

From Understanding to Navigating Japanese Business Culture

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Executive Summary

Over the years two interconnected factors have compounded the challenge of creating and maintaining productive relationships with Japanese business partners both in and outside Japan. The first factor concerns the tendency to view Japanese business people in terms of stereotypes generated in the 1980s; the second refers to bafflement about the entire Japanese approach to business. Against this backdrop, European companies find four areas of business involvement especially confusing about Japanese processes:

- Communication
- Decision-making
- Trust and relationship development
- Strategy and planning.

The result is frequently limited success in *navigating* Japanese business culture, which is the art of accommodating repeatedly misunderstood Japanese priorities into European business approaches.

This report confronts both these issues in a novel way. First, it presents *the Japanese perspective* as captured in their interactions with European companies across a variety of business sectors and business formats. Second, it provides on the basis of *mini case-studies* illuminating ways of pinpointing how and when European and Japanese companies often find themselves in mystifying misalignment with each other. Third, it delivers *tools and techniques* for perfecting ways of navigating Japanese business culture in given contexts, such informal pre-meetings, formal business meetings, off-site interactions and socialisation.

1. Introduction

For thirty or more years there has been a steady abundance of books and reports on how to do business in Japan, so let us start with explaining (1) *why* this report is necessary; (2) *how* we move on, and (3) *what* it specifically is that we will deliver.

In the 1980s Japan, aptly described as being ‘at the cutting edge of management and technology,’ preoccupied – and perturbed - Europe in a way that China, a very different kind of Asian giant, does today. Japan, despite its long-term economic troubles, still remains a major force in world business and its way of doing business remains at best a significant challenge, at worst a source of frustration and bafflement.

A premise of this report is that despite the decades of European business interactions there still persist several misconceptions about the optimum way to approach the Japanese market and to handle productive, collaborative relationships with Japanese counterparts in or outside Japan. This report aims to dispel these misconceptions as the essential prelude and suggest with the aid of conceptual tools and models a way to navigate Japan’s unique business challenges.

a. Two Misconceptions

This report is necessary in order to overturn two long-standing misconceptions about doing business in Japan.

First, the business literature with its marked emphasis on do’s and don’ts derived from the 1980s, can be summarised as follows.:

- The Japanese are often presented as deliberately evasive.
- They readily use negotiations to put obstacles in the way.
- The intrinsic subtleties of Japanese business culture are not always acknowledged.
- Western prescriptions, models and check-lists are all too often simplistic.
- Japanese business people are presented as *negative* stereotypes.

Second, assumptions about Japan are often compounded with self-fulfilling prophecies along the lines:

- Negotiations will be arduous.
- The Japanese are extremely interested in our know-how, but yield none of their own.
- Socialisation is a tedious distraction.

As an example, most people will recognize "rules" such as: decisions take time; the second meeting tends to go over the same ground as the first; and the Japanese will break off negotiations if the other side is too impatient, or fails to

observe protocol. While each of these rules may to some extent be accurate, the point here is that if you presume they are true, your Japanese business partners will witness, understand and respect your hesitation, and you will end up reinforcing the prophecy. In other words, business will take a long time to materialise (just as you expected).

Such assumptions not only reveal the power of misplaced presumptions, but also a distinct misreading of the Japanese style of business. They also imply that the complete or partial failure to get on the wave-length of one's Japanese business partners is the fault of *their* unethical business practices.

This report then will *not* dwell on the popular assumptions about the cultural differences between Japan and Europe. Rather we aim to approach the matter of divergence from a fresh perspective by probing the differences in the underlying assumptions pertaining to *actual business challenges* as experienced by European companies dealing with Japan and Japanese firms active in Europe.

One of our techniques will be to supply the Japanese perspective on European business behaviour. We can after all easily forget that what we regard as good practice in Europe can be a source of bafflement to Japanese partners; and in Japan it is we, not they, who are the foreigners with the strange ways.

b. Dealing with Business Challenges and Culture

In this report culture will not be viewed as “the collective programming of the mind, which differentiates the members of one human group from another”, to quote Hofstede's famous definition. Unfortunately, it reveals nothing about perhaps the most distinctive cultural feature of Japanese business; namely, its evolution through intensive meshing of corporate knowledge networks.

