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to ACCJ Chairman and President  
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# SPORTING STATE OF MIND



Christopher Bryan Jones  
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As another year comes to a close, my eyes have been on the gridiron, as they are each fall. This year has been especially interesting to me as a die-hard fan of college football because I was able to take in a game filled with many similarities and great differences. As Japan succumbed to rugby fever, so did I—and there were some interesting experiences along the way.

## GREAT DIVIDER

I was born into a rich football tradition. As a native of Birmingham, Alabama, one of the first bits of clothing I ever wore was crimson and white. Another was orange and blue. My family was split down the middle—Alabama and Auburn, with my father's side being Crimson Tide and my mother's War Eagle. The Iron Bowl, the annual regular-season finale between the state's two largest universities, loomed large over the family. Back then, the game was played the

Saturday before Thanksgiving, and it was very important for your side to win before everyone gathered the following Thursday for turkey and stuffing. In my home state, sports has long been the great divider. Alabamans spend 364 days a year fighting over which team is better. Once a year, the players take the field to battle for bragging rights. Then we do it all over again.

## GREAT UNITER

What I saw September 20–November 2 was quite different. The Rugby World Cup (RWC) 2019 brought together not only a nation but the world. All around Tokyo and the country, we saw visitors who had come from afar to support their team mingling with one another, reveling in the shared experience made possible by a sport from which college football evolved. Supporters of both sides in a match watched side-by-side in a way rarely seen back home when the Iron Bowl rolls around.

And I joined in. I was honored to be invited to the residence of British Ambassador to Japan Paul Madden to watch the opening match between Japan and Russia. And in the lead-up to this, I enjoyed the events hosted by the joint-chamber Rugby Alliance at which panel discussions revealed how the core of the sport brings people together and fosters understanding.

## GREAT EXPERIENCE

Returning from Wakayama Prefecture on September 28, the Shinkansen that I was on pulled into Kakegawa Station just after the Japan vs. Ireland match had finished at nearby Shizuoka Stadium Epoca, a 19–12 victory for the Brave Blossoms. As fans flooded onto the train, I watched the somber Irish supporters. The loss had been a shock, yet their respect for Japan was obvious. And many Japanese fans wore Ireland jerseys.

In the weeks that followed, I encountered fans throughout the city—on the subway, in restaurants, and on the street. Each time I was struck by the camaraderie fostered by the sport, not just among supporters of the same team but by those who just love the game and what it represents. It was a novel concept for someone who grew up in the midst of a rivalry that has resulted in fans going to prison for acts of vengeance against the other side. Prior to this year, I knew little about rugby—and I still don't understand the rules. Now I see the appeal and respect what the game can teach society. ■

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# Closing Words

Open letter to the ACCJ community



PRESIDENT

By Peter M. Jennings  
ACCJ President

**T**he late Skip Prosser, Wake Forest University's basketball coach from 2001 to 2007, had some great words to live by. My favorite: "The one thing you never delay is gratitude."

I am incredibly grateful to the American Chamber of Commerce in Japan (ACCJ) for the tremendous opportunity to serve as president. I have been humbled by this experience and, while it may sound cliché, it has been an absolute thrill and the honor of a lifetime.

My sincerest thanks to the membership for their support during my tenure, and the same goes for the dedicated, unsung heroes of the ACCJ: the staff. Thank you to the committee chairs and board of governors for their engagement. In particular, I want to recognize the executive committee. This insightful and action-oriented "team of rivals" has been wonderful to work with, and I am fortunate to have had this remarkable opportunity.

A very special thanks goes to Chairman Chris LaFleur (page 10), who has been pressed into extra service this year and has delivered every time.

Last, but certainly not least, I owe much credit to Jim Fitterling, Dow's chief executive officer and my friend of many years, as well as to my amazing executive assistant, Junko Nakajima. I would not have been able to embark on this journey without their support.

Amid all the ACCJ's successes this year, two immutable takeaways stand out:

**1** The immense value I gleaned from my personal interactions with numerous ACCJ leaders and members is a gift I will always carry with me.

**2** There is absolutely no other organization of this nature where extremely smart, committed, and talented people volunteer copious amounts of their invaluable time while never asking for anything in return.

This year marks my 35th year with Dow Chemical Company—the past eight years as president of Dow Japan. I have tried to put my finger on why the relationship between the United States and Japan is so special. As a transplanted Midwesterner and

Michigan native, I believe the bond between these two countries is rooted in shared values and principles that espouse diligence, integrity, and improvement, as well as love of family, community, and country. These roots enable the US–Japan alliance to endure, for our relationship has never been stronger or more important.

It was an opportunity of a lifetime to represent the ACCJ at a meeting with US President Donald Trump, US Ambassador William Hagerty, and 30 of the best business leaders in the world on May 25. I believe the ACCJ and our members will continue to play an integral role in strengthening US–Japan relations. Special recognition goes to Joe Young, chargé d'affaires at the US Embassy in Tokyo, who has helped plant the ACCJ–US Embassy partnership on the most solid and productive ground in many years.

Thank you to everyone.

In closing, I leave you with a quote that encapsulates my tenure as ACCJ President.

"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." —Maya Angelou ■



**I have been humbled by this experience . . .  
it has been an absolute thrill and the honor of a lifetime.**

# IN PURSUIT OF BILATERAL BENEFIT

Japan awards Order of the Rising Sun to  
ACCJ Chairman and President Emeritus  
Christopher J. LaFleur

By C Bryan Jones | Photos by LIFE.14

**A**s the United States and Japan negotiate a new bilateral trade agreement, one of the most visible faces of the American Chamber of Commerce in Japan (ACCJ) has been Chairman and President Emeritus Christopher J. LaFleur. He has appeared on CNBC and Bloomberg TV, in the *Nikkan Kogyo Shimbun* newspaper, and taken part in the ACCJ's DC Doorknock visits to Washington—all in support of US businesses in Japan and a stronger US–Japan relationship.

A longtime member of the State Department posted to Japan and former US Ambassador to Malaysia, LaFleur has been part of US relations with Asia for 45 years and an ACCJ member and leader for more than 20.

On November 1, the Government of Japan announced that he would be awarded the Order of the Rising Sun, Gold Rays with Neck Ribbon, in the 2019 Autumn Conferment of Decorations on Foreign Nationals, in recognition of his decades of service to the relationship and friendship between Japan and the United States.

Created in 1875 by Emperor Meiji and first awarded to non-Japanese in 1981, the Order of the Rising Sun is bestowed upon those who have made distinguished achievements in international relations, promotion of Japanese culture, advancements in their field, development in welfare, or preservation of the environment.

Before his trip to Washington to receive the honor in a December 6 ceremony at the Embassy of Japan in the United States of America, *The ACCJ Journal* sat down with Ambassador LaFleur to reflect on his career and the work of the chamber.



### How did you feel on hearing about this award?

I was, of course, humbled because it's a recognition from the Government of Japan to individuals who've contributed, in the case of foreigners, to relations between Japan and other countries. Having spent a good part of my adult life in various positions working on US–Japan relations, it is certainly wonderful recognition for that work. Many people have contributed over the decades to the strong relationship between the United States and Japan. I'm very lucky to have had the opportunity to make a small contribution.

### Why did you choose to focus your career on Japan?

I didn't. Actually, shall we say at the start I didn't. What happened was, I joined the State Department having spent some time as a student studying Chinese. I assumed that, naturally, the State Department would send me to some place where I could make use of that background. Instead, they assigned me to be the vice-consul in Sapporo as my first assignment. So, I arrived in 1974, after six months of Japanese language study, to start my work in Japan for the first time.

After I had been in Sapporo for a couple of years, the State Department decided to reassign me to Tokyo. I spent a little more time in language training in Yokohama, at the State Department's language school, and then moved up to Tokyo for another couple of years to work on political and labor affairs. And then I spent yet another year as the consul and the head of the office at the consulate in Sapporo.

So, I spent, essentially, the first six and a half years of my career in Japan, which is something that almost never happens—in fact, I don't think it can happen anymore. In that sense, I was very, very fortunate that my career path permitted me to develop a certain level of understanding and knowledge of Japan that then positioned me to return twice in other positions of increasing responsibility. Altogether, I spent about 16 years of my 34 years in the State Department working in Japan. And, during many of the years spent elsewhere, I was working on various aspects of US relations with Asia.

### What skills were essential in the early years? What did you have to learn along the way?

The obvious one, of course, is language. Without a certain level of fluency, it's very challenging to do business in Japan—although I will say it has become a lot easier than it used to be. If one is living in a large metropolitan area—particularly in Tokyo—it's possible to do quite a bit even if you don't have Japanese skills. That said, Japanese language clearly is a key condition for being as effective as possible, whether it's in diplomacy or business.

Beyond that, I would say having some affinity for the culture is also rather important, because US and Japanese cultural norms are rather different in some important ways.

Whether it's something as minor, perhaps, as showing up for meetings well before they begin or it's having some appreciation for the way decisions are made within organizations in Japan, the ability to operate within those norms becomes very important to being successful.

I look around the ACCJ and I see many models for success at many levels of corporate size, and in many industries. So, beyond those sorts of general things, I think a lot of different people find opportunities to make an impact here. And, sometimes, bringing something different to the game can also have some benefit.

### Did you have any career-changing difficulties?

That's a good question. I have to say, I've been very fortunate in my career over the years in that, most of the things that I set out to do, I had an opportunity to at least try to do, even if I didn't totally succeed.

I can recall when I was in my second stint at the US embassy in Tokyo, I was in charge of the political-military affairs that are a key aspect of the US–Japan relationship. We were looking to negotiate on some issues—including some that are back in the news recently—with respect to Japanese support for US military facilities in Japan. We were also working on getting Japanese support for some of the things the United States wanted to do at the time, with respect to space-based or missile-based defense systems. Then, a little bit later, both here and in Washington, we were looking at how Japan could be supportive of the Allied operations in the First Gulf War.

In all these areas, what we found, from the US perspective, was that Japan had very severe constitutional and policy constraints. It was a good lesson, relatively early in my career, on the rather different ways that Japan—given its history and culture—might look at issues which Americans tended to view as rather open-and-shut cases.

### Who would you say was your mentor?

I had several. As a career person, two key role models for me were the deputy chiefs of mission (DCM) under whom I served early in my career. One was William Sherman, who was the first DCM who served Ambassador Mike Mansfield, and then later came Desaix Anderson, who was the last DCM to serve under Mansfield.

The Tokyo embassy is one of the largest that the US maintains anywhere in the world, and we have not only a number of people who come directly from the State Department, but representatives from multiple US government agencies. One of your challenges when you're the DCM and, effectively, the chief of staff on behalf of the ambassador, is how you try to coordinate among those various offices and individuals to try to support what the ambassador and, ultimately, the US government is trying to accomplish vis-à-vis Japan. Both of those individuals provided me great role models, both in how they manage people and the inevitable challenges you have with personalities and different organizational perspectives, as well as how to deal with the Japanese government in an effective way.

Moving to a different level, in the US diplomatic system, we have as ambassadors both career civil servants and political appointees but the ambassadors that I served under during my entire career in Japan were all political appointees. Collectively, I served under Mansfield for seven of his 12 years here. He had a tremendous impact on my view of the relationship and, also, I would say, my view of my country. He had a decades-long period of service as a US senator and, ultimately, as majority leader.

Early on, for me as a relatively junior officer, one thing I learned very clearly from him, which I wouldn't necessarily have otherwise, was the importance of all branches of the US government. He was well positioned, of course, to speak to the importance of the legislative branch. The US Congress, he reminded us frequently, is a co-equal branch of government with the executive branch, as well as, of course, the judicial branch, and it was important that all of us out in the field always keep that in mind.

He had a physical way of demonstrating that, which was by putting up the photographs of the Congressional leadership of both chambers in his office and pointing that out, from time to time, to us all so that we would always keep that point in mind as we were



## Other American recipients of 2019 Order of the Rising Sun

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Former professor, Faculty of Sociology & Social Work, Meiji Gakuin University; Former professor, Faculty of Comparative Culture, Sophia University

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**William M. Turner**

President of Japan Society of New Orleans

**James P. Zumwalt**

Former deputy chief of mission, Embassy of the United States in Tokyo; Former director of the Office of Japanese Affairs, US Department of State

doing our work. In US embassies, you'll always see the pictures of the president, vice president, and secretary of state displayed up there somewhere, but you rarely see those other pictures. Perhaps that's the established practice, given that we all are, at embassies, part of the executive branch and the ambassador serves at the pleasure of the president. But, at the same time, you're executing your oath of office, which is to the Constitution and the American people, and it's important that you have clearly in your mind at all times that all three branches are critical to our democracy. So that was one key point.

