovation strategy, which includes localising products to suit the needs of specific markets. Japan, he says, is a market that epitomises this strategy.

"We have a more developed local innovation strategy in Japan than [in] many other countries," says Paech, who has led the Japan office for about a year. "There are more Japan-specific products than Taiwan-specific products, or Singapore-specific products, or Korea-specific products. I think this is because Japanese consumers are [always] looking for new opportunities, new trends. There's a lot of trendsetting, a lot of creativity here. It's a very sophisticated country," he adds.

Innovation at his company has led to the development of premium products such as Chivas Regal Mizunara — created solely for the Japanese market. This unique Scotch is made possible by ageing traditional Chivas Regal 12-year-old whisky in Japan-made barrels. The mizunara oak, harvested from the northern island of Hokkaido, lends a slightly sweeter, more floral taste to the Scotch blend whisky. Paech describes it as "the "marriage of Scotch whisky production with the craftsmanship and

“THE **MORE ENGAGEMENTS** WE HAVE WITH CONSUMERS THE BETTER FOR US”

tradition of Japanese whisky makers, by using Japanese wood in the finish." Released about 18 months ago, the subtle Japanese twist has proved a success.

Besides Scotch, sparkling and still wine is another key market for Pernod Ricard in Japan. Their Jacob's Creek brand is one of the top-selling Australian wines in Japanese supermarkets, and has also been at the centre of the company's local innovation strategy. In 2013, Pernod Ricard launched both a red and white wine under the Jacob's Creek brand WAH label. In the continual search to find wine pairings for Japanese cuisine, the company decided to produce original wines that would marry with various staples of Japanese gastronomy. Jacob's Creek winemakers collaborated with top Japanese chefs, for example, to create a white wine to pair with Japanese seafood, and a red that would go well with *wagyu* beef. "These two wines were initially developed for Japan, and now they're sold, or distributed, in a number of other countries," says Paech. "So the innovation success in Japan has spread over to other opportunities."

Though Japan is not the top Asian market for Pernod Ricard — China and India lead in terms of volume — the firm is one of only two global beverage

> "WE HAVE **A LOT OF** OPTIMISM ABOUT THE FUTURE"

titans that have a fully functioning affiliate/distribution company here. The other is Diageo's LVMH, which includes Moët Hennessy — "A formidable competitor," says Paech. Most other beverage producers will partner with Japanese firms that include Asahi, Kirin or Suntory, easing distribution in Japan's notoriously competitive beverage market.

"In our case, we took the challenge on board 25 years ago, and we've got a lot of success to show for it. We have had the benefit of entering … in a smaller way and growing our business steadily, step by step," says Paech. In addition to its own strategy, though, Pernod Ricard does partner with Suntory on the distribution of a few products, including Kahlua coffee liqueur and Malibu flavoured rums.

In 2013-2014, Pernod Ricard showed a 2% global increase in organic growth, a figure that Paech attributes to the company's innovation and "premiumisation" strategies. "Premiumisation means up-scaling, up-selling, and upping the quality and the value of our products," he says. Take the Chivas Regal brand as an example. With the success of the classic 12-year-old Scotch that solidified the brand's image as a fine spirit, Pernod Ricard then embarked on a mission to develop the special 18- and 25-year-old whiskies. "(It) is a classic example of premiumisation, taking a more premium product to the loyal Chivas Regal consumer base and giving them an opportunity to try something more premium, higher value, of course," says Paech.

Another key example of such strategy can be seen in the Jacob's Creek line, which offers both simple varietal wines and those with a designated origin. The Jacob's Creek Reserve range now offers a Barossa Valley Shiraz and a Coonawarra Cabernet Sauvignon, "products that are higher quality, more specific regional wines, and produced in smaller quantities," says Paech.

Proud of his company's innovative successes, Paech is viewing the digital world as the future for customer engagement. "At the end of the day, our objective is to bring convivial moments to the broader base of consumers and to live with those consumers through their lives, through their journey," he says. "So the more touch points, the more engagements we have with consumers, the better for us."

As for Japan, Paech says, "We have a lot of optimism about the future. So we'll continue to invest, continue to grow. We see a lot of opportunity, having taken the plunge back in 1990. It's starting to bear strong fruit."

The perils of big data

Selling out at rock bottom prices

At a recent conference, we heard a showdown between a proponent of big data (BD) and his fellow speaker, who was far more cynical.

One big lesson for me was that consultants (such as the first speaker) always seem interested in selling you a dream. This dream is so beautiful, so well-described, so alluring, so transformational that you just feel compelled to invest tens of millions of dollars calling in teams of high-priced consultants and blindingly expensive IT systems.

Meanwhile, the more cynical speaker, John Higginson of Dart Partners, argued that CEOs need to focus on what might be termed the power of small data. Higginson contended that CEOs need to consider the data that is available right now, and learn how to use it, before they go anywhere near a BD project.

The difference in opinions is no surprise. BD is a confusing concept, because it seems to take pride in its very size. Most of us are trained to reduce data to manageable bits. We, therefore, stumble when told to buy into a concept that asks us to think about data in the opposite way.

The emphasis on the term "data" is also challenging. We have been taught that data is useless until it is turned into information.

