

# THE JOURNAL

THE AUTHORITY ON GLOBAL BUSINESS IN JAPAN

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## CRAFT of COFFEE

Indie brews ride “third wave” with quality beans and creative cafés



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**Credit:**  
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## ROLAND KELTS



**Hometown:** I am a writer based in Tokyo and New York. My mother is Japanese, my father American.

**Most memorable interviewee:** I have interviewed Haruki Murakami, Hayao Miyazaki, Yoko Ono and Pete Townshend several times.

**Social media handles:** I can be found on Twitter (@rolandkeltz), Facebook, Instagram and the Japanamerica blog: <http://japanamerica.blogspot.com/>

**Currently reading:** I am currently reading *The New Yorker* and Melville's *Moby Dick*, which deals with whaling in the Pacific, including Japan.

**Secret skill:** I am a drummer for the Tokyo-based band ALI-MO.

## MARTIN FOSTER



**Hometown:** Manchester, UK

**Languages:** English and Japanese

**Most memorable interviewee:** Frank O'Farrell. He had just been fired from the manager's job at Man. U. in 1972, and someone had coaxed him out on a brisk Sunday morning to watch a game between boy scout troops at a non-descript playing field on the edge of Manchester, somewhere. I marched up to him, and said something like: "Martin Foster 88th Salford Servite Scout News, any comment on the game, sir?" I remember him being civil, but not revealing . . . which was good preparation for working in Japan!

**Years in journalism and in Japan:** 27, and 37

**Currently reading:** *The Golem*, by Gustav Meyrink. Gothic horror in the 19th century Prague ghetto.

**Thoughts on print journalism:** Still thinkin' . . . still printin'

## RICHARD JOLLEY



**Hometown:** Staffordshire, England

**Languages:** English and Spanish both written and spoken

**Most memorable interviewee:** I remember in my days as a junior reporter interviewing multiple people working in local communities, and I was always amazed and humbled at the amount of time and energy people would apply to helping others.

**Favorite place in Japan:** Kagurazaka, Tokyo

**Years in journalism and in Japan:** 18, and 18 months

**Role model:** Author E.B White

**Social media handles:**  
Twitter: @richardjolley;  
Instagram: richardjolley;  
Facebook: Richard Jolley

**Currently reading:** *Rise of the Robots: Technology and the Threat of a Jobless Future*, by Martin Ford

**Secret skill:** Juggling

**Thoughts on print journalism:** I like print journalism, but that's because I grew up with it. I'm not so concerned about its future. I'm more concerned about its quality, and people valuing it enough to pay for it.

**CORRECTION:** On page 4 of the May issue, Kit Nagamura's mentors should be her husband, son, Matsuo Basho, and Yanagi Soetsu.



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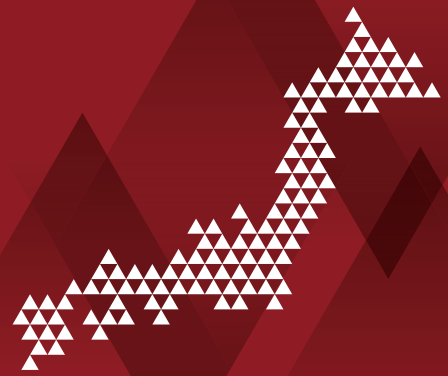
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The Authority on Global Business in Japan was relaunched in April 2015 with a fresh design, more focused content and an expanded distribution targeting readers beyond the ACCJ membership.  
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# THE DIGITAL DEBATE



Robert Heldt  
President, Custom Media

Since the relaunch of this magazine in April, we have been receiving regular feedback from ACCJ leaders and other members, which is helping us further improve the publication and stay relevant in this rapidly evolving media space.

Establishing *The Journal* as The Authority on Global Business in Japan is no easy task, especially in this era of online media overload and so-called citizen journalism. We rely on your continuous input and suggestions to help us achieve this ambitious goal.

## COMPELLING CONTENT

As always, we pride ourselves on featuring ACCJ people, events, and advocacy. In the front section of the magazine, meanwhile, we are constantly striving to provide other compelling content, by journalists who delve deeply into and objectively research market trends, as well as interview experts to bring readers unbiased coverage on diverse topics.

We hope our wide selection of engaging partner content keeps you abreast of local and global media developments.

Funded entirely by advertising in a fiercely competitive market, we are occasionally asked if a print publication is still relevant. Should we move to a digital-only product?

Although we continue considering ways to migrate online, the answer is likely to remain no for a while. The reasons for having a hard copy issue are varied.

The convenience of paper is obvious: the ability to read a magazine almost anywhere, anytime without Internet connectivity or battery life considerations. Take it to lunch, peruse it on the train, or read it at your desk.

Then there's the distraction of being inundated with online content, when one is just a click away from countless temptations. When *The Journal* arrives in an envelope on readers' desks, properly addressed and with niche content, it grabs recipients' attention from among the seemingly endless, unfiltered digital offerings that land on a digital desktop around the clock.

Of course, the entire publication is online at [journal.accj.or.jp](http://journal.accj.or.jp) with a complete PDF version of the publication that can be saved to any mobile device, allowing readers to experience the visual elements of the content on their device of choice.

## DISTRIBUTION IS KEY

In this digital age, picking up *The Journal* at an airport lounge, hotel, or private club can be a welcome relief. So we are always looking at ways to expand the publication's reach beyond the American Chamber of Commerce in Japan (ACCJ) membership, and are working closely with select partners to increase distribution and widen the influence of the magazine

## ADVERTISING TRENDS

Achieving return on investment for every advertising yen spent on an ever-fragmented readership creates severe budget allocation challenges.

For a successful and impactful advertising campaign, we regularly advise clients on the importance of a cross-platform approach and to utilize all channels offered by the chamber: the ACCJ website, weekly e-newsletter, as well as the magazine in print and online.

Also to be factored in is the rise in content marketing, or sponsored content, as businesses increasingly need to inform and persuade savvy consumers of their offerings.

We encourage everyone to read, engage with, and utilize the magazine and the chamber's various channels to promote your business. ■

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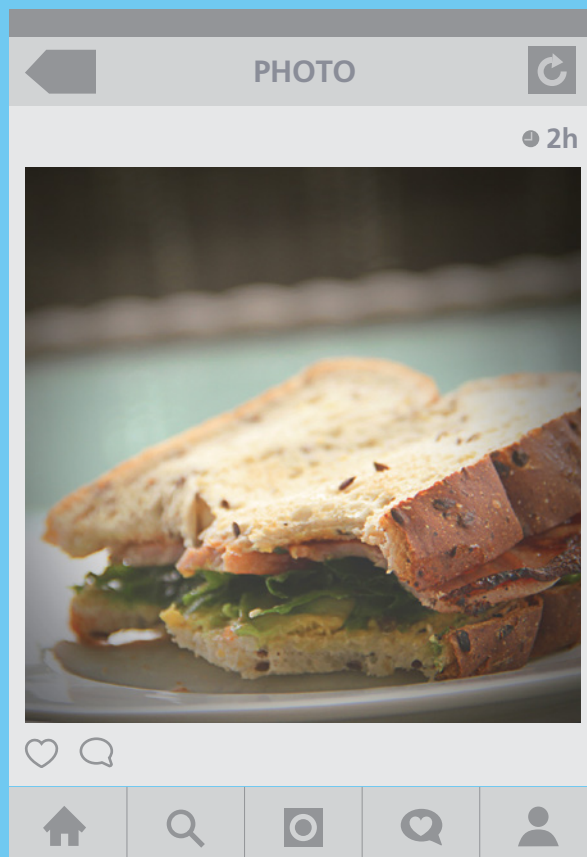
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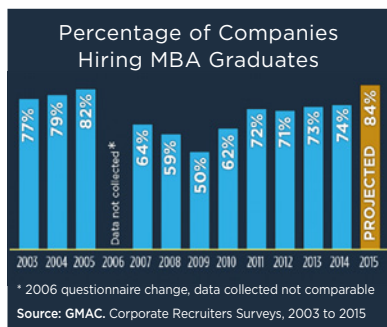
## TOP HASHTAGS

This month: Popular tags from the top 40 list



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Discussions from global leaders



## Bloomberg Businessweek

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MBAs are graduating into the best job market in a decade

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Europe Is Struggling to Foster a Startup Culture

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## The New York Times

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A new type of energy drink is being marketed as a secret sauce for gamers

<http://nyti.ms/1dievuu>



Rank

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NHKニュース

@nhk\_news

日本に住む一人一人に番号を割りふる、いわゆるマイナンバー制度の利用範囲を金融や医療などの分野に広げることなどを目的としたマイナンバー法と、個人情報保護法の改正案が、21日の衆議院本会議で賛成多数で可決され、参議院に送られました。

<http://nhk.jp/N4JM4EPK>

The My Number Act which will aim to expand the range of use for Social Security and the Tax Number System to finance and medical areas, as well as a bill for revision of the Personal Information Protection Law, were carried by majority in a motion at a plenary session of the House of Representatives, and passed to the House of Councilors on May 21.\*

\* Translations of original content in Japanese

NHKニュース

@nhk\_news

日本で生まれた人気ゲームのキャラクター、「パックマン」の誕生35周年に合わせ、黄色のレインコートを着て集まったおよそ350人が巨大なパックマンを完成させる催しが東京で開かれ、ギネス世界記録に挑戦しました。パックマンは、モンスターをかわしながら迷路にあるクッキーをすべて食べきるという人気ゲームのキャラクターで、昭和55年の5月22日に日本で生まれ、世界に広がりました。 <http://nhk.jp/N4JM4EPE>

At a 35-year-old-celebration for a popular game, 'Pac-Man,' which was originally released in Japan on May 22, 1980, 350 fans wearing yellow ponchos gathered to challenge a Guinness world record by creating a massive packman character. Pac-Man is a game where a player tries to eat all cookies spread on a maze while avoiding monsters.\*

Peter Diamandis, [influencer](#)

Co-Founder/Vice-Chairman at Human Longevity, Inc.

### ARTIFICIAL INTELLIGENCE IS A MASSIVE OPPORTUNITY - DON'T BE AFRAID

Artificial Intelligence (AI) is the most important technology we're developing this decade. It's a massive opportunity for humanity, not a threat.



Hiroshi Mikitani, [influencer](#)

CEO, Rakuten Inc.

### YEARNING FOR LEARNING? TAKE UP A LANGUAGE

I believe it is critical to continue studying every day. You must learn something new every day.

It keeps you sharp and on the path toward success. A reader asked me,

"What should I study?"

My response: Language!

# CRAFT of COFFEE

Indie brews ride “third wave” with quality beans and creative cafés

By Roland Kelts





James Freeman, the founder of California-based Blue Bottle Coffee Inc., was baffled. His first overseas roastery and café in Kiyosumi, Tokyo, did more business on its opening Friday than any of the company's 17 US outlets do in a week. His order of branded coffee mugs shipped in from the US was supposed to last a month; they sold out in a few days. Two women, who stood in line for five hours in front of the Kiyosumi store, told him they had taken the bus from Osaka to Tokyo—almost four hours away—to be there.



The next month, when Blue Bottle opened its second Tokyo outlet, a café in the Aoyama neighborhood of Tokyo, the same pair turned up again. “They seemed like lovely suburban ladies,” Freeman says. “And they were thrilled.”

Years ago, my US-based Japanese mother used to complain that she could easily find quality versions of nearly every Western food item on visits to her native land, except a good cup of coffee. Now it's fast becoming one of the imported items that is easiest to find.

Over the past few years, Tokyo has been gripped by a coffee craze. From tiny one-man drinks stands operated by hipster baristas to larger, artfully designed foreign-owned cafés, robust coffee brewers are to be found throughout this city that is still renowned for its teahouses.

## MAKING WAVES

“Third wave coffee,” a phrase coined in the early 2000s to describe a growing number of roasteries and cafés in the US—that treat coffee as an artisanal beverage, like wine—is now one of the Japanese media's darling loanwords. On television and in magazines, the phrase is used as though it were a burgeoning Japan-only phenomenon. This nation's native appreciation of craftsmanship and skill in preparing food and beverages dovetails neatly with the practices of third wave baristas—who prepare each cup by hand, filtering, siphoning, and stirring each brew with a bamboo muddler.

Freeman founded Blue Bottle in San Francisco's Bay Area in 2002. Five years later, on a trip to Japan, he discovered Tokyo's *kissaten* (coffee house) culture, dating back to the 1950s and '60s. Guided by a Japanese friend in the coffee industry, he toured 10 *kissaten* in a single day, hitting stalwarts such as Daibo Coffee, Café de Lambre and, his favorite, Chatei Hatou. He became obsessed with the combination of becalming interiors, impeccable hospitality, and stellar java beans. After raising a reported \$26 million in venture capital funding last year, Blue Bottle was able to press onward without a domestic Japanese partner and open three Tokyo outlets—the Kiyosumi roaster in February, the café in Tokyo's Aoyama district in March and, in May, a shared space in the Daikanyama neighborhood with San Francisco's organic Tartine Bakery. Freeman has been the subject of glowing media profiles in Japan



TAKUMI OOTA PHOTOGRAPHY

The Blue Bottle branch in Kiyosumi, Tokyo



A barista at Fuglen in Tokyo crafts a cup of coffee.

featuring him and his bicultural Japanese and US staff. On a visit in March, he returned to Daibo Coffee to visit Katsuji Daibo, the 68-year-old *shokunin* (master craftsman) of coffee, often compared to sushi chef Jiro Ono, the eponymous hero of famed documentary *Jiro Dreams of Sushi*. Daibo told Freeman that, after the American had mentioned Daibo Coffee in a recent magazine article, business spiked.

“I can’t believe I’m in this position of making people interested in their own cultural patrimony—To have the ability to steer people to these great places. When I first went to places like Daibo and Hatou in 2007 and ’08, it was like visiting Mount Olympus. They were at the top. And I was just this little vulgarian in the coffee business. And now, being able to shine a light back on them, is just amazing.”

### NORWEGIAN BREW

Blue Bottle is not the first non-Japanese artisanal café to reawaken Tokyo to its love of coffee. Norway’s Fuglen in the Yoyogi Uehara neighborhood opened in May 2012. The ’60s art-deco interior and ample natural light combine European austerity with Californian breeziness. Its coffees consist of select African beans roasted in Norway and flown to Tokyo

to be squeezed in an AeroPress, a filter that helps create light, aromatic and fruity espressos and coffees.

After having worked for two years at Australia’s Paul Bassett Espresso in Tokyo’s Shinjuku district, Kenji Kojima flew to Norway for an interview with Fuglen. He had grown impatient with what he calls Japan’s “unsophisticated coffee scene.” He almost gave up after two weeks of failed communication but, when he was offered a job and returned to Norway for three months, he learned the skills that he uses today. After traveling to Stockholm and Copenhagen for further study, he was ready for Fuglen’s Tokyo launch—and he was the only one who could make it happen. He is now Fuglen’s Tokyo manager.

“They had some plans to open outside of Norway: in Japan or New York City. I was the only Japanese coffee guy they knew, so they hired me as manager of the Tokyo Fuglen in 2012,” Kojima says.