Rather we will be guided by the following concept of culture as ‘varieties of common knowledge,’ which refers to overlapping habitats of knowledge and shared meanings in a particular location or context, whether that is a country or an organisation. This concept, although it is incompatible with much popularised, simplistic statements about cultural differences, does enable us to interpret actual business challenges in the context of the transfer and sharing varieties of knowledge among European and Japanese business partners.

In our experience failure to do business in Japan is not so much a result of cultural faux pas, but is a misappreciation of the subtleties of knowledge transfer and sharing. In this report we do not view challenges to be ‘confronted’ in a kind of battle of wills; rather we see the challenges to be navigated in cooperation with Japanese business partners.

What is implied with this is that we shall not study culture for the sake of cultural differences or necessarily do this upfront. Rather, we shall take a point of departure in actual business situations and then use our knowledge and experiences to effectively navigate these challenges; ideally in a proactive manner so we do not even have to deal with the conventionally occurring problems.

In addition to this, writings about Japanese business culture invariably assume a Western position and look at Japan from the outside and in. In this report, we will include the perspectives from Japanese counterparts, which often offer surprising and different ways of viewing the situation. But again, the focus and point of departure will be on the actual

business situations, and the cultural differences will be discussed as varieties of perspectives pertaining to the business situations.

Lastly, for the sake of simplicity, we will have to delimit perspectives in this report to the admittedly stereotypic categories of “Japan” and “Europe”.

We are also drawing on our own experiences with European companies as consultants, researchers and business practitioners involved with the Japanese market for more than twenty years. The companies represent a broad and wide range of industries of various sizes and international experience (including e.g. jewellery, furniture, software, healthcare, electronics and technology), who between them have established diverse collaborative arrangements with their Japanese partners.

c. Overarching Themes

Of the wide range of business challenges facing European firms, regardless of size or industry, it is possible to cluster them into four overarching themes:

1. Communication
2. Decision-making processes
3. Trust, networking and relationship building
4. Strategy and planning

All these topics have received ample treatment in business writings, but we will treat them in a novel way by adding the Japanese perspective; which will then permit us to suggest pragmatic solutions that are in tune with the Japanese way of doing business.

Each topic, new and old, will be introduced by means of specific statements or challenges defined by a group of more than two thousand managers from European companies dealing with Japanese partners across a wide range of companies and industries over the last five years. Hence, a point of departure in both present and relevant challenges.

2. Key Challenges

This report takes a point of departure in the challenges experienced by managers of European companies when dealing with Japanese counterparts. Examples of reoccurring key statements include:

- “Our meetings in Japan are often inefficient and unproductive”
- “It’s very difficult to discuss hard topics”.
- “It’s very challenging to get clear explanations and answers”.
- “It’s difficult to know if we are in agreement”.

- “No decisions are being made. This makes things very frustrating”.
- “Once we have made our presentation and leave, we honestly don’t know what is going to happen now”.
- “Our partner’s company is like a black box - we have no idea what is happening within it.”

So much for the European perspective, but what might be the Japanese point of departure – the key missing ingredient – regarding these challenges? Specifically, how do Japanese business partners react to the way they are commonly perceived and experienced from a European perspective? In order to answer these questions, we will develop solutions to the perceptual mismatch through discussion of four key aspects of business development with Japanese partners:

1. Techniques for communicating effectively with Japanese partners
2. How to influence decision-making processes in Japanese organisations
3. Trust, networking and relationship building - from a Japanese perspective
4. Aligning strategy with Japanese counterparts

3. Techniques for Communicating Effectively with Japanese Partners

Regardless of industry, company types, and whatever particular collaborative arrangements in place, the reaction of European managers has over many years remained largely consistent: communication with Japanese business partners, no matter how well-meaning they are, is problematical.

The Europeans complain about ineffective, unproductive meetings: ‘hard topics’ cannot be addressed; Japanese responses to specific questions are vague and evasive. There is as often no clear message from them, and this applies to all forms of communication: from face-to-face business meetings and negotiations to e-mail exchange and video conferences.