Still, you can understand why people accept the term. No one can fail to notice that the generation of certain types of data has accelerated. This is linked to the way the Internet software captures so much about our online and offline lives—the latter point often being overlooked—and the way the mobile phone hardware complements that, by providing location data.

What the term BD fails to reveal is the peculiarly dynamic and mutual nature of this relationship between the Internet and users. We go online to obtain information, but become data in the process, since the act of searching throws in huge amounts of incidental data about us.

What the term BD fails to resolve is the question of who is the net beneficiary of this data search and capture: consumers or providers?

I suspect that the term "data" is used deliberately to allay our fears; you could just as logically use the phrase, "massive intrusion into your private life by vendors looking for your money". It is incorrect to say companies are picking up only data about us. When Google can read my email, see my photos, hear my voice recording and track my phone calls on Google Hangouts, it is, without a doubt, information — and let no one tell you otherwise, especially if they work for Google.

It is not just the term "data" which is deceptive, but also the term "big". BD makes consumers feel that nobody is on the lookout for small data (i.e., nobody is examining them as individual cases). The term BD makes you feel that you are subsumed into data sets so huge that you are, to all intents and purposes, anonymous. True, one aspect of BD is the power of merging vast amounts of data and looking for patterns. What is less emphasised is that BD is like a zoom — owners of BD can zoom in on you in microscopic detail, too.

It has taken me a while to work out the deceptive nature of the apparently simple term BD. The trigger partly was buying a Chromebook. Originally, it was the low price and the fact that I adore Google that motivated me. However, I now realise just how similar I am to a fly trapped in a sticky spider's web. Google can record vast amounts of information about me, and that makes me uneasy — especially regarding people I have relationships with, family and friends.

> "IT HAS TAKEN ME A WHILE TO WORK OUT THE **DECEPTIVE NATURE** OF THE APPARENTLY SIMPLE TERM BD"

It is not as catchy, but I would rename BD "deep information", or some other term to reflect not the amount of data it captures per se, but the totality and completeness of the data it captures from people, at the individual level. BD was more accurately used pre-Internet, when a limited number of observations could be made from a large number of people. It is quite the wrong term for today.

The question is, what do you do about it? The answer is, nothing. True, survivalists might break away from the web and start 100% offline existences. But for most of us, we are selling our souls at a rock bottom price.

DAN SLATER
is director of the Delphi Network

“IT’S NOT DANGEROUS. HE’S NOT **HITTING ME** SO HARD”

Dirk

Achieving results

Text **MIKE DE JONG**
Photo **GENEVIEVE SAWTELLE**

Hermans

When it comes to high achievers, the European business community in Japan has its fair share. But few likely top the accomplishments of Dirk Hermans. Director of Tokyo region audit services for Deloitte Touche Tohmatsu, Hermans is not only a top accounting advisor and specialist in financial reporting. He also finds time to spar with a Thai boxing trainer and help his wife run an upscale restaurant. In addition, he recently completed his doctoral degree.

"When I think back at school and university," he says, "I think I was quite competitive. Also at sports, I'm quite competitive. So I think that also helps at work; at being more driven, and trying to achieve results."

Achieving results for clients is what Hermans does at Deloitte. As a cross-border expert, Hermans works on quality assurance for outbound capital-raising transactions and audits. He also does reviews for inbound clients that use international rules. The native of Aachen, Germany, naturally heads up the firm's German desk for assurance, financial reporting and enterprise risk services, working with foreign subsidiaries here and Japanese firms doing business overseas.

Hermans also offers his expertise to the EBC Financial Reporting Committee.

"It's still in its early days," he says of the committee, which was formed only a year and a half ago. "We're trying to recruit more members. But I really enjoy the discussions. I think it's helpful. Maybe the benefits are not as immediate as those of some other committees that lobby for the removal of barriers to trade, but I think the lobbying we do for the alignment of Japanese and international accounting frameworks is equally important."

He adds: "I think that you also get good educational benefits if you go there and take part in the discussions."

Originally from a small town, Hermans arrived in the world's largest metropolis six years ago, following stops in London and New York. Three years ago, he completed a doctorate in finance, specialising in the research areas of organisational structures and foreign exchange regimes and, ultimately, completing a dissertation on the implications of a new accounting standard on revenue for company valuation models used by equity analysts. Hermans believes this extra-curricular study helps make him better at his current job.

"I think it gives me a broader perspective," he says. "I guess I'm an academic person. I could imagine, in maybe 20 years, doing an engagement with a university.

"I enjoy the learning experience," he adds. "I also like that it's free from politics. It's just about the learning experience itself. I like that about it."

The differing accounting standards between Japan and Europe can be a major point of contention for firms looking to invest in this country. Significant costs can be incurred in trying to manage the two systems. But, although he says more work needs to be done in this area, he's hopeful that Japanese attitudes are slowly changing.

"I don't know if, ultimately, it will be exactly the same," he says. "But the movement goes towards convergence, which is also good for European companies with subsidiaries here. For them, it's a significant cost because they have to reconcile the two [systems]. It's not always clear if what they do in Japan is acceptable under international standards."

Under Abenomics, the government is also supposedly moving towards dropping many unnecessary duplications and to accepting international standards in various sectors. Hermans is positive that this will be reflected in the area of financial reporting as well.

"Right now, it's voluntary in Japan," he points out. "But many firms think it is beneficial. So I am positive about Japan."