The other point, of course, and Mansfield is famous for this, is that he would always insist on being the one to serve the coffee. I helped him many times do this for Japanese visitors. He would go back, by himself, to a little room he had in the back of his office where there was a hot water heater and some instant coffee. He would pour a little Taster's Choice into the cup, put some hot water into it, and carry it out to his Japanese visitors.

This made a real impact on our visitors, to see that the ambassador would serve the coffee. The message about what constitutes civil service and how a servant of the people should comport himself or herself was, I think, an important one to convey.

I was also very fortunate to serve as deputy chief of mission to Ambassador Tom Foley. Like Mansfield, Foley also had a distinguished career in the US Congress, eventually becoming the speaker of the House of Representatives, the third most senior official in the US Government. But where Mansfield was a man of few words, Foley was a great storyteller, and I watched him regale many a Japanese audience with tales about colorful figures in America's political past, many of whom he knew well. I learned how useful this skill could be in helping put counterparts at ease even when we needed to discuss difficult issues of that time, such as the Asian financial crisis. Foley was also a master at delegating to staff and, by extending both trust and support when needed, bringing out the best in his staff. These are lessons on which I leaned heavily when I became an ambassador some years later.

Given how much I owe Mansfield and Foley, I am pleased that I am on the board of the Mansfield Foundation, which every year brings a group of US government mid-career officials to work in Japan for a year, and which also organizes the Foley Foundation.

### How do you feel your experience led to this honor?

Well, I served for a number of years in various positions that had some role in the US-Japan relationship, spanning a whole variety of circumstances—from issuing the visas in Sapporo to being involved in the US-Japan discussions and collaborations with respect to what occurred during the time of the 1997 Asian financial crisis and the Gulf Wars. So, I've been involved in a variety of aspects of the relationship. Although I don't want at all to suggest that I necessarily had a defining role in any of that, I was able to contribute to what has been a very broad team effort by many people over the years, in both the United States and Japan, to try to strengthen the relationship to bridge the various differences and gaps in understanding that are inevitable—given the history and cultures we have—and to try to find ways to cooperate more effectively and to achieve our goals.

If you look at it from the perspective that I do, from having worked on this for about 45 years—a little bit more at this point—you see that there really has been a very clear and very positive evolution. So, from that point of view, I hope that those





in Japan who look at this feel the same way and also see this as yet another affirmation of the strong bonds between our two countries.

**Did your work in the financial sector play into your perspectives on the relationship?**

My work in the US Foreign Service was principally in non-economic areas. When I was the DCM and, later on, when I was deputy assistant secretary in Washington charged with overseeing work on Japan, I was involved in some other aspects. But, when I left the government after Malaysia and came back to Japan and entered the private sector for the first time, literally in my life, I certainly had a lot to learn about how business operates, as well as the different position that the private sector—and certainly foreign companies in Japan—find themselves versus arriving as the representative for our government and all that goes with that.

So, there was a great deal to learn about how regulation operates in Japan vis-à-vis the private sector, and the very different rules and expectations that government and regulators sometimes have vis-à-vis business—certainly in the financial sector.

And, operating more recently as a consultant, being part of a Japanese board of governors for a private company helping an American company set up a new subsidiary in Japan—all of these are experiences which I learned a lot from and, hopefully, that ultimately gave me better tools to work with in the ACCJ for trying to strengthen the chamber as well as attempt to improve the position of US business in general here in Japan.

**How has the role of the ACCJ changed over the years? Why is it important at the moment?**

The role of the chamber, I think, has been important pretty consistently throughout its history because of the very large role that the United States and the US economy have played in Japan's growth and development as an economy. So, in that sense, it is almost inevitable that the chamber, as the voice of US business in Japan, is going to be a significant one.

Having said that, over the years, I think there has been evolution. Clearly, at its beginnings, more than 70 years ago,

those who were in the chamber represented much smaller businesses for the most part—not always, but significantly—and, over time, through the 1950s and '60s, that scale grew. But it didn't necessarily keep pace with the growth of the Japanese corporate presence in the United States. And, certainly, other macro things were going on at the same time with respect to bilateral trade.

When we arrived in the 1980s, there were very significant trade frictions between the two countries, reflecting the very substantial size of Japanese exports to the United States—and the prominence of those exports—at the time when Japanese financial strength was at its zenith. Those two factors together created a lot of anxiety in the United States that, in retrospect, seems misplaced. But, at the time—operating within the US government and being on the receiving end of a lot of complaints and concerns from the US side and from people in the government who were concerned about the US economy—I can tell you they were very, very keenly felt concerns.

The chamber, during that period, also reflected the concern that foreign business in general—but certainly US business specifically—didn't have access to the Japanese economy on anything like the scale that Japanese companies enjoyed in the United States. The playing field wasn't as level, access to information was not sufficient, participation in decision-making simply wasn't there. So, there were a lot of concerns, and I know the chamber was very vocal about many of them. But, over time, I think you've seen that change significantly to the point where, today, US companies have very significant investments in Japan, very significant presences in the Japanese economy, and are big participants, in many ways, in Japan as a society and an economy. And that has really changed the dynamic fundamentally.

For the chamber, too, I think the role has shifted fairly significantly. Today, as an organization that represents companies within the Japanese economy, our role is more to look at how our members and how we—as US companies as a group—might contribute more effectively to the growth of the Japanese economy and the Japanese market. So, it's a much more collaborative discussion we have today with Japan—one in which, sometimes,



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Japanese government officials are coming to us and saying, What have you got? That would not have happened 20 or 30 years ago. I think that represents a very positive evolution in the relationship.

We see in some particular areas, such as the US–Japan Internet Economy Dialogue, a collaborative effort by the governments and businesses in these critical sectors of the economy to maintain an open dialogue to try to harmonize policies and approaches. Again, that’s something that you wouldn’t have seen happen in the past. So, overall, the role of the chamber has evolved, but I think it remains important and, in some ways, is perhaps more important than it’s ever been, because I think we are now in a position, hopefully, to have even more positive impact on Japanese economic progress and growth. And, ultimately, that’s going to be to the benefit of US companies as well as to Japanese companies.

#### How can the next generation strengthen the relationship?

There’s a lot still to do here, I think, in terms of bilateral trade. We’ve just seen completion of phase one of what is expected to be a two-phase trade agreement between the United States and Japan. It covers some key areas in agriculture, certain industrial products, and the IT sector—the digital trade sector—and those are all very important ones to the US economy, to US business, and the chamber is very pleased to see that this first phase has been completed.

Having said that, there remain a variety of other issues that we raised with the US government when we went to testify in Washington last December. We would certainly like to see, in phase two, the two governments address those issues as well and, hopefully, further open the way for additional growth in the Japanese economy. This, we think, will benefit both US and Japanese companies. So, that’s sort of the key immediate challenge.

Looking at it from a slightly broader perspective, overall growth in the economy—both in the United States and Japan—is going to be an increasing focus of discussion as we go forward, given where the two countries are in terms of their growth cycles, given where we are in terms of monetary policy. The sources

of sustainable growth for both economies, I think, are going to be critical issues here that business is going to have to help government address.

We see with the rapid expansion of the digital economy that there is tremendous potential for growth, greater efficiency, and greater productivity coming out of the digital sector. And that’s going to have an increasing effect across all industrial fields. We can see that happening. How that happens, how quickly it happens, whether we can make that happen at the lowest cost possible to customers—keep it as efficient as possible—all those are issues out there that the two governments and businesses, hopefully working collaboratively, can address so that, ultimately, our citizens and our customers reap the greatest benefit.

With respect to younger leaders coming forward, it’s probably, in some ways, more to ask them than to ask someone like me. My sense is that the experiences that younger people bring to business reflect a generation that has been exposed—essentially from birth—to a whole new level of technology that has altered their lives and is going to alter everyone’s lives to a greater degree going forward.

Clearly, for younger people coming up, having an appreciation not just for what technology per se means but what change means—and how to manage that going forward—will, I think, become one of the most important skills, whether you’re in business or in government or whatever field. Because, whatever we’re doing today is going to look very different 10 years from now, and we had better be prepared to manage change effectively—not only in terms of how we operate whatever organizations, or parts of organizations, we might have responsibility for, but also how those changes are going to impact the people we’re responsible to.

At an ultimate level, whether it’s the citizens of our countries or our customers, we had better be thinking about what these changes are going to mean for them from a practical day-to-day point of view—and how we’re going to deal with that, and adjust for that, and help them adjust. That’s what I would see as the key change. ■

## Christopher J. LaFleur Biographical Highlights

### 1949:

Born in New York City

### 1991–93:

Director, US State Department Office of Vietnam, Laos, and Cambodia

### 1993–97:

Deputy director of the American Institute in Taiwan

### 1997–2001:

Minister and deputy chief of Mission, Embassy of the United States in Tokyo

### 2001–03:

Principal deputy assistant secretary of state, East Asian and Pacific Affairs

### 2004–07:

Ambassador, Embassy of the United States in Malaysia

### 2008–11:

Vice-chairman and head of Government Relations & Corporate Responsibility, J.P. Morgan Japan

### 2008–present:

Director, Tsuneshi Holdings Corporation

### 2012–present:

- Special advisor for Asia, Depository Trust and Clearing Corp.
- Representative director, DTCC Data Repository Japan
- Senior director, McLarty Associates

### 2011–present:

President, LM Associates

### ACCJ positions include:

President (2016–17);  
Chairman and president emeritus (2018–present)



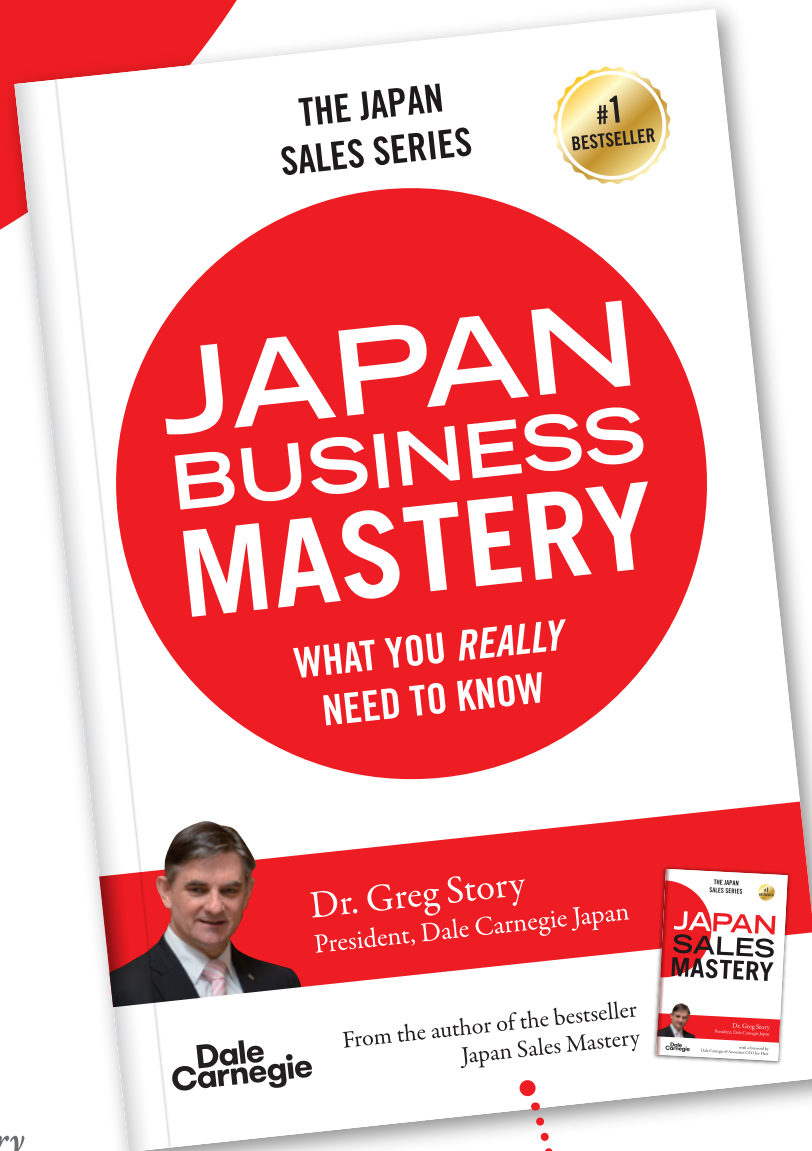
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**1** From left: Diane Farrell, acting deputy under secretary for international trade; Joe Young, charge d'affaires at the Embassy of the United States in Tokyo; and American Chamber of Commerce in Japan (ACCJ) Executive Director Laura Younger at the Indo-Pacific Business Forum in Bangkok on November 4.