In the following sections (3a and 3b) we will attempt to crystallise the essence of the communication problem. Without an informed grasp of its complexities, subtleties and hidden assumptions, the navigation of business challenges can be exceedingly arduous.

First, in section 3a we aim to enhance understanding by explaining by means of contrasts what represents effective business communication from a Japanese perspective. Here we can say upfront that within that perspective European managers who aspire ‘to become Japanese’ or behave in an overly Japanese manner are a completely unwelcome species. In section 3b we introduce well thought through pragmatic tools and techniques, which will enable European managers to align their business objectives with their business partners’ aspirations and create those synergies with them which make the all-important navigation possible.

a. Understanding

As already noted, the Japanese conduct business meetings in a substantially different way from a European point of view, and that in itself is a major cause of the frustrations introduced above. Europeans note that meetings with Japanese counterparts tend not to involve direct discussion, clear explanations, unambiguous answers or firm conclusions.

The self-same Japanese appear to be content with presenting and discussing known material, data and insights in holistic, yet vague visionary terms. They also have preference for discussion of matters of obscure detail, which strike the Europeans as distracting, insignificant or quite unnecessary. Furthermore, it is equally apparent that the silence plays a notable role in Japanese communication, which some garrulous Europeans can find uncomfortable. Observing silence is in a fact a form of Japanese politeness and communication.

It is perhaps best to regard business communication involving European and Japanese business partners as composed of parallel processes. The European approach tends to be focused on objectives such as negotiating and closing the deal (even if that takes several meetings and spread over several months or perhaps longer). For their part, the Japanese want to secure an equally attractive business arrangement, but their approach is quite different. Instead of being preoccupied with objectives, they pay exceptional attention (exceptional from a non-Japanese perspective) to matters of process.

It is not uncommon to depict European business communication as a straight line and its Japanese equivalent as a wavy one. But more illuminating are research findings produced by a team of Japanese psychologists probing the way in which Western subjects, on the one hand, and Japanese subjects, on the other, reacted differently to a short video of underwater scenes. They were asked to state what they saw.

The Westerners immediately identified the larger, faster moving, brightly coloured objects in the foreground (three big fish), whereas the Japanese pointed out all the smaller elements (for example a frog, small fish, plant etc.) and they would speak twice as frequently as the Westerners about interdependencies between the objects in the foreground and those in the background. We can use these results to make an analogy in order to contrast the European and Japanese approaches to business communication. From a European standpoint, the Japanese appear to avoid direct discussion of substantial matters that are, literally, staring them in the face. In complete contrast, the Japanese note the European tendency to try to make decisions by isolating a single factor and ignore significant interdependencies.

Among such seeming trivialities, so readily dismissible from a European standpoint, is an incalculably important factor from the Japanese point of view: human feelings. And this brings us to something baffling. In their international dealings, the Japanese are not just concerned with the feelings of other Japanese, but yours too. It takes time to adjust to human feeling, but in Japanese eyes, it must be done. Foreigners are seldom aware of it, yet it is one of the most significant factors which *inevitably* protract business negotiations with them. But what European may regard as possibly deceitful delaying tactics, may be nothing of the kind.

From the psychological test mentioned above we can incidentally derive practical advice on preparing and giving PowerPoint presentations. Next time, show greater attention to the details than you usually would *and* present your arguments in the shape of interdependencies between the these. This is somewhat different from a 'good'

presentation in a European context, pinpointing the main issues upfront and successively entailing lots of arguments and reasoning.

The following example provides clues on how to create effect by linking interdependencies together. There is a sign in an international supermarket in downtown Tokyo, displaying an English and a Japanese version of the same message. The English text, which is clearly targeting foreigners, says: “Due to the current butter shortage, we have set a limit of two butter packs per customer. The Japanese raw milk production has suffered due to last summer’s abnormally hot weather. In addition, there has been a shortage of forage for cows in Hokkaido, because of the long and bitterly cold winter. Hokkaido accounts for more than 50% of Japanese milk production”.

The Japanese version – clearly for Japanese people – reads: “Currently there is a butter shortage. We kindly ask that customers only buy up to two packs of butter each. We know this will cause a great inconvenience and for this we apologize, but we kindly ask for your understanding. We are sorry and hope for your continued patronage” (author’s own translation from Japanese).