Hermans also remains positive about getting up early once or twice a week to practice Thai boxing — or Muay Thai, as it's also known. The sport can be brutal, involving punching, kicking, grappling, and elbowing to the head. Despite his competitive nature, Hermans says he only takes part to stay in shape.

"I'm not doing competitive fights," he says. "I'm only [working] with my trainer. It's not dangerous. He's not hitting me so hard."

Do you like natto?

Time spent working in Japan: I'm in my 6th year now, so about 30% of my career I've spent in Japan.

Career regret (if any): Not having explored the variety of our service offerings at Deloitte earlier in my career but I'm catching up now.

Favourite saying: There is no harm in falling down … as long as you get up, reflect on the experience, and try again.

Favourite book: Fiction: *The Analyst*. Non-Fiction: *Making Globalization Work*.

Cannot live without: My family, sports, and Thai food.

Lesson learned in Japan: Cultural sensitivity matters.

Secret of success in business: Appreciate different perspectives.

Favourite place to dine out: Ananda Thai (my wife's restaurant in Akasaka).

Do you like natto? I have it once in a while because it's healthy and high in protein.

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Green Power

Fuel cells provide electricity for homes

Text **TIM MAUGHAN**

Kyoto-based Steven Rogers is the business development executive for Ceres Power, a British venture company that specialises in solid oxide fuel cells. This technology can supply 80% of a modern home's electricity and heat up all of its water.

"Most of our money comes from investors," he says. "We are in the process of commercialising technology that originated in Imperial College, London University."

Ceres Power was set up in 2001, after years of research at the university.

"We have had several rounds of investment; last year, for example, we received about $35 million of additional investment, so we have enough cash to see us [through] for several years of further development. At the same time, we are developing relationships with partners who will make products based upon our technology, and then enter the market," he adds.

Rogers was a scholar at the Daiwa Foundation, a charity that fosters links between Japan and the UK. While under its auspices, he learned Japanese and Japanese business practices — two vital elements in his role today.

He stresses that Ceres is a "technology", not a "product" company; other firms, including Japanese ones, will manufacture their fuel cells under licence. Ceres Power's brainchild is a remarkably compact fuel cell, the prototypes of which are made in a state-of-the-art plant in Horsham, southern England.

Rogers grasps one of the cells, which, for display purposes, are housed in a robust plastic coating. The cell is just 1 millimetre thick, with a surface area of 80 square centimetres; 100,000 tiny holes drilled by lasers perforate its surface. He adds: "A fuel cell is like a battery, in a sense; but if you have a continuous supply of fuel and air, it doesn't run out in the same way that a battery does."

The cell is made up of three layers — cathode, electrolyte and anode — which are supported by a steel frame. Natural gas on one side of the cell, and air on the other, says Rogers, generate a voltage across the cell. Electrons flow around the circuit, thus the cell effectively works as a battery. But, unlike a traditional battery, Ceres fuel cells last years. "We are targeting 10 years," he states.

A decade equates to about 90,000 hours of use. A typical home needs 120 separate Ceres cells, which are stacked and form part of the combined heat and power, or CHP system, roughly the same size as a typical domestic boiler. The system, which Rogers says will cost between $5,000 and $8,000, will provide most of a home's electricity. At the same time, he says, the fuel cell process produces heat, which will be enough to supply a home with all of its hot water needs. Other companies do make similar systems, he points out, but they cost a great deal more, retailing for $20,000.

Gas is essential to the Ceres fuel cell process. The stacks will be powered by piped gas in the same way that homes are supplied with gas from the mains in the street. When the householder turns on a light, explains Rogers, the energy-making process will be immediately activated in the fuel cell stack.

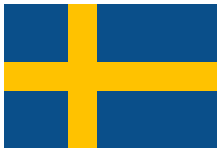
The green credentials in this process are, in part, connected to the flow of power. Without such a home-generating system, a typical house gets its electricity, already generated, from a distant power station. But Rogers says that, even in the most efficient gas turbine-driven power station, any large-scale process means an initial loss in energy of 40%, lost as heat as the fuel is burned. Then, the electricity has to travel by cable and pylon to the consumer, with an additional 20% of energy lost along the way. By the time the electricity reaches the home, only 40% of the original energy remains.

"Heat is always wasted if you have centralised power generation," says Rogers. "If you can generate power in the home, you are inherently close to a user of heat. So you can make use of that heat.

"You cannot send heat down a power line; you can only send electricity. If you compare that to everyone having a power station in their own home, [even] a little one, [both] the user of electricity and the user of heat are there."

The Ceres system, then, is akin to a mini-power station, situated in a home. But, he says, such a system cannot hope to be 100% efficient, as a small proportion of the electricity generated must be used to power the system's own blower, to keep it cool, and other working parts, such as its pumps.

Rogers' strategic location in Kyoto enables him to easily reach the company's partners, some being household Japanese company names. He expects the Ceres Power fuel cell technology to reach the market in two and half years. "If there was one in every home in Japan, for example, there would be a very significant reduction in CO_2 emissions," he concludes.