Fuglen, in featuring Norwegian-style roasted coffees during the day and specialty cocktails at night, has become a local landmark for aficionados. Kojima believes the transparency in Norwegian life, from its politics to its coffee and food preparation, is particularly appealing today to Tokyo consumers, many of whom obsessively check labels



and scour ingredients for reliably organic foods, especially in the wake of the 2011 nuclear meltdown in Fukushima.

“Norway has a light roast culture,” Kojima explains, “which means a good quality coffee with a good connection to farmers and consumers. [And] the openness of Norwegian culture appeals to Japanese consumers. You can see everything there. That’s true of the politics and the coffee.” Still, Kojima thinks that Japan doesn’t really understand the concept of “third wave” coffee. Japan, he says, has never had a first wave, only a second, in the form of chains such as Starbucks and Tully’s.

“The Japanese consumer thinks the third wave is actually the first wave. That’s okay. But I think we should be talking about Tokyo’s own third wave coffee, not comparing it to [that of] the US.”

Fuglen doesn’t plan on further expansion in Tokyo, at least for now. They are setting their sites on New York City. Kojima says that keeping it small is a key to success. “It’s really hard to find quality staff. If you start expanding, you need to find excellent people who can execute and keep the quality of your product. We’re treating coffee more like tea or juice—it’s very delicate. We need staff who can understand that, speak English and Japanese, and appreciate the culture we cultivate.”

### A PATH LESS TRAVELLED

Staffing is not a problem for Bear Pond Espresso in the trendy Shimokitazawa neighborhood of Tokyo. Launched by longtime New York expat and coffee craftsman Katsuyuki Takuya in 2009, Bear Pond is as raw as it gets. Run by husband and wife, the store is positively frugal: a few stools, espresso and virtually nothing else—drink up, move on is the message.

To hear Takuya tell of Tokyo’s coffee transformation is to encounter a revolution. He recalls the “gimme coffee” movement in New York’s East Village in the late 1990s and early 2000s, what he calls the “class is cupping” movement, when indie cafés were rebelling against corporate chains. Takuya sees the current explosion of third wave coffee shops in Japan as a late-stage bloom driven by blue-collar yearnings from the west. His brand, Bear Pond, was chosen from the name of an unremarkable body of water in the mountainous Adirondacks region in upstate New York. But the bear is also a representative character in his café’s stripped-down, no-nonsense approach.

“A bear doesn’t care about anything but the rules of survival,” he says. “It doesn’t care about trends. Humans are animals, but different kinds of animals. I am a bear. And my company is like a bear—just focused on survival. Put another way: trains

go in different directions, but they can’t go anywhere without the tracks. Bear Pond Espresso is the tracks.”

Takuya’s outsider position is bolstered by online accounts of Bear Pond Espresso. Several customers compare him to the notorious “soup Nazi” of *Seinfeld* fame. He serves you an excellent espresso; you sit on a hard stool and drink it. You don’t hurry him, but he expects you to leave as soon as you drain your cup.

“Our focus is squarely on quality,” he says. “And that means we must wait. We are still waiting for the market to grow. When the market in Japan grows, we will jump. The US already has a coffee culture, but it’s just beginning here. We are the outlier. Coffee is the main dish at Bear Pond.”

On a recent visit, the crowd was small but focused. Couples perched on their stools sipping espressos without fingering their smartphones and speaking in whispers. A few young men stooped into the entrance and quietly ordered their

espresso fixes like junkies in back alleys. Takuya is selling a quality product with a wink—coffee as contraband. “Japanese people will pay for quality,” he says as I down the last drops of a demitasse of rich espresso.

Takuya believes that coffee should be a three-dimensional experience, with a “sticky” body that lingers in your mouth

and your stomach. But despite the entry of Fuglen, Blue Bottle, and countless domestic artisanal popup cafés in neighborhoods across Tokyo, he thinks we’re still in very early times.

“Right now, Tokyo has a supply–demand problem. The supply is growing too fast; the demand is just beginning to grow. But that will change. The [Tokyo 2020 Olympic and Paralympic Games] will expand this market fast. You’ll see. People here will pay even more for excellent coffee.” ■

Takuya sees the current explosion of third wave coffee shops in Japan as a late-stage bloom driven by blue-collar yearnings from the west.



# 3 Common Trends in the IT Business

Translation of article  
in *Diamond* online  
by William H. Saito

@whsaito



Having recently attended various international conferences and meetings, I've observed three worldwide trends. The first of these is the dissemination of "wearable devices" which, as the term implies, are worn directly on the person. On April 24, sales of the Apple Watch were launched in the US and Japan. Worldwide attention is now being focused on what impact the watch's maker—multinational Apple Inc.—will have on the world of the future via such devices.

As compact as it is, the Apple Watch incorporates nearly the same processing power as did a supercomputer of 15 years ago. So, given the intensifying competition to develop ever-better dedicated applications, I expect a slew of ideas and new business opportunities to result.

The second trend is "data mining." Rather than compiling data into Big Data, the next step has become the focus of attention. This points to the possibility of artificial intelligence someday generating business models that are yet to be conceptualized.

This leads to the introduction of the chief integration officer (CIO). In the past, CIO stood for chief information officer, the individual tasked with proposing the company's data strategies and responsible for their implementation. However, the era of the so-called Internet economy or digital economy, as we have known it, has ended. As circumstances have evolved to the point where economy equals digital, the integration of IT and security measures on a company-wide or trans-organizational basis has taken on much greater importance.

One of the main concerns of business organizations is cyber security. If the Internet is to be utilized as a business tool, then it will be necessary to ensure that cyber security measures evolve on an ongoing basis. Even so, cyber attacks may someday drive companies to bankruptcy.

On January 20 in Davos, Switzerland, US-based consulting firm PricewaterhouseCoopers released the findings of its 18th annual global CEO survey, *A marketplace without boundaries? Responding to disruption*, which

surveyed 1,322 CEOs in 77 countries. In the survey, the percentage of CEOs who expressed concern over cyber threats showed a considerable increase, from 48 percent in 2014 to 61 percent in 2015.

Behind this rise were three cyber attacks that occurred between the end of 2013 and 2014 and which, I believe, had a major impact on the CEOs' concerns. The first of the attacks, in November 2013, involved the hacking of Target Corporation, the fifth-largest retail chain in the US, resulting in a huge volume of customer data being revealed. Disclosure

of the breach caused the value of [Target's] shares to decline, and trust in the company to be undermined. In May 2014, the company's CEO was dismissed, to take responsibility for major losses. Instead of the CIO or [the chief security officer (CSO)], the executives responsible for cyber security, it was the man at the top who was fired, a move that may have made numerous other CEOs feel threatened.

In August 2014, JPMorgan Chase & Co, which reportedly budgets the equivalent of ¥45 billion per year for cyber security, was hit by a cyber attack. This points to the difficulty of guarding against such attacks, even with such enormous outlays, and is a painful reminder of a passage in one of my previous columns [in *Diamond* online]: "Even when security functions appear robust, there is definitely a means to get past them, and unfortunately no perfect countermeasures exist to prevent hackers from breaking in. All one can really say is that there are two kinds of companies in the world: those with concerns over getting hacked, and those that are not concerned."

At the end of 2014, the Sony Pictures Entertainment network was the target of a cyber attack. Its Twitter account was hijacked and data was leaked, resulting in a storm of criticism and disapproval.

These incidents, however, are merely a prelude. This year, I won't be surprised if a publicly traded company is driven into insolvency as a result of a cyber attack. And because Japanese companies tend to be more lax in their crisis management, compared with companies in Europe and the US, perhaps it will be one of them that falls victim.

In addition, security countermeasures are a necessity across all business functions, including supply chain management. This is all the more reason for top administrators at companies to embrace cyber security. In the US, more companies are placing executives in charge of cyber security—as CSOs or chief risk officers—under a CEO, with security measures involving all departments, including general affairs, legal, and marketing departments.

To avoid the various risks, one of a CSO's tasks is to obtain the most current data concerning cyber attacks, and have the general affairs division conduct staff training. As new methods of cyber mischief are constantly

popping up, security measures need to be regularly updated. These efforts must be made to include not only a company's head office but also its affiliated firms, clients, and so on, that make up the supply chain. Since

hackers always probe the weakest links in security when they attack, they will shift their efforts to [attack] weaker measures at a company's clients or partner firms when major firms implement robust security precautions. In the aforementioned case of Target, for example, the hacker obtained access via one of the retailer's clients, an air conditioning company. From this, then, you can understand the importance of bringing affiliated firms under the security umbrella.

Cyber security, by extension, also encompasses company-wide crisis management. Once a nasty rumor is tweeted and

**If the Internet is to be utilized as a business tool, then it will be necessary to ensure that cyber security measures evolve.**

circulated by the so-called super-connectors of industry, it can become the spark that, figuratively, sets the prairie ablaze. As implied by the Japanese expression, "Rumors spread by people (have a life of only) 75 days," there was a time not so long ago when things would eventually peter out of their own accord. Unfortunately, however, the Internet does not forget, and such stains become virtually permanent, making it essential to nip problems in the bud.

The debut, in January 2016, of Japan's social security and tax identity system called My Number will require that security measures be built from the ground up. The system's

adoption will require companies to make additional investments in their systems, to ensure even more stringent safeguards for the management of individual data.

By aiming not only to prevent data leaks, but also to boost competitiveness, business

organizations can expect to hit two birds with one stone. The "safety, assurance and trust" that come with comprehensive security will become a major asset for businesses in the future. I also suppose the day may not be far off when investors, likewise, consider whether corporate management teams maintain awareness of cyber security as a key criteria for selecting companies in which to invest. ■

Full-length original article:

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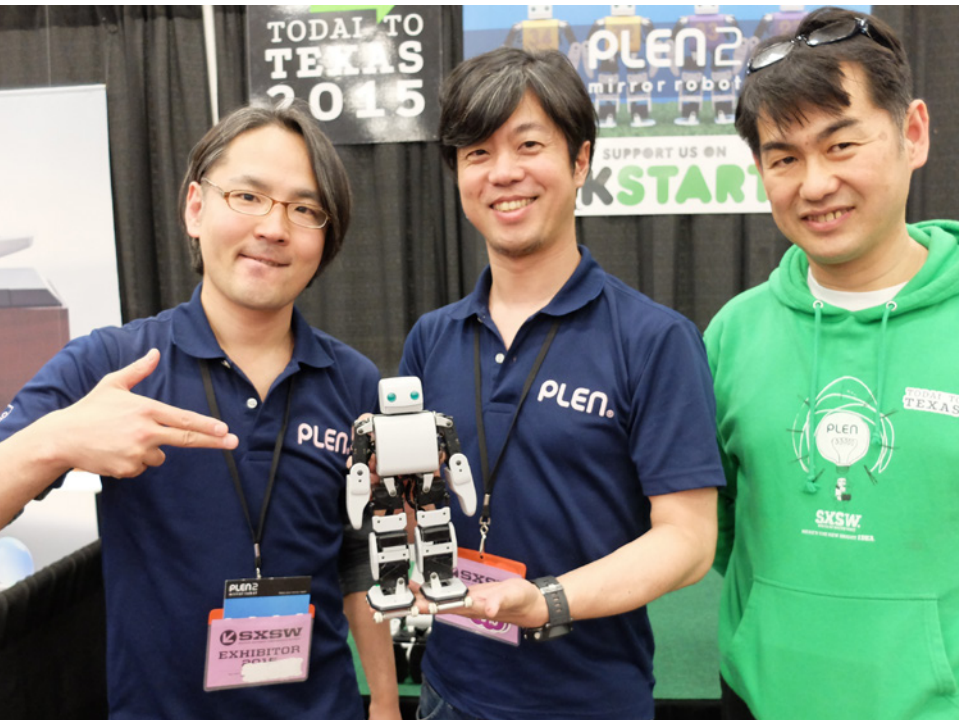
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# UPSTART STARTUPS of Tokyo

University ignites startups,  
inspires corporate Japan

By J. T. Quigley



3D-printed robot, Plen 2, makes its debut at SXSW.



Exiii's 3D-printed robotic arm was a hit at SXSW in 2015.

For the average Japanese person, the US state of Texas conjures up images of old Marlboro ads: burly men in ten-gallon hats and cowboys on horseback. But for those who've attended the annual South by Southwest (SXSW) technology, music, and film festival in Austin, the state's capital, that image couldn't be further from reality.

When Japanese entrepreneur Toshinari Shimokawa visited, he anticipated finding cacti and tumbleweeds, but instead found a gateway for Japanese startups to break into the lucrative US technology market. Shimokawa's co-founded initiative, Todai to Texas, which is sponsored by the top-ranked University of Tokyo (commonly known as Todai), brings promising Japanese ventures to SXSW each year.

Shimokawa's first visit to the event was in 2012, after agreeing to help a friend and fellow entrepreneur showcase his music discovery startup, Beatrobo Inc. Despite the lack of cattle ranchers, the event provided memorable encounters that would shape the then-budding entrepreneur's future path. "We ended up meeting early Facebook engineer Chris Putnam one day, then a YouTube executive was giving us advice the next," Shimokawa says. "SXSW allows those kinds of interactions to occur—interactions that would never happen otherwise for Japanese startups."

Along with fellow Todai graduate Masaaki Sugimoto, Shimokawa co-founded his own venture—OpenPool—later

in 2012. OpenPool utilized Microsoft Kinect's tracking technology and projection mapping to overlay 3D animations on ordinary pool tables, thereby enhancing a player's experience of the game via computer-aided effects. Shimokawa and his team debuted the "super-billiard" experience at SXSW 2013, to great fanfare.

"Imagine it: we had this high-tech pool table in the middle of a packed convention center. Everyone came by to play with it and talk to us.

If you live in Japan, it's really hard to get connected to US media, but it's definitely possible at SXSW," Shimokawa says. By the end of the event, OpenPool had been featured in two of the most famous US technology blogs—Engadget and Gizmodo.

## THE BUSINESS DOJO

Shimokawa was forever changed by the experience of building a product in Japan and showing it off at one of the biggest US technology events. He and Sugimoto returned to their office, a stone's throw from the Todai campus, as heroes of the local startup scene. It dawned on them that sharing the OpenPool experience with others would do more to raise the profile of Japan's burgeoning startup scene than they could possibly achieve otherwise.

Along with Taketo Sugawara, an assistant professor at the University of Tokyo and the head of both its Entrepreneur Dojo program and in-house startup incubator, the trio founded Todai to Texas in the summer of 2013. That December, they hosted a demo day to select six winning

teams to represent the university—and Japan—at SXSW 2014. “SXSW attracts a lot of technology heavyweights, but the thing that makes it great? Startups,” Shimokawa explains. “Twitter, Pinterest, Groupon, Leap Motion, Foursquare, and now Meerkat all found success there. They prove that it’s a huge opportunity for startups.”

The first batch of Todai to Texas entrepreneurs produced three of the program’s superstars: Skeletonics Inc., Moff Inc., and AgIC Inc. Skeletonics’ fully-mechanical exoskeleton—a product of Sugawara’s Entrepreneur Dojo—made an appearance on popular US late-night talk show *Jimmy Kimmel Live!* With the international exposure on TV and tech blogs that followed, Skeletonics went on to sell its product to theme parks around the world. “Skeletonics is a typical case,” Sugawara says. “Before SXSW, no one knew them. Afterwards, everyone knew them.”