Note how the Japanese version is far more apologetic but offers no reasons or explanations, whereas the English version is quite the opposite with lots of explanations and reasons – but no apologies. We may say further that the Japanese version has been designed to accommodate human feelings, but only Japanese ones in this case.

Another example well illustrates the Japanese reluctance to hurt people’s feelings. It concerns a young lady in an elevator in Tokyo, who was so engulfed in writing a text on her phone that she did not notice that she was standing so close to open elevator doors that they could not close. None of the 20 people in the elevator spoke a word, but then after some 30 (very long) seconds, the lady - to her great embarrassment - finally noticed the problem herself. In almost any other country someone would have immediately tapped her on the shoulder or unceremoniously told her to move away from the lift doors.

Each of these three very different examples reveals not only the importance of human feelings in Japanese society, but also tells us something useful about the concept of culture as varieties of common knowledge. It is shared with groups who are party to unwritten, yet well understood ‘rules,’ which baffle uninformed foreigners.

The discussion so far, including our three examples, makes it plain that communication in business as well as in wider society in Japan has facets that are either superfluous in European cultures and are as such, in European eyes, easy to dismiss or denigrate. But, to be interculturally competent and as a business person in Japan, you not only need to be aware of the importance of these facets to the Japanese, but also, through skilful application of intelligence and tact, make it plain to your business partners that you *respect* this aspect of Japanese behaviour.

So how do the Japanese themselves characterise good communication? The Japanese use a revealing turn of phrase, which applies to all situations even including, as it happens, intercultural encounters with foreigners. The phrase in question is in literal translation ‘to read the air’ (*kuuki o yomu*). To be regarded as one who reads the air is to enjoy high standing in Japan.

In the business domain, among the Japanese themselves, it connotes someone who is courteous, knows how to facilitate a conducive atmosphere in meetings, to sense the feelings of others, to show respect for small things, to hint

- merely hint – at a different way of doing things, to observe silence and apologise (for something not requiring apology in European eyes).

It goes without saying that it can be exceptionally difficult for Japanese to read the air when they find themselves with foreigners before they know them well. Smart therefore is the European business person who can make it easier for his or her Japanese business partners to read the air.

So, what is good communication? Based on the simple examples above, it is clear that ‘good communication’ tends to have more to do with the holistic picture, silent indirect communication, and apologetic behaviour in Japan – whereas the European preference tends to be more focused on the key issues at hand, explicit communication, and supported by objective arguments and reasoning.

In the following section, we will discuss and introduce tools for navigating (i.e. aligning, reconciling or perhaps even creating synergy of) these different perspectives and approaches.

b. Navigating

In this section, we will introduce four key concepts in the shape of pragmatic frameworks and techniques to enhance the effectiveness of cross-cultural communication with Japanese partners. The four concepts are:

1. Pre-alignment to enhance the effectiveness of meetings
2. The communication wheel
3. The importance of context, and how to create common cognitive ground
4. The role of the ‘intercultural knowledge integrator’

i. Pre-alignment to enhance the effectiveness of meetings

The pre-alignment phase is of considerable importance both in terms of business discussions and relationship-building more generally with Japanese business partners. This is borne out in a survey conducted in Europe during 2015-2016 where more than 100 Japanese managers in large-scale Japanese-European collaborations were asked about their experiences of business meetings with their European counterparts. These managers expressed frustration about ‘ineffective’ meetings – but for substantially different reasons than their European colleagues. Recurring statements included:

- “They (i.e. the Europeans) try to make hasty and sudden decisions during meetings”.
- “No surprises, please!”
- “We need preparation and understanding”.

To the question of ‘how improve meeting efficiency’ no fewer than 85% of all the Japanese surveyed replied with more or less the exact same three words: *jizen-jumbi*, *jizen-tsuuchi*, *jizen-rikai*. Roughly translated, the Japanese managers were asking for (1) in-advance groundwork (2) in-advance reporting, and (3) in-advance (mutual) understanding. These three words crystallise the Japanese business approach with its marked emphasis on leaving nothing to chance.

