

## Roundtable

# Demystifying Japan

@jetrousa



#JETROSymp

# Masa Ishii

Managing Director

AZCA, Inc.


Visiting Professor, WASEDA Business School

- Internationally recognized as an expert in US-Japan corporate development, and as a visionary in innovation and entrepreneurship
- Partner at Noventi, a VC firm focusing on early stage technology investments
- Formerly worked at McKinsey & Company, Inc. and IBM

# AZCA

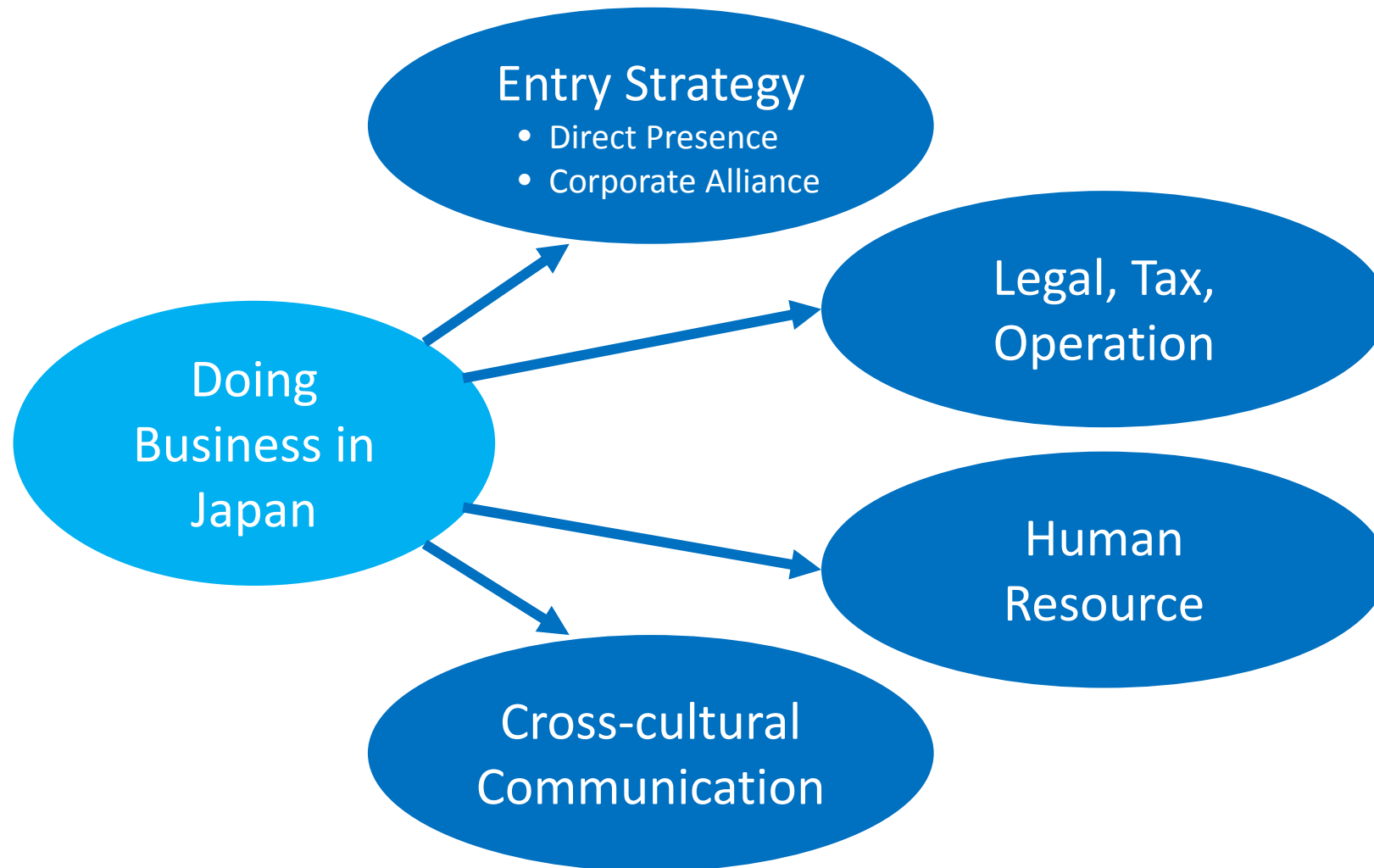


# Rankings on Ease of Doing Business

	2009	2010	2011	2012	GDP (2012; \$Billion)
Singapore	1	1	1	1	275
Hong Kong	3	3	2	2	263
South Korea	23	19	15	8	1,130
Thailand	12	12	16	17	366
Malaysia	21	23	23	18	305
 Japan	13	15	20	20	5,960
Taiwan	61	46	24	25	467
China	86	89	87	91	8,227
India	132	133	139	132	1,842
USA	4	4	4	4	16,245

# Doing Business in Japan

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# Toshiya Otani

Managing Director  
TransLink Capital



- Co-founder and Managing Director of TransLink Capital
- Former President of Hikari Tsushin's VC operation in the U.S.



# Andrew Lindquist

Sales Director

High Street Partners, Inc.

HIGH STREET PARTNERS



# HSP

INTERNATIONAL EXPANSION SIMPLIFIED



- Spent six years in Japan as a General Manager and local Representative Director
- Launched new technology and services and managed regional M&A activities while he was in Japan



# MYTH VS. REALITY – ENTITY ESTABLISHMENT

- **Myth – Setting up an entity in Japan is difficult**