The Moff Band, a wearable device that turns ordinary objects into toys, raised over \$75,000 via US-based crowdfunding platform Kickstarter after having been showcased at SXSW. It’s now available on Amazon.com, Inc. and is expected to land at other major US retailers soon. AgIC, co-founded by Sugimoto, has been a major hit with the DIY crowd since its first appearance at SXSW.

The startup, which focuses on printable circuit boards, was also funded via Kickstarter shortly after having been exhibited. AgIC, which raised \$830,000 in venture capital in January, is also engaged in collaborations with Sony Corporation and Microsoft Corporation.

## ROAD TO SUCCESS

With Japan’s crowd-funding sites only offered in Japanese and generally much less popular than the likes of Kickstarter, Shimokawa realized the power of launching bilingual, US-based campaigns in tandem with demonstrating real-life prototypes at SXSW. Two of this year’s 10 teams—Bocco, a robot-shaped communication gadget that helps family members keep in touch when separated by work or travel; and Plen2, a 3D-printed, open-source humanoid robot that stands roughly 20.3 centimeters tall—have already raised funds on Kickstarter.

Another 2015 team, Exiii, created one of the most popular gadgets at this year’s trade show—an affordable 3D-printed robotic arm for amputees and those born with missing or partial limbs. They met Not Impossible Labs, a California-based nonprofit organization and global front-runner in 3D-printed prosthetics and other innovative technology for people with health, communications and mobility challenges, and are currently discussing potential collaborations.

If you’re wondering why the Todai to Texas startups are almost entirely hardware-based, Shimokawa chalks it up to ease of communication and Japan itself. “Hardware tells you what it is by its nature—you just see it and you can figure it out. For Japanese people who don’t speak fluent English, hardware is better, and people outside of Japan think Japan is a hardware country

anyway,” he explains. “Software is a red ocean [competitive existing market],” Sugawara adds. “To compete at SXSW we must explain advantages over similar services. It’s easier for hardware to be unique.”

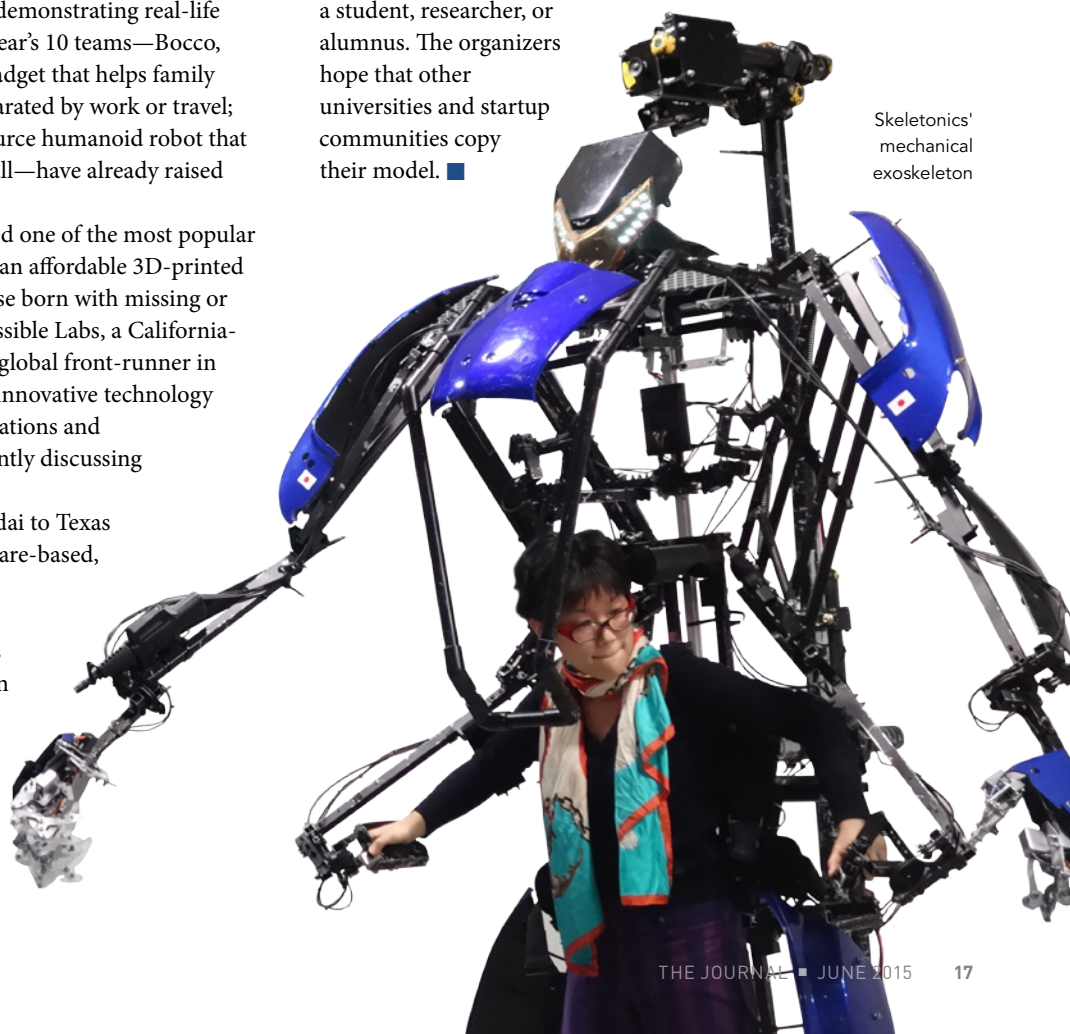
## JAPAN UPSTARTS

The increased prominence of Japanese startups on the global stage has major implications for Japan’s entrenched corporate technology sector. Embracing the entrepreneurial mentality may become the ticket to a turnaround for struggling industry giants of yesteryear. Mesh Project—an internal startup at Sony—partnered with AgIC at this year’s SXSW to show how its drag-and-drop Internet of Things platform could benefit from AgIC’s printed circuit boards. “If Sony becomes a successful example, other companies will follow; that’s what Japanese corporations do,” Shimokawa says.

For Sugawara, collaborations between Japan’s technology titans and upstart ventures are just one piece of the puzzle. Even more important, he says, are acquisitions. “They have to collaborate with startups,” he says. “But they also have to acquire startups. In the US, a major exit is acquisition by a big tech firm or a larger, more successful startup. Few big companies in Japan are actively acquiring Japanese startups, so they have limited exit options.”

In just two years, Todai to Texas has become a cornerstone of SXSW. With the number of teams having increased year on year in 2015, should attendees at SXSW 2016 expect an even bigger Japanese startup presence? Not necessarily. “We have two choices: go larger scale or upgrade the quality,” Shimokawa says. “I’m inclined to go with the latter.” Because of its affiliation with the University of Tokyo, each Todai to Texas team must have at least one member who is currently a student, researcher, or alumnus. The organizers hope that other universities and startup communities copy their model. ■

Skeletonics’ mechanical exoskeleton







# The Emperors of Signs

Father and son team fly family flags



ARTI-SENSE MONTHLY HAIKU

the crest designer—  
even the bush warbler's song  
caught in his circle

Text and photos by Kit Pancoast Nagamura

Down a narrow alley in the quiet neighborhood of East Ueno, Tokyo, a linen shop-curtain with a sign reading Monsho Uwaeshi flutters in the breeze. Behind the curtain and through the sliding door, is the workplace of Shoryu Hatoba, 58, and his son Yohji, 31, respectively third- and fourth-generation designers of *kamon* (Japanese family crests).

Popularized since the 12th century by powerful clans using crest-embazoned flags to identify themselves when riding into battle, *kamon* became useful as signifiers—at a glance—of family alliances. Gradually, having a crest conveyed the *caché* of belonging to a high-profile family, or of working for one. By the Edo Period (1603–1869), *kamon* designs had proliferated and, unlike with European heraldry—the practice of creating, and granting the right to use coats of arms—people in Japan were free to choose a design, or have an original one created for them. This is where the *uwaeshi* (*kamon* painter)—whose job it was to design and hand-paint family crests on *montsuki* (crest-embellished) kimonos—came in. These days, with kimonos rarely worn and with cheap ways to print crests on fabric readily available, the job seems an anachronism.

“It’s really no easy thing to make a living designing *kamon*,” Hatoba admits, as we sit down to talk in his elegant studio. “That’s why there are very few of us left. Of those who design real *kamon*, in which the traditional rules are followed, my son and I are among the last.” Still, Shoryu and Yohji, whose company, Kyogen, opened in 1910,

are passionate about preserving the rich history of Japanese crests. “I still do a lot of work by hand,” Shoryu says, showing me a *bunmawashi* (bamboo compass designed for a brush) and *mizoshiki* (glass rod and grooved ruler guide), the tools of his trade. “I don’t want to lose the skill,” he adds.

To keep the concept of *kamon* alive, Shoryu and his son have a varied approach. Their first—and most salient—tactic is to wear *montsuki* kimono, and to look smashing in them. Clothing may make the man, but kimono makes men visions of streamlined elegance. Kimono with *kamon* ups the game.

“There are 20,000 registered *kamon* designs, but far more than 50,000 designs exist,” Shoryu explains, showing me an antique *washi* (Japanese paper) book of categorized crests. “Each design carries metaphorical significance and utilizes an element from nature, usually arranged within a circular format,” he adds. Pointing out one design, resembling a giant comma in a circle, he gives me a glimpse of the depths behind the designs. “This one is called *tomoe*,” he says. “It’s one of the oldest designs, used by Emperor Ojin [15th emperor of Japan] and Hachiman shrines to the deity of war. The shape is a stylized *tomo* (forearm protector for archers). That’s why samurai adopted it, too. Warriors would take whatever flower, bird, grass, or animal they favored and have it designed into the shape of the *tomoe* to impart strength to their family emblem.” Shoryu’s second tactic is teaching people the rich history of *kamon*.





I note that his son anticipates any tools or documents his father might need, wordlessly and swiftly providing them.

As we talk, he takes scissors in one hand and a gossamer sheet of folded *washi* in the other. “With a single cut,” he says, “I will produce a classic *kamon* shape.” After one snip, he gingerly unfolds an intricate crest. “Children used to learn this in school,” he says, “but now I teach [it to] university students.” The study surely promotes dexterity, foresight, and mathematical calculation, to say nothing of keeping *kamon* alive in the minds of students.

I note that his son anticipates any tools or documents his father might need, wordlessly and swiftly providing them. I ask Yohji if his upbringing was particularly strict. Laughing, he nods. “That’s true; but now it’s the other way around,” his father replies, nodding toward the computers in his

studio. Yohji has taught his father how to use various design programs to create both *kamon* and advertisements for their diversified products. Their relationship and interdependence, I sense, is crucial to the success of Kyogen.

The Hatobas have delicately sand-etched crests to the base of drinking glasses, made of wafer-thin Usuhari glasses and silk-screened *kamon*, on paper made by *washi* artisan Ichibei Iwano XI, a Japan government-certified Living National Treasure. They have worked with Swarovski AG to create kimono *kamon* from tiny crystals, and burned crests into *masu* (celebratory wooden sake cups). Many of their products are elegant, refined, difficult to produce, and priced accordingly.

On the other hand, a *kamon* badge, their newest product, costs less than lunch: ¥500. “You can also purchase one packaged in a handmade paulownia presentation box for ¥3,500, but the concept,” explains Shoryu, “is to get *kamon* images into as many hands and minds as possible.” The product is portable, sturdy, and visually pleasing.

Shoryu’s real passion, though, is designing bespoke crests from scratch, a service which costs ¥80,000. On the computer, he shows me a bush warbler *kamon* he is refining. “The warbler is fatter than you’d think,” he muses, “and it’s hard to get him neatly into the circle.” He flipped through research photos of warblers and I realize he is right. Behind each crest, I learn, is a profound study of, and respect for, nature. Would that this were a sign of our times. ■



The traditional artisans featured in this series have negotiated novel ways to survive, pushing their skills in new directions and devising methods to make their age-old products indispensable in a world of largely machine-made goods.



# Cryptic Questions

Bitcoin has promise, although high hurdles remain

By Richard Smart

The meteoric rise in 2013 of bitcoin led to talk of a currency revolution. Over the course of a year, the cryptocurrency rose from a value per coin of less than \$100 to more than \$1,100. Concern over the currency remains, however. Today, bitcoin trades at the \$200–\$300 level. Which begs the question: does bitcoin have any traction today? Is it a worthwhile investment for individuals? Should companies be getting into it?

Traci Consoli runs the Pink Cow, a restaurant and bar in the Roppongi district of Tokyo, which accepts bitcoins. For Consoli, the currency represents a break from the bonds of traditional banking. “The way the modern banking system is set up is [reminiscent of] old-school feudalism,” she says. “There used to be a physical exchange of money. Now, they push a button to move it from point A to point B and charge a ridiculous amount [for the transfer].”

Bitcoin is, to some extent, free of the “ridiculous” charges of which Consoli complains. By accepting the cryptocurrency, she says she has attracted tourists who see the Pink Cow as an Internet-savvy trailblazer. Some of her

customers, such as students, believe the bitcoin to be a safer bet than government-regulated currencies such as the dollar, euro, or yen. But Consoli admits getting the currency accepted in the Pink Cow, which also has a bitcoin ATM, was not easy. “It was a lot more effort than anyone expected,” she says.

## IT'S COMPLICATED













As relatively new and complex financial tools—bitcoins were launched in 2009—

cryptocurrencies are difficult to regulate. Should they be considered currencies? Are they commodities? Or are they something else entirely? There is no broadly accepted answer.

After much flip-flopping, the government of Japan decided to leave bitcoins largely to their own devices. With a regulatory environment that does not get in the way of innovation, the potential is there for companies to emerge that can become global leaders. But that will take a lot of work.

Tokyo-based companies, such as bitFlyer Inc.—founded by former Goldman Sachs Group, Inc. employee Yuzo Kano—have speeded up the process for creating accounts on exchanges, and offer the security woefully lacking at

## BITCOIN IN A NUTSHELL

		
<b>BACKING</b>	 Products, services, and economy	 Products, services, consensus of users
<b>GOVERNANCE</b>	 central banks	 Mathematics and distributed computing
<b>INTERNATIONAL TRANSFER TIME</b>	 days	 minutes
<b>INTERNATIONAL TRANSFER COSTS</b>	 2 to 3 percent of transaction	 zero or near zero
<b>POST PAYMENT COSTS</b>	 possible	 none

## BITCOIN BUBBLE



Sources: CoinDesk, CoreLogic, S&P Dow Jones Indices, Money Morning Staff Research

Mt. Gox, Co., Ltd., from which approximately 850,000 of its customers' bitcoins (valued at some \$450 million) have disappeared. The latter enterprise was, at the time of writing, undergoing bankruptcy procedures in Japan. Services at bitFlyer, meanwhile, are user-friendly, but that, perhaps, is not enough. "In Japan, people probably won't use [bitcoins]," says Tetsuya Saito, an associate professor of economics at Nihon University in Tokyo. "We have several alternatives, such as Suica [rechargeable smart] cards. But it would be nice to use [a cryptocurrency] abroad, [as] we wouldn't have to exchange currencies."