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Stefan Gustafsson

Chairman, Swedish Chamber of Commerce and Industry in Japan

www.sccj.org

Text **MIKE DE JONG**

The Swedish Chamber of Commerce and Industry in Japan (SCCJ) is at the centre of Sweden-related business activities here on various levels. Chairman Stefan Gustafsson is half-Japanese, so he has a personal attachment to Japan. He spoke with *EURObiZ Japan* about the SCCJ's activities and priorities.

What do you consider to be your priorities as chairman?
My guiding principle is straightforward: By the members, for the members. This means helping members do business in Japan, take part in networking, share information, and get to know each other, while communicating the business situation in Japan to related organisations, from government to the private sector.

Is growing the chamber's membership a priority? If so, how will you accomplish this task?
A growing membership is the result of doing the right things, and we try to focus on improving our services and being useful to our members. The membership level has been stable and growing in the last few years, and we see a more diverse interest in the chamber from both the Japanese and Swedish communities. Today, the SCCJ has approximately 140 members: 85 corporate, 45 individual, and about 10 honorary members. In the last 15 years, this number has basically doubled. Approximately 60% of our members are Swedish and 40% Japanese. Our aim is to reach 160 members in the next few years, preferably with the mix of 100 corporate and 60 individual members. To reach this goal, we have to constantly review our services and events to make sure our offering is relevant for today's situation in Japan. In the future, we will approach Swedish companies in Japan that are not yet members with a good and relevant offering. We will also be more pro-active in approaching prospective Japanese members; for example, Japanese companies importing and distributing Swedish products, and Japanese companies with a business presence in Sweden.

What do you see as the greatest opportunities and challenges for Swedish firms in Japan?
Opportunities: Japan is a technologically advanced and competitive market, which suits Swedish firms who are forced to become global in order to grow beyond the domestic market. Swedish companies established in Japan often have pretty good business with relatively high profitability, but with desperately low market share. The Japanese society, business environment, and thinking are in a constant and drastic mode of change, offering opportunities for business and growth that weren't there just 10 years ago.

Challenges: What has not changed much, however, is that it still takes time to develop your business in Japan because it still is very much built on trust and personal relations. This requires perseverance and patience by top management at home, which might not be there when other markets look easier to pursue. Our advice is, hang in there. Because, when you look at Swedish companies already here, they are doing quite okay actually.

Most people are aware of major Swedish firms such as Volvo and IKEA. But in what other areas are your companies leaders?
Apparel is one area. One company that everyone knows but doesn't perceive as Swedish is H&M. It started with two shops merging, and is now a major global operator in the apparel business. Telecom is another area for our companies. Ericsson is a Swedish firm that most people in Japan aren't aware they are actually using every day. It is one of the world's largest telecom equipment and service providers. All major operators in Japan have Ericsson in their systems. Finally, there are game software and apps. Many globally well-established game developers, such as King, Mojang and so on, have their roots in Sweden.

Do Swedish firms still consider Japan a top Asian market, or are they now looking more to China and other markets?
One issue we face here is that Swedish firms, who are basically extremely export-dependent, are continuously looking for growth markets. Hence, a lot of attention is given to markets such as China, etc. However, if you look at the result of such efforts, it is often relatively small – at least so far – compared with the results produced in the Japanese market. While Japan was very much in the shadow of China, recently we feel a renewed interest in Japan – given what has been mentioned above, in combination with a cheaper yen, leading to lower costs for entry and operations.

Specialist Profile

Jeremy Sampson

by Miyuki Seguchi,
Senior PR & Communications Executive

It is no secret that finding bilingual talent with specialist skill sets is one of the greatest challenges for companies that operate in Japan. While recruitment approaches and processes differ from company to company, one thing that remains constant is the need for more and better talent.

For this reason, identifying and sourcing the best talent is at the forefront of the business for Robert Walters Japan, a bilingual-focused specialist professional recruitment agency.

"One of the strengths of my division is our candidate generation skills, which are, I believe, especially important in a candidate-short market such as Japan," says Jeremy Sampson, director of the Commerce & Industry division. "In today's highly competitive market, we need to be creative and very proactive when it comes to sourcing talent for our clients."

"One of the strengths of my division is our candidate generation skills"

Besides the usual channels, such as utilising social media, job sites and relying on Robert Walters' website, the division employs a range of other approaches, including one of the leading referral programmes in the market and hosting regular candidate-networking events.

"A strong focus on market mapping and active head hunting is also crucial," adds Sampson.

Through these approaches, his division achieved a strong track record of success in helping companies establish their business in Japan. This year, it has helped a number of new market entrants to hire Country Managers and critical staff from their direct competitors and adjacent industries.

In fact, the Commerce & Industry division has rapidly grown over the recent years, having established five new teams in just the last four years. The division is now specialised in mid- to senior-level recruitment with a number of highly specialised functional and industry-specific teams. These include for Accounting & Finance, Logistics & Supply Chain, as well as Industrial, Automotive, Chemical, and Energy.

"Today, we possess some of the strongest specialised teams in the market, most of which consist of consultants hired from their respective industries. They have a good network in the industry they are specialised in, and support the clients with a true passion," says Sampson.

Originally from Australia, Sampson is soon into his 10th year at Robert Walters Japan. His aim is to be recognised as an unrivalled leader in all of the specialist functions that his division covers, while continuing to grow the division by entering into new niches in the years to come.