**2** The ACCJ and the US Foreign Commercial Service hosted the USA–Japan Hospitality Summit at the House of Representatives International Conference Room in Tokyo on October 30. ACCJ Integrated Resorts Task Force Chair Seth Sulkin and Education Committee Co-Chair Mark Davidson took part in a panel focused on the global talent needed to sustain inbound tourism in Japan.

**3** Kumiko Shimamoto (second right), vice president of sales for Japan, Hong Kong, Taiwan, and Southeast Asia at Getty Images, spoke and took part in a fireside chat moderated by Garr Reynolds (left), author of the Presentation Zen series, at the event Power of Strong Visuals When Communicating: Focus on the Impact of D&I at the Eli Lilly office in Kobe on November 22.

**4** The 2019 Chubu Walkathon Charity Fund Presentation Ceremony was held at Nagoya International School on November 12. This year the Walkathon committee donated ¥6 million to 18 local charity organizations.

**5** From left: European Business Council in Japan Chairman Michael Mroczek, Parliamentary Vice-Minister of Economy, Trade and Industry Shuji Miyamoto, Japan External Trade Organization (JETRO) Chairman and Chief Executive Officer Nobuhiko Sasaki, Belgian Ambassador to Japan Roxane de Bildering, and ACCJ Vice President Marie Kissel at the 4th JETRO Invest Japan Networking Event at the JETRO Exhibition Hall on November 14.

**6** The Rugby Alliance—a coalition of eight foreign chambers of commerce in Japan—held its third event, Pass the Passion, at the Grand Hyatt Tokyo on November 14 to cap off a successful Rugby World Cup 2019.

**7** US Consul General Karen Kelley (front center), of the US Consulate General, Osaka-Kobe, celebrated the season with ACCJ members at the annual Japan–America Society of Osaka–ACCJ Kansai Thanksgiving Party at The Westin Osaka on November 20.

## 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*.

### • DECEMBER 7

ACCJ Charity Ball

### • DECEMBER 12

Conversation with Cartier Japan President and CEO Veronica Prat van Thiel

### • DECEMBER 21

Christmas Charity Lunch at Shooters to Support Children

### • JANUARY 29

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# Next-Gen Investing and Women Entrepreneurs

Pocket Sun on how diversity creates opportunity

By Aaron Baggett



**O**n November 6, the American Chamber of Commerce in Japan Alternative Investment and Women in Business Committees invited Pocket Sun, co-founder and managing partner of SoGal Ventures, to speak at an event entitled Next-Gen Investing and Women Entrepreneurs.

One of the youngest people ever to be featured on the cover of *Forbes Asia*, Sun co-founded SoGal Ventures, the first female-led millennial venture capital company, with her business partner, Elizabeth Galbut. Since 2015, the two partners at SoGal have invested in some 65 startups, and Sun has become one of the most prominent young female venture capitalists and entrepreneurs in Asia. She has been invited to speak at the Microsoft CEO Summit, *Fortune's* Most Powerful Women Summit, TEDx, and many of the world's leading events on entrepreneurship and investing.

## CREATE YOUR SOLUTION

Sun never planned to be an entrepreneur. She applied for the master's degree program in entrepreneurship and innovation at the University of Southern California (USC) out of necessity. "I didn't pass the lottery to get a US work visa, and I decided to go to a grad school to stay in the country," she explained.

Initially, she wasn't interested in the master's degree she was pursuing, but that changed very quickly. "I thought I would go back to my corporate job right after my master's program,"

she said. "But two months into the program, I dramatically changed how I viewed my career path and what I could do with my life."

During her time at USC, guest speakers would come to Sun's classes every week to share their successes as entrepreneurs or investors. But they were all men, and that lack of diversity felt wrong to Sun.

"In my venture capital class, none of the weekly speakers were women. It was difficult to relate to them. I thought, Why am I always one of the only women in the room? I remembered that the entrepreneurship program taught us that you need to solve your own problems, and that's how you find solutions. You have to help others by creating solutions for your pain point."

So, she created a solution: SoGal.

"It started as a student organization, and the goal was very simple: to bring more entrepreneurship exposure to young women." The community for women entrepreneurs that she created grew quickly, and there she met ambitious and talented young women that came to her all facing the same problem: no access to capital.

According to Sun, access to capital is the biggest bottleneck for women entrepreneurs. In 2018, just 2.2 percent of venture capital funding went to female founders. This means that, for every dollar in funding a female founder receives, her male counterpart gets \$49. Moreover, fewer than 10 percent of partners



at venture capital companies are women, fewer than 25 percent of venture capital companies in the United States have had female investors, and 94 percent of venture capitalists are men.

“Venture capital, to a large extent, dictates the future of technology, innovation, and even our lifestyle,” she said. “That is why I find these stats to be very dangerous. Women need to be part of making those decisions.”

### BOTH SIDES OF THE TABLE

Despite receiving the vast majority of venture capital, men are also impacted by the lack of diversity. “Venture capital investors have similar interests as well as socioeconomic backgrounds, and are in very similar social circles. When you put all your eggs into one basket—which usually means guys who look like Mark Zuckerberg—then all your winners, of course, would look like him. But all your losers would, too. Most investors choose to just ignore that second part,” said Sun. “We realized that we really need women on both sides of the table. And we have to enable women to be decision-makers and the creators of the next generation of innovation.”

Evidence supports the benefits of a diverse team. Sun cited a 10-year study by the well-established venture capital company First Round Capital that shows companies with at least one female co-founder performed 63 percent better than those founded entirely by men. “Women are more capital efficient, because they have been trained, unfortunately, to do more with less. They just never had the luxury of expecting SoftBank to put in a few billion,” Sun said. “Woman-led businesses are striving much harder to be profitable and break even much earlier.”

### THE NEXT GENERATION

In early 2017, SoGal launched its current fund and has become an institutional investor in 23 portfolio companies, growing its ecosystem of women entrepreneurs in more than 40 cities. To date, these 23 companies have raised more than \$300 million and their combined market valuations total some \$1.4 billion.

“All have at least one female co-founder, and 17 are led by female CEOs,” Sun said. “What’s really exciting is that, when a woman starts her own business or is at the helm of a business, that company is 2.5 times more likely to hire minorities and globally. We’re not only supporting female CEOs and female founders at the top, but are also supporting them to hire more diverse talent in the workplace.”

Additionally, female-founded startups can create a ripple effect. “When they become billion-dollar companies, these women founders will usually invest in other women. Their diverse employees could also potentially start their own businesses. This is how we grow the ecosystem.”

That growth is exactly what Sun hopes for. SoGal currently invests in 10 to 15 companies per year but, to move the needle, three things must happen.

“One, we need to get as many women and minorities as possible to become entrepreneurs or be entrepreneurial. Second, we need to help good quality entrepreneurs get properly funded and resourced. And third, we need to train and encourage more women to be investors, so that we have more women on both sides of the table.

“We are very intentional about educating women—especially younger women—to start investing as soon as they can. It’s only in this high-risk, high-return kind of asset class that you can create wealth. We are in this business to create a new generation of wealth among millennial women.”

### WHAT'S NEXT?

SoGal isn’t slowing down. Sun said that they had just launched a retail partnership with Macy’s, the largest department store chain in the United States, which is also the largest limited partner in SoGal’s fund. “We are very excited to be the first venture capital fund that has ever had direct-access premium retail space in the United States,” she said. “We are bringing 12 female-led brands from our portfolio and community to seven of the largest Macy’s locations, with 1,000–2,000 square feet of space in each location.”

SoGal is also hosting the largest global pitch competition for women and minorities. “We’re bringing about 80 teams of diverse founders from all over the world to Silicon Valley in February 2020 and providing them with a three-day boot camp to build a community and a global support system,” Sun said.

As for Japan, SoGal Tokyo has a vibrant and growing community led by talented young women, and Sun expects to expand to other locations. ■



**Women are more capital efficient, because they have been trained, unfortunately, to do more with less.**

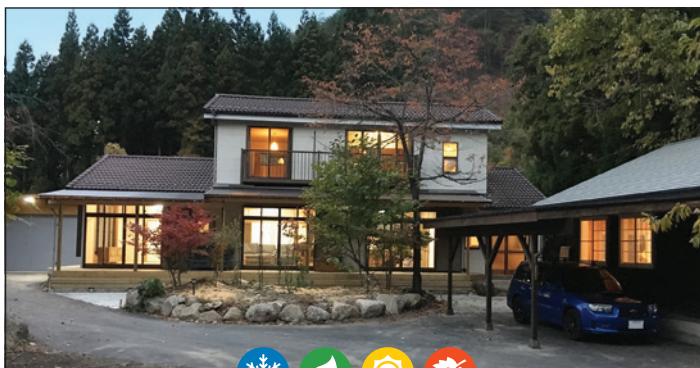


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# Innovation Ecosystems

Bringing Policy and Science Together

By Aaron Baggett



**B**y 2050, more than 20 percent of the world's population will be aged 60 or over, a demographic shift that has governments around the globe searching for ways to ensure that their health and social systems are prepared.

Nowhere is this more evident than in Kanagawa, one of Japan's fastest-aging prefectures, and so the American Chamber of Commerce in Japan Healthcare, Government Relations, and Special Events Committees welcomed Kanagawa Prefecture Governor Yuji Kuroiwa to speak on November 5 at Tokyo American Club. Joining him at the event, entitled Innovative Ecosystems: Bringing Policy and Science Together, was GE Healthcare Life Sciences General Manager of Cell and Gene Therapy Strategy Dr. Philip Vanek.

## ME-BYO

Under the leadership of Kuroiwa, Kanagawa has become an innovation hub for industrial development and healthy aging. This is thanks to initiatives such as the Healthcare New Frontier package, which Kuroiwa said was created to help overcome the challenges of a super-aged society.

Citing the rapidly shifting demographic, the Governor said: "It is obvious that the current social system will no longer be sustainable. We need to make a drastic policy change based on a totally new concept."

That concept is ME-BYO, a term that, in Eastern medicine, means being neither healthy nor sick. It centers on the idea that the human body is in a constant state of transition, much like a scale. Rather than waiting for health to decline, ME-BYO encourages people to be proactive, so as to stop further progression or prevent illness altogether.

"When we think of our health, we tend to think that we are either healthy or sick, but the reality is there is no clear-cut line," said Kuroiwa. "Our state of health gradually changes between healthy and sick every day. We call this state ME-BYO."

By integrating ME-BYO with new technologies in areas such as regenerative medicine, robotics, information, and communication, Kanagawa is advancing healthy longevity and creating new industries.

During his remarks following Kuroiwa's presentation, Dr. Vanek said this is a sign that healthcare is changing to focus on the individual. "If I think about ME-BYO, and I think about well-being and health, what I see that is really transformative—about cell and gene therapy, in particular—is this evolution in healthcare. There's increasing personalization of medicine that stems from deep knowledge following the sequencing of the human genome. There is better awareness and understanding of how biological systems are impacted by environments [as well as] diet, nutrition, exercise, and all the things Governor Kuroiwa introduced."

## COLLABORATION

Kuroiwa has been busy on the global stage. In July, he presented ME-BYO, along with the Healthcare New Frontier policy, at the United Nations. He said the Japanese healthcare model was well received, and Kanagawa is collaborating with organizations in Europe, Asia, and the United States.

These new innovative policies have quickly turned the prefecture into a global leader in biotech, with Tonomachi, in Kawasaki City, being designated a biomedical cluster. New industries and science centers focused on biotechnology and the promotion of ME-BYO have been established there, including the Life Innovation Center, Keio University's School of Health Innovation, the Innovation Center of NanoMedicine, and the Life Science Environment Research Center. Companies such as Johnson and Johnson, Medtronic, and Fujifilm have also set up research centers in the cluster.