Saito became interested in bitcoin because of its wide-reaching potential. But he is unsure about the direction of the currency's value. "If users increase, the currency will stabilize," he says. "No economist has a good model for predicting [bitcoin's future value]. So now we are trying to build one using traditional methods. In my view, it can go up to \$600 [per bitcoin] again. Maybe. But I don't see volatility in the coming years."

### NEW LEASE ON LIFE?

Increasing the number of users could prove the complicated part. Vitalik Buterin, a programmer and winner of the World Technology Award for IT Software in 2014, is working on a cryptocurrency transaction ledger technology platform—called Ethereum—to be used for creating "smart contracts." With the potential to underpin the bitcoin, the technology acts as an automated ledger, tracking cryptocurrency transactions. Ethereum is "a block chain [transaction database or ledger] for anything," Buterin told *The Journal*. The technology, which is close to general release, essentially eliminates the need for escrow—traditional contracts for third-party agents, who disburse money and documents on behalf of primary transacting parties—in numerous processes.

"In general, you can think of a block chain as being a computer," Buterin says. "In bitcoin's case, it's a very specific computer; with Ethereum, it's a fully decentralized computer." What Ethereum proposes is the foundation from which developers can offer apps—including smart

contracts for managing digital transfers of cryptocurrencies such as bitcoin—that bring about a new version of the web, one that eliminates the need for third parties in many of our transactions.

During his recent visit to Tokyo, Buterin said: "even with things like [crowd-funding platform] Kickstarter and so forth, there's a lot of human effort [that] goes into those applications, particularly if [the application] is financial and you care about security. You need a lot of people to be involved, because lots of stuff has to be done over and over again. Here, you just have one platform and it's already done. You can assume that everything on the computer is just going to keep on going. There is a lot of labor that can be saved and particularly a lot of monopoly profit that can be taken out."

While previous technology has pushed generally unskilled labor out of the job market, and created jobs for those who can handle IT, Ethereum threatens jobs—including mid-tier management positions—that rely on consumers needing third parties to conduct transactions. "Instead of just replacing factory jobs, this technology happens to also replace management to a substantial degree," Buterin says.

Buterin, however, has reservations about the future of cryptocurrencies. Among his concerns are the costs that using bitcoin could generate if it goes mainstream. "Transactions in bitcoins cost three cents right now," he says. "People in the US venture capital industry are in a bit of a dreamland right now, because they think bitcoin is better because [PayPal Inc.] charges 30 cents. Well, guess what? In China, you have [AliPay.com] that charges zero cents. The fact is, each payment transaction costs zero cents to process. At some point, if bitcoin gets anywhere, MasterCard Worldwide and Visa Inc. are just going to drop their fees by 80–90 percent and they are going to squash it. Fundamentally, every node processing every transaction is just not the sort of paradigm that can go up to tens of millions of people."

Security, which is subsidized, presents another worry. "At some point, that subsidy is going to run out," Buterin says. "So either transactions are going to go very high or network security is going to drop off."

Regardless of how these issues play out, Buterin, for his part, is working with developers across the world to realize a cryptocurrency economy by solving such concerns before they create problems. If he can do so, it will be up to others to bring in the killer apps that can get anyone involved in this complex industry, Buterin explains. That includes the average grandma and grandpa. "The point is that grandma isn't [necessarily using] Ethereum; she is using some wallet or chat application or whatever else. And [it's the responsibility of] each of those applications to make themselves user-friendly."

For those without ideological reasons for wanting bitcoin to succeed, there is little to do other than wait and see if the cryptocurrency movement can deliver on its potentially revolutionary promises. ■



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# JAPANESE APPAREL BRANDS Head Stateside

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Japan's clothing companies want to gain ground in the U.S. market. Many offer carefully sewn, high-quality products. Their biggest challenge may be building brand awareness.

"Some companies exported Japan-made clothes in the past," said Taku Kawai at brand management consultancy Kurt Salmon. "But their products carried high price tags and the companies failed to fully emphasize the value they were adding."

The recent upswing in tourism to Japan, however, has helped to stoke interest in the country's brands among Americans, Europeans and Asians. So there is hope: In 2014, the value of Japan's clothing exports was 35 percent below the 1990 level but roughly 10 percent up on the year. The weak yen provided a tailwind.

Sanyo Shokai is set to start selling its 100nencoat line—literally, "100-year coat"—at U.S. department stores. Marketing will focus on durability; the coats are made with Japanese materials and sewn in Japan. Retail prices are expected to fall into the \$700 to \$1,000 range.

Sanyo Shokai has been selling China- and Vietnam-made coats in the U.S. for approximately \$400 to \$650. But the increasingly positive reputation of Japanese apparel has encouraged the company to bring over its more expensive 100nencoat line.

It is considering making Japan-sewn products account for 30 percent of its U.S. product lineup.

Jeans maker Edwin, meanwhile, is rolling out a new brand called Edwin E-Standard in time for the autumn-winter season. The jeans will be sold in Japan as well as the U.S.

The company used to export jeans to the U.S. but suspended sales two years ago, having failed to develop distribution channels. Now it is giving the U.S. another go, betting on the appeal of the made-in-Japan label and the power of its parent,

Itochu. The major trading house last year stepped in to sponsor Edwin's restructuring.

Edwin this spring resumed showcasing its products at exhibitions in the U.S. It plans to sell the new jeans for around \$300 a pair.

## GENUINE ARTICLE

Maker's Shirt Kamakura has already enjoyed some success in New York, where it opened its first overseas store in 2012. Sales have been brisk. The company behind the Kamakura Shirts brand plans to establish a second shop in the city in October.

The company sells Japan-made shirts for \$79 each. Maker's Shirt Kamakura will consider introducing products made with special materials at the new location.

To help Japanese clothing brands succeed abroad, the Japan Fashion Industry Council has created a new marketing tool: a certification system. This confirms that products are purely Japan-made and have gone through certain processes.

Sanyo Shokai has already had its 100nencoats certified. Onward Kashiya, another apparel company, plans to join the initiative.

If these companies succeed as much as they hope to, it could create complications for manufacturing here at home. Fact is, only a small number of sewing plants still operate in Japan. Of clothes distributed domestically, a mere three percent or so are sewn in the country.

"This is causing highly skilled plants to be swamped with orders," said an official at one major clothing company. "Apparel makers sometimes have to compete to get their orders accepted." ■

The Japan Fashion Industry Council has created a new marketing tool: a certification system.

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# BEST-MIX A MISNOMER FOR JAPANESE ENERGY FUTURE

By Martin Foster

The best national energy mix policy draft, announced at the end of April, is increasingly being viewed as a misnomer that extends the life of socially undesirable nuclear power plants, relies on environmentally destructive fossil fuels, and leaves sustainable energy sources under-developed.

On the surface, the initial reaction to announcements, emanating from a Ministry of Economy, Trade and Industry (METI) committee meeting held on April 28, was that the government was committed to setting Japan on a path where sustainable energy would meet a greater share of Japan's energy needs than would nuclear power.

By proposing that energy sources, such as solar, wind, geothermal and

nuclear disaster that so adversely affected Fukushima.

## GO NUCLEAR OR GREEN?

Japan's 48 nuclear reactors remain offline in the wake of the disasters and decommissioning plans for five of these have been confirmed. Were the government to limit the operating life of the reactors to their originally stated 40 year lifespan, it is estimated that their output would halve by 2030.

But Tokyo, while having pledged that greenhouse emissions will see a 26 percent cut by 2030, at the same time faces the need for clean energy around the clock. Thus, nuclear energy remains the key base-load power source,

even as Tokyo tells voters it is heading in the opposite direction.

"We believe METI is caught between the interests of several groups looking to maintain nuclear power," says Yoshinori Ueda, director of the International Committee of the Japan Wind Power Association. "Traditional industrial representatives, such as the Keidanren [Japan Business Federation], want lower electricity charges, and the Ministry of Finance

wants to prevent the electric power companies from going bankrupt due to the decommissioning of nuclear power plants."

"Hence, even though the ruling Liberal Democratic Party [LDP] official manifesto read by voters highlights 'the reduction of nuclear power,'" in fact the party remains pro-nuclear.

## OTHER SOURCES

Nuclear power accounted for just under 30 percent of power generated in the year prior to the Fukushima disaster and, given that METI is calling for nuclear energy to account for a 20-22 percent share of the nation's energy generation by 2030, there is speculation that Japan would have to bring 15 nuclear reactors back on line to meet its promised CO<sub>2</sub> emission cuts. That would mean extending the life of several reactors—which are in varying states of repair—amid revelations that a number sit on seismic fault lines.

"This is a total defeat of the sustainable energy camp," says Chuichi Arakawa, a professor in the engineering faculty at The University of Tokyo.

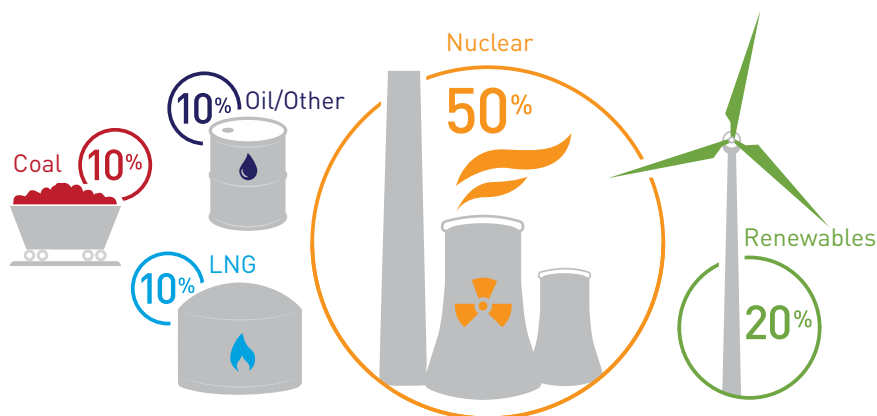
An around-the-clock supply of power also could be provided by geothermal energy, which would appear to fit the bill for any government seeking a sustainable, stable power source.

Japan boasts the world's third-largest geothermal resources; has the world's leading geothermal turbine manufacturer, Toshiba Corporation; and is supported by some of the highest subsidies, covering costs

Nuclear energy remains the key base-load power source, even as Tokyo tells voters it is heading in the opposite direction.

hydroelectric power should account for 22-24 percent of the nation's energy needs by 2030, compared with nuclear power that would account for 20-22 percent over the same period, the METI Advisory Committee for Natural Resources and Energy meeting may have initially suggested a moral victory by the environment-friendly sustainable resources camp. This latter group is seeking to dismantle Japan's nuclear village to avoid a repeat of the 2011

## 2010 BASIC ENERGY PLAN (for 2030)



from initial surface studies through geothermal exploration and drilling.

Evidence from Iceland, where a geothermal power plant sits adjacent to a UNESCO World Heritage Site at Thingvellir, suggests that environmental opposition to drilling can be overcome. But, geothermal power remains a heavily under-tapped resource in Japan, amid opposition from hot spring owners and worries concerning drilling in national parks.

It is perhaps unfortunate that the March 2011 triple disaster of earthquake, tsunami and nuclear meltdown hit Japan even as the economy was failing to respond to efforts to shake off deflation and boost domestic demand. As a result, in the absence of nuclear power, Japan has been increasingly required to drive its economy using cheap—but dirty—coal, rather than more expensive imported gas.

The current state of affairs is likely to continue for the time being, with METI estimating that coal and oil combined will account for 29 percent of the energy to be used in 2030, compared with liquid natural gas (LNG), which in that year is predicted to account for 27 percent. This contrasts with the trend of other industrialized nations and, unless halted, could trap Japan in a downward environmental spiral. It would also be naive to believe that their opposition to nuclear and thermal power has brought the sustainable camp together as one environmentally cozy club.

## POWERING ON

Major rifts exist between the proponents of solar power—long favored by the Keidanren—and those backers of wind power. METI expects solar power to account for 7 percent of generated power in 2030 compared with only 1.7 percent for wind. This is based on cost estimations that have solar power costs falling to between ¥12.70 and ¥15.50 per kilowatt/hour in 2030, from ¥24.30 in 2014. Smaller price declines are predicted for wind, to between ¥13.90 and ¥21.9 per kilowatt/hour from ¥29.40 in 2014.

At present, Tokyo sees wind power generating only 10 gigawatts of power in 2030, as against 70 gigawatts for solar power. The wind power camp, however, protests that METI has taken into account only onshore wind facilities, and ignored the possibilities for an industry that is increasingly moving offshore, based on geographical constraints and local opposition to new onshore development.

The great hope of the offshore market is Fukushima FORWARD, an experimental government-funded project in the Pacific Ocean, some 20 kilometers off the Fukushima coast. This undertaking, a key pillar of the Fukushima Offshore Wind Consortium, which is an 11-entity, Marubeni Corporation-led consortium, could eventually lead to a massive wind farm with 132 floating turbines.

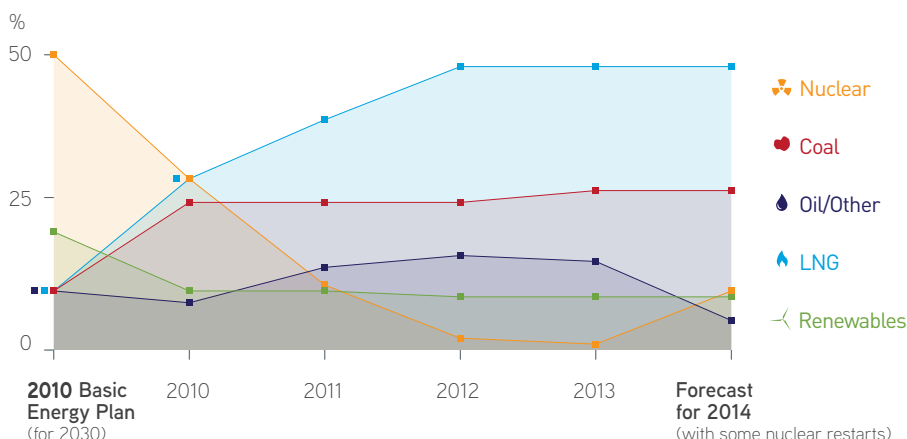
While it is true that offshore wind developers may need premiums—in the form of feed-in tariffs—as large as 150 percent higher than those for onshore wind, which would boost consumer costs, observers note that the government has failed to take into account the positive effect of innovation. Improvements in overall cost structures are forecast to lead to cost savings that will eventually feed through to the consumer.

In addition, the Japanese government requires new wind power projects to undergo environmental testing, a lengthy and costly process that is estimated to hold back commercial wind power development until 2016. Solar power is not subject to these requirements.

“From the point of view of wind, the content of the proposal is terrible,” says Arakawa.

Ultimately, Prime Minister Shinzo Abe’s rush to take a crowd-pleasing CO<sub>2</sub> reduction proposal to the Bonn Climate Change Conference in June, and the United Nations Climate Change Conference in Paris in December, may work against Japan’s longer term interests in developing environment friendly, cheap alternatives to nuclear power and coal. ■

## HOW FUKUSHIMA CHANGED JAPAN'S POWER MIX



# The Bits and Bricks of Soft Diplomacy

Interview with  
Hajime Kishimori on  
Japan's new public  
communication initiative

By Dr. Nancy Snow

I first came to Japan in July 1993 as part of a group of officials from the United States Information Agency (1953–1999), a US government organ dedicated to public diplomacy that was superseded by the State Department. As I recall, we were led from Narita International Airport to the awaiting limousine bus and whisked to the Park Hyatt Tokyo in the bustling Shinjuku district.