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ROBERT WALTERS

Generation Gap

BCCJ event: the cross-generational work environment, 16 June, 2015

Text and photo **ALLISON BETTIN**

Globally, the work place is rapidly changing, with one key demographic shift: the coming of age of Generation Y, or the millennials. More and more, these younger adults are taking on leadership roles in modern firms. How do they fare in this country's traditionally hierarchical business culture? The British Chamber of Commerce in Japan (BCCJ) hosted an event on this topic, moderated by Suzanne Price, CEO of Price Global. Featured speakers were Karyn Twaronite, a partner at EY and the firm's global diversity and inclusiveness officer; and Ken Takai, business director at Hays Specialist Recruitment Japan.

What are some of the first global findings from your research?

Karyn Twaronite: The bottom line is more younger workers are working longer, but are experiencing less flexibility. They also have different wants and needs, and are leaving and quitting over reasons including wages and hours. But, also, half the reasons they're quitting are around flexible work and the ability to control some of their time.

Ken Takai: In short, Generation Y is quite important because people born between 1983 and 1995 are quite a powerful, or very huge, segment. It accounts for 21% of the world population … and 40% of the population of Japan. And they are young leaders or future leaders. In order to make a business or any organisation successful, to manage young leaders is very important.

In the research, were there any particular observations about Japan?

Twaronite: There were a few things that jumped out that may not surprise you. In particular, the Japanese millennial managers are finding it the most difficult, second only to Germany, in managing work and life. Additionally, workers in Japan have much less access to flexibility … The other nuance across all countries was six main reasons that millennials quit. The only country that did not list the number one reason to quit as stagnant wage growth was Japan. The number one reason was excessive overtime hours; and the second reason — [Japan] was the only country to even state this in the top six — was lack of mentors and role models.

Takai: What we found specifically in Japan was that, although we call the young generation Gen Y, they are not homogeneous. In fact, we found that there are two distinct groups within Gen Y. [About] 35% preferred hierarchy: the traditional way of management. But 39% said they preferred more freedom. So, although we have Gen Y, they are two distinctive groups; and if we treat them or communicate with them in the same manner, maybe the message does not reach them.

> “JUST BECAUSE WE DID IT A **CERTAIN WAY**, IS THAT REALLY STILL REQUIRED?”
>
> **Karyn Twaronite**

Considering it seems that things are going in the wrong direction — people are working more hours and we think they need more flexibility — what can we do?

Twaronite: From our research, people want more predictability where they can, and I think what they would like is for our formal policies to match the informal. Meaning that, if we say you can do these things, that you, in fact, can do them and there isn't a negative stigma. We're finding they don't necessarily want to work less and they're not necessarily less ambitious. We're finding that they want a little bit of ability to control when and where they work, at times … We're urging every one of [the] managers to take a step back … could we flex a little bit ourselves as management? Just because we did it a certain way, is that really still required?

Increasingly, Generation Y is making up management in our organisations. What are your views on how to manage somebody who is older than you?

Takai: It's a challenge, considering [the] traditional culture of Japanese firms. First is to change the mindset of everyone, not only of young people, but of older people, too. And in order to change [the] mindset, I think it's important to provide some training, especially for some older people, because their role and expectations are changing. Also, I would say that enhanced diversity — or, more importantly, inclusion — is a very important way to change the corporate pattern and also share value among people.

Intellectual Property Rights//

Stopping online counterfeiters

Text **GEOFF BOTTING**

Cracking down on counterfeit goods in a developed country like Japan normally isn't a big problem. When fraudulent items are sold in a bricks-and-mortar shop, inspectors can march up to the counter, examine the merchandise, and then arrange to quickly have the offenders shut down or arrested.

But when the goods are sold on the Internet, it's a different matter. Inspectors' access to the merchandise becomes much more difficult, if not impossible. Enforcement requires close cooperation with Internet providers, financial institutions, customs officials and, possibly, even trade negotiators.

Still, the EBC Intellectual Property Rights Committee has been reporting progress in Japan on stemming the flow of fake goods sold on the Net. The committee praises Japan's laws and the energy behind enforcement activities.

"Some of its approaches are even more advanced than those applied in Europe or the USA," the group says in the EBC 2014 white paper.

Key advocacy points

- → **Counterfeit goods on websites hosted outside Japan –** Japan should work with other countries to ensure that all legal and other necessary action is taken against the site operators.
- → **Online auction sites –** Closer cooperation needs to take place among ISPs, Japanese authorities and rights holders to check the authenticity of products auctioned on the sites.
- → **Tsuruhashi market –** Police should launch a coordinated and extensive operation to end the sale of counterfeit goods at the market in Osaka.

The National Police Agency reported 247 incidents involving counterfeit brand goods in fiscal 2014, with 381 people apprehended and 118,464 items seized. Both numbers were up from the year before.

But the shady sellers haven't been sitting idle. And in one area, they are managing to keep one step ahead of the authorities.

The committee points to online sellers whose operations, including computer servers, are offshore and, thus, out of the reach of Japanese authorities. These setups are typically in China, but target shoppers inside Japan. The sites can be detected by their use of odd Japanese language and extremely low pricing.

Such a problem tops the list of the committee's key issues and recommendations in the latest white paper, which states, "fundamental solutions are yet to be found".

Authorities in both Tokyo and Beijing are showing an adequate level of concern, according to committee chairman Laurent Dubois, who says he would like to see a bilateral agreement to tackle the problem. He doesn't expect to see such action anytime soon, however.