Vanek said that for an innovative ecosystem to thrive it must be fostered at every level. "We need universities, medical centers, and the basic research to continue. We need investment both from the infrastructure perspective, in terms of facilities to conduct research, and also to foster innovation on the therapeutic side."

Using the partnerships that GE Healthcare Life Sciences has in the UK and Canada as examples, he said it took a leap of faith for those governments to understand the importance of innovation to the well-being of their constituency and, ultimately, improving quality of life. "It's incumbent on the rest of us to take that investment, leverage it, and make good things come from that." ■

**Kanagawa has become an innovation hub for industrial development and healthy aging.**

SME

# Report Card

Two years of progress for the  
SME CEO Advisory Council



Small and medium-sized enterprises (SMEs) play a critical role in our business community, and this month marks the second full year of the SME CEO Advisory Council's work for the American Chamber of Commerce in Japan (ACCJ). How have we done so far? What have we achieved? What issues remain to be resolved? What comes next?

Let's start with the mission of this council. Unlike a committee, a council is a standing body that exists to provide advice and counsel to the president and the board. The chair and members serve one-year terms, which the president may renew at his or her discretion.

In early 2018, the board of governors established the SME CEO Advisory Council to strategically evaluate the value proposition of the ACCJ to small and medium-sized member companies, and to make recommendations for increasing relevancy and energy. The council was encouraged to propose new methods of fostering interaction among member businesses, to listen and to reflect the needs and desires of SMEs, and to propose concrete suggestions to the board of governors on how to meet those needs.

To be clear, this council is intended to be a source of strategic support for the chamber. It does not compete with the existing activities of the chamber's various committees, which organize for ACCJ members a wide variety of speaker events, workshops, and activities focused on entrepreneurs, independent companies, and various aspects of business.

## GRADING OURSELVES

For most of 2018, we focused on the implications of the changes to US tax policy enacted in December 2017 and the Global Intangible Low Tax Income (GILTI) provisions for American owners of SMEs outside the United States. We recommended an SME-led, GILTI-focused DC Doorknock mission, and this was successfully carried out, with high impact, in September 2018. In June of this year, the IRS issued clarifying regulations that address many of the concerns for American owners of SMEs in Japan.

Toward the end of 2018, we reported our activities in a meeting with then-President Sachin N. Shah and, later, the board of governors. In the success column, in addition to the GILTI tax advocacy, we are pleased that the board has provided staff and budget support for the Business & Services Directory as part of the Membership Value Project implementation plan. At the Leadership Forum meetings, SMEs now have more visibility when new company memberships are announced, and the council has adopted a tagline for all SME-related chamber activities: "Where SMEs network and create business."

To be sure, challenges remain. Topics that we would like to see discussed further include: our requests for a more balanced SME representation in nominations for the board; observer rights for members of the Leadership Forum at board meetings; and more participation by SME members in the DC and Diet Doorknocks.

While not all our recommendations have been implemented, we have seen great engagement and opportunities for SMEs in the DC Doorknock, on the Nominations Committee, and at Leadership Forum.

Over the past two years, the council has considered deeply how best to define an SME. As a starting point, we looked at the ACCJ Small Company Membership Package, which offers financial considerations for companies, organizations,



or entities with fewer than 30 employees globally. At the same time, we felt that this council should embrace a larger group of members. Thus, the council is recommending that we define an SME in the ACCJ as a “non-subsidary, an independent and privately owned enterprise with annual revenues of ¥1 billion or less.” It is this group of members which the council seeks to champion.

## BUSINESS & SERVICES DIRECTORY

The most valuable contribution of the council so far has been the launch of an exciting new member benefit: the ACCJ Business & Services Directory. However, this new offering will only be successful if it is relevant and useful not only to SMEs, but to all ACCJ members as well as outside companies seeking to do business with an ACCJ member company.

While conceived as a tool to support the ACCJ’s SMEs, this benefit is broader than a SME service. It can become a vehicle for more targeted marketing for large companies that serve the needs of entrepreneurs. For example, larger ACCJ members may be able to expand their sales with entrepreneurs across areas such as:

- The digital economy
- Financial services
- Internet and e-commerce security

The ACCJ Business & Services Directory will also serve as a place where we can highlight our member companies’ accomplishments, announcements, and business developments, with a focus on helping us know our fellow members better to foster more business.

## UPDATE YOUR PROFILE

To succeed, we need your help. Please take this opportunity to update your company descriptions for the annual membership directory—and those updates will be applied directly to the Business & Services Directory. And then, differentiate your company by optimizing the keywords in your description. This directory can be different, game changing, and relevant—but only if we all make a commitment to adding content and using it.



From left: Danny Meza, chief of staff to Representative Joaquin Castro; SME CEO Advisory Council Chair Harry Hill; and council member Frank Packard

Please follow the rollout of the Business & Services Directory and help us by making your own information richer, accurate, and more visible. The ACCJ network is large and our reach is broad and deep. With connections to international business organizations, the Embassy of the United States, Tokyo, and educational institutions, it is a valuable place to highlight company services and activities. You can get in front of this wide, global audience by updating your company’s activities in the Business & Services Directory. This will help both ACCJ members and outside parties find you and, hopefully, do business with you.

## FUTURE FOCUS

Having addressed significant internal issues of building relevancy for SMEs, we look forward to opening up more engagement opportunities for SMEs with organizations outside the ACCJ. We plan to explore outreach to both Japanese and international organizations across Japan—especially with relevant organizations in the Chubu and Kansai regions.

Also, we want to make sure that the council is tapping the thoughts and energy of all members with ideas for increasing the relevancy of your own companies and the ACCJ to SMEs. Please reach out to us at [sme@accj.or.jp](mailto:sme@accj.or.jp) ■



Packard and Hill with Nathalie Kamphons, legislative director and council to Representative Dave Reichert





# FOUR DAYS A WEEK

Are shorter, flexible schedules  
the key to business success?

By Aaron Baggett

Japanese companies are famous for demanding long work hours. Many employees fear leaving the office before their boss, fathers hesitate to take paternity leave, and, generally, workers leave half their vacation days unused. This culture of overwork is good neither for the company nor the employee, and businesses are starting to take notice. While some are introducing flexible schedules, others are challenging the traditional workweek itself.

## WINDOWS TO PRODUCTIVITY

Earlier this year, Microsoft Japan trialed a new approach that cut the workweek from five days to four. Workstyle innovation, the company says, is at the core of its management strategy, and Microsoft Japan employees enjoy a variety of flexible options

designed to fit their life circumstances. Microsoft calls this Work-Life Choice.

In August, the company carried out its Work-Life Choice Challenge 2019 Summer trial campaign. As part of the experiment, they asked employees to increase productivity and creativity while maintaining a healthy work-life balance. The company covered some leisure-related expenses and workers were encouraged to travel with family, engage in activities to help the community, and find other ways to relax and enjoy the time off.

Fewer days in the workweek also meant fewer meetings: their times were cut in half and attendance was limited to five employees. In a July 2019 blog post, Microsoft Japan said that meetings are often called without a clear reason, and that there is hardly ever cause for one to last an hour—especially when there are so many web-based tools and apps that enable collaboration.

A Microsoft Japan representative told *The ACCJ Journal* that the company has been implementing flexible policies, such as remote work, since 2007. “When we analyzed workstyles across





the company, we found that our Japanese employees spend 24 percent more time on email and 31 percent more people get looped into these communications. Also, 17 percent more time is spent on meetings, which have 11 percent more attendees.

“Japanese employees spend four hours or more each week dealing with email or in meetings. We realized that there is room to improve productivity and decided to implement a company-wide policy that would give everyone a chance to evaluate their own.”

On October 31, the results of the trial were revealed:

- 40-percent boost in productivity
- 60 percent fewer pages printed
- 23-percent drop in electricity cost

The trial also generated a great deal of good PR for Microsoft Japan, and their willingness to test a shorter workweek in a country where working long hours is venerated—and work-life balance remains largely marginalized—has Japan’s workforce excited about the future.

“We released the results of our experiment because we hope our clients can gain some insights into their own workstyle reform,” said the Microsoft Japan representative.

### FLEXIBLE JAPAN?

Even with such a prominent corporation showing the clear benefits of a four-day workweek, deviating from the standard will be challenging. Yet, something must be done. The damaging effects of Japan’s workplace culture are staggering. The Ministry of Health, Labour and Welfare estimates that 200 deaths each year can be attributed to overworking. More than 20 percent of people work more than 49 hours per week. In particularly serious cases, the number of hours surpasses 100.

Dan Schawbel, research director at Future Workplace and author of *Back to Human* believes this could be contributing to Japan’s declining birthrate. “There are now more deaths in Japan than births, and part of that has to do with the work culture,” he told *The ACCJ Journal*.

Japan’s workers, he said, are simply burned out. Men and women who struggle to maintain a full-time position in one of the country’s competitive companies have no time for a family.

According to Schawbel, a third of the global workforce wants a four-day workweek, but corporations must be pushed to change the standard. “I do think that more companies will adopt a four-day workweek,” he said. “But unless there’s a government mandate, I don’t see it gaining widespread adoption.”

### OUTPUT MATTERS

While not going so far as to adopt a four-day workweek, many leading companies in Japan are implementing flexible policies such as custom schedules, job sharing, extended paid leave, and remote work. They understand that skilled laborers have options, and a company with flexible policies is more attractive than one without.

In 2018, Visa Worldwide (Japan) Co., Ltd., started offering flexible hours to meet requests from employees, especially working mothers. “It is still in an early stage after implementation, but we can see that more and more employees—not only working mothers, but working fathers and employees with aging parents—are benefiting from this new system to achieve work-life balance,” said Jennifer Dyanne Fong, director of client relationship management.

Visa employees can also choose to work remotely, which is especially attractive in Japan, where long commutes are the norm. “While flexible hours and working from home might seem antiquated if you are coming from other countries, in Japan it is pretty transformational when you think about the commutes, the natural disasters that actually happen, and the mental health of people working long hours,” she added.



**DAN SCHAWBEL**  
Research director  
Future Workplace



Working remotely has quickly become one of the most valuable flexibility practices. According to business service provider IWG plc, 70 percent of people around the globe work remotely at least once a week.

“Remote work has become more common, and employees are selecting employers that have flexible work policies that allow them to do that,” said Schawbel.

Fong explained: “The focus has not necessarily been on being in the office, but on the output.” Knowing that—especially in the Tokyo metropolitan area—it takes quite a bit of time to get to your workplace, why would you have to think about commuting and having that time when you can do as much or more work from home?”

Akemi Matsui, Visa’s analyst for client relationship management, agrees with Fong. “We focus more on productivity, not hours. Depending on the lifestyle, it is more important that you have working flexibility, so you have better output. To support the growth of the business, we respect each person’s lifestyle and the way they work best. That way, we get the best sustainable outcome for the company.”

## AGILE WORKING

Another company that has made sweeping changes is Discovery Japan, Inc. Employees are only required to be at the office during the block of hours they have designated as their core time. Outside of that, they are free to work remotely. “You can work from anywhere at any time,” said Yui Weiwei, advisor of human resources. “It is very convenient for women with children.”

Weiwei explained that their new flexibility policy—which they call “agile working”—originated at global headquarters.

At first, the Japanese staff did not know how to react. The new policy not only incorporated flexible hours but also dropped assigned seating. “Our general manager encouraged the team leader to change seats every day. The regular staff followed.”

Discovery is also tackling overtime through worker allocation. “We sometimes have to work overtime, but we all have families,” Weiwei said. “Now, we collect data. How many hours does an employee work in a month? We analyze it and, finally, request a new headcount to improve the situation.”

By spreading around the work, employees do not feel overwhelmed or as if they must work longer.

While Discovery has no plans to implement a four-day workweek, Weiwei says that they and Microsoft have the same goal: improving employees’ work–life balance.

## A FEW GOOD HOURS

According to a September survey by cloud-based software company Mavenlink Inc., 62 percent of the 1,002 full-time employees polled said work–life balance is the most important aspect of a company’s culture. This new data mirrors closely that of the *31st Short-Term Survey of Workers*, conducted in May 2016 by the Research Institute for Advancement of Living Standards in Japan. That research found that 63.5 percent of Japanese workers want their personal lives to be a higher priority.