While on the bus, two ladies handed out a list of do's and don'ts regarding how to comport ourselves in this “unique” country—Japan. I have no doubt that their action was well intended: they did not want newcomers to violate cultural norms and thereby cause embarrassment on our—or our hosts'—part.

But the message I got was that I had to adapt swiftly to my host culture because it was I who had more to learn about Japan from the Japanese than I could teach them about the US. However, when intercultural communication is perceived as being one way, it often makes the receiver feel inadequate. So, I felt I would have to walk on cultural eggshells to maneuver my Japanese environment.

## BRAND JAPAN FINDS NEW VOICE

I'm a long way from that feeling today. Moreover, I'm filled with renewed optimism about intercultural communication with Japan—and there is a good reason for this. A soon-to-be-established Japanese government initiative—to be called Japan House—will aim to ensure that people-to-people encounters between Japan and the world become increasingly free of cultural eggshells.

Japan House is a collaborative, multi-city, multi-stakeholder project instituted by the Ministry of Foreign Affairs (MOFA) and designed to introduce the country to diverse populations globally. To find out more about the project, I spoke with the Director of the Office for Strategic Communication Hub, Hajime “Jimmy” Kishimori, who heads the Japan House initiative at MOFA.

Kishimori—who is often called “Mr. Brand Japan” and is the former deputy director of the Public Diplomacy Department at MOFA—began by explaining the genesis of Japan House. “I am proud to say that Japan House is the brainchild of a small group of visionaries in [MOFA],” says Kishimori. “At the same time, it [was also developed via] a collaborative and inclusive approach based on diverse and meaningful suggestions [from outsiders].”

As a multi-stakeholder initiative, Kishimori explains, Japan House will provide a comprehensive agenda—via physical spaces and an online presence—for a variety of storytelling events and programs concerning 21st century Japan. To this end, foreign policy will be seen as an opportunity for “proactive contribution to peace” that can be reinforced via cultural, trade, or even tourism elements, guided by professionals of the Japan House secretariat.

Indeed, the opportunities that Japan House will present are intended to reach beyond traditional forums such as seminars or symposiums on single issues. Rather, the initiative will represent virtual and physical outposts for Japan that act as multilayered platforms for its culture.

Dr. Nancy Snow meets “Mr. Brand Japan,” Hajime Kishimori, one of the architects of Japan House.







Vice Foreign Minister Kentaro Sonoura in Sao Paulo on a fact-finding mission for Japan House

In military lingo, troops on active duty overseas are usually referred to as “boots on the ground.” Public diplomats such as Kishimori, meanwhile, are more like catalysts of culture; their job is to open doors, induce connections, and make people feel at home in a new environment.

**[Japan House] will facilitate partnerships with host populations while enhancing the country's brand.**

### FRONTLINE DIPLOMACY

The initial launch of Japan House will be in two main phases across three cities. To begin, Virtual Japan House—an online platform—will create buzz in advance of the opening of three Japan House venues: in London, Los Angeles, and Sao Paulo. By establishing Japan House in locations where people live and work, Japan's pivot to a global conversation is unprecedented among its public diplomacy tactics.

The step will move person-to-person conversation from a tone of “understand us first” to “let's learn together.” There will be a professionally managed hub of knowledge specifically tailored to local audiences, while inspiring conversations about Japan. It will not only allow Japan to have eyes and ears on the ground, but also facilitate partnerships with host populations while enhancing the country's brand.

The shift in thinking concerning Japan's global outreach has built into the Japan House mission a foundation of trust and buy-in to the collective wisdom of host countries. Further, the new relationship will include a partnership with the private sector.

### PUBLIC, PRIVATE AND LOCAL DIALOGUE

Japan House will have a café-restaurant and pop-up shop retailing products from various regions around Japan, but most of its spaces will be set aside for seminars, meetings, and exhibition halls to be used by house guests. Some spaces also will be available for hire.

To be efficient, the private sector is to manage this diplomacy of, by, and for the public. “This is a totally private initiative. The budget to kick it off is appropriated by [MOFA]; this year we've allocated \$30 million. But this is a four-year budget of \$110 million in three cities,” Kishimori says. Private contractors in each city will offer building design and event management proposals for Japan House, thereby facilitating connectivity between Japan and local residents. “This is not a diplomatic compound. It's a private facility, so access is very easy, free from restrictions set by the Vienna Convention on Diplomatic Relations,” Kishimori explains.

Japan House secretariats, which will run day-to-day operations, will be coupled to locally based Japan House steering committees comprising Japanese residents and city leaders connected to their respective corporate or civic communities, in addition to the Embassy or Consulate-General of Japan. This group will be tasked with tapping into locally based expert knowledge and ideas from business, communications and cultural affairs.

Japan House is not the showcase to unilaterally introduce Japan or Japanese culture, but the platform for

interactive communication and two-way cultural exchange.

Each host city secretariat, Kishimori says, will act much like the conductor of a symphony orchestra that is playing a synthesis of several themes: these will include tourism, trade, art and culture-related exhibits, policy-related talks, and information concerning educational and exchange opportunities. The profits will be available to fund future projects. “It could be a virtuous cycle, a good business model, so that in 10 years—we hope—Japan House becomes more locally integrated or, at least, self-sustainable,” Kishimori adds.

### THE PATH TO SUCCESS

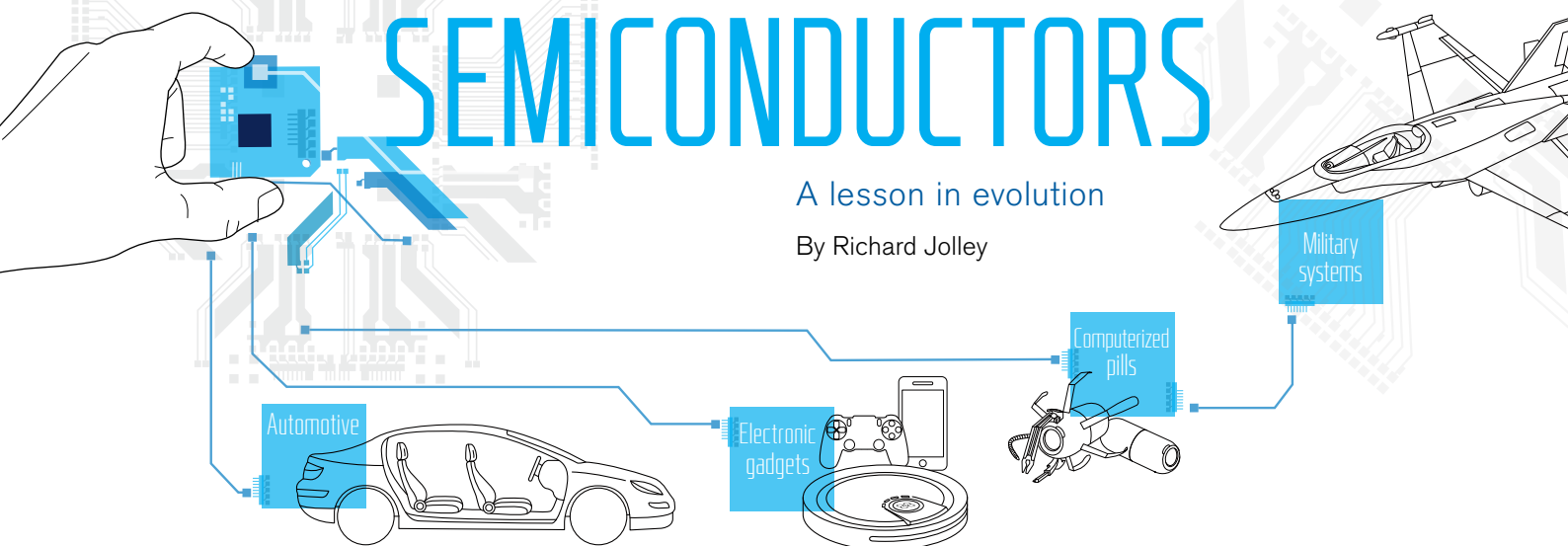
Kishimori explains three guiding principles for a successful Japan House: Every man to his trade; allow the professionals and local representatives, not the bureaucrats, to drive the mission; and two heads are better than one. The latter refers to a Tokyo-based steering committee working with the host city steering committee to offer streamlined services to every guest of Japan House.

As someone who believes public diplomacy best practices should be dynamic, creative, and always seeking collaborative partners, I believe Japan House sounds like exactly what Japan needs to raise its profile in the world. A house that becomes your Japan home is a comforting thought. I look forward to seeing this “handshake” across the world come to fruition. ■

# The world of SEMICONDUCTORS

A lesson in evolution

By Richard Jolley



Welcome to the era of the merged identity, the industry powerhouse. I'm talking about the semiconductor industry, which is in transition as we move to a smarter world where everything is connected to a network.

Activity in the industry has stepped up a gear in recent months, as the leading players have set out their game plans for the future and have commenced bulking up for the fight ahead. Europe-based market-leader NXP Semiconductors bought US rival Freescale Semiconductor Inc., creating a \$40 billion enterprise, the *Financial Times* reported in March.

And as of April this year, there was speculation over Intel Corp.'s plans to launch a shopping spree in the industry—including talk about the multinational corporation buying Altera Corporation, a leading integrated circuit maker, in a \$10 billion deal. Meanwhile, others have conjectured that Intel would buy fellow chip supplier Broadcom Corporation, based in Irvine, California, for what could be—at \$30 billion—a much bigger deal.

The industry wants to realize opportunities for lots more semiconductor use in our everyday lives, from driverless cars to domestic robots to ingestible micro-devices (computerized pills) that can monitor and produce personalized health data. And it's fair to say the winners in this market will generally have one thing in common: a merged identity.

"It's the combined company that will capitalize on the growing opportunities created by accelerating demand for security, connectivity, and processing," says Hillary Cain, director of marketing and communications, Americas, at NXP Semiconductors.

And yet Japanese semiconductor companies seem to have slipped back during this period of plenty.

## THE PAST IS ANOTHER WORLD

The semiconductor industry—upon which the microchips of modern electronics devices rely—has changed radically since it really got started back in the '80s. The figures say a lot. The global market in semiconductors was worth around \$20 billion in the second half of the '80s, rising to around \$50 billion as we moved into the '90s.

Jump forward to 2015, and we see the market set to be worth some \$344.5 billion worldwide, according to World Semiconductor Trade Statistics, an industry-led organization that provides market data and forecasts. And yet Japanese semiconductor companies seem to have slipped back during this period of plenty.

One person who remembers what it was like in the '80s is Raman Chitkara, global technology specialist at PricewaterhouseCoopers, a multinational professional services company.

"I remember back then, you couldn't go to a business meeting in Silicon Valley without someone talking about the rising domination of Japanese semiconductor companies," he says. "In 1985, out of the top 10 semiconductor businesses, five were Japanese, four were US-based, and one was European. Then, in the '90s, out of the top 10, six were from Japan!"

Now I'm looking at 2013, and I can see that out of the top 10, just one Japanese company remains. Of the others, five are US-based, one is European, two are South Korean and one is Taiwanese," he adds.

## THE ARRIVAL OF FABLESS

This begs the question: What went wrong with the Japanese semiconductor industry?

Chitkara has an answer. "Look at the fundamentals of this market and what has changed in the last 25 years. We've seen the rise of the fabless model, where manufacturing is outsourced [typically to semiconductor fabrication or "fab" companies in countries such as Taiwan]. And we've seen start-ups playing a big role in driving [fabless] innovation."

He points out that Japan neither embraced the fabless model nor promoted its start-up culture. Its domination, Chitkara says, sowed the seeds of its future failure. "Japan held on to the old



models too long. Eventually, they started a process of dis-integration, but it was 10 years too late.”

The Japanese semiconductor industry reached a low point when Tokyo-based Elpida Memory, Inc., once the world's third-largest maker of PC memory chips, filed for bankruptcy in 2012. With \$5.6 billion in debt, as reported in the *New York Times* in February 2012, the company had little choice—it seemed a perfect storm put paid to its fortunes.

Elpida Memory earned a lot of its revenue from dynamic random access memory (DRAM) chips—the most common form of memory found in PCs, laptops and workstations. The trouble for Elpida Memory was a combination of a worldwide glut of DRAM chips—which forced unit prices down—and tougher competition from firms such as Samsung in South Korea.

Add to this the strength of the yen at the time and Elpida Memory had major problems on its hands. As Yukio Sakamoto, president of Elpida Memory, suggested in an interview with the *Nikkei Asia Review* in 2013, the bankruptcy proceedings were the result of bad timing and ill luck. He said the smartphone market, which was then about to take off, came too late to change the fortunes of the DRAM market and Elpida Memory.

Despite the challenges, others eyed Elpida Memory favorably, and in the year it filed for bankruptcy, US-based Micron Technology Inc. acquired the business. Micron's Chief Executive Officer Mark Durcan said at the time, “We are creating the industry-leading pure-play memory company.”

The acquisition gave an important boost to Micron, which automatically became a much bigger player in the market, with access to all of Elpida Memory's customers.

Sakamoto was proved right because, as soon as the mobile-device revolution kicked in, the DRAM glut disappeared and demand for production increased. The market, moreover, has remained strong. Indeed, when Micron announced its second-quarter earnings for fiscal 2015 (ending in August) in April, it

reported that demand for DRAM continued to increase even though it expected its own DRAM production to come in below the market, as reported by *Forbes* in April.

### THE FUTURE IS CONNECTIVITY

Eleanor Roosevelt, former first lady of the US, once said, “I never waste time looking back.” And maybe that's the message the Japanese semiconductor industry should focus on right now: look ahead, for the industry potentially has a very bright future.

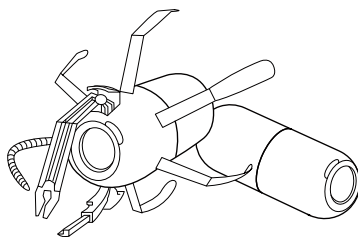
With the Internet of Things—where hardware and software are combined in a myriad of ways—becoming a reality, new opportunities are opening up. Industries such as healthcare, security, and automobiles are incorporating more semiconductor technology than ever before, and the trend is set to increase.

For Chitkara, Japan should be particularly excited about developments in transport. “Just think about the expertise that Japan has in building automobiles. The experience of its engineers is one of the country's key strengths,” he says. Applying this knowledge

to connected cars—which are networked to other devices via the Internet—could give Japan an important edge. Still, it could take alliances or mergers on the scale of that between NXP Semiconductors and Freescale Semiconductor Inc.—the latter company having strengthened the former's position in the automobile market—to help Japan achieve its potential.

No doubt conversations are being had in the industry in Japan and across the world about alliances and acquisitions as semiconductor companies think more closely about their strategies.

