

MAKING MISSION IMPOSSIBLE POSSIBLE

A report on the ACCJ/JETRO Investment
Development Mission to the United States

By
Thomas J. Nevins

ACCJ Representative
and
Mission Coordinator
Chairman, ACCJ Employment Practices Committee

"Good morning Mr. Phelps. Your mission, should you choose to accept it . . ."

Everyone remembers that opening line from the popular TV series, Mission Impossible. Peter Graves and the rest of his old Impossible Mission Force would have been hard put to keep up with the pace set by the ACCJ/JETRO Investment Development Mission to the United States last October. In fact, except for Willie, Mission Impossible's strong man, the pace of visiting 23 cities in 17 states in 16 days, might have well been Mission Impossible. Tom Nevins, who is the managing director of Technology/Management Transfer, Inc., accompanied the Mission as the ACCJ's representative, not only kept up with the torrid pace, but since returning to Japan and catching his breath, has written this report of his observations on the Mission's trip and the lessons learned therefrom. So take a deep breath and plunge in.

When Dr. William Smith Clark was leaving Japan in 1876 after a year of teaching at what is now Hokkaido University, he left his students three words of advice: "Boys, be ambitious!"

Last October, the American Chamber of Commerce in Japan (ACCJ) and the Japan External Trade Organization (JETRO) made being ambitious pay off in a big way. That's when nearly two years of planning and hard work paid off and the ACCJ/JETRO Investment Development Mission to the United States became reality.

Commonly referred to as the Invest-in-U.S.A. Mission, it had no precedent in terms of scale or breadth of program. The Mission's 53-members visited 17 states in

16 days between October 13-28, and that includes travel time from Japan to the U.S. and back again. Several state governors, the mayors of all major cities and towns, and top state and port development people were among the hundreds of Americans involved in greeting, briefing and entertaining Mission participants. There were tens of hours of nuts-and-bolts lectures, visits to 12 industrial parks, about as many free trade zones and to 23 Japanese companies which have already invested in the U. S.

Mr. Minoru Masuda, former Vice Minister for International Affairs at the Ministry of International Trade and Industry (MITI), led the mission which was composed primarily of the heads of medium

and small enterprises from throughout Japan. The investment tour centered on six key cities: San Francisco, Chicago, New York, Atlanta, Dallas and Los Angeles. At each key city, Mission members were usually divided into four sub-groups with 17 optional tours to other nearby cities such as Battle Creek, St. Louis, Kansas City, Cincinnati, Walworth (Wisc.), Kankakee (Ill.), Boston, Pittsburgh, Philadelphia, Richmond, Owenboro (Ky.), Charleston (W.Va.), San Diego, Phoenix and the Delaware Port area.

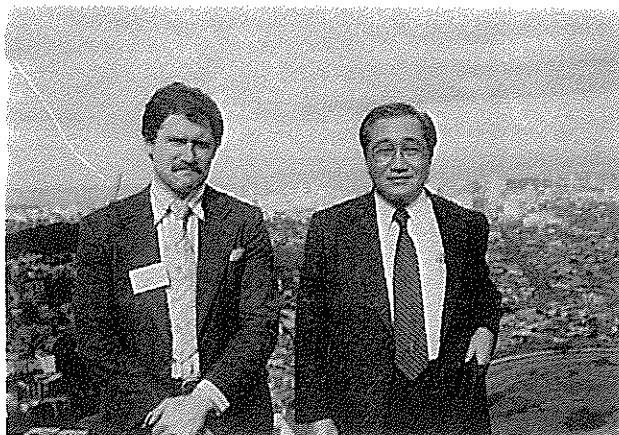
Getting the Mission off the ground for the ACCJ was the Invest-in-U.S.A. Committee (Ad Hoc). JETRO, through its JETRO Centers throughout the United States, worked closely with hosts and planning committees throughout the U.S. for weeks in advance. It was JETRO's dedication and hard work, along with the drawing power of the Mission's leader, Mr. Masuda, that brought in the Japanese participants and saw the Mission through to a successful conclusion.