It’s no surprise that studies show that poor work–life balance can lead to outcomes such as depression, weight gain, as well as increased smoking and drinking. Overwork may also cause employees to make more errors and to experience decreased productivity and medical problems—all of which can affect a company’s bottom line.

Companies testing four-day workweeks, however, consistently report decreased stress, as well as increased job satisfaction and productivity. New Zealand-based Perpetual Guardian reported a 20-percent increase in productivity from its 250 employees after a trial run of four-day workweeks. The trust company made the policy permanent last October.

In another example, Glasgow-based telephone and digital marketing business Pursuit Marketing has increased productivity of its 120-person staff by nearly 30 percent over the two years since it switched to four-day workweeks.



**JENNIFER DYANNE FONG**  
Client relationship management director  
Visa Worldwide (Japan) Co., Ltd.





**AKEMI MATSUI**

Analyst for client relationship management  
Visa Worldwide (Japan) Co., Ltd.

The reason for these productivity increases, proponents say, is that a four-day workweek forces employees to be more productive in a shorter time frame. In the case of Microsoft, the company was counting on this.

“We wanted employees to ‘rest well and learn well’ over a three-day weekend,” said Microsoft. “We expected that employees would be conscientious of their productivity level and remain creative even after switching back to a five-day workweek.”

With such obvious advantages, why are more companies not adopting four-day workweeks? According to the Ministry of Health, Labour and Welfare, less than seven percent of major companies in Japan offer four-day workweeks; and those who do find that employees are not participating. Experts believe this is partly due to a fear that they will fall out of favor with management compared with those who work five days.

Clearly, cultural change will have to accompany policy change—and that could be a hard sell in Japan.

#### ON THE HORIZON

The idea of shorter workweeks may take time to catch on, but it is something that will certainly be kept on the drawing board. With the Tokyo 2020 Olympic and Paralympic Games quickly approaching, the government has asked companies to

consider more flexible work options—ideally remote work or shorter days. In line with this request, Microsoft Japan intends to offer four-day workweeks again in August 2020.

They have no immediate plans to make the policy permanent but will end this year with another experiment: Work-Life Choice Challenge 2019 Winter. This time, instead of being given four-day workweeks, employees will have the option to combine annual leave with the end-of-the-year holidays. The company still recommends limiting meetings to 30 minutes.

The question remains whether four-day workweeks will ever replace the status quo in Japan. At this point, it seems unlikely. But the fact that companies such as Microsoft, Visa, and Discovery are going to such lengths to improve their employees’ work-life balance is a giant leap in the right direction. Finally, the reality of how work and life intermingle is being acknowledged.

Jason Fried, co-founder of Basecamp, LLC, sums it up aptly in his book *Deep Work*:

“Very few people work even eight hours a day. You’re lucky if you get a few good hours in between all the meetings, interruptions, web surfing, office politics, and personal business that permeate the typical workday. Once everyone has less time to get their stuff done, they respect that time even more. They don’t waste it on things that just don’t matter. When you have fewer hours you usually spend them more wisely.” ■



**YUI WEIWEI**

Human resources advisor  
Discovery Japan, Inc.



# DREAM BIG

Japanese students seek new paths to overseas study

By John Amari

For aspirational parents and students in Japan, entering elite colleges abroad—especially those in the United States—has long been an important goal.

Traditionally, they sought to do so by attending select junior high schools, high schools, as well as universities, in Japan—particularly those with international programs. Such schools were stepping-stones to studying overseas.

Increasingly, however, these students and their guardians have sought educational institutions outside the school system with expertise in preparing students for study abroad.

With such offerings, the path to a Western education has widened, and more and more students based in Japan are getting into elite non-Japanese schools.

That's what industry professionals and students told *The ACCJ Journal*.

They noted, however, that barriers to the West still exist. This is especially true of Japanese nationals, for whom the language barrier may be the greatest stumbling block.

And that's quite apart from social and cultural roadblocks that prevent Japan-based students from traveling too far afield.

That said, the experts and students all shared the view that things are changing. Given the opportunity to live abroad or access international educational programs at home, many more Japan-originated and international students will seek to study outside Japan.

## HOPEFUL PARENTS

Teru Clavel, for example, is an American-Japanese mother of three children who has lived in China, Japan, and the United States.

An education consultant, Clavel is the author of *World Class: One Mother's Journey Halfway Across the Globe in Search of the Best Education for Her Children*.

Like many parents living abroad—especially in Japan—she has thought deeply about her children's education, in particular where they should go for college.

In *World Class*, she relates the challenges of educating multinational children in the United States and, then, in local schools in Tokyo, Hong Kong, and Shanghai.

Clavel was raised and educated mainly in the United States, but she visited Japan regularly during her childhood. Even so, she experienced culture shock in 2012, when she relocated to Tokyo immediately after having spent six years in Shanghai and Hong Kong.

Clavel was surprised by the amount of time that a parent, usually the mother, must invest in their children's education in Japan.

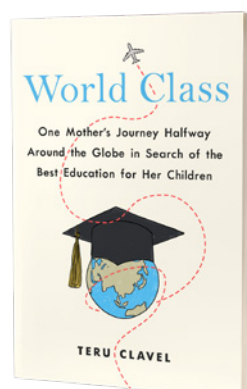
She didn't expect that, although she was a working mom, she would have to spend entire weekends volunteering in

her children's parent-teacher association (PTA), for instance.

"You could never get away with that in the United States. You can never tell a parent you have to be a PTA volunteer for a year," she said.

And, yet, while she was initially very reluctant to buy into that system, in the end, she found it to be "beautiful."

"It really showed me how parent involvement is so integral





to the success of the kids.” Clavel discovered that, in Japan, the members of the community—parents, teachers, students, and others—walk hand-in-hand when it comes to a child’s education.

### RETURNEE CHALLENGE

The foundation of Japan’s education system is deeply rooted in a strong sense of community and a clear sense of identity, Clavel pointed out.

This is the case even for a family such as hers. Despite having lived in cities around the world, her children felt rooted with her as their anchor in Japan.

But that is not always the case for Japanese who return home having lived abroad—the so-called returnees. For this demographic, finding alternatives outside the traditional Japanese school system is often the best solution.

Why? In some cases, it’s because, having been away from Japan for a period of time, they have fallen behind in many respects, said Michael Ringen, president of Alpha Frontiers, a company established in 2005 in Tokyo that prepares Japan-originated students—including returnees and the children of expats—for study abroad.

For Ringen, returnees often feel more at home in the international-based curriculum in Japan than in traditional domestic schools. This may be because they missed out on the communal activities that anchored families such as Clavel’s, or they missed critical years when key elements of Japanese language, culture, and social structure are taught.

The upshot is that, rather than try to catch up in the traditional Japanese school system, they choose instead to attend international programs or schools. Or they choose companies such as Alpha Frontiers to help them prepare for study abroad.

Clavel agrees. She added that, as in her case, some parents choose simply to relocate the entire family to Japan.

### INSPIRING STUDENTS

Miyu and Ken are 19-year-old Japanese returnees. Their names have been changed to protect their privacy.

Both are alumni of Route H, a curriculum run by education and publishing company Benesse Corporation that prepares domestic students, students in international schools, and returnees for elite colleges abroad. Through Alpha Frontiers, Ringen has produced Benesse’s program for more than a decade and has worked with Japan’s best students, including Miyu and Ken.

“Besides Route H, we help other Benesse programs, companies, institutions, and private high schools send more students abroad,” Ringen said. “As an educational consultancy, we find solutions to education-related problems—including staffing, curriculum designs, and test and materials development.”

Ken’s family lived in Malaysia and Australia, where he had spent a portion of his elementary school years. When the time came to think about college, Ken searched the internet for guidance on attending colleges in the United States.

“When I came back to Japan, one of the options I had in my mind was to go to university in the United States or the United Kingdom,” he told *The ACCJ Journal*.

The other option was to study in a Japanese university. And, yet, he looked forward to the “nomadic lifestyle” that he had been exposed to as a child.

He found Alpha Frontiers’ Route H program, and that led him to Yale University.

### GREENER GRASS

Like Ken, Miyu spent her formative years abroad. In her case, she attended kindergarten and an international elementary school for seven years in Hong Kong.

Due to that experience, she said, “there was always this desire to try to live in a different country and experience a different type of education.”

To that end, she, too, attended Route H to prepare for study abroad. While she is currently at Keio University, she has taken time off to investigate continuing her education overseas.

Miyu has set her sights on elite colleges in the United States. Why is that?

“Even if I’m going to a Japanese university, I feel like a lot of the people around me have similar backgrounds,” she said.

“I feel like that’s something that happens because of the [very homogeneous] application system for Japanese schools. But American universities emphasize

attracting diverse groups of people. That community was something that really appealed to me.”

## The path to elite schools overseas continues to expand.

### CREATING EXCELLENCE

Based in the Nishi-azabu neighborhood of Minato Ward, Tokyo Academics provides a preparatory curriculum aimed at returnees and students in international schools living in the metropolis.

The company caters to children from elementary school through high school, many of them coming from Tokyo’s various international schools, explained Neil Nguyen and Tyler Kusunoki.

Nguyen is the founder of Tokyo Academics while Kusunoki is manager of the organization’s college admissions division.

Since its inception in 2013, Tokyo Academics has been focused on providing educational challenges and opportunities that will equip students to stand out on an increasingly competitive global stage.



**TERU CLAVEL**

Author of *World Class: One Mother’s Journey Halfway Across the Globe in Search of the Best Education for Her Children*.



**MICHAEL RINGEN**

President  
Alpha Frontiers



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**NEIL NGUYEN**  
Founder  
Tokyo Academics



**TYLER KUSUNOKI**  
College admissions division manager  
Tokyo Academics

While it provides a wide range of tutoring and test preparation, its current focus is on developing a student's unique interests into tangible outputs in the form of independent projects. These customized personal projects challenge students intellectually, develop their interests, and help them to distinguish themselves in a crowded college application field.

Whether it be joining a medical surgery team at Stanford University, writing and presenting an independent research paper on machine learning at Harvard University, or founding the first Women in Science Conference for high school students in Japan, the company challenges students to leverage mentorship and other opportunities to create their own excellence.

Today, the school's educators—most of whom are from elite colleges in the United States and the United Kingdom—deliver a range of preparatory courses and technical programs. These include academic tutoring, admissions counseling, tech education, and student research.

### REMOVING BARRIERS

The path to elite schools overseas continues to expand thanks to companies such as Alpha Frontiers and Tokyo Academics. But many roadblocks remain for aspirational students and parents.

For education providers, one challenge is to align their services with the myriad national educational standards, including the domestic system, the international baccalaureate programs, and advanced placement standards.

At the same time, providers must ensure that aspiring students meet international standards of excellence in their respective areas of interest and are competent in English.

Students must also have the ability to thrive in the West. Preparing them for this may mean reexamining culturally specific challenges, such as critical thinking and self-motivation. Both are prioritized in the West, whereas collective action and rote learning are the traditional focus in Japan.

Ultimately, though, the goal is clear: seeking excellence. As Nguyen said: "What we do here is try to challenge the students to go above and beyond in any way that they can. We want to create a community where anyone can learn anything, because that mindset is essential to student success." ■



## EducationUSA

In the fall, the Embassy of the United States in Tokyo hosted the EducationUSA EXPO. "This event supports the Mission's strategic goal of increasing the number of Japanese students in the United States," an official from the embassy's Culture/Education Program told *The ACCJ Journal*. The fair was the largest yet, with representatives from 99 US institutions of higher education, 25 non-US institution booths, and 13 seminars.

Other EducationUSA study abroad fairs were held in Nagoya, Osaka, Fukuoka, and Okinawa. EducationUSA hosted an Arts College Fair on November 20 at Akasaka Intercity AIR for students interested in studying fine, visual, or performing arts in the United States.

## Resources

### EducationUSA

<https://educationusa.state.gov>

### American Center Japan

<https://americancenterjapan.com/study/>

### Yanai Tadashi Foundation Scholarships

<https://www.yanaitadashi-foundation.or.jp/en/scholarship/>

### Grew Bancroft Foundation

<http://www.grew-bancroft.org>

### MEXT/Tobitate Study Abroad Initiative

<https://tobitate.mext.go.jp/about/english.html>

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# PARTNER PRESTIGE

Kyoto and Cornell Universities offer  
distinctive program in leadership and hospitality

By Aaron Baggett

Few experiences in life can leave a more positive and long-lasting impression than studying abroad. Not only do students jump headfirst into a new culture, they are often exposed to different teaching methods. It's a significantly challenging, but ultimately rewarding, experience—especially for those eyeing managerial roles in international business. After all, what better way to start your career on the global stage than by earning your degree overseas?