It is of course well-known that the Japanese are risk-averse. Indeed, research finds that that the Japanese are four times more likely to avoid risks than Scandinavian counterparts. This explains the strong Japanese preference for pre-alignment ahead of business meetings or other kind of face-to-face encounter.

From the Japanese point of view these ‘pre-meetings’ can make it possible to make adjustments before the more formal interaction. Coming from a culture that places enormous value on harmony, the Japanese regard alignment as exceptionally important. Europeans for their part do not have such an explicit concept. Not only that: they can see it as a plain waste of time. If the purpose of a pre-meeting is all about sharing viewpoints, discussing, and ideally, reaching conclusions, why is it necessary to meet again only to repeat everything as a formality to achieving the hoped-for agreement?

The answer to the question goes back to a point made earlier about the centrality in Japan of human feelings in personal and hence business relationships. Pre-alignment allows for *mutual* adjustments so that when the serious discussions take place – perhaps in the presence of a senior Japanese manager – both sides can proceed to discussions in an amicable atmosphere, whilst the chances of unexpected and possibly nasty surprises have been substantially reduced. What at first glance to a foreigner may appear to be devious Japanese time-wasting is a well-proven device in Japanese culture for taking accelerated action when the timing is judged to be right.

From a Japanese perspective, the business meetings experienced in Europe, and in particular in Scandinavian countries, are highly ineffective precisely because ‘there is too much discussion’ and ‘too many surprises’. Yet it is not as if there is no discussion – or even frank and direct discussion – in Japanese organisations, but the Japanese are less interested in outstanding issues than in setting the context for dynamic cooperation. It is this context, created by both partners, that willy-nilly will influence both the atmosphere and the result of business meetings.

The challenge for European managers lies in applying contextual understanding. At first glance this sounds fanciful if you are one of those for whom business meetings with Japanese counterparts is assumed to involve taboos and evasion of awkward topics. The point to grasp is that from a Japanese perspective the key contextual issues revolve around this: *When to discuss what, with whom, and how*. The very emphasis on *when* rather than *what* in the first instance is a clue to understanding the nature of business meetings with Japanese business partners. It means that in Japan content, so important to Europeans, is as it were demoted.

At the same time, and this will become clear shortly, the Japanese use context to smooth communication with their business partners. When dealing with other Japanese, everyone is, so to speak, playing the same game. From their point of view navigating context **is** communication. When the Japanese attempt to apply this to their European foreign business partners, the latter can readily misinterpret the Japanese approach and the motivations behind it. The scene is duly set for misunderstanding and confusion.