The American Embassy in Tokyo also played an invaluable part, with particular support coming from Economic/Commercial Officer George Mu, who played a dual role by filling in as chairman of the Invest-in-U.S.A. Committee (Ad Hoc), when the Committee's original chairman was transferred.

The mission also benefited from MITI, Keidanren (Japan Federation of Economic Organizations), Japan Chamber of Commerce and Industry, U.S. Chamber of Commerce and U.S. Department of Commerce backing. In addition to Mr. Masuda, five other individuals accompanied the mission participants from Tokyo throughout the U.S. — a three-man team from JETRO under Mr. Shinsaku Sogo, Director, Overseas Public Relations; Mr. Hiromi Ushijima, Senior Specialist, Economic/Commercial Section, U.S. Embassy, Tokyo; and myself, representing ACCJ.

EVALUATION OF PROGRAMMING — THE JAPANESE WERE OUR BEST SALESMEN

I feel that the mission was a great success in that all the Japanese participants were extremely satisfied with the program. It not only allowed them to meet many top American politicians, business and community figures, but also provided them with concrete and detailed information on such varied topics as American free trade zones, real estate procurement, tax structures, regional investment incentives, the

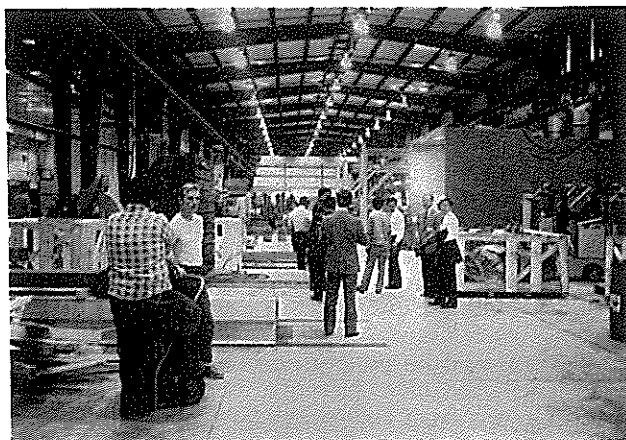


LOOKING NONE THE WORSE for jet lag, Mission leader Minoru Masuda (right), former Vice Minister of MITI for International Affairs and the ACCJ's Tom Nevins, posed on a hill overlooking San Francisco, immediately after arriving in the United States on October 13.

industrial and labor relations climate, the legalities involved in setting up and operating U.S. plants and facilities and other information on the American industrial infrastructure including transportation facilities available. Extensive visits to industrial parks and the opportunity to meet the individuals running these facilities also gave the potential, Japanese investors many specific names and addresses to which follow-ups may lead to investment.

The tendency in some regions to bad-mouth other areas represented an un-

JAPANESE COMPANIES ALREADY manufacturing in the United States were of great interest to Mission participants. Here they inspect the facilities of Yamazaki Steel near Owensboro, Ky., on one of the many optional tours available to them.





HOST CITIES WENT ALL OUT to provide a warm welcome to this first-of-its-kind Mission. Illustrative of this was the large turnout of civic and business leaders at this briefing in New York City.

pleasant taste of sectionalism which was probably quite difficult for the Japanese to identify with. It seemed that the Japanese could see through these attempts to disparage other regions. Locales and speakers who merely presented the facts seemed to come across better than those speakers who deprecated other regions of the country. Another observation is that there was an awful lot of "we're Number 1" heard throughout the country. The Japanese made many jokes about the "Americans liking Number 1" and often stories conflicted or there were downright contradictions between regions and cities.

At this point, it might be mentioned that, in general, the presentations and speeches from Americans tended to be of a general nature, lacking practical application for Japanese about to invest in the United States. This suggests that for any such future missions, American speakers should be programed better. In this sense it was more effective for the Japanese to hear from Japanese who were familiar with business practices in both Japan and the

United States and who could "speak the same language." Such presentations seemed to be more readily identifiable and meaningful to the Japanese mission members.