"I don't think the Japanese will be able to do anything directly with the Chinese

given the current political situation … It has got even worse since the Senkaku issues between the two countries," Dubois says, referring to a territorial dispute that flared nearly three years ago over islands in the East China Sea.

For now, zeroing in on customers' payments made in Japan is key to halting the practice, according to Dubois, who also is the Tokyo representative of the Union des Fabricants (UDF), the committee's main organisation protecting intellectual property globally.

The main payment methods are credit cards and cash transfers to bank accounts. Laws and industry regulations limit the actions the UDF can take, nonetheless.

"For payments by credit card, we cannot directly obtain the closure of the seller's account, as there is no way for us to know account numbers," explains Dubois, who is a partner at TMI Associates in Tokyo. So one option available is to contact the card company and request that payments made to a certain seller be rejected. Current banking industry regulations don't oblige the card company to comply; the decision would have to be voluntary.

It's a similar limitation with bank payments. "The police may ask the bank informally to close [bank accounts]," says the committee chairman. Opening a bank account in Japan tends to require more paperwork than in other countries. According to Dubois, many of the accounts are opened by Chinese students in Japan, who then "sell" them to the overseas retailers.

The EBC committee, through the efforts of the UDF, has been waging its war on counterfeiters for many years, a battle that intensified in tandem with the proliferation of online auctions and shopping malls. Yet, in the latest white paper, a new issue was added that even Dubois admits is "surprising" — and seems a throwback to earlier days.

The issue concerns a street market in Osaka. The group claims that around 30 of the shops in a Korea town in the Tsuruhashi district are routinely selling counterfeit goods, mostly fashion-related.

Why can't the police simply shut down the operators, given that their trade is conducted openly in a country with strong laws and active enforcement? Dubois shrugs before saying, "It's a matter of numbers, and they are very efficient at creating new sales spots; and so, then, we have to act on it again and again."

In other words, the authorities are trying to whack the proverbial mole. "The fact that these stores are run by ethnic Koreans adds a social problem to the intrinsic difficulty of the crackdown," he continues.

In the EBC white paper, the committee urges police to launch a "full-scale control operation under the Penal Code".

"The life of the counterfeiter is not all that easy now, but it is easy enough for them to continue; and it's enough for us to continue with our work," says Dubois. "Our function is to protect, and we will not survive if there are no more fake goods in Japan. Our intention is not to survive."

> “THERE ARE CHEAPER OPTIONS OUT THERE, BUT **OUR COMMITMENT** TO ANIMAL WELFARE AND QUALITY WAS PARAMOUNT FOR US”

Fish to fry ›

Cooking up authentic fish & chips

Text **ALLISON BETTIN** Photo **PADDY O'CONNOR**

In the land of sashimi, a tried and true recipe is being revived. But it's not served with a side of delicately sculpted ginger; try, instead, a heap of chips, a cup of gravy, and a zing of malt vinegar. Last year, Tokyo welcomed Japan's first authentic British-style fish and chips shop in Roppongi, and is set to welcome another in Shibuya this month.

The shop, named Malins after an Irishman said to have sold the first fish and chips on the streets of London about 150 years ago, is the brainchild of two Japanese and an Englishman who all have a shared passion for Britain's favourite food.

“During my time travelling to Japan,” says Dan Chuter, founder and co-director of Malins, “I truly felt there was a gap in the market: no fish and chips shop, and only non-authentic fish and chips being served [at other places].”

So Chuter, along with colleague Shingo Kanaoya and company president Ryuhei Takizawa, set out to open their own spot where fish and chips would be the star of the show, rather than merely an item on the snack menu. Also, they would use only the finest ingredients to fry to perfection.

“Dan and Shingo and me, we eat a lot,” says Takizawa. “But if we [wanted to start] a company and learn the business, [we would] first have to go to England to learn how to fry.”

So they did, heading off to the National Federation of Fish Friers, England's official trade association for all things fish and chips. After about 10 days of cooking and business training, Takizawa earned a “certificate [to launch] the first [authentic] fish and chips shop in Japan, and in Asia,” he says. “First and best.”

To maintain standards for ingredients, the team sources the freshest potatoes and cod possible. In Japan, that means heading north to the rugged pastures and seas of Hokkaido, famed for quality produce and seafood.

“From the [start], we wanted to find a supplier that could provide the best quality, ethical and responsibly sourced fish,” says Chuter.

In the far north of Shiretoko Peninsula — a world heritage site famed for its sustainable fishing industry — the Malins' team chose to source cod from the port of Rausu. “The land in this area is ... full of woodlands that supply the bordering ocean with nutrients and minerals that encourage a very healthy fish population,” says Chuter. “There are cheaper options out there, but our commitment to animal welfare and quality was paramount for us.”

So far, this sentiment has driven the company's success. Along with the second location in Shibuya, the team hopes to open shops three and four by 2016.

Prosperity comes from appreciation for Malins' commitment to quality, says Takizawa, especially within the expat community. “Fortunately, so many foreigners live in Tokyo, especially [in Roppongi]. So foreigners account for 25–30% of total sales”, he says.