The Kyoto–Cornell International Collaborative Degree Opportunity (KC-CDO) is a partnership between the Graduate School of Management at Kyoto University and the School of Hotel Administration at Cornell University's SC Johnson College of Business. It is Japan's first collaborative master's program with an Ivy League university, as well as the first collaborative degree program between a Japanese university and an internationally recognized school centering on the hospitality industry.

## TWO SCHOOLS, TWO DEGREES

The KC-CDO allows students to earn two degrees. After two stimulating and challenging years, graduates will receive a Master of Business Administration (MBA) from Kyoto University and a Master of Management in Hospitality (MMH) from Cornell University. With management experience gained from both Japanese and US perspectives, they will be equipped with professional experience and credentials to be global leaders, having learned business administration in both countries.

Kyoto University professor and KC-CDO Chair Asli M. Colpan said that, for modern businesses to succeed, "it is important to take into consideration the unique characteristics of countries and have a balanced view of the global economy."

Founded in 2006, Kyoto University's Graduate School of Management (GSM) has built a reputation for having a distinctive MBA program designed to combine theory and practice. The program aims to nurture students as they develop strong leadership capabilities and a global mindset. The MBA degree puts emphasis not only on traditional management courses, it also introduces the unique characteristics of successful companies in Kyoto and throughout Japan.

"Students will come to understand why there are so many long-lived companies in Japan that have survived for hundreds of years," said Colpan.

Likewise, Cornell's MMH is a world-renowned graduate management program. It equips students with viable skills in the hospitality industry, whether their ambitions lie at home or abroad. Students in the MMH program may customize courses to align directly with their career paths. These include revenue management and dynamic pricing, services marketing and e-commerce, as well as real estate management.

## TWO-YEAR INNOVATIVE CURRICULUM

Students at GSM will begin the first semester of their academic journey at Kyoto University, where they will take core management courses, including corporate finance, managerial accounting, governance and ethics, as well as marketing. The educators come from diverse fields and specialize in areas directly related to their careers, such as hospitality, marketing, and IT management—experts who are operating in well-known corporations, public agencies, and non-profit organizations.

"We have strong ties with well-known corporations in Japan," said Colpan. "There is a diverse faculty and esteemed guest lecturers, such as Takashi Mitachi, senior advisor and previous managing director of Boston Consulting Group (Japan); Yuji Kimura, founder, president and CEO of Polaris Capital Group Co., Ltd.; and Tadao Kikuchi, chairperson of Royal Holdings Co., Ltd."

In their second and third semesters, students will take the first steps towards strengthening their international ties by traveling to Cornell University in Ithaca, New York, where they will fulfill their MMH degree requirements and participate in Cornell's May graduation ceremony.

Finally, students will return to the GSM to continue their studies, applying all the skills they have learned with advanced business practices and courses to earn their MBA degree at Kyoto University. Those who complete the KC-CDO will earn the privilege of joining two prestigious alumni networks.

The Graduate School of Management at Kyoto University, together with the Cornell School of Hotel Administration, invites all prospective students—from those working in the field who want to develop their talents further to those transitioning into a new career path—to contact them for more information about the KC-CDO and about how they, too, can become a global leader in business. ■



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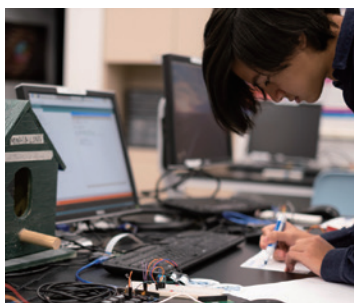


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# WORLD OF OPPORTUNITY

## American and Ritsumeikan Universities offer joint degree

By Aaron Baggett

After more than 25 years of friendship, the American University's School of International Service and Ritsumeikan University's College of International Relations are pleased to launch the Joint Degree Program (JDP)—the first undergraduate program of its kind between the United States and Japan—to strengthen their partnership.

The four-year plan set across campuses in Kyoto and Washington, DC, was established to give future globally minded leaders the opportunity to take active roles in fields such as international organizations, government, global business, media, and non-governmental organizations.

JDP students—known as Sakura Scholars—will learn in diverse classroom settings, enabling them to experience Japanese culture from all-new perspectives through cross-cultural communication. They will form bonds with colleagues from various backgrounds as they discover specialized topics in global international relations from certified instructors at both schools.

Throughout their academic journey, students will receive academic advice and support to guide them through their studies. By the end, they will have accumulated 124 credits and be jointly awarded a Bachelor of Arts in Global International Relations by both schools.

### WHO IS IT FOR?

The JDP is made for anyone who is interested in Japan–US or international relations. The skills and experiences it provides are valuable across a wide range of industries and applications. It is ideal for those who want to broaden their horizons in another country as well as those challenging themselves to learn a second language.

To ensure that each student's academic path is clear and their future is expanding, both universities offer placement support and guidance. A qualified advisor will meet with each student twice per semester to offer help selecting courses, improving academically, working towards a career, and more.

### WHAT WILL YOU LEARN?

From the first to second spring semesters, students will acquire core and foundational skills in primarily English environments, and non-native speakers will receive sufficient language support. The program has been designed to structure students' intellectual habits and critical thinking skills in preparation for both their time abroad and future careers on the international stage.

Students at both schools will also learn advanced research methods in data gathering, research design, and statistical analysis, essential in this new era of globalization, and empower them to follow their own research interests in a group of peers for the program's final capstone project.

From their second year, students from Ritsumeikan University will continue their journey at American University—and vice versa—focusing on three thematic studies in courses that encompass global international relations:

- Peace, Global Security, and Conflict Resolution (PGSCR)
- Identity, Race, Gender, and Culture (IRGC)
- Global Comparative Governance (GCG)

In their final year, students will return from overseas with a deep understanding of international affairs for their Senior Capstone Project, which they will complete using the advanced research techniques they have learned from professors at both institutions.

### WHAT NEXT?

Those who graduate from the JDP will have done so knowing that they are part of a culturally diverse group of alumni who are prepared for active roles in international organizations, government, global business, media, and non-governmental organizations.

It's the universities' mission and hope that, when students finish the JDP, they leave with a purpose and contribute to the deepening of mutually beneficial relations between the United States, Japan, and other East Asian nations, and to the peace and prosperity of the international community.

Regardless of whether the careers or next academic endeavors of those future global leaders lead them to live and work in Japan or the United States, they will have the full support of both schools.

### BUILDING BRIDGES

As the American Chamber of Commerce in Japan (ACCJ) bridges the United States and Japan, so does the friendship between American University and Ritsumeikan University. Launching soon is an English-based internship program in the Kansai region. The College of International Relations at Ritsumeikan University invites all interested ACCJ members to contact them and join them in building this new type of global education. ■



# FOUND IN TRANSLATION

**Entrepreneur Oya Koc interprets her way to startup success**

**By John Amari**



**The best thing about being a founder is being able to do whatever you want, meaning you have full control over the business, and full decision-making powers.**

That's what Oya Koc, co-founder and chief executive officer of Japan-based on-demand interpretation services provider Oyraa, told *The ACCJ Journal* when asked why she started her own company. "At the end of the day, even if your employees make a mistake, and even if that mistake escalates, you have to take responsibility. I enjoy even that."

Koc says she takes full ownership of what happens at Oyraa. "I seek out new opportunities and, every day, meet other founders, CEOs, and high-level people. That's an intellectual and physically active game."

Via Oyraa's smartphone app, users can call a professional interpreter any time and receive real-time language support.

Having struggled to gain traction in its first year, the company is now expanding, as well as generating revenue and profit.

What's more, Oyraa is looking to expand beyond Japan. The company has a near-term goal of entering markets in Asia. Then they want to move into Africa and beyond.

## **GLOBAL CONSULTANT**

Oyraa connects its users via three-way conversations with third parties, allowing interpreters to act as linguistic intermediaries who reduce language barriers.

This leads to the question: How is the platform monetized? Clients pay the interpreter after a call, Koc explained. Calls are charged by the minute at an average rate of ¥100.

"So, a one-hour call will be around ¥6,000, which is transferred to the interpreter. Oyraa deducts a 20-percent service fee."

Is there a growing need for such services in Japan? Yes, Koc says, pointing to the everyday struggles—beyond a need for interpretation—that non-Japanese people face here.

An example: "As a foreigner, you may receive a letter in Japanese, which you may not be able to read, let alone machine translate. What you can do on our app is take a picture of the letter—or anything that you'd like to have translated—send it to an interpreter or translator, and receive the translation."

Beyond services for individuals, Koc anticipates demand among companies for interpreters and translators to increase. She points to global events such as the Rugby World Cup 2019, which ended last month, and the Tokyo 2020 Olympic and Paralympic Games.

Looking even farther ahead, Oyraa has plans to expand their services beyond on-demand interpretation. The company aims to become a platform for solving linguistic challenges no matter the industry.

"We don't want to be only a translation service, but also a service where you can call an expert in any field that can talk to you in a certain, precise language. Let's say you're a Chinese citizen who wants to naturalize and become a Japanese citizen. You will want to consult a Chinese-speaking Japanese lawyer. We want to provide that service."

## **TECHNICAL TALENT**

Originally from Turkey, Koc was born in Ankara and raised mostly in Istanbul. She majored in electronics and telecommunications engineering at Yildiz Technical University in Istanbul.

"I was always good at math and sciences rather than social sciences," she recalls. "Math and science were like a game for me. I really loved being a student and solving problems."

It was in part due to her interest in telecommunications that she decided to relocate to Japan, where she would stay initially for a two-month summer internship.

"At the time, I was super interested in semiconductors, and I was looking for an internship position. I ended up in a factory run by Omron Corporation in Shiga Prefecture."



That was 2006. One year later, she visited Japan once more—again interning at the same company—and at others in the years that followed.

Eventually, Koc decided to relocate to Japan for graduate studies and conducted research in precision engineering at the University of Tokyo.

In her first career move, she joined global management consultancy Boston Consulting Group (BCG) in Tokyo. In her third year at BCG, the idea of Oyraa came up.

### FRIEND WHISPERER

Koc remembers receiving calls during her time at BCG from foreign friends who lived in Japan. They called asking her to interpret for them due their lack of Japanese.

“One of them was at the immigration office, trying to explain their situation. They asked me if I could say the same thing, but in Japanese.”

On another occasion, a friend whose daughter was admitted to the hospital with a high fever called Koc, asking for help communicating with medical staff.

“That was a really critical thing,” Koc said, thinking back to the condition of her friend’s daughter. “She was in a hospital, and I’m not an interpreter, and I don’t know medical terms.”

Noticing that such situations were occurring more and more, she wondered whether there was a professional, on-demand service she could introduce to her friends.

There was. However, those she found were all aimed at companies, not regular people in need, like her friends. And most offered only a subscription model; there were no pay-as-you-go options.



“So, I thought, what if I make a platform for freelance, professional interpreters, and leverage a global setting so that the service is available 24 hours a day? This means, even if it’s 3:00 a.m. in Japan, an interpreter in another country, say the United States, may be awake and available to take the call.”

The answer was Oyraa.

### WILL TO WIN

In the early days, Oyraa struggled to create a minimum viable product (MVP), and to build a cohesive team.

“Creating a company is a very challenging journey. There are many ups and downs. It starts off as your baby. It’s like a living thing that you love, and you want to give it your best. So, when good things happen, you feel 10 times happier. But when bad things happen, you feel 10 times down.”

Having learned lessons from those early days, the company now has a strong team to lead its future progress—including a dedicated product development team.