Fortunately, there were many visits to Japanese companies, and these opportunities for the Japanese mission participants to be briefed by Japanese who had just, within the past year or several years, set up operations in the United States were extremely useful. In that the mission participants generally represented small and medium-sized enterprises, it was of special reference and interest to them to visit smaller Japanese companies that had set up operations in the United States, sometimes with initial capitalizations as low as \$30,000 to \$50,000. It was the Japanese officers of those companies now in the United States who seemed to be best able to make presentations to the Japanese to which the mission participants could identify with. They were our most convincing salesmen.



MISSION MEMBERS ARE HIGHLY ATTENTIVE as an American briefer explains warehouse and distribution facilities available. Throughout the trip, JETRO representatives in each locality acted as translators, guides, and sources of information to Mission members. JETRO's logistical support was largely responsible for the Mission's success.

There is nothing surprising about this, however, and certainly it is important to expose the Japanese mission participants to a large number of American government and business leaders and to be briefed by them from an American perspective. In general, there was a good balance between briefings and addresses by American sources and Japanese sources in the Japanese language.

AMERICAN LABOR AND THE RACIAL MIX — THE BIGGEST HEADACHE

Without question, the area most challenging and distressing to potential Japanese investors in the United States are the problems of American industrial-labor relations, the personnel function within the company, and the threat of unionization. As Japanese companies grow in the United States and begin to hire several hundred workers, they become the target of unionization, with the most aggressive efforts seeming to come from the Teamsters. This is probably because Japanese companies

in America have followed, quite closely, American personnel relations practices; a more Japanese approach might have saved them.

Several companies visited are currently having to contend with vigorous unionization campaigns by organized labor. It seemed that several companies lost their one shot opportunity to have the "right" union — although admittedly not as right as the one they always enjoyed in Japan. Management opposed internal unionization attempts or those from weaker unions, until they came up against a strong and determined group (like the Teamsters). I also got the feeling that top management was too interested in rapid market penetration with a tendency to leave the personnel function too much up to what could be somewhat mediocre American managers.

High turnover among American workers and the need to run company meetings in as many as four foreign languages (particularly in the L.A. area, where some



DESPITE THE SIGN IN THE BACKGROUND, good intentions sometimes went astray. Tom Nevins explains a transportation snafu at the Battle Creek, Mich. airport, that delayed this group's return to Chicago.

companies had all signs posted in English, Korean, Spanish, and Japanese) also seemed to be the areas most challenging and distressing to Japanese accustomed to the homogeneous society with which they are familiar here in Japan.

Another point which repeatedly came out in the discussions among the Japanese was the apparent lower productivity level and comparative lack of dexterity in the fingers of American workers. Several Japanese plant managers insisted that productivity at the same machine, with the same amount of experience and training

ALL WORK AND NO PLAY makes Taro, as well as Jack, a dull boy. Despite their busy schedule, Mission members took the time to visit The House That Ruth Built—Yankee Stadium. This group is viewing the center field memorials honoring Babe Ruth, Lou Gehrig, Miller Huggins and Ed Barrow and other Yankee greats.



background, would have the American worker some 20 to 30% less productive than the Japanese worker in Japan.

There was less turnover among the Asian immigrants in the work-force, (particularly those from Korea, Taiwan and the Philippines), throughout the country, and this tended to fill the ranks of blue-collar workers with a disproportionate number of these Asian-Americans.