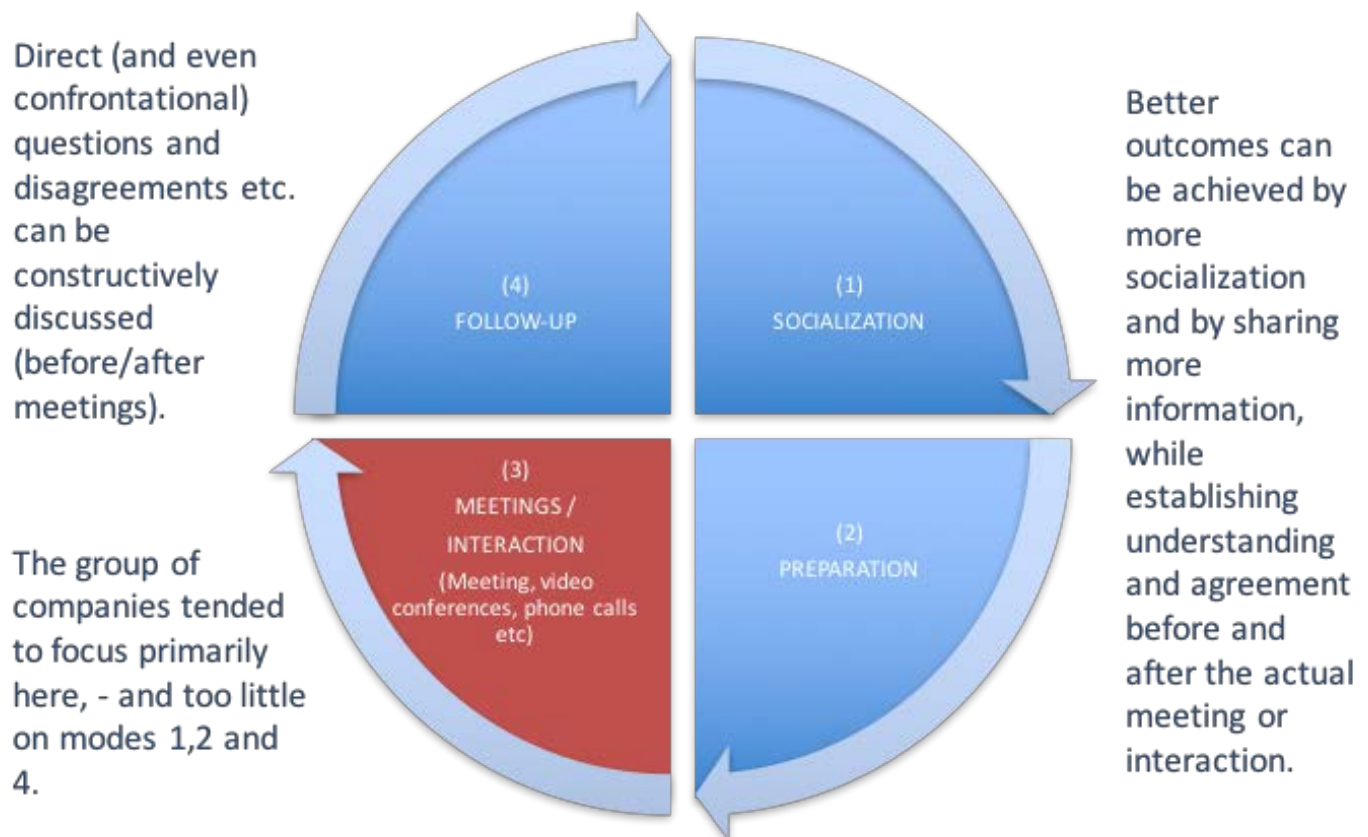
What exactly can European managers do to get on the right wave-length of their Japanese business partners? From the foregoing it follows that the challenge is to begin to understand the Japanese point of departure concerning communication. To support the explanations in this report, we have developed a tool, which we call ‘the communication wheel.’ Unlike Western models that tend to show communication as a linear activity with feedback loops and so forth, our wheel of communication specifically embraces context - or rather contexts.

ii. The Communication Wheel

As part of our work with five major European pharmaceutical companies and their Japanese partners (involving strategic alliances, licensing agreements, managing subsidiaries and joint ventures) we interviewed Japanese counterparts about their frustrations and anxieties over communication issues. Specifically, our aim was to delve deeper into the root causes of so much miscommunication experienced in business meetings, video conferences, socialisation episodes, phone calls and e-mail exchanges.

We found that their frustrations were shared by their European partners. But by now we know, of course, that a good deal of the communication mismatches are based on starkly different perceptions of causes and consequences. In simple terms, the Europeans stress *content*, the Japanese stress *context*. Thus, both sides have quite separate points of departure, which not only pre-set their expectations but also force them into misalignment.

Our communication wheel has been designed to capture the nature of the communication dichotomy with reference to four distinctive phases in everyday business interactions between European and Japanese partners. These phases, represented in the quadrant of the model, refer to: (1) socialisation (the start of the cycle from a Japanese perspective), (2) preparation/pre-alignment, (3) a gamut of interpersonal business interactions, and (4) follow-up. It is important to emphasise that the wheel reflects the Japanese standpoint on business communication. The curved arrows marking the circumference of the circle form a theoretical cycle of communication.



Let us explain the model. The first thing to note is that Europeans will see four distinct phases in sequence: he or she is likely to conclude that the successful conclusion of one phase leads to the next. This is business development in straight path. But the Japanese manager is not going to see a straight path; he sees everything running together even before anything has been agreed!