- Reality – Straight forward
  - Minimum capital requirement: 1 JPY
  - Incorporation complete in 4-6 weeks
  - Timing to set up a bank account can be a factor
- Considerations
  - PE threshold relatively low
  - Entity structures
  - Bank accounts
  - Representative Directors

# MYTH VS. REALITY – JAPAN OPERATIONS

- **Myth – Now it's going to easy**
- Reality- There will be challenges ahead
- Tax & Compliance
  - Corporate
  - Consumption Tax
  - Statutory Employee Benefits

Corporate Taxes	2014 Estimated Rate %
Corporation tax	25.500
Special local corporate tax	4.292
Business tax	3.260
Prefectural and municipal tax	5.280
Total tax	38.332
<b>Effective rate</b>	<b>35.640</b>

Social Health Insurance (SHI)		Social Pension (SP)		Child Care Fund (CF)		Nursing Care Insurance		Workers' Compensation		Unemployment	
ER	EE	ER	EE	ER	EE	ER	EE	ER	EE	ER	EE
4.985%	4.985%	8.56%	8.56%	0.15%	0.00%	0.775%	0.775%	0.35%	0.00%	0.85%	0.50%



# JAPAN OPERATIONS - HR

- HR Considerations
  - Employees typically under an indefinite contract (no at will employment)
  - Mandatory work rules
  - Customary benefits vs. statutory

# JAPAN SUCCESS FACTORS

- Preparation
- Key Hires
- Partners
- Continued Involvement
  - Create opportunities for exchange of information
  - Strategic Visits to and from Japan
  - Set the bar high and be prepared to adapt

# Steve Skrysak

President & Founder

Pacific Reach Advisors, Inc.