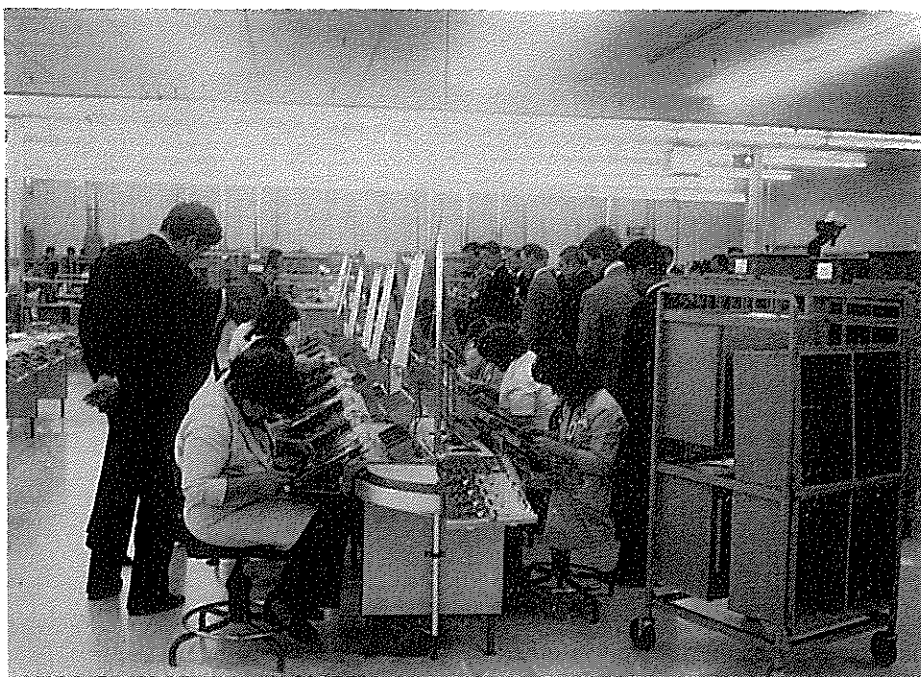
OTHER FRUSTRATIONS AND PROBLEMS — DOG HAIR IN MY CRACKERS

It was interesting to note the types of problems which Japanese firms have faced in their investment attempts in the American market. Their experiences can also be of instructive value to American firms entering the Japanese market. Just as with American firms in Japan, there were many Japanese firms which entered the American market and were forced to withdraw taking heavy losses. Investigation reveals, however, that these were normally cases of joint-venture operations. Japanese interests seemed to conclude that a full commitment of direct 100% owned capital investment was the formula for the greatest success and that "you can't leave your business up to others."

Familiar themes were also repeatedly heard, one of the chief problems being a lack of communications between the Japanese management from the head office and the local American-based staff. Several Japanese managers emphasized the need to bring home office directors out to the United States to study and experience the operations themselves. A major problem seemed to be the lack of understanding of the American market and American business practices on the part of Japanese head office personnel.

As the only non-Japanese mission member, it was sometimes amusing to get the Japanese perspective on things by listening to what were often dialogues and exchanges by the Japanese and for the Japanese. Complaints, which are seldom voiced to "gaijin" factions, were heard, but all in all the Japanese are doers, not complainers. They seemed to be dealing pragmatically with things as they are.

The omni-present tendency for Americans to litigate seemed odd in the basically non-legalistic, "talk it out" Japanese context. Certainly this along with ever-creep-



THE PRODUCTIVITY OF AMERICAN WORKERS was of great interest to the Mission members. Here they watch women employees at a NEC facility in Dallas.

ing government controls at all levels, particularly in such unfamiliar areas as "affirmative action," greatly tax management's time and effort. It was interesting to note, however, that the Japanese line managers make it their own personal business to know these laws, and are expected to know them, in a way that few of our American managers seem to really know Japan's.

If you asked, you could hear other familiar complaints about procuring visas, etc., and foreigners in Tokyo should note that while the immigration authorities in Japan are trying to secure the budget for a convenient, down-town office (if they are successful, we can kiss Shinagawa good-bye), going through immigration procedures at a Stateside office can be a humiliating, full-day experience.

As for non-tariff barriers these too seem to work two ways. Any of you would have been convinced that justice was not done to one of the mission participants when he first tried to enter the U. S. market back in the 60's. They told him at New York customs that there was dog hair in his prawn crackers. He good naturedly relates that they wouldn't listen at all to his shrimp whiskers' defense.

REGIONAL PREFERENCES — "WE CAN WORK 11 HOURS IN CHICAGO"

With the exception of the New York area, individual opinions among the mission participants varied as to which region they were most attracted to for investment. In New York the main blooper was to show the Big Apple's worst bruise — the South Bronx. It was foolish to think that the Japanese might be naive enough to invest in this part of the city where few Americans are willing to walk, let alone invest capital.