This explains why earlier we used the term holistic to describe the Japanese approach to business communication. It is this approach which causes European counterparts frustration and may invoke groundless accusations of Japanese evasiveness. Before going further, we need to discuss socialisation, a major facet of Japanese business life.

From a European perspective socialisation in the Japanese context is presumed to refer to informal discussions with counterparts in the more relaxing ambience of a restaurant, coffee shop or bar (and may even extend to a sightseeing excursion). Europeans tend to see these occasions as serving the purpose of 'getting to know you.' That is exactly how the Japanese see it, but with two important qualifications.

First, the Japanese businessman is always 'on parade' for his company; to him the formal/informal distinction is completely irrelevant. Many years ago, an influential American book on dealing with the Japanese described socialisation as 'non-task sounding.' This is a very serious misunderstanding. Everything to the Japanese businessman – again, while he is on parade - is about the task. And there is one very important task in the context of socialisation. Your Japanese host is doing his best to study your character and decide how trustworthy you are likely to be as a business partner. Incalculable importance is attached to this task as well as vast amounts of time, which will partly explain why business entertainment in Japan can be so lavish.

Second, in everyday business practice socialisation and pre-alignment, which might be seen by outsiders as distinct phases or clear-cut zones of interaction, are in effect inseparable in the Japanese mind in that their purposes are completely interlinked. The pre-alignment phase may well provide a key context for preliminary discussions on the agenda for the next meeting - which may well take the form of a video conference - as well as for information exchange, and knowledge sharing. But the Japanese know that it is overwhelmingly through socialisation episodes – and many of them - that all-important mutual understanding, respect, and trust is based. In other words, socialisation and pre-alignment as intermeshed activities create the atmosphere for (all being well) harmonious interactions now and in the future. These points should make it clear just how different Japanese and European approaches to, and expectations about, business communication actually are.

We now turn another aspect of the communication wheel, namely the inclusion of follow-up. Western models of business communication, referring to a notional end of the process, highlight 'effects', 'receivers', 'message received' or 'feedback.' Our model, derived from interactions with Japanese managers, includes *follow-up*. Consider: after the meeting it is not just a question of sending an e-mail to confirm the main points, but of engaging in e-mail exchanges necessary to give the Japanese emotional security and as indications of your commitment to the relationship with them.

The Japanese are natural double-checkers, so follow-up is crucial for them to ensure that everything has been clearly understood about who is going to do what by when and how. European business people may well have the experience that all such matters had been satisfactorily discussed and agreed in the previous face-to-face meeting or meetings. It

may be the case too that the Japanese use the follow-up e-mails to request (detailed) clarifications about matters not discussed which are beginning to trouble them. At all events, courteous and appropriately detailed replies not only give the Japanese the all-important emotional security they need, but can allow you to indicate your commitment to the relationship with them.

In the European business mind follow-up is, we may say, a post-sales activity, even a post-contractual matter. The emphasis on follow-up and its discussion at any time during the communication process are not only indicative of the well-known Japanese preference for long-term planning, but also of already wakened sensitivities concerning the consequential effects of the business activity on customers and others, whose feelings must be taken into account.

By now it should be clear why we are placing such considerable emphasis on context as a facet of Japanese business communication. It follows from the preceding discussion that the management of relationships with Japanese business partners requires astuteness, tact and patience. With the aid of the communication wheel we have demonstrated how European approaches to business, on the one hand, and the Japanese approach, on the other, tend to create impasses that can lead to communication mismatches and leave both sides perplexed.

Now the question arises: how can European firms find and maintain common cognitive ground with their Japanese partners, when it seems that so many factors can undermine or even disrupt attempts to achieve a meeting of minds?

A final comment on the communication wheel: it will have escaped non-one's attention that Europeans will be preoccupied with quadrant 3 (meetings and interactions) to the serious neglect of the other three quadrants. The Japanese certainly regard quadrant 3 with exceptional importance, but their minds are especially focused on the other three.

iii. Case example on the importance of context

Let us try to illustrate the importance of context, and the framing of context, with an example. When the Danish shoemaker, Ecco, took over from a long-time licensing partner in Japan, it involved the dispatch of a Danish CEO from the headquarters in Denmark. As a first step to learn about the business, experiences and all the knowledge accumulated in Japan over the years, the CEO suggested a brainstorming session with her Japanese associates at their offices. But at the session everyone remained silent. The initiative proved to be a failure.