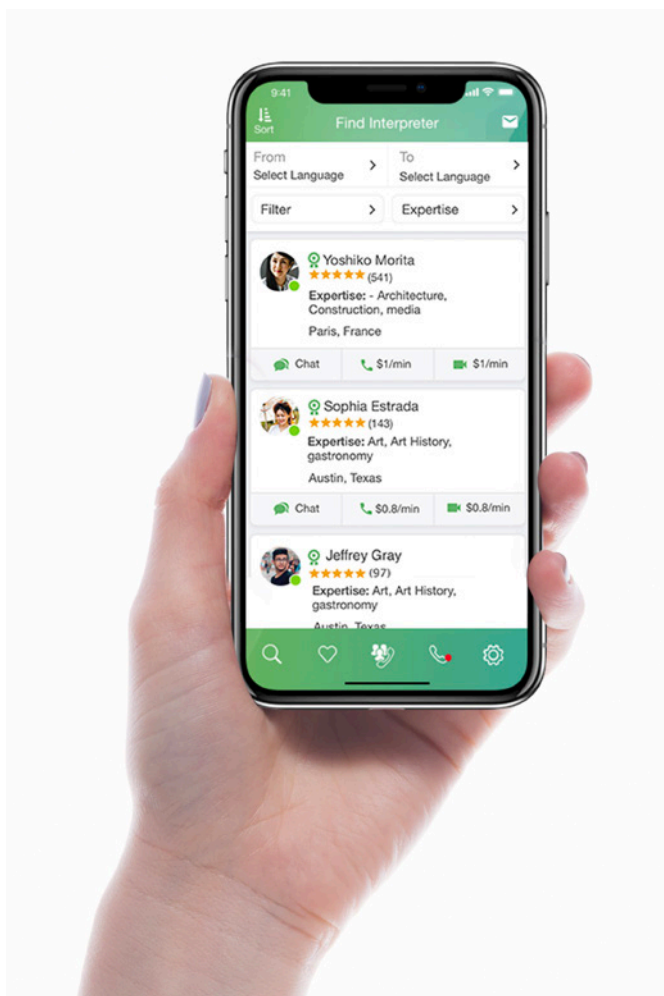
“I decided that I couldn’t take any risks, so I outsourced our product development to a software company,” she said. That decision was a game-changer: within two months, Koc had a new product—an app that she could show to investors to raise more funds.

“Then we started growing the team. We hired customer support, sales, marketing, a product manager. Everything started to work.”

What does Koc think now, looking back at that difficult time?

“It was challenging mentally, because you have to make things happen with limited resources and limited financial and human power.”

She said she decided to do whatever it took to make the business a success—and it has worked. ■





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# PRIME RECRUITERS

## RI Awards recognizes Japan's best

By John Amari

Each fall, leading human resources companies from around Japan gather to celebrate the innovation and dedication of those working to build the strongest teams in a challenging market at the Recruitment International Awards (RI Awards). At this year's ceremony, held on October 25 at the Hotel Gajoen Tokyo, 18 of the iconic, R-shaped, purple and gold RI trophies were handed out.

### HAT TRICK

On the night, Boyd & Moore Executive Search K.K. (BMES) led the way, taking home three prizes: Best RPO Provider, Executive Search Company of the Year, and Outstanding HR & Recruitment Professional of the Year.

Speaking to *The ACCJ Journal*, BMES co-founder and Managing Director Tony Moore said, "We're thrilled to have won not just one but three awards this year. We're especially proud to have received the award for Executive Search Company of the Year, since it underlines our expansion into a truly global player in this arena."

Moore also said that the Company of the Year honor highlights the fantastic team effort that defines the work BMES does for its clients.

"Of course, we're also very pleased to defend our position as top RPO provider for a second year. We're investing heavily into this side of the business and have been able to support our clients with highly customizable and tech-driven solutions."

Victor Nwakanma, executive vice president at BMES and winner of the Outstanding HR & Recruitment Professional of the Year, expressed shock and gratitude at winning his award.

"I was very surprised, but I'm deeply humbled and honored to receive the award. It has been, and remains, a privilege to be part of the Boyd & Moore family, working with the best team of professionals in our industry to be found anywhere in Asia."

### FROM TECH TO RISING STAR

The RI Awards recognizes trailblazing companies as well as individuals, established companies as well as new endeavors.

A trailblazer in the industry, RGF Executive Search (RGF), for instance, was named IT & Technology Recruitment Company of the Year.

In his comments to *The ACCJ Journal*, Adil Driouech, senior director at RGF, said: "This year has been a landmark year with some amazing achievements. The projects we took on were of significant and of strategic importance to our clients. This award is a testament to our team's great work."

Big-name companies were not the only winners on the night. The award for Best Newcomer: Rising Star was given to a relatively new player in the industry, Evander Group K.K.

A judge noted, "This company has had an electric start and is already really structuring the operational element of its business to scale and grow."

William Hall and Arlo Brown, joint managing directors of Evander who both did their university studies in California, said: "This is a very prestigious award. The RI Award itself is very globally renowned. It's something that we're very honored to be a part of."

### 2020

This year's RI Awards were co-hosted by recruitment agency TALiNT International and multimedia agency Custom Media K.K.

TALiNT International Director David Head and Jody Pang, strategic account director at Custom Media, were the masters of ceremony. The RI Awards are held around the world and next year's ceremony in Japan will also take place in October. ■



## 2019 RI Award Winners

Banking & Finance Recruitment  
Company of the Year  
**Morgan McKinley**

IT & Technology Recruitment  
Company of the Year  
**RGF Executive Search**

Healthcare & Life Sciences  
Recruitment Company of the Year  
**Apex K.K.**

Technical & Industrial  
Recruitment Company of the Year  
**RGF Professional  
Recruitment**

Executive Search  
Company of the Year  
**Boyd & Moore Executive  
Search K.K.**

Best RPO Provider  
**Boyd & Moore  
Executive Search K.K.**

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**SThree K.K.**

Diversity & Inclusion Champion  
**JAC Recruitment**

Growth Company of the Year  
**SThree K.K.**

Specialist Recruitment  
Company of the Year  
**Robert Walters Japan K.K.**

Recruitment Company to Work  
For Small  
**Apex Inc.**

Recruitment Company to Work  
For Medium  
**Morgan McKinley**

Recruitment Company to Work  
For Large  
**Robert Walters Japan K.K.**

Outstanding HR & Recruitment  
Professional of the Year  
**Victor Nwakanma  
Boyd & Moore Executive Search K.K.**

Best Newcomer—The Rising Star  
**Evander Group K.K.**

Business Leader of the Year  
**Robin Doenicke  
Zensho Agency Inc.**

# STRICTER FDI

## Five things to know about Japan's new foreign investment rules

By Wataru Suzuki

NIKKEI  
ASIAN REVIEW

After the lower house of Japan's bicameral Diet approved revisions to the foreign exchange law that impose tougher controls on foreign investment in companies operating in strategically sensitive industries, the upper house passed the bill by unanimous vote on November 22. Here are five things to know about the legislation.

### WHAT IS IN THE BILL?

Current law requires foreign investors to obtain approval from regulators for investments in a wide range of sectors when the investor plans to buy 10 percent or more of a Japanese company's issued shares.

Under the new rules, the threshold will be lowered to one percent and will apply not only to issued shares but to all investments comprising one percent or more of a company's total voting rights.

Foreign investors' influence on the governance of companies in strategic sectors will also be more strictly monitored. Appointment of directors or proposals by foreign investors to sell important operations of Japanese companies operating in these sectors will also require prior approval from regulators.

### WHY IS JAPAN TIGHTENING THE REGULATIONS?

The government says the measures are aimed at protecting national security and follow similar steps in the United States and the European Union. They are designed to "appropriately

respond to investments that may impair national security," according to a presentation submitted by the Ministry of Finance on October 8.

The changes come as the United States takes aggressive measures to prevent technology leaks to China. In August, Japan added cybersecurity to the list of sectors that fall under the rules, according to Yuki Kanemoto, a director at Daiwa Institute of Research.

### WHICH SECTORS WILL FACE STRICTER SCRUTINY?

While national security is cited as a key reason for the legal change, the proposal covers an array of sectors. Based on a document published by the Ministry of Finance on October 18, areas subject to the new rules fall into four broad categories:

- National security
- Public order
- Public safety
- Smooth operation of the Japanese economy

Each of these categories is broken down into individual sectors.

Weapons, aircraft, and nuclear energy, among others, fall under national security, "while the smooth operation of the Japanese economy" category includes agriculture and shipping.

Because the terms are broad, it is unclear which companies will actually be affected. "Will small companies that develop cybersecurity software be affected? It is unclear at the moment," said Kanemoto.

### WHAT ARE THE IMPLICATIONS OF THE CHANGE?

Japan is home to the world's third-largest stock market by value. Many of Japan's top companies are publicly traded and





foreign investors have substantial holdings in them. If these investors are not exempt from the new requirements, many will face additional disclosure requirements, adding to their administrative and legal costs.

The changes may also stifle the wave of investor activism that is gaining momentum in Japan. For example, Kyushu Railway Company has faced demands from New York-based hedge fund

Fir Tree Partners, including over the appointment of directors. The transport sector will be subject to the legal changes.

#### HOW HAVE INVESTORS RESPONDED?

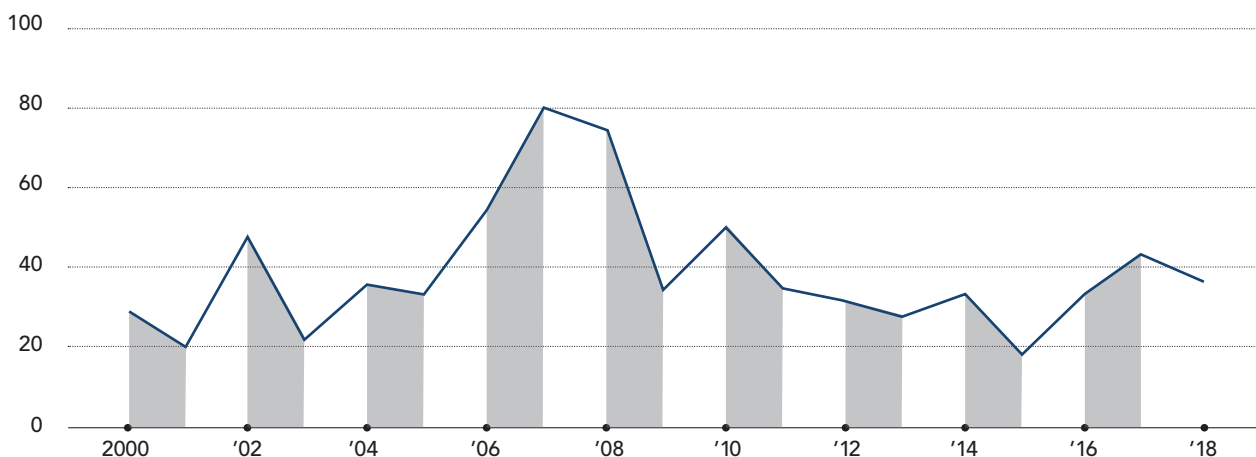
Since the idea was floated in September, the government has faced criticism from foreign investors over its potential to dampen foreign direct investment (FDI). “There is a significant risk that Japan’s inward FDI could decline,” wrote strategists at Goldman Sachs in an October 16 note, according to Bloomberg.

Since taking office in December 2012, Abe has pledged reforms to attract more foreign investment to Japan. FDI rose from ¥17.75 trillion (\$160 billion at the current exchange rate) in 2015 to ¥42.7 trillion in 2017. But the figure but fell back to ¥35.9 trillion last year, according to data from the Ministry of Finance.

In response to the outcry, the ministry has created exemptions for certain investors, including brokerages conducting proprietary trades, banks, insurance companies, and asset managers that invest passively. However, they will only be exempted if they agree not to serve as directors, do not propose sales of key businesses, and do not seek access to confidential technology or information.

The government says it will solicit opinions from market players and clear up any ambiguities in the rules. Detailed governmental and ministerial ordinances could be issued as early as spring 2020 with the new rules possibly coming into force by the end of next fiscal year, ending March 2021. ■

### Foreign direct investment into Japan (in trillions of yen)



Figures for 2013 and before are under previous IMF standards

SOURCE: MINISTRY OF FINANCE



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# DIET DAILIES

MINISTRY OF LAND, INFRASTRUCTURE,  
TRANSPORT AND TOURISM (MLIT)

## TOKYO-SEOUL FRICTION THREATENS VISITOR TARGET

Deteriorating relations between Japan and South Korea have caused a sharp decline in inbound tourism. On August 30, then-MLIT Minister Keiichi Ishii attended the 9th Japan-China-South Korea Tourism Summit, where he met with South Korea's Minister of Culture, Sports and Tourism Park Yang-woo and China's Minister of Culture and Tourism Luo Shugang.