Among Japanese customers, Takizawa continues, many have travelled to the UK and have fond memories of England's most iconic dish. But Takizawa hopes Japanese customers will see his company's fare as much more than just an occasional treat.

“Someday, [I hope] they take our fish and chips home to eat with their family once or twice a week,” he says.

“That's my dream. But it takes so long. Step by step.”

Industry Expert

Goal-oriented

There you are, a few decades ago, standing in your childhood home, looking up at your angry mother's red face and she is screaming at you to clean your room, eat your vegetables, or study harder, etc. etc. etc. Every day you would hear about what you should be, and should not be, doing. Almost everyone can relate to these "lessons", in one way or another; and, beyond that, can also very clearly remember that feeling of not wanting to listen. Your thoughts would usually include, "Why do I have to listen to this? Everything my parents tell me is annoying". Translation: You didn't understand why your parents were saying these things.

Now, fast-forward to present day; and, unfortunately, most people have a very similar situation. Especially within a sales organisation, your boss is always telling you whom to call, what terms to enter for the contract, how to negotiate, or how to close a deal, etc. etc. etc. Every day you hear about what you should be, and should not be, doing. And, again, you think, "Why do I have to listen to this? Everything my manager is saying is annoying." Similarly to your childhood, a deep-seeded resentment is then born. However, it must be understood that the catalyst of this "birth" is not a disagreement with the message being delivered; rather, it is from a misunderstanding of why the message is being delivered.

For sales, one of the most blaring examples of these "annoying lessons" involves KPIs — Key Performance Indicators. Most sales organisations evaluate, promote and fire based on KPIs; and managers use them to quickly assess the current situation of their team(s). Therefore, managers are often talking about and drilling their teams to keep hitting their KPIs; but, usually, they don't go beyond the explanation of "KPIs are important because your evaluations are based on them".

So, this begs the question, why do KPIs exist? Just as your parents yell in an effort to teach you a valuable lesson, your manager yells about KPIs with the exact same intent. KPIs can act as a blueprint to generate revenue. However, like with anything, before you begin, you first need to define a goal. Once that goal is set, you can then calculate the KPIs that will allow you to achieve that goal — and, with this process, you have successfully created the aforementioned blueprint.

"In the absence of a tangible goal, your KPIs will erroneously become your goals"

It must be understood that, without a goal, your KPIs will not assist you and, in fact, do just the opposite. Worst-case scenario, in the absence of a tangible goal, your KPIs will erroneously become your goals. And when the sole purpose of your work becomes achieving your KPIs, you will lose sight of closing deals and will be destined for mediocrity.

Ash Elfadeli, Director, IT Division, Intelligence Global Search (IGS)

Defining and setting goals is vital for anything that you do, personally or professionally. I work out religiously, and have done so for more than 10 years. It has been the existence of goals that have allowed me to become stronger, lose weight and get fitter. When I began, my goals were to squat 100kg, deadlift 160kg, and bench press 100kg. Then, based on those goals, I was able to put together KPIs to help me achieve them. As my goals changed, my workout regimen (KPIs) also had to be adjusted.

The next time your manager talks to you about KPIs, try not to sneer. Conscientiously define your goals and analyse how your KPIs are going to help achieve them. A genuine effort to accept your KPIs will result in a dramatic increase in productivity. Adjust your mindset and the way of thinking about KPIs, and you will start to understand all the lessons your parents were trying to teach you.

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Super *kaizen*

Re-engineered for brand growth

As someone who stands with one foot planted firmly in strategy and the other in creativity, I am a big proponent of *kaizen*, the Japanese notion of continuous improvement. The strategic planner in me knows that the marketing landscape is always shifting, so continuous improvements and adjustments are necessary. And the creative side of me loves the idea of continuously crafting a story through an ever-changing lens.

As almost everyone knows, the principles of *kaizen* are most closely associated with the Japanese manufacturing process, in particular those of Toyota Motor starting back in the early 1950s. Then in 1986, Masaaki Imai introduced the concept to the world in his book *Kaizen: The Key to Japan's Competitive Success*, which has now been published in over 14 languages. Since that time, the theory and practice of *kaizen* has spread, and is implemented in a wide variety of manufacturing and non-manufacturing work environments.

But my *kaizen* is not the *kaizen* of old. I'd like to introduce you to a new concept that is in the tradition of continuous improvement, but re-engineered for brand growth. I call it super *kaizen*. Super *kaizen* addresses today's world that we at our company refer to as VUCA – volatile, uncertain, complex and ambiguous (if you're a pessimist), or vibrant, unreal, crazy and astounding (if you're an optimist). Either definition of VUCA calls for the same thing: continuous reinvention and reframing to meet customer needs, while holding true to a value system that is meaningful to internal and external stakeholders.

The idea of super *kaizen* evolved initially by turning the same tools and skills we apply to external stakeholders (consumers) inwards to stakeholders within an organisation. We recognised the value added to a brand, and its marketing communications efforts, when all employees inside the company participate in the brand's beliefs as ardently as the marketing department does. One directly impacts the other. For example, where would Apple be today if product designers weren't as passionate about every little design element as the marketers who fly the flag of the "Think Different", or vice versa? But I'm not just referring to product-focused understanding and alignment. I'm also talking about higher values to which the firm and brand adhere.

Gaining this type of internal-external alignment has tangible value, but getting there is not as easy as one might expect.