The deals may be between chip companies or, as Chitkara points out, between a chip company and a fabless foundry. What seems clear is that the Japanese semiconductor industry has a lot in its favor, with plenty of industry powerhouse potential. And while its dominant position of the '80s and '90s won't be returning any day soon, it can again become a powerful player in semiconductor industries worldwide. ■





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# Andaz Tokyo Toranomom Hills

Celebrating the 1st Anniversary of  
a new lifestyle brand in Tokyo

On June 11, 2015, Andaz Tokyo, located in the recently completed Toranomom Hills complex, will mark its first anniversary. It is an important transition for the brand, from introducing the new hotel concept into Japan, to witnessing how guests stay and relax at the hotel as if they are at home.

"A year ago, it was all about delivering to the guests the philosophy behind Andaz," General Manager Arnaud de Saint-Exupéry explains. "Today, it is our guests who are defining the brand—each experience is driven by their personal style and preferences, creating a strong emotional connection with the brand, team and location."

Connecting with Andaz as a life-style brand introduces guests to three key concepts: unscripted, indigenous, and inspiring.

The unscripted environment at Andaz eschews formality. A host, or employee at Andaz, can express his or her personality and ideas freely, in accordance with the brand's overall aims, while interacting with guests and colleagues.

Thus, when an Andaz host suggested providing guests with *yuzu* (citrus) to use in the bath during the winter solstice, an idea inspired by local practice, it was immediately accepted and implemented. The fruit had an accompanying hand-written note explaining the tradition.

For Andaz, a collaboration of two designers—renowned creators Toni Chi from New York and Tokyo-based Shinichiro Ogata—has been critical to fulfilling its approach of merging local culture with design. The pair completed the hotel's interior design by harmonizing unique and detailed perspectives of Japanese style.

Reflecting Japan's cultural emphasis on beauty and purity of form, both designers have used natural materials such as *washi* paper, walnut wood and granite throughout the spaces. Traditional fittings, such as *shoji* paper screens, have been transformed into modern partitions that create harmonious spatial sequences without physical barriers.

"By creating a community within a Japanese-style environment, and enabling guests to constantly interact, touch, and enjoy the beautiful, locally inspired designs, we provide a space where our guests have an emotional connection with the brand," de Saint-Exupéry says.

To be indigenous, moreover, means being rooted in the local environment and culture. Last spring, Andaz celebrated the *hanami* (flower viewing) season—a popular tradition in Japan—by unveiling a pop-up *sakura* (cherry blossom) garden on its rooftop terrace, which features stunning views of Tokyo.

For their 1st year anniversary, Andaz Tokyo will host a one-day only Andaz Summer Festival. In line with the personal style concept, a variety of live music performances including jazz, classical music, and Latin music will be held on the rooftop.

To complement the anniversary celebrations in June, the main dining—which is called Andaz Tavern—will offer an anniversary menu composed of dishes selected from its inaugural year, a complementary glass of Veuve Clicquot Champagne, and its signature canapés.

AO Spa & Club at Andaz Tokyo will also offer four special treatments inspired by jazz, classical music, Latin music, and DJ musical styles to complement the live performances at the Andaz Summer Festival.

Looking to the future, de Saint-Exupéry is optimistic. With Japan's in-bound tourism increasing year-on-year, he says, Andaz Tokyo is well positioned to provide one-of-a-kind lifestyle experiences for all its guests and visitors in a location at the heart of Tokyo. ■



## NEWS FROM ANDAZ TOKYO

- Unveiled the refreshed Rooftop Bar
- Opened authentic Sushi counter "the SUSHI"
- Started the Valet parking service
- Anniversary dinner menu at Andaz Tavern from June 8
- Seasonal, musically inspired treatments at AO Spa & Club

■ [andaztokyo.com](http://andaztokyo.com)

# Not My Circus, Not My Monkeys

By Dr. Greg Story

President, Dale Carnegie Training Japan



**"N**ot my circus, not my monkeys." This Polish proverb made me smile. It's a handy phrase for whenever the needle on the "ridiculous meter" is hitting red and overloading. While it serves as a great smarty-pants one-liner, it actually invites some reflection on the difficulty of getting people and teams to work together. Another great zinger is the "not invented here" attitude of disinterest, when you are trying to introduce change into organizations. Reflecting on working in small project teams and big divisions, as well as across divisions, and ultimately across industry sectors, this "not my circus" disclaimer pops up all the time. It is funny, but painful.

Japan throws up a number of challenges around getting cooperation or innovation when it is not that person's "circus," not their direct responsibility. The social ramifications of failing or making a mistake in Japan are such that people have become geniuses at micro-defining their roles and responsibilities.

A hoary old tradition of Japanese bosses practising "tough love", lambasting subordinates for errors and shortcomings, has had a salutary effect on subsequent generations, driving them deep into their comfort zones. Keeping a low profile, never volunteering, favoring group responsibility over individual accountability, carefully drawing and defending boundaries around the scope of one's job, are some of the outcomes. This is not terribly helpful if we seek cooperation and innovation across our teams.

In any organization, anywhere, we get issues between sales and marketing, sales and production, the back office and production, IT versus everyone, etc. Japan just manages to take it to another level of sophistication, hence my smile when reading about circuses and monkeys.

So what can we do about it? Here are some proven principles to improve cooperation and up the "care factor." By the way, we know all this stuff; we just forget to do it.

**"Arouse in the other person an eager want."** We become so preoccupied with what we want; we are blind

to the perspective of the person whose cooperation we seek. Our Western communications skills are often skewed to strength of will; to pummel the other party into submission to our predilections, rather than through persuasion. A handy related principle is **"talk in terms of the other person's interests."** If we do that, then the understanding improves and the likelihood of getting their cooperation and ownership for a task goes up dramatically.

Aligning our mutual interests is a winner and the way to do that is to **"Be a good listener. Encourage others to talk about themselves."** Wait...check yourself—when you want cooperation, are you babbling on about what you want and why it is important to you? No wonder we get the response of "not my circus" or the reaction of "not invented here".

When we really listen to others, we can find more points in common and construct a better base on which to build a joint effort. The word "listening" glides easily across this page, but real listening takes serious work. Are we actually good at listening? Be honest—usually we are rubbish and all need to improve in this area.

Two principles that work well in tandem are: **"Try honestly to see things from the other person's point of view,"** and **"Let the other person feel that the idea is his or hers."**

The latter idea is not about manipulating people. Rather, when we have a sense of their situation, values, aspirations, fears and concerns, we are better able to find the most convincing argument to support a line of action. We can frame the context of the decision in a way that they can more easily identify with. If we give people a big enough WHY, the WHAT and the HOW flow naturally. The power of that context, that WHY, is often so strong they recognize it themselves and come to their own conclusion, which agrees with ours. That is good communication and persuasion, not brute force or skulduggery.

All of us are being driven to do more, faster, with less. Cooperation, ownership, accountability, and innovation can be won—use these principles and enjoy the payoff. ■

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# SPECIALIST PROFILE: TOM KILEY

By Miyuki Seguchi

Senior PR & Communications Executive

Chemical suppliers in Japan are facing the need for expanded sales at a time when their main customers—including automakers, electronics makers, and other manufacturers—are increasingly seeking specialized and value-added chemical materials on the back of improved earnings.

Japan's competitive edge in the areas of advanced technology and world-leading research and development standards has encouraged foreign-owned chemical companies to invest in Japan operations. Simultaneously, these chemical companies are benefiting from the recent weakness in oil prices, which allows them to spend less on product manufacture.

With favorable external factors helping to buoy hiring activity in the chemical industry, non-Japanese companies are aggressively seeking bilingual professionals to serve in the areas of

technical sales and service. The individuals being sought require in-depth knowledge of potential employers' products in order to adequately communicate with industry customers.

"Technical backgrounds, such as a chemistry-related university degree, are a must in many cases," says Tom Kiley, a nine-year industry veteran and manager of the chemical team at bilingual specialist recruitment firm Robert Walters Japan.

"We have a bilingual chemical-focused team of consultants which includes native speakers of both English and Japanese. With this team, we're able to identify experienced chemical professionals and offer our clients a broad spread of bilingual candidates, as well as a wide range of career opportunities to our candidates," says Kiley.

"Through many years' experience with chemical professionals, we have developed a thoroughly comprehensive database of bilingual Japanese chemical candidates and established strong long-term relationships with an extensive network of chemical clients." ■



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# Bringing you Top Supply Chain Talent



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80:20 rule means high-touch service

Icon Partners K.K. is a specialist in supply chain and operations recruitment consulting covering logistics, supply chain management (SCM) and procurement, accounting, finance, and facilities management.

Nominated for Company of the Year at the British Chamber of Commerce in Japan's 2014 British Business Awards, the company now hopes to build on its recent success.

Jeremy Sanderson, CEO, explains the company's rationale and the unique service it can offer.



The Icon Partners team

## What inspired you to create the company?

I wanted to build a recruiting firm that was inspirational—Icon is taken from the words “inspirational consulting”—for customers and staff. With a desire to give back to the community and contribute to society, I wanted full ownership of the company to ensure it has a sustainable ecosystem in which all employees can share in its success.

## How would you describe Icon Partners' way of doing business?

We want our customers to feel inspired by the hiring process. For applicant and hiring manager, a new role should be an exciting experience.

We want to raise the expectations of what recruitment consulting companies can and should deliver in Japan. The Icon Partners way is to provide service focused solely on the needs of customers who share our vision and values.

## How would you describe the company in three words?

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## What's your outlook for the year ahead?

For the past 18 months, we have been working hard on internal aspects of the business: building robust processes and quality management systems, training and developing staff, planning expansion strategy, and market positioning. We are starting to see that hard work translate into results. There is energy in the office, as staff understands we are in a great position to capitalize on the strong market at present. We are planning to hire staff in the third quarter of 2015 and build a strong team to start accelerating the business in the fourth quarter of 2015 and into 2016. ■

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—Nick Masee, managing director



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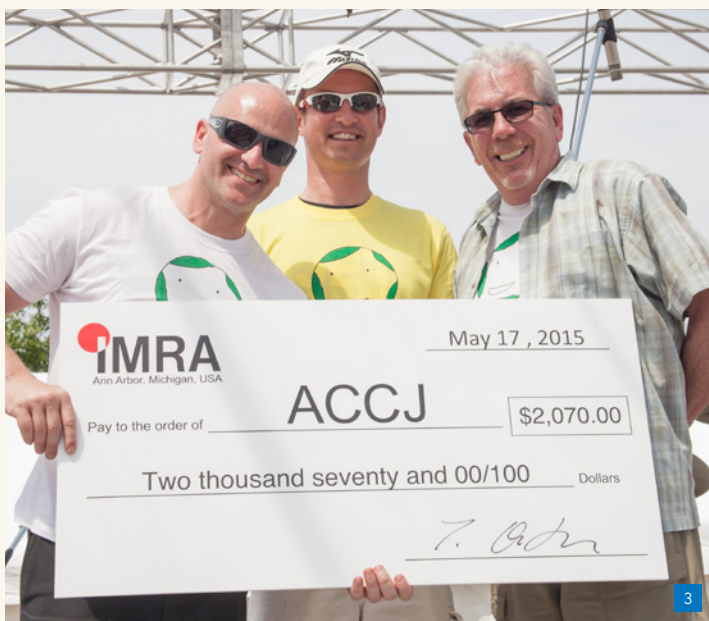
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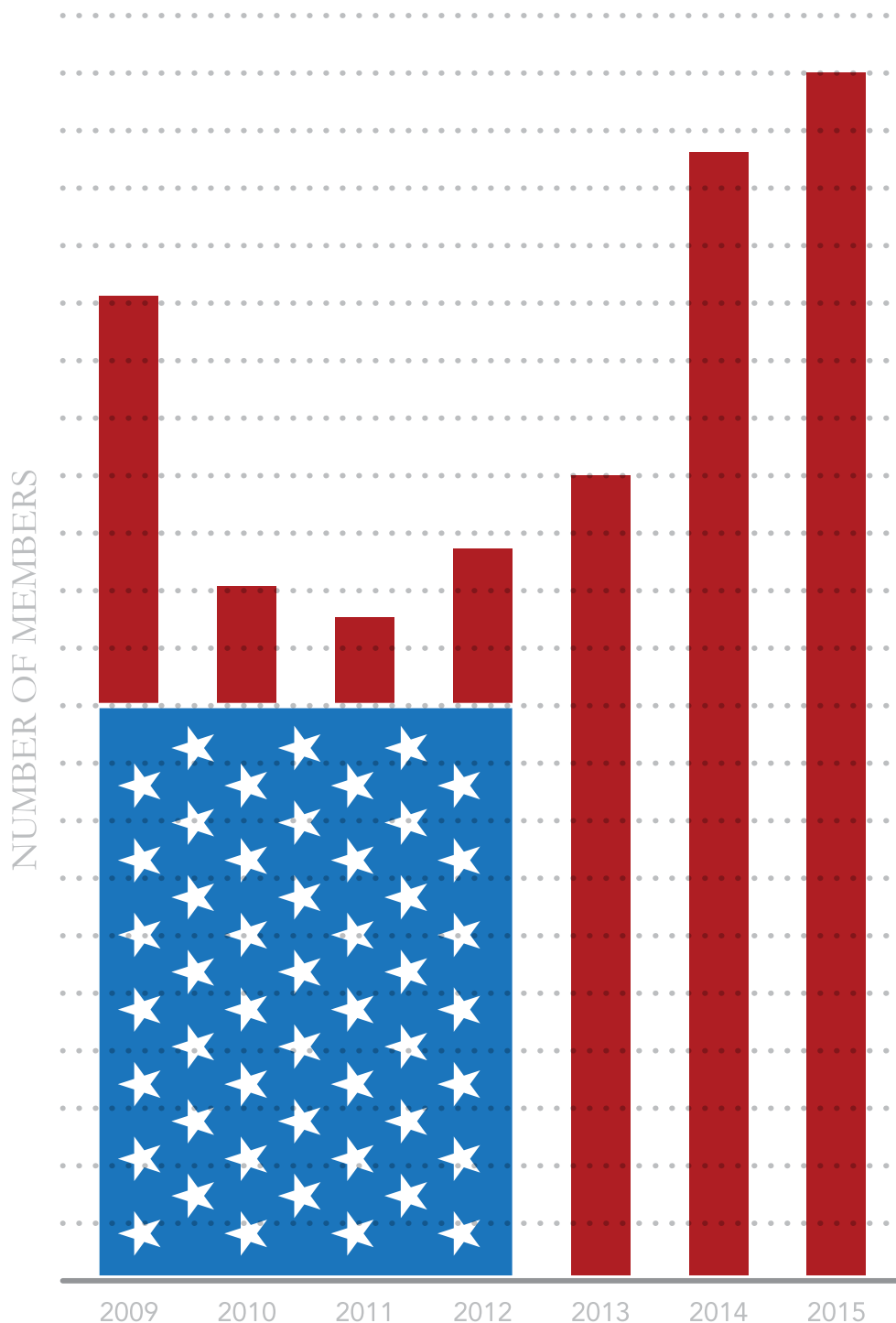
### 50 **ACCJ LEADER**

Women in Business 2015: from Vision to Action

ELIZABETH HANDOVER

- 1 ACCJ Vice President-Tokyo, Leanne Cutts, was a plenary speaker on behalf of the Women in Business Committee during the WINConference in April.
- 2 From left: Kiran Sethi, ACCJ Kansai vice president, Douglas Schafer, ACCJ Food & Agriculture Committee chair, Michael Bobrove, ACCJ Kansai vice president (2006-2009), and Thomas Bertrand, founder of Bento&co, at a regional event on entrepreneurship in April.
- 3 Jeff Genet (left), 2015 Chubu Walkathon Committee chair, receives a check from IMRA America on the occasion of the Annual Chubu Walkathon in May (photo: Andy Boone).





