

## Questions for Japan Interview:

What are some of the essential ingredients of doing business internationally?

A product or service that “fits” a particular international market - especially culturally

A copyright or patent to protect your product internationally

A solid business support network that extends internationally – Lawyers, Accountants, Banks, Federal government

List of Potential business partners – marketing, technology, and financial

If I am not sure if I can do business internationally – how can I get a glimpse?

International Trade Missions (e.g. Women in World Trade, or specific vertical industries, Chambers of Commerce, local US-DOC)

Hosting your peer companies at your office – get on the receiving end of a Trade Mission

Attend international conferences & Trade shows (or even “speak” as an SME)

What are some of the key “tools” needed to get started?

Market Research esp. competitive analysis, regulatory climate, etc. (e.g. transborder data laws)

Due Diligence

Legal Guidance

Network of Business Contacts

US Government support overseas

Working knowledge of regulations such as privacy, security, import quotas, GSP privileges, tariffs, etc..

How does a company begin to do business internationally and just what does this mean?

Many companies are “international” before they know it. It’s likely that a company is international in some part of its supply chain – suppliers, partners, and competitors. The “conscious” choice of going international involves seeking customers overseas. In the early stages, a company may try to sell near its borders to a neighboring country to test the waters. In the US, this means Canada and Mexico where some of the trade barriers are removed due to the NAFTA agreement. Other such agreements include Andean Trade, Caribbean Basin Initiative, Generalize System of Preferences (GSP), Normal Trade Relations (formerly known as Most Favored Nation), etc..

Once a company ventures into more remote territory, the entire picture changes dramatically. Issues such as language, transportation/shipping, insurance, contracts, and just the inner workings of each industry and company almost dictate that you have local partners.

How does one choose a local partner or partners?

This process involves a combination of due diligence, partner management, and finally – a dose of good luck. Partner choice and the ability to get results with partners over time take practice and commitment. Most companies cannot afford **exclusive** distributors or other local channels. Therefore, automatically, you are competing for the partner’s attention for your product or service. You can assume “out of sight, out of mind.” Therefore, it is incumbent upon you to keep your product and service “top of mind” with each partner you choose. This requires hard work on the part of the regional or US based VP of Marketing – to keep on top of these partners and equip them with all the tools they need to effectively support you.

Alternatively, large companies with significant financial resources eventually set up joint ventures or wholly owned subsidiaries. This takes a completely different level of commitment. Although outwardly attractive, there are many laws governing setting up companies overseas. Often, a local company or local employees must still be involved in daily management. In the telecommunications industry, for example, some countries (e.g. Indonesia) operated under a Build, Operate, and Transfer scheme over a period of fifteen years.

As a Japanese company considering exporting to the U.S., the U.S. Treasury Department provides information on its International Trade Data System ([www.itds.treas.gov](http://www.itds.treas.gov)) A written resource, prepared by Lark Horton Global Consultants, is this book (Exporting, Importing, and E-Commerce) – copies can be ordered at [www.aabea.com](http://www.aabea.com). This guide provides information both formal and informal guidelines on a step by step basis.

How does one find a local partner?

You should know your industry well enough to find out who your peers are using and if they are successful. One of your best bets is to look to your suppliers and customers and see if they are involved with companies overseas. Many times, the best partners are already somewhere in your network, but you have to know how to mine or harvest your network and where to look. Other things to consider are:

- ProActive Research (Web, Business Libraries, Business Pubs - offline and online, PR, Proprietary Data -Hoovers, D&B, etc.), Primary Research with Active industry players via industry associations, trade shows, etc..

You may also find that some companies will approach you opportunistically. Beware of these “easy” deals – it’s better if you take a pro-active approach. You can open up the floodgates by defining what you are looking for and informing key constituents of your interest in finding a partner. However, when doing so, be sure that you have already developed the list of criteria to which you expect a partner to be held.

What are some of the criteria I should look for in a Partner?

- Company or Personal History; Strategy; Market Backgrounds of key principle/s
- Business Model
- Existing Partnerships
- Longevity; Funding, etc..
- Uniqueness of Value Proposition
- Bank, Accountant, Lawyer

Once you have a list of potential partners, how do you proceed?

- Develop Value Story
- Approach Target
- Close Deal
- Develop Partner Program/Msrmnts

Stepping back for a moment and putting on your hat as a Japanese company doing business in the U.S. or anywhere else overseas - what would you say to a Japanese entrepreneur?

I think the Japanese entrepreneur might have a unique set of advantages and disadvantages as he/she looks at doing business overseas.

From the standpoint of advantages, the Japanese government and industry groups (Zaibatus – in the 1950s and 1960s groups based on the old zaibatsu reemerged as keiretsu.) have a history of organizing their overseas business in such a way that the companies do not compete with each other for the same “presence” in a particular country. As a US company doing business overseas, one of our biggest problems was that we were competing against all our peers in each situation. If this is still the case, then it’s to the Japanese company’s advantage to let their government know of their intentions and garner as much support as possible.

Other advantages are that culturally, the Japanese are better equipped to engage in due diligence quietly and in an orderly fashion. The conservative nature of Japanese business works to an advantage here. It is important to “hold your own council” when doing background research on a company and individuals prior to announcing any intentions to do business abroad.

Areas that might pose a challenge to a Japanese company might be the overall “risk taking” nature of doing business overseas or in any new market. Most of the world is not as orderly and trustworthy as the world of Japanese business. There is a certain element of chaos and uncertainty – a one in twenty chance of total failure for an entrepreneur or a new market entry. Don’t expect to have all the information you need to proceed in a foreign environment. The best you can do is protect yourself against major losses, make educated choices for local partners, and let your good customers and partners pave the way for gradual growth in the market.