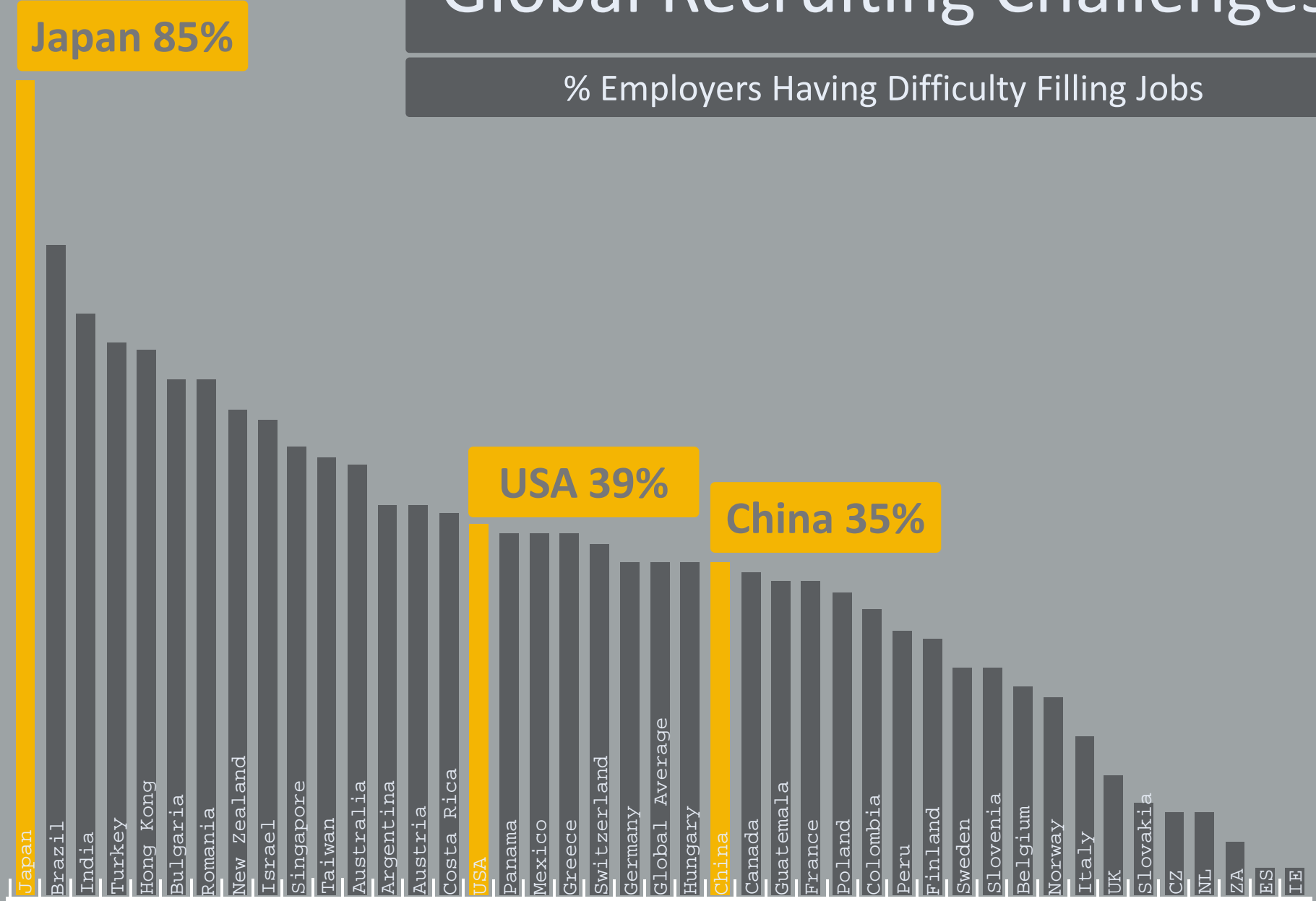
Pacific Reach  
A D V I S O R S

- Formerly Technology Director at CDS K.K. – the Executive Search arm of Recruit Co. Ltd.
- Built one of the leading technology recruitment practice in the Japan market, completing hundreds of searches for US technology companies



# Global Recruiting Challenges

% Employers Having Difficulty Filling Jobs

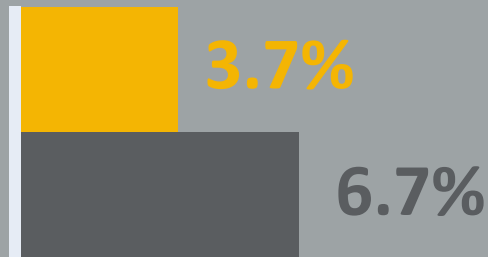


Source: Based on data from Manpower 2013 talent shortage survey.