# ATTAIN NEW HEIGHTS

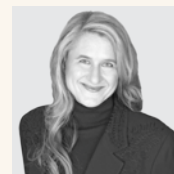
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# Key Upcoming Events and an Important Safety Reminder



PRESIDENT

Jay Ponazecki jponazecki@accj.or.jp

Continuing the momentum of this year's ACCJ D.C. Doorknock, the Asia Pacific Council of American Chambers of Commerce (APCAC) will hold its annual doorknock in Washington, D.C. from June 22 to June 25. I encourage you to attend this important event. It is a terrific way to meet, and share information with, your business counterparts in the Asia Pacific Region.

If you are interested in helping us amplify our key messages, and in meeting with members of other American Chambers in the Asia Pacific Region, by joining the APCAC Doorknock, please contact ACCJ Executive Director Laura Younger.

## WOMEN IN BUSINESS SUMMIT

I hope to see many of you at the ACCJ's Women in Business Summit on Monday, June 29, at the ANA InterContinental. Please join me in thanking our very generous sponsors, who as of mid-May have donated ¥28 million in total and have made it possible for the ACCJ to hold an all-day event with lunch, light refreshments, a cocktail reception and simultaneous interpretation at affordable rates for members and guests:

Deloitte Touche Tohmatsu LLC, Deutsche Bank Group, McDonald's Company (Japan), Ltd., Dow Chemical Japan Ltd., MetLife, AIG, Bloomberg L.P., Boeing Japan K.K., Caterpillar, CBRE K.K., Coca-Cola (Japan) Co., Ltd., Eli Lilly Japan K.K., EY Japan, Gap Japan K.K., Johnson & Johnson Family of Companies, J.P. Morgan, KPMG, LIXIL Group Corporation, Mondelēz Japan Ltd., Morgan Stanley Japan Holdings Co., Ltd., Northrop Grumman Corporation, Qualcomm, Robert Walters Japan, State Street, and Toys"R" Us, Japan.

Given the importance of fostering sustained economic growth in Japan through the empowerment and promotion of women in the workplace, and in support of Prime Minister Shinzo Abe's goal of having women in 30 percent of management and leadership positions in Japan by 2020, this year's Summit will focus on taking further action with practical action-oriented examples of how to achieve measurable results in increasing the participation and advancement of women in the workplace in Japan.

We will delve into the themes contained in the white paper that the Women in Business Committee has been working hard on to finalize and launch at the Summit setting forth a collaborative, partnership-based blueprint for Japan to help facilitate the realization of these very important goals. For more information on the Summit, please see: <http://accjwibsummit.com>

## WEAR YOUR SEATBELT

I ride in a lot of taxis to and from ACCJ-related events and meetings and I do not always wear my seatbelt when sitting in the backseat. On the way to last month's Leadership Forum, my taxi driver suddenly applied the brakes to avoid hitting another car, which resulted in my being propelled to the front of the taxi. Fortunately I did not hit the windshield and did not sustain any neck or back injuries.

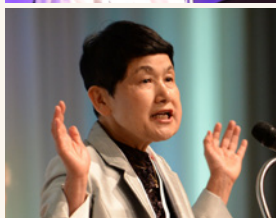
Sometimes we are lulled into a broad sense of security and personal safety living in Japan and this was a very important reminder that one should always wear a seatbelt. Accidents happen and next time I wouldn't want any of us to sustain more serious injuries. ■



## STAR-STUDED LINE-UP OF SPEAKERS

### 2015 ACCJ Women in Business Summit

June 29, ANA InterContinental Tokyo



To get warmed up for this summer's star-studded panels of experts and leaders in government and business, check out the video playlist of all the keynote speeches from the 2014 summit, co-hosted with the U.S.-Japan Council. The playlist includes all remarks made by Prime Minister Shinzo Abe, U.S. Ambassador to Japan Caroline Kennedy, renowned economist Kathy Matsui, and many more.

Please **search for ACCJ in YouTube**, then **click Playlists** when you reach the ACCJ channel to watch the **2014 WIB Summit footage**.



# Knocking on Washington, D.C.'s Door

By Laura Younger

**T**he annual D.C. Doorknock is a key opportunity for the American Chamber of Commerce in Japan (ACCJ) to share the voices of our membership directly with the US government. It also allows us to stay abreast of important developments between the US and Japan.

Occurring a week prior to Prime Minister Shinzo Abe's history-making speech before the Joint Session of Congress, the excitement surrounding this year's D.C. Doorknock was palpable. Our timing couldn't have been better.

Led by ACCJ President Jay Ponazecki and ACCJ Chairman Christopher LaFleur, this year's delegation of ACCJ leaders took a three-part message to Washington:

1. The Trans-Pacific Partnership (TPP) is a long-term investment in the world's fastest-growing region. Now is the time to seal the deal, and passing the fast track Trade Promotion Authority bill is an essential first step.
2. The US and Japan are natural partners with shared values on democracy, human rights, and free market economies. It is imperative that the two countries lead in establishing the trade architecture in the region.
3. Abenomics is real. With the TPP as a cornerstone driving some important reforms, the anticipated economic growth in Japan from those reforms will result in greater US export opportunities and more jobs supporting US corporate activity in the region.

To spread this message, and to discuss other topics, such as the reauthorization of the Export-Import Bank, the delegation took part in nearly 30 meetings over three days with legislators, officials in the administration of President Barack Obama, and prominent thought leaders at major think tanks. We reached out to Republicans and Democrats, in both Houses of the US Congress, who are

Jay Ponazecki, center, and ACCJ delegation members with Dr. Phyllis Yoshida (third from left), Deputy Assistant Secretary for Asia and the Americas

**The annual D.C. Doorknock allows us to stay abreast of important developments between the US and Japan.**







Christopher LaFleur, fourth from left, and ACCJ delegation members with Representative Rick Larsen (Democrat-Washington), fourth from right

critical to furthering progress on the key issues important to the ACCJ. Additionally, we continued to strengthen our ties with members of the US Congressional Caucus on Japan.

During the week following the D.C. Doorknock, Ponazecki and I were fortunate enough to attend a few

special events, including a roundtable discussion with CEOs and with Abe. Ponazecki even had the honor of attending Abe's galvanizing speech to the Congress, sitting in the same section as former US ambassadors to Japan Walter Mondale, Thomas Schieffer, and John Roos.

In the May issue of *The Journal*, ACCJ Vice President Eric Sedlak laid out the Chamber's 2015 Advocacy Vision. This year's D.C. Doorknock successfully jump-started our progress toward delivering on this vision. This progress is integral to honor our mission of developing commerce between the US and Japan, promoting the interests of our members, and improving the international business environment in Japan.

Last, but certainly not least, Ponazecki and I would like to thank Ethan Schwalbe, ACCJ associate director of external affairs,

for enabling us to effectively communicate our message to the right people. These efforts are a major part of what made the D.C. Doorknock so successful this year. ■

---

**Laura Younger** is the executive director of the ACCJ.

## REMEMBERING ROBERT F. CONNELLY

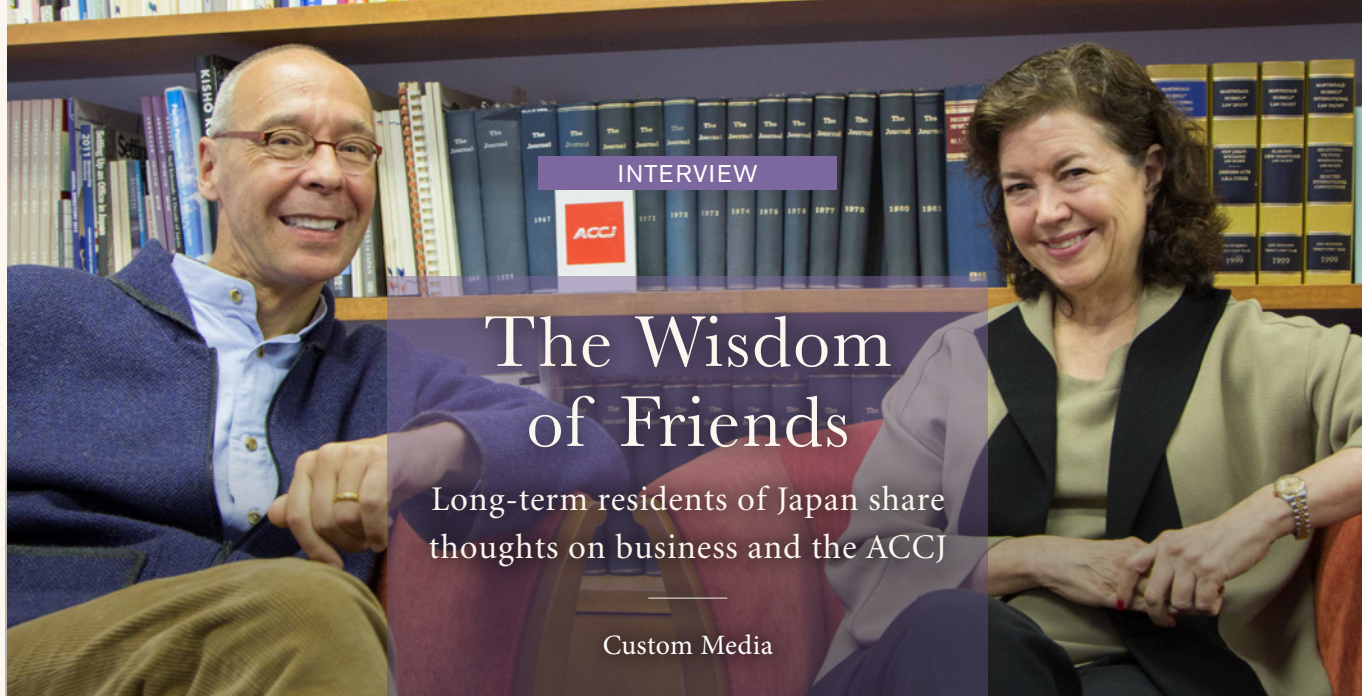


The American Chamber of Commerce in Japan (ACCJ) mourns the recent passing of Robert Frederick Connelly, a longtime ACCJ member and ACCJ leader. Robert was born on December 18, 1925 and passed away on April 12, 2015 at his home in Henderson, Nevada.

Robert first joined the ACCJ in 1974 and served as a Governor (1978-1979, 1982, 1988-1990, 1999-2000) and as a Vice President (1983-1987). We are very grateful for his active participation in the Chamber.

Throughout his life, Robert was known for his unbeatable work ethic, sharp intellect, thirst for knowledge and comforting sense of humor. He had successful careers in both the US military and the private sector. His entrepreneurial spirit brought him to Japan in 1971.

Robert returned to the United States in 2000 and became a non-resident member of the ACCJ in 2011.



INTERVIEW

## The Wisdom of Friends

Long-term residents of Japan share thoughts on business and the ACCJ

Custom Media

**T**he business environment in Japan, Prime Minister Shinzo Abe's greatest challenge, and the benefits of engagement with the American Chamber of Commerce in Japan (ACCJ)—these were among the topics covered by Debbie Howard and Jesper Koll in a wide-ranging interview with *The Journal* in April as they approach their 30-year anniversaries of living and working in Japan.

After four years working for McCann-Erickson, Howard began her own market research company in 1989, which merged in 2012 with The Carter Group, where she is chairman. She served as a member of the ACCJ in leadership roles for 20 years, including vice president and then president (2004–05) and chairman (2006–07). She currently serves as president emerita of the ACCJ.

Koll, an economist and Japan expert, long has been a contributor to the ACCJ, most notably in terms of his annual thought-provoking speech—Jesper Koll's Annual Business Forecast—delivered to ACCJ members for the past 15 years. Describing himself as Japan's Last Optimist, Koll was the head of research for JPMorgan for the past six years, and recently resigned to set up the Tokyo-based Asia headquarters for a US asset management firm by this summer.

Highlights of their instructive interview—in which Howard and Koll spoke candidly about the time they have spent in Japan—follow. To watch the interview in full, readers may visit the ACCJ's channel on YouTube.

**How has the Tokyo business landscape for skilled professionals changed since your arrival? Could you talk about your respective fields in particular?**

**Koll:** In the world of finance in the mid- to late-1980s, literally anyone who could speak Japanese was able to get a job . . . So, initially, it was the expertise in the language and in cultural understanding that marked people; the professional experience was secondary. That changed dramatically in the 1990s, where it was the professional expertise—the accounting expertise, the professional analysis, the sales and marketing expertise—that became more important. Here we are in 2015, and there is a huge shortage of skills in terms of understanding Japan's financial framework and financial analysis skills, and also in terms of

people who have the connections with corporate Japan and in its investment community.

**Howard:** I would agree with that. We are seeing a need for skills now, especially as Japan tries to be more global. Back in the '80s, it was pretty easy to get a job even if you didn't speak Japanese. Now we are seeing both a demand for Japanese language skills, and also a nice mix of non-Japanese speakers being allowed to participate in the Japanese business world.

**What advice would you give those who wish to set up their own business in Japan?**

**Howard:** Japan is an expensive and highly competitive market. This means that “basic business rules” become even more important here, especially for would-be entrepreneurs: do your homework and know who your market is; know what your concept is; have the expectation that you may not make any money [in your first year of business], and be emotionally and financially prepared to take care of that. And, be resourceful in terms of gathering support—not just people, but also information.

**Koll:** I would say it is definitely [a culture of] customer first. This is not an easy market, and the reason is that the Japanese customer is very discerning and very focused on attention to detail . . . So be very focused on what special, little extra asset you can bring to the market. Have staying power and be focused on the customer. This is not a market where you will be able to make a quick buck. This is a market where duration—establishing partnerships, establishing relationships, showing your commitment, and proving your commitment to detail—is what will make it work.

**What role has the ACCJ played in your careers?**

**Howard:** For me, in the early days, it was networking. And then it became more a matter of being able to expand on my business skills: speaking, managing groups, and learning how to run meetings. I had some of those skills already, but learning how to use them in the service of foreign businesses in Japan was a real challenge. And one of the areas for me that was so interesting was the advocacy aspect of the ACCJ, because that is not really my

field. Once I got involved in it, I realized that it actually involves quite a bit of PR and communications.

**Koll:** My world is that of finance, economics, and policymaking. And there is no question that the networks and insights that you get from the communications of the [ACCJ] are absolutely second-to-none. And it is very interesting that in 2015, Japan stands at the beginning of a renaissance. There is fundamental change that is happening, and the [ACCJ] has played an absolutely important role in that.

### What do you consider to be the top three issues facing Prime Minister Shinzo Abe's government right now?

**Howard:** The rapid aging of society is huge; it permeates everything that is going on in Japan. The second [issue] is how to incorporate women in the business environment in a meaningful manner, not just [to pay the idea] lip service. The third one, honestly, I think is Japan's "PR problem" in the world. "Japan Inc." doesn't have a good sense of how to sell itself, and this is a very important aspect of leveraging as a leader in Asia. I think that is a big challenge for the Abe government.