Generally, the Japanese did look favorably upon Chicago in that it is in the center of the country and at the center of the U. S. market. Furthermore, being from a nation that has only one time zone, the Japanese seemed impressed that having an office in Chicago would enable them to work a long day. For example, it is possible to call New York as early as 8 o'clock in the morning and place a phone call to Los Angeles or San Francisco as late as 7 o'clock in the evening.

Other than this, there seemed to be a general consensus that the Los Angeles area was culturally comfortable and hospitable with its large Japanese and other

Oriental populations and food and services available, etc. Especially for marketing food products, it seemed that the Los Angeles area would be useful as an initial regional market.

The temperate climate, and comparative lack of unionism in the Sun Belt, made the South attractive. The Texans (Dallas — Fort Worth) seemed especially successful in getting across the idea that it is an environment fertile for business, with a hardworking, non-unionized population, and high growth potential.

But a city like Boston also seemed to impress the participants. The local hosts scored by getting across an image of cultured tradition and capitalized on the images of Harvard and MIT. Maybe the Japanese thought they were in Kyoto.

What with worldwide shortages of energy, and the bad publicity on recent frigid winters in some U.S. cities, there is no question that other persuasive factors will be required to draw Japanese investment to those areas.

There is also no doubt, that coming from this haven of safety (and police boxes on every corner), the Japanese are uptight about crime and feel uncomfortable with dilapidation and filth as manifested by broken windows in abandoned warehouses and factories. There are broken down buildings in Tokyo — plenty of them — but the Japanese can feel comfortable with them in the same way that they don't feel threatened by their open sewers.

In trying to attract investment some of these points should be kept in mind. It should be strongly emphasized that there are vocational training facilities, junior colleges, etc. which can assist investors in lining up skilled workers (very much perceived by the Japanese to be lacking). Actually, the big difference is that high employee turnover and the lack of Japanese-style lifetime employment, preclude the extensive internal training that is practiced in Japan. In the States they are not assured that the investment will pay off.

Other than these general observations, opinions as to which area of the country was most attractive were more based upon individual circumstances such as whether or not Japanese had already known an American interest in that area from their same industry or whether or not they had an opportunity to meet an American in-

terest whom they trusted and felt that they could carry on follow-up correspondence.

WILL THE MISSION GENERATE ACTUAL INVESTMENT ?

After conversing with and getting to know virtually all of the mission participants and based upon the seriousness of their questions, and general attitude displayed by them, I would make an only partially objective evaluation that within the next three years, as many as 85% of the participants will take some action as an outgrowth of this investment mission. My guess is that 45% will construct 100% owned direct investment manufacturing facilities; 20% will engage in some sort of a licensing or joint-venture agreement while, unfortunately, some 20% will not take the step to actually invest in production facilities but will rather end up using this mission as an opportunity to study the export market and to increase or begin to develop an export presence in the United States.

For an additional 15% of the participants, namely the representatives of two major banks that already have an extensive presence in the United States, and for semi-government financial and consulting institutions specializing in providing services to medium and small enterprises, this investment mission merely served as an opportunity for them to better serve their Japanese clients interested in investing or with a potential to invest in the United States market. Other Japanese companies will at the same time use it as an opportunity to increase their imports from the States.

This was not only the first Japanese investment mission to the U.S., but because mission participants mainly represented medium and small enterprises from throughout the country, and since they are prominent members of the local communities, active in local Lions, Rotaries, etc., it is expected that ACCJ and the mission in general should get excellent local publicity, and have a multiplier effect on Stateside investment activity.