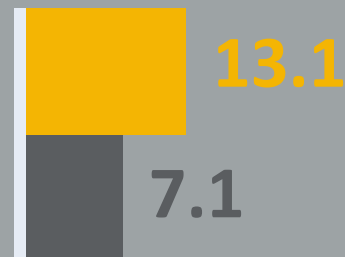
Japan USA

# Demographics

## Unemployment



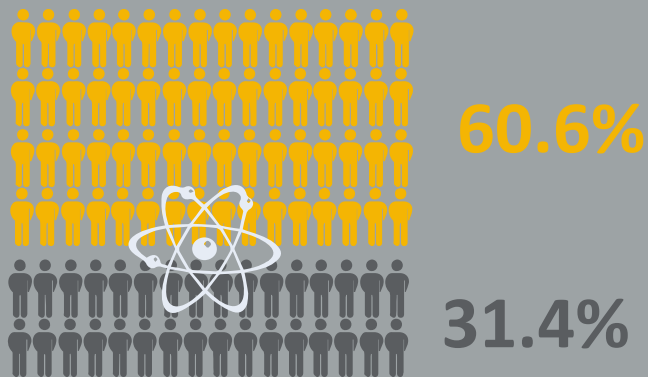
## Average Job Tenure (Men)



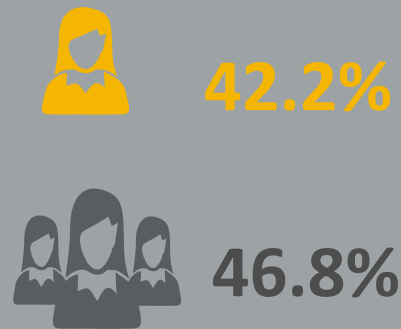
## English Proficiency (TOEFL Rank Asia)



## Sci. & Eng. Degrees



## Labor Force (% Female)



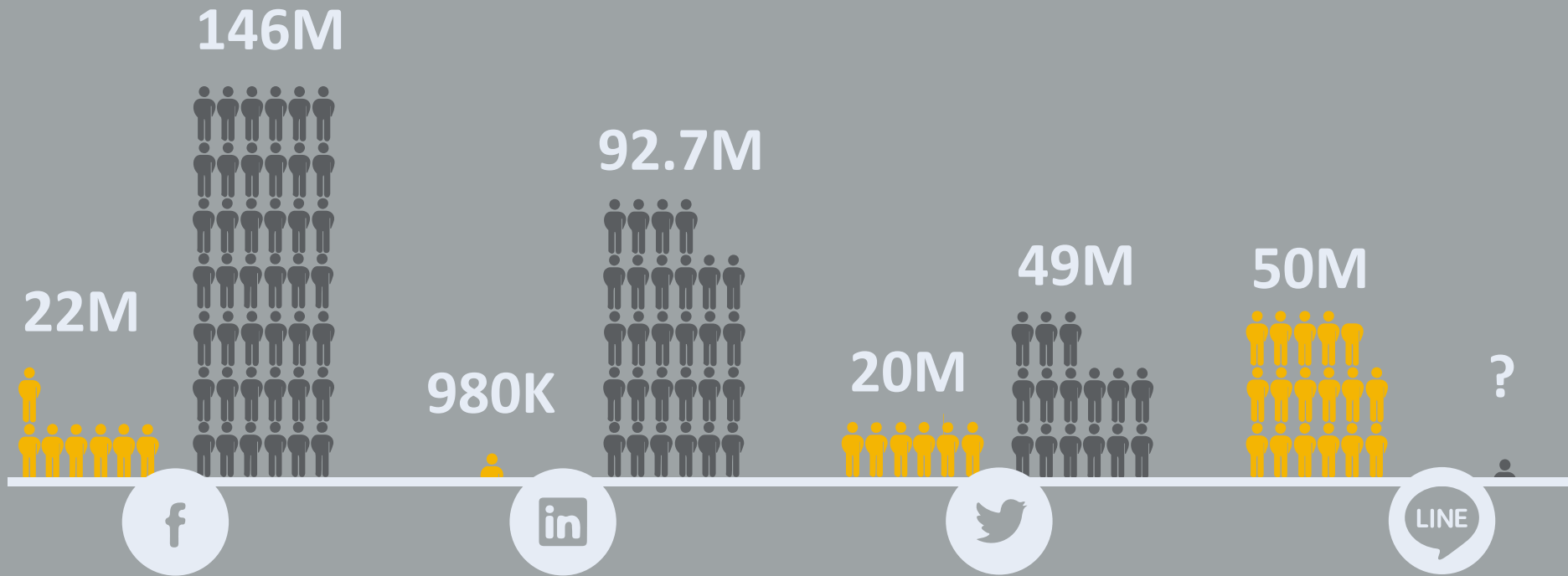
## Mgt. Talent (60 Countries)