**Koll:** I very much agree with that. But I would take it a level higher. I think the number one issue is that Japan is in danger of becoming a second- or third-rate power. Basically, 20 to 30 years of stagnation; 20 to 30 years of losing global competitiveness . . . and the only way that you're going to stay a member of the club that makes global rules is by being economically successful. The second is consistency of power. I mean, you talk about Abenomics, but what this really means is that you have all parts of the country—you have the bureaucrats, the business community, the central bank, the media, literally everybody—working together towards a common goal. This is the biggest challenge that Prime Minister Abe faces. And then, finally, in economic terms, Japan is no longer a net creditor country. This is very important. Last year, for the first time ever, the household sector savings rate went from positive to negative . . . There is, actually, a shortage of capital. As a result, corporate Japan is going to have to sweat assets much, much harder.

### Does Japan have an edge on other Asia-Pacific nations in terms of the fight for foreign direct investment (FDI) and global talent?

**Howard:** I don't think so, at least not right now. I think that it could have an edge . . . but again part of it is PR, and part of it is leveraging on these items that we've been talking about.

**Koll:** It is very interesting that Japan has a great attribute of technological innovation; there is a wealth of patents across a wide spectrum of industries. Now, where Japan does open up for FDI—let's call it foreign and international partnerships—is [in the area of] intellectual property . . . all these patents that Japanese companies have, which are being under-utilized. Using those assets more aggressively is where global partnerships and global joint ventures can help tremendously.

### In what way have Japanese consumers become savvy? How are businesses either failing to address the changes, or succeeding in doing so?

**Howard:** When I think about Japanese consumers from the mid-'80s to now, they are much more individualized and independent in the way they make their decisions. Back in the '80s, women would go to department stores and buy an outfit from top to bottom—all the way from shoes to handbags and clothing. Everything was the same and from the window. And they didn't have the confidence to mix and match on their own. But now, of course, you will see Gucci bags, Uniqlo jeans; you'll see Japanese women are fashion leaders in the world . . . We are also seeing more segmentation, and more willingness [on the part of consumers] to make their own decisions based on the inherent quality of a product, and not just the make or the name of the maker. So that's a big change, and that filters into all categories, and all types of products and services.

### As a noted, perpetual Japan optimist, how do you feel about Japan's future?

**Koll:** I find it very difficult to curtail my enthusiasm. I find that Japan does stand at the very beginning of a secular up-trend; a true renaissance, I think, is happening here. That doesn't necessarily mean the economy is going to grow by 2.5 or 3 percent, but we definitely have the end of deflation. You do have the start of a labor market generating wage growth that is positive, for the first time in about one generation; on top of that, you have a wealth of assets that have been left by the Mick Jagger generation, the retirement generation. So what is very interesting for me is that, in Japan now, 45 percent of all Japanese over the age of 20 have no debt: no credit card debt and no mortgage debt. But that 45 percent own, fair and square, the home they live in. So it's quite spectacular. And then you have a young generation that is graduating from university that has no student debt, while the quality of jobs that they are getting is beginning to improve quite dramatically . . . So let me put it this way: I believe Japan is going to be one of the very few advanced economies where a new middle class is going to be created; and that's where I want to be. I want to be in the retail business here in Japan; I want to be providing services to the retired generation here—that is very rich—and the young, emerging generation [too].

### After 30 years in Japan, what have you learnt?

**Howard:** I've learned that I'm not as smart as I thought I was when I first got here! . . . Japan challenges us all in very many ways. It is one of the things that has kept me completely engaged here . . . I've also learned to reserve judgment. That might have come with age (laughs). Things aren't always what they appear. And it's always important to consider a variety of different viewpoints and a lot of different inputs into what you're trying to do.

**Koll:** Two rules. First rule: never ever underestimate the ability and willingness of the Japanese people to suffer together. And rule number two: never ever underestimate the ability of the ruling elite to make sure rule one is applied. ■





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[www.saintalbans.jp](http://www.saintalbans.jp)

# Expatriate Tips for Budding Businesses: Making the Most of Now

By Shun Okuno



From left: ACCJ Kansai Vice President Kiran Sethi moderates discussion with Douglas Schafer, Michael Bobrove, and Thomas Bertrand.

**W**ith the support of the Osaka Innovation Hub in the Grand Front Osaka complex, the Kansai Business Programs Committee of the American Chamber of Commerce in Japan (ACCJ) held a regional event for current and budding entrepreneurs. Three successful non-Japanese entrepreneurs who have started businesses here—Douglas Schafer, ACCJ Food & Agriculture Committee chair, Michael Bobrove, ACCJ vice president-Kansai (2006–2009), and Thomas Bertrand, founder of Bento&co—were invited as speakers. They represent four market segments: beverages, health care and technology, and kitchenware.

Delivered as a panel discussion in Japanese, the event was moderated by Kiran Sethi (president, Jupiter International Corporation, and ACCJ Kansai vice president), who began with a question about how each panelist had started their business. Naturally, they each had a different story.

## SEIZING OPPORTUNITY

When Bertrand was a student at Kyoto University, he wrote a blog about daily life in Japan. His tales of daily experiences attracted many of his French readers who are fans of Japan, and expanded his blog visitors to 800 a day. While considering how to earn money from his Internet platform, Bertrand had an online conversation with his mother in France, during which she told him that she had received from Japan a bento box, which she really liked. He immediately thought that exporting bento boxes might be a good business opportunity.

The very next day, the entrepreneur went to a shopping mall and spent ¥30,000 on bento boxes. He sold them through his blog, and business went well. He then contacted bento box makers and started an e-commerce site—Bento&co—to expand his business. Bertrand's company, which was launched from a house in Kyoto Prefecture in 2008, currently exports bento boxes to 90 countries.

## TAKING RISKS, OVERCOMING CHALLENGES

During the panel discussion, some of the challenges faced by non-Japanese entrepreneurs were covered. Schafer, a 23-year resident of Japan, had faced a number of difficulties as an expat in the country. On one occasion, a client had refused his offer of business because, according to the customer, Schafer could not possibly understand the sensory impression that food makes on the Japanese tongue—in other words, the Japanese sense of taste. This rejection was in relation to products made by Toyo Beverage K.K., which the entrepreneur had co-founded, as well as technology start-up TenTen Technologies Limited.

Overcoming such challenges by constant, sincere effort, Schafer ensures optimum results by focusing 100 percent on all his business deals. Little by little, he has developed a relationship of trust with clients, who have gone on to become regular customers.

Bobrove's story, based on his more than 25 years in Japan, was equally instructive. His company, HealthyIM K.K., connects expats to wellness and healthcare facilities, products, services, and professionals in Asia. Although he entered the market at a sub-optimal time—May 9, 2013—Bobrove was confident that creating a good system to provide information would add value and, in time, attract customers. To this end, he accompanied his team on hospital visits and interviews with healthcare workers in Asia to create a database of quality medical facilities. This enabled him to establish a rapidly expanding service that meets the needs of users. Indeed, Bobrove admits that he subcontracts a web developer in Los Angeles whom he has never met, which epitomizes the kind of risk-taking creativity needed to establish an online business presence at a competitive price.

All three entrepreneurs shared many stories of successes and challenges. An important takeaway was that everyone has to overcome difficulties when starting a business. To do so, one needs creativity and the desire to go the extra mile. Indeed, all three speakers' experiences, business solutions, and positive results have become differentiating markers of their companies. After the event, no doubt the audience was filled with a new sense of how one might become a successful entrepreneur in Japan. ■

**Shun Okuno** is Kansai branch manager at en world K.K., and a member of the ACCJ Kansai Business Programs Committee.



# 50 Years Behind the Lens

By Timothy Connor



“I was just in the right place at the right time,” says internationally renowned photographer Terry O’Neill of his 50-year career capturing the lives of celebrities. O’Neill, whose ambition it had been to become a jazz musician, got his start in camera work almost by accident. While working in a photographic unit of an airline, he took a photo of a man, who was sleeping on a bench at London Heathrow Airport—and who happened to be Britain’s Home Secretary Rab Butler. The result was the launch of O’Neill’s career photographing icons in real-life settings.

Later, while working in London’s Fleet Street for the tabloid *The Daily Sketch*, he was sent to photograph a then-new pop band called The Beatles. The reason was, according to O’Neill, “because I was young and could talk to them.” The photos taken that day at Abbey Road Studios while the band was recording *Please, Please Me* were published in the paper, which then sold out.

No one thought that pop music would stay popular. According to O’Neill, “The Beatles and [The Rolling] Stones and I used to sit around and talk about what we were going to do for work when all this ended.” It seems those in the business couldn’t believe that they were getting paid for doing what they loved and for having so much fun.

O’Neill is widely known for his iconic photos of celebrities such as Sir Elton John CBE, Frank Sinatra, and Faye Dunaway. Speaking of capturing these famous people on film, he says, “I was able to just blend in. In fact, I learned that from Sinatra. I got his wife Ava Gardner to send him a note allowing me in to photograph him. When I got there, he roundly ignored me as if I wasn’t there. I later realized that he had given me the greatest gift of all: to be able to blend in, to fade into the background.”

“I was just in the right place at the right time,” says Terry O’Neill.

While O’Neill is fond of saying that he simply tries to photograph what is happening, it is clear in his work that he has an uncanny ability to find the person or human in all his subjects.

In 1977, two years before O’Neill married Dunaway, he told her that, if she won the Academy Award for Best Actress in a leading role, he wanted her to be by the pool at 6:30 on the morning after the award ceremony. The result is his iconic photo of Dunaway lounging “the morning after.” Contrary to popular opinion, it was not an accidental setting by any means, rather it was created at that moment and photographed with only the couple on set.

Several years later, O’Neill returned to London and taught himself color photography for the first time. He is well known during this period for his many photo shoots, the most memorable of which was, according to O’Neill, the week he spent with Nelson Mandela on the occasion of Mandela’s 90th birthday. In taking thousands of photos of him in the company of his visitors, O’Neill came to understand what true greatness really means.

Several years ago, Iconic Images purchased O’Neill’s archives, which had been boxed in storage. Thanks to the company and its CEO Robin Morgan, we have the great fortune of getting a glimpse of an extremely exciting period in history through O’Neill’s lens. ■

**Timothy Connor** is director of the Corporate Development and Marketing Services group, Newport Co., Ltd. He is also co-chair of the ACCJ Special Events Committee and member of the ACCJ Communications Advisory Council.





## EVENTS



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- 1 Renowned celebrity photographer Terry O'Neill enjoys a laugh at the Tokyo American Club during the ACCJ speaker networking event he headlined on April 16.
- 2 Vicki Skorji, director of TELL, advises ACCJ members and their guests on April 28 how to better manage stress.
- 3 ACCJ members enjoy drinks at "Networking Spring Fever at Monsoon Cafe Ebisu," in Tokyo, hosted by the Sales Development and Independent Business Committees.
- 4 Paul Schott Stevens, CEO of the Investment Company Institute, addressed the ACCJ Investment Management Committee at a live streaming event on April 21.
- 5 Sales Development Committee Chair Thomas Shockley and ACCJ Vice President – Tokyo Jon Kushner pose with Asahi Glass Company CEO Takuya Shimamura following his ACCJ speaker luncheon on April 22.
- 6 ACCJ Governor – Tokyo William Swinton and US Embassy Deputy Chief of Mission Jason Hyland pose with officials from the US Embassy and the Tokyo Fire Department following a disaster preparedness seminar co-hosted by Tokyo American Club on April 28.

## UPCOMING EVENTS

Please visit [www.accj.or.jp](http://www.accj.or.jp) for a complete list of upcoming ACCJ events or check our weekly e-newsletter, *The ACCJ Insider*.

### • JUNE 17


A Conversation with Unilever Japan CEO Fulvio Guarneri (Tokyo American Club)


### • JULY 14

Japan's Cloud Computing Market: A Technology Leader's View on Customer Priorities and Market Trends in Japan (Tokyo American Club)

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## Women in Business 2015: from Vision to Action

The year 2015 is a powerful one for advocacy by the American Chamber of Commerce in Japan (ACCJ), as Eric Sedlak, ACCJ vice president—Tokyo pointed out in his leader article last month. The Women in Business (WIB) Committee is committed to supporting Prime Minister Shinzo Abe's goal of ensuring that women account for 30 percent of the leaders in Japan by 2020.

To accelerate this change, we are putting a major focus on advocacy through our white paper—*Toward the Japanese government's goal of 30% women in management positions by 2020 (A Collaborative, partnership-based blueprint for Japan)*—which is due to be released on June 29 at the 2015 WIB Summit at the ANA InterContinental Tokyo.

Co-authored by WIB Committee vice chairs for advocacy Makiko Fukui, Corinne Johnson, and Barry Hirschfeld, who have dedicated many months to painstaking research and rigorous editing, the white paper identifies three underlying pillars that will best support Japan in reaching this goal. These are providing seamless support for women who work, ensuring greater labor mobility, and facilitating agents for a change in mind-sets. The pillars are further broken down into 13 recommendations and calls to action.

### ACTION, NOT WORDS

The 2015 WIB Summit will provide a platform on which to build on the white paper's themes, and will engage a broad partnership of private enterprise managers, policymakers in government, representatives from education, individual employees and entrepreneurs. This year's summit will not just be about having



By Elizabeth Handover  
Co-chair of Women In  
Business Committee

**"It's time to stop talking.  
Now it's time to take action."**

important and relevant conversations. We will be putting maximum energy into making the change happen. Our commitment is clear in our vision statement:

"It's time to stop talking. Now it's time to take action; action that drives measurable results that not only increase participation of women in the workforce but also their advancement. [The 2015 WIB Summit] is focused on providing individuals, companies, [as well as] government and educational institutes with examples of actions that make a real difference to women in the workforce."

The scope of this year's event is ambitious and aims to cover the entire career lifecycle of entry and re-entry into the workforce; advancement through one's career; and, operating at senior leadership and board levels.

While we can promise that, as always, there will be a plethora of exciting premier-

level guests speaking on the main stage, in order to reflect our aim of keeping the summit practical and focused on change, we are organizing a wide range of smaller breakout and working sessions, such as "Taking Action and Seeing Results"; "The Role of HR in Increasing and Advancing Women in Business"; "Learning from Women in Leadership"; and, "Men Taking Action." These will give all participants the opportunity to contribute valuable knowledge and experience to each topic.

### STAND UNITED

A positive new initiative this year is the partnership of the four major women's conferences in Tokyo. The WINConference, the International Conference for Women in Business, the ACCJ Women in Business Summit, and the World Assembly for Women in Tokyo (WAW! Tokyo) have come together in a collaborative partnership to promote all four events and bring a unified wave of action across all communities. The WINConference kicked off in April with Leanne Cutts and Royanne Doi as plenary speakers on behalf of the WIB Committee of the ACCJ, and Rui Matsukawa, director, Gender Mainstreaming Division, Ministry of Foreign Affairs, as a representative of WAW! Tokyo. ■

The **2015 WIB Summit** is coming up fast, and places—at just **¥5,000** (members) and **¥7,500** (guests)—will fill up quickly. So mark the **June 29** occasion on your calendar as a must-go-to event and refer to the sign-up notice in your inbox.



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