ASSORTED OBSERVATIONS

As so few of the participating members spoke a functional grade of English, and since, the local JETRO people were Japanese and the tour guides were Japanese, all of the orientations, internal briefings,



KAMPAI! Back in Tokyo, Joseph Christiano, Commercial Counselor at the U.S. Embassy, leads a toast celebrating the successful conclusion of the Invest-in-U.S.A. Mission at a reception in JETRO's Tokyo offices. The American Embassy in Tokyo was a backer of the Mission. Such a close camaraderie was developed among Mission participants that they have proposed an annual get-together to renew their friendships.

logistical guidance and verbal and written instructions appeared only in the Japanese language. From the notices on hotel bulletin boards to the detailed daily schedules, only materials in the Japanese language were available. Furthermore, in order to establish rapport with the mission participants and in order to be aware of what the Japanese are discussing and concerned about among themselves, I cannot emphasize enough that any ACCJ representative on such a mission in the future must have a functional reading and speaking ability in the Japanese language.

I was also impressed with the long way the ACCJ must go (assuming we want to) in making its existence known to business leaders throughout the United States and even to the leaders of local Chambers of Commerce throughout the nation. Those Americans that I met found it difficult to conceptualize that there was such an active and organized American business presence in Japan and, certainly, were not aware of the significant accomplishments we have been making in terms of white papers and lobbying efforts in Washington, etc. ACCJ might consider a stepped-up program to

reach business and community leaders at a grass roots level in the United States.

A few other miscellaneous points of interest:

1. *Suitcases full of samples* — The Japanese not only took notes constantly and attended almost all optional seminars, etc., but many carried their consumer-oriented products with them and arranged for on-the-spot shelf tests at supermarkets, etc. All this with 6:30 morning calls.

2. *Publicity* — From half-page picture articles in all the leading big city newspapers and small town editions throughout the country, to major network T.V. coverage, the mission, JETRO and ACCJ enjoyed extensive publicity.

3. *Plugs for American consulting services* — For those under the impression that the Japanese work things out on their own, it was nice to hear various Japanese parties encouraging mission members in Japanese to make use of American accountants, executive search firms, lawyers,

management consultants, and even (in some cases) banks.

4. *Stay away from Sogo Shosha* — This was one of the biggest surprises and something that even a few intelligent foreign concerns exporting to Japan are beginning to realize. Japanese told other Japanese that these General Trading Companies were too large to properly look after a minor product line. The message was to “use your legs,” interview extensively and find just the right specialty American distributor, or better yet, set up your own distribution system, and make a full commitment.

5. *Japanese human relations and “after service” does it again* — Upon our return to Japan JETRO sent out an immediate letter of thanks, arranging for a “picture swapping” buffet party for those of us who had traveled together in the States (53 people), and more recently hosted another party for mission participants and for all those involved in planning the mis-

sion at ACCJ. Another notice came in late December saying that “there is popular demand for a reunion of mission members every year, perhaps on October 13th” (our departure date). Not only joining a company, but also a mission, requires a life-long commitment in Japan! And isn’t this same quality and after service a large factor in winning Japan customers throughout the world?

Finally, let me conclude by saying that JETRO did an excellent job in assuring that this very busy mission was organized and consummated superbly. JETRO was, indeed, a good partner (especially because it did most of the work!), and further future cooperation along these lines with JETRO should seriously be considered. In fact one of the key gains of the mission was that ACCJ had this opportunity to work with, and get closer to, JETRO and MITI. These new channels of cooperation can conceivably lead to, for example, a reverse effort, or an Invest-in-Japan Mission of U. S. industrial interests.



KORN/FERRY INTERNATIONAL

MANAGEMENT CONSULTANTS
IN
EXECUTIVE RECRUITMENT

TOKYO • SINGAPORE • LONDON • PARIS • BRUSSELS
SAO PAULO • NEW YORK • LOS ANGELES • SAN FRANCISCO
CHICAGO • HOUSTON • DALLAS • ATLANTA • MEXICO CITY
CARACAS • MONTERREY • HONG KONG • KUALA LUMPUR

KORN/FERRY INTERNATIONAL-JAPAN
AIU Bldg., 7th floor, 1-1-3 Marunouchi, Chiyoda-ku, Tokyo 100, Japan
Telephone: 211-6851/Telex: J23745