> "SUPER *KAIZEN* ADDRESSES **TODAY'S WORLD**"

One of the best examples of tangible value over time is The Stengel 50. Jim Stengel, former Global CMO of Procter & Gamble – together with Milward Brown – developed a list of the 50 fastest-growing brands with a so-called "higher purpose". They then studied the financial success of these brands over a 10-year period. Not only did the brands have deeper relationships with customers, they also performed better on the stock market. The Stengel 50 were almost 400% more profitable as an investment compared to the S&P 500 over a 10-year period (2001-2011). You can learn more about this in Stengel's book, *Grow: How Ideals Power Growth and Profit at the World's Greatest Companies*.

To build a super *kaizen* environment, we begin by completing a Brand Purpose, which consists of six segments: 1. Character; 2. Beliefs; 3. Spirit; 4. Greatest imaginable challenge (*GIC*); 5. Focus; and 6. Dream. To depict how these segments are connected, imagine that our *Dream* is to reach a place never before reached (and maybe never quite to be reached). Our *Focus* is our compass, used continuously to guide us along the path. Our *GIC* is a significant challenge we must overcome while following the path towards the *Dream*. Our *Character*, *Beliefs* and *Spirit* are what we are able to take with us along the way.

We build a Purpose Chart with skill sets similar to what are deployed to build brand architecture and, eventually, a communication strategy. For our company, that includes utilising assets such as proprietary research tools and brand-building methodology.

Lastly, we deploy a system allowing us to constantly review and evaluate the relevancy of the *Focus* and the *GIC*. And we develop assets to deliver on the *Focus* for internal and external stakeholders that directly address the *GIC*. Super *kaizen* remains a relevant process built for continuous improvement, addressing all stakeholders, thanks to a well-defined Brand Purpose.

PHILLIP RUBEL is the CEO of Saatchi & Saatchi Fallon Tokyo

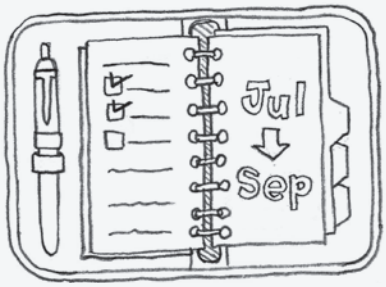
Haruno Yoshida

President and Representative Director of BT Japan

reads

eurobiz JAPAN

Upcoming events



▸ Belgian-Luxembourg Chamber of Commerce in Japan

www.blccj.or.jp

Pool & BBQ Party

29 August, Saturday, 14:00-21:00

Venue: Hilton Tokyo Bay, poolside, Maihama
Fee: ¥10,000 (members); ¥12,000 (non-members); children up to 12, half price; children up to 4, free
Contact: *info@blccj.or.jp*

Belgian shop at Belgian Beer Weekend Tokyo

19-23, September, Saturday-Wednesday, 11:00-22:00

Venue: Roppongi Hills Arena, Roppongi
Fee: Pay for what you buy
Contact: *info@blccj.or.jp*

▸ Finnish Chamber of Commerce in Japan

www.fccj.or.jp

FCCJ Yakatabune Event

Finnair AY4159 - Honka HJ4169 Code-Share Cruise

27 August, Thursday, 18:30-21:00

Venue: Funayado Miuraya, Asakusabashi or Bakurocho stations
Fee: ¥10,000 (members), ¥12,000 (non-members)
Contact: *fccj@gol.com*

FCCJ Luncheon Meeting

15 September, Tuesday, 12:00-14:00

Speaker: Hiroshi Kishino, president, Amer Sports Japan
Venue: Grand Hyatt Tokyo, 2F, Drawing Room
Fee: ¥6,000 (members), ¥8,000 (non-members)
Contact: *fccj@gol.com*

Compiled by **DAVID UMEDA**

▸ French Chamber of Commerce and Industry in Japan

www.ccifj.or.jp

Networking party

4 September, Friday, from 18:30

Venue: Hotel Chinzanso Tokyo, Mejiro Station
Fee: ¥7,000 (members and non-members)
Contact: *n.yoshida@ccifj.or.jp*

▸ Ireland Japan Chamber of Commerce

www.ijcc.jp

IJCC 3rd Thursday Networking Event

16 July, 17 September, from 19:00

Venue: Slainte, Ebisu (July); to be confirmed (Sep)
Fee: Free (members and non-members)
Contact: *secretariat@ijcc.jp*

IJCC Joint Networking Event with the BCCJ

10 September, Thursday, from 19:00

Venue: Irish Ambassador's residence
Fee: ¥5,500 (members), ¥7,000 (non-members)
Contact: *secretariat@ijcc.jp*

▸ Italian Chamber of Commerce in Japan

www.iccj.or.jp

Workshop. Negotiation: at work, in Japan, in life – critical skills for success

14 July, Monday, 19:00-21:00

Speaker: Jay Ponazecki, business partner, Morrison & Foerster, Tokyo office
Venue: Italian Chamber of Commerce in Japan
Fee: ¥4,500 (member), ¥6,000 (non-member) - light bento included
Contact: *iccj@iccj.or.jp*

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Holger Kunz

President & CEO, Executive Vice President Asia-Pacific TÜV Rheinland Japan

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Photo **BENJAMIN PARKS**

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