Sources: Based on data from ETS (TOEFL iBT Total and Selection Score Means; JILPT); US Bureau of Labor Statistics; Census Bureau; Statistics Bureau of Japan; IMD World Competitiveness Yearbook.

Japan USA

# Social Media

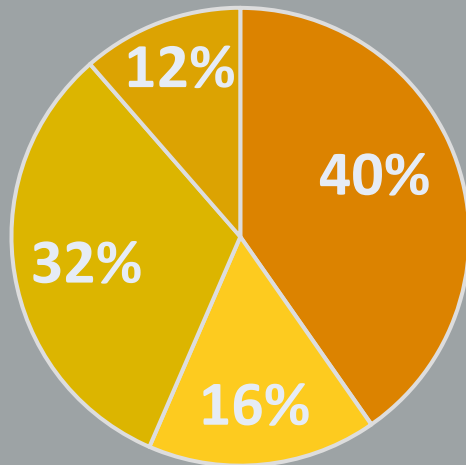


Sources: Based on data from We Are Social SG; eMarketer; Social Bakers; Mynavi News; Business Insider; Keizai Shimbun.

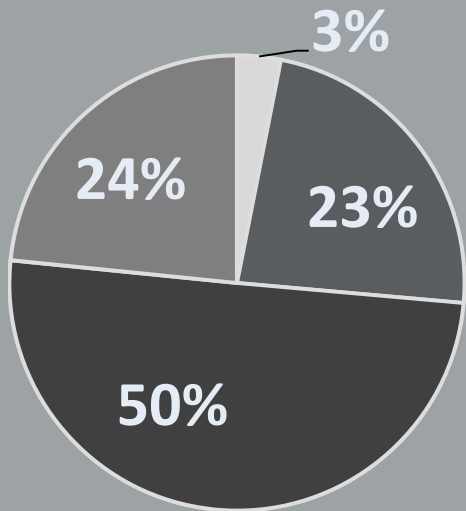
# Hiring Channels

Japan

USA



- (40.3%) Recruitment Agencies
- (16.2%) Advertisements & Social Media
- (32.1%) Internal Recruiters & Employee Referrals
- (11.4%) Corporate Website



- (3.1%) Recruitment Agencies
- (23.3%) Advertisements & Social Media
- (50.2%) Internal Recruiters & Employee Referrals
- (23.4%) Corporate Website

Sources: Based on data from Recruit Agent 2010; CareerXRoads 2012.

# Rochelle Kopp

Managing Principal  
Japan Intercultural Consulting

- Founder and Managing Principal of Japan Intercultural Consulting, an international training and consulting firm
- Works frequently with American firms that have Japanese customers, joint venture partners, and suppliers, and with the global operations of Japanese firms





# Japan: Image of the past

- Inscrutable/impenetrable
- Hard for new suppliers to break in due to established relationships
- Low level of English skills and lack of familiarity with doing business with non-Japanese
- 20 years of doldrums
- Barriers for women

# Japan: What hasn't changed

- Educational system and core values
- Attention to detail and process
- Emphasis on hierarchy
- Importance of relationships
- Indirect communication
- Communication without words
- Decision-making processes
- Importance of etiquette

# Japan: What's changed

- More openness
- More willingness to look at new suppliers who attractive in terms of cost, quality, and service level
- Improved English skills and more familiarity of doing business with non-Japanese
- Abenomics has banished the doldrums
- Comfort with women in professional and managerial roles

# Questions?

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