The key item taken up by Ishii and Park was how to slow the decline in visitors from South Korea to Japan. The talks were essentially fruitless.

Both officials did agree to "deal with the issues as adults," and ended the meetings on a cordial note. Still, the tense bilateral ties cast doubt on Japan's ability to achieve its target of 40 million inbound visitors annually.

For several years now, South Korea has been the second-largest source of inbound visitors to Japan after China, accounting for 25 percent of the total. In July, however, that number fell by eight percent year on year,

and the overall January-July figures were down by four percent.

A MLIT source said: "People in other ministries, or the Prime Minister's Office, are saying it's okay if tourist numbers from South Korea decline, as long as we make up for it by attracting more from other countries. But it's hard enough to realize the target of 40 million even if we're able to do everything we're supposed to do."

Many South Korean travelers come to Japan via ferries connecting Fukuoka and Busan, or low-cost carriers that serve Japan's regional airports, so there's no doubt that a decline in visitors will negatively impact regional economies.

MINISTRY OF AGRICULTURE,  
FORESTRY AND FISHERIES (MAFF)

## DEVELOPING A MID- TO LONG- TERM VISION FOR REVIVING INDUSTRIES IN TOHOKU

New measures have been adopted by MAFF to help forestry and fishery industries in Fukushima Prefecture continue their recovery from the nuclear power plant disaster of March 2011. The Japan Agricultural Cooperative

Group's Fukushima central committee has been working with the mayors and heads of the 12 hardest-hit villages and towns, including Minamisoma, Idate, and Namie.

Advanced technologies and a focus on businesses with the highest labor productivity is one approach being taken to confront the problems. Next April, new guidelines will call for promotion of a people-focused system. A MAFF staff member will be posted to each of the 12 cities to coordinate with local redevelopment teams and promote agricultural enterprises, expand sales channels, and dispel negative rumors.

This will be done through tie-ups with industry groups in the affected areas. To reduce anxieties, explanations of survey results will be provided at events, and more marketing efforts will be made targeting large retail chains as well as food and beverage businesses.

Agriculture Minister Takamori Yoshikawa said, "From next year, in addition to issuing statements to a variety of mass media, plans will call for more efforts to sell to more institutional buyers, such as company dining halls."

The move is in response to the large amount of farmland that remains fallow. Of 17,290 hectares, cultivation has resumed on just 4,345—about 25 percent. In response to a questionnaire, 60 percent of farmers said they "have yet to decide when they'll resume cultivation" or "have no intention to resume." Advanced age may also be a factor.

Other measures will include efforts to revitalize the forests and forestry industries that were adversely affected by radioactive substances. This will be done through installation of equipment to measure radiation at lumber factories and distribution facilities.

With regard to fisheries, added measures to boost dissemination of safety data will be adopted to dispel negative rumors and convince foreign importers to relax their controls. And with the aim of returning to full-scale operations, assistance will be provided to bolster the manufacturing and distribution systems. ■





# PAST AND FUTURE OF BUSINESS

Walk through history in Marunouchi

On a fine November morning, a group of senior executives from CEO Insights Group was privileged to take an exclusive walking tour of Tokyo's Marunouchi district. Conducted by Mitsubishi Estate Co., Ltd., one of the largest real-estate developers in Japan involved in property management and architecture research and design, the tour was designed to show the deep history of Marunouchi and why it's one of the most desirable places to work in Tokyo. The time our group spent going through the area brought insights to the CEOs and also exposed Mitsubishi Estate to the interests and priorities of the multinational corporations as they conduct businesses in Japan and greater Asia.

## INSIDE THE CIRCLE

Established in 2004 by Spencer Wolfe, chief executive officer of AINEO Networks, CEO Insights is an informal, monthly gathering of C-level executives. On these occasions, the leaders share knowledge and discuss trends on a wide range of topics while keeping up on the latest in human resources, legal matters, taxation, government, media, and virtually any other area of interest.

At the Otemachi Park Building, home to Mitsubishi Estate's head office, team members from the company gave the executives a brief introduction to the history of Marunouchi, a commercial district located between Tokyo





Station and the Imperial Palace in Chiyoda Ward. The name, meaning “inside the circle,” derives from its location within the palace’s outer moat.

It is also Tokyo’s financial district, and the country’s three largest banks are headquartered there. During the Edo Period (1603–1867), the area belonged to military lords. Following the Meiji Restoration in 1868, it came under the control of the national government, which erected barracks and parade grounds for the army. The land was later purchased by Mitsubishi for the development of office buildings fashioned in the style of 19th-century Western architecture. The area was later redeveloped to a modernized, concrete design and, eventually, to high-rise buildings we see today.

### PAST MEETS FUTURE

The first stop on the walking tour was the historic Otemachi Building. Built in 1958, it is one of the oldest in the area and is only now undergoing renovation. Several other buildings from that period have already been redeveloped, but the high-quality materials used in the construction of the Otemachi Building—along with careful maintenance—has allowed it to last longer than other buildings. In fact, it is aiming to become the first 100-year-old office building in the Marunouchi area. It also has a shrine dedicated to the goddess Otemachi Kannon, who brings prosperity and safety to those who work in the area.

With its wide 200-meter-long corridors, the building is home to Inspired.Lab, a new creative workspace designed

to increase communication and collaboration between large companies and startups with cutting-edge technologies. Acting as a hub, Inspired.Lab offers business facilities, including a design thinking space, Makerspace with 3D printers as well as molding and production equipment offering the latest technologies. Tenants can use these to create prototypes and products, and have access to the free workspace and community lounge that encourages dialogue and idea-sharing. Private offices and hot desks, where concentrated and confidential work can be done, are also available.

### IMPERIAL GATEWAY

The next stop was the famous Marunouchi Building. Walking along the spacious Nakadori Street, the executives learned about how landowners in the area joining together to maintain a neat, aesthetically pleasing landscape. An historic guideline among developers in the region ensures that the area’s skyline remains tidy.

The Marunouchi Building was designed to meet the original height limit of 31 meters (100 feet), and Nakadori’s 20-meter-wide sidewalks were purposefully designed following the golden ratio to make them aesthetically pleasing.

Also in the area is Tokyo Station, which is connected to the Imperial Palace by Gyoko-dori Avenue, which, in the past, was closed to the public and only used for ceremonial occasions such as the Emperor’s official travel—which is called *gyoko* in Japanese—or when foreign diplomats visited the Emperor to provide their accreditation.





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## THE PREMIER FLOOR

On the 34th floor, at the top of the Marunouchi Building's office zone, The Premier Floor features modestly sized office compartments and boasts a modern urban interior design with marble flooring and walls. Equipped with a lounge akin to that of a top-notch hotel, the floor offers prestige services, with bilingual concierges on call during office hours. Tenants include up-and-coming venture companies operating globally, as well as international companies who started their business in the Japanese market. This fully serviced, luxurious office space—complete with reception, lounge, and meeting rooms—is ideal for growing companies of all sizes looking to accelerate their reach into one of the world's most vibrant markets.

## BORN ANEW

Wrapping up the tour before lunch, the executives visited the Mitsubishi Ichigokan Museum, a recreation of the original Mitsubishi Ichigokan building, which stood on the same location and housed the headquarters of Mitsubishi.

Designed by British architect Josiah Conder, the original building—with its 19th-century, Western-style red-brick design—was completed in 1894 as one of the first Western-style office buildings in the Marunouchi district. It was demolished in 1968 to make way for a modern building. The building was rebuilt in 2010 and was recreated as faithfully as possible using as reference photographs believed to date from the building's construction, blueprints, drawings, and extant structural components.

The original specifications were followed down to the last detail. For example, the red bricks used were specially ordered and produced in the exact same handmade way as in the 19th century. Even details such as the doorknobs being placed lower, because the average height of a Japanese person at the time was 15 centimeters shorter than now, have been followed to a tee.

And during a visit, you can enjoy a meal at the Café 1894, located in the hall originally occupied by the banking department featuring the original bank counter windows.



## PARTING IMPRESSIONS



Following the tour, there was one thing on which all the CEOs could agree: their understanding of the Marunouchi area's rich history and business appeal had been expanded.

"I was very impressed to see the vision Mitsubishi Estate has for the area near Tokyo Station," said Wolfe. "Not only are they a building owner, but you can see they are a real estate developer with vision—from the innovation business center type places to the vision of Tokyo itself."

Another participant echoed those comments, saying it was inspiring to see that vision, from the water purification systems below to the beautiful office spaces above that are so conveniently located near Tokyo Station. Because of Mitsubishi Estate's approach to development, they said that it isn't Shinjuku or Shibuya that comes to mind when thinking of the center of the city, but rather Marunouchi.

And that's why one CEO left the tour saying: "Our next Tokyo office should be here. Being in Marunouchi shows that your company is a serious player in the Japan market." ■

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# REMUNERATION AND CORPORATE GOVERNANCE

At the end of last year, a prominent Japanese automotive manufacturer raised a scandal relating to its CEO's remuneration. This scandal was widely known due to the amount of media coverage it received. This article focuses on the topic of Corporate Governance (CG), instead of misstatements in the Annual Security Report submitted to the Financial Services Agency (FSA) in Japan and aggravated breach of trust.

## OPTIONAL REMUNERATION COMMITTEE

If a company has made the choice to be a company with a board of auditors, Japanese Corporate Governance Code Supplementary Principles paragraph 4.10.1 states that the company should establish an independent optional remuneration committee and should seek appropriate involvement and advice from independent directors. If the company in question had established this optional remuneration committee, they might have avoided scandals such as those currently in the news.

The following table shows the number of listed companies that have adopted the optional remuneration committee as of January 5, 2018.

Index	Number of listed companies	Number of companies that have adopted the optional remuneration committee	Ratio
First and second section of the Tokyo Stock Exchange	2,621	1,014	38.6%
Mothers* and JASDAQ	1,058	44	4.1%

\*Mothers is the market of the high-growth and emerging stock in Tokyo Stock Exchange.

## WHY IS IT A PROBLEM?

Deciding one's own remuneration may give rise to irrational cash-out flow. However, the issues are not limited to reducing a company's property. From the viewpoint of CG, a company should consider "separation of business execution and oversight of the management," "ROE," and the "P/B Ratio."

If a managing director, such as a CEO, is able to decide the amount of their own remuneration—instead of this being done by a committee—an effective supervisory function may not work appropriately. As a result of inefficient business administration by a managing director, it might be hard to expect to improve ROE or the P/B Ratio from a medium- and long-term perspective.

The FSA analyzed the ROE and P/B Ratio of Japanese companies which have improved after setting the CG Code in 2015. It categorized the Japanese companies based on the results of ROE and the P/B Ratio, and reported the features of each category as follows:

Type of market	2014	2018
ROE	7.16	8.80
PBR	0.97	1.24

Index category	Features of companies
ROE is less than 8% and P/B Ratio is less than 1x	<ul style="list-style-type: none"> <li>Global companies whose rating by investors is poor</li> <li>Local companies whose operation was deemed not sustainable</li> </ul>
ROE is more than 8% and P/B Ratio is over 1x and less than 2x	Companies whose operation were deemed sustainable in a local economic zone
ROE is more than 8% and P/B Ratio is more than 2x	Global companies that have an ability to achieve a high growth rate and excellent companies whose ROE is high

## SEPARATION MATTERS

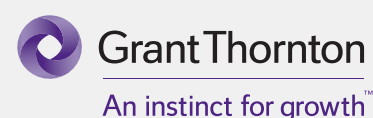
The most important thing for "separation of business execution and oversight of the management" is whether a managing director is able to evaluate themselves objectively, or a managing director is able to supervise oneself, including decisions of one's own promotion or remuneration. If managing directors have the ability to evaluate themselves objectively, it does not cause a problem. It is becoming a common perception that a managing director should focus on the business challenges, such as improvement of ROE or the P/B Ratio, rather than issues which are easy to resolve by setting rules or mechanisms, such as deciding remuneration.

## DO NOT MISS!

The FSA announced a new disclosure rule on Annual Security Reports for the year ending March 31, 2019, to enhance information how to decide directors' remuneration. The new rule requires to disclose a proportion of performance-based remuneration to the total amount, and index of performance-based remuneration. ■



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