This baffled the CEO until some time when she later learned about the importance of context – and of particular importance for her – the actual place for the brainstorming session and the best way to name the session in Japanese. In a Japanese company there is a very high degree of formality, hierarchy is observed and preparation for anything is meticulous. It is simply not the environment for a foreigner to spring a surprise like an unanticipated brainstorming event, no matter how well intentioned.

Upon realising that she had made a blunder, the CEO did three things on a subsequent visit:

- She scheduled a session to take place at an off-site location in the countryside involving all-important *gasshuku* (lodging together).
- She let the participants make all the arrangements.

- She invited the participants who were to promote the session under a suitable name of their own choosing.

The Japanese associates, after a good deal of discussion, chose the word *tamadashikai*, which translates as brainstorming, but comes with specific nuances. It is strongly associated with the use of off-site locations for detailed discussions to solve difficult problems generally, but not always of a difficult nature. In the event of Japanese-only participants, a *tamadashikai* may involve drinking sake and taking hot baths together as well as sharing meals. An essential feature of the discussions is that they are to all intents and purposes unstructured.

The Ecco CEO later realised that by encouraging the discussion of the name of the session, which the Japanese took very seriously indeed, that was in itself part of the brainstorming session. The point of the story is this. First, this time there were no surprises; there was a major change of location which was among other things geared to in-company socialisation. At the same time, several members of staff were involved with the planning and making arrangements. It was no longer an awkward event to be foisted by a foreign CEO who did not appreciate ‘the Japanese way.’ As the European expression puts it, the Japanese staff had ‘taken over ownership’ of the session.

Another point to consider is that every phase and facet of the entire event, starting with a tentative discussion at the company office, had involved Japanese people doing what they are best at: working with their valued colleagues in several contexts. Reflect on that. Various discussions in the office are one context. Eating and drinking in a restaurant by the same colleagues, going over exactly the same discussion points, is another context. Even the journey on the train is another context. At the event, each meal time was yet another context, and so was the actual *tamadashikai* itself. And by extension too, golf matches, telephone conversations and video conferences are also distinct contexts. The entire episode explains our emphasis on culture as common knowledge. Special cultural knowledge is needed to be effective in each context.

What the CEO had done (possibly without realising the exact implications) was to transform a one-off business function into a multifaceted platform of contexts, each one with its dynamics and – this is really important – outlets for human feeling. This sounds outlandish to Europeans, but this is Japan, where not only are things different, but there are also very clear reasons for those differences: very clear to the Japanese, that is. What may also not be apparent in this Ecco case is that from the Japanese point of view the multifaceted combinations of interlocking contexts and virtual platforms around one key theme – i.e. the development of a closer working relationship - provided for a much less leaky exchange of knowledge and experience. This way of working is especially valuable for capturing the all-important tacit knowledge (see next section).

From this short, yet illuminating episode arises a very useful technique for improving the quality of relationships with Japanese business partners. In future interactions with your Japanese partners try to visualise and map the various contexts in which the involvements are going to take place. See each one distinct from the others and an opportunity to get to know colleagues better as well as to impart and receive relevant information (among the possibly less relevant). To most Japanese there is a common (and implicit) understanding of what can be discussed in the office and what pertains to a different context. When intelligently and tactfully used, this simple mapping technique can be a valuable tool in navigating communication with your Japanese partners.

iv. The role of the ‘intercultural knowledge integrator’

The last of our four communication tools supports and integrates the Japanese preference for pre-alignment, the overall communication process (communication wheel), ‘reading the air’, and creation of common cognitive ground.

Before introducing the tool, let us briefly discuss the Japanese preference for tacit knowledge. We may regard tacit knowledge as elusive, uncodified, situational knowledge that springs from experience. Until we elaborate it further, tacit knowledge is viewed as:

- context-specific and embedded in (social) systems, routines, practices, and the like;
- only transmissible through social interaction, and
- difficult to replicate.

It is customary to divide knowledge into two types: the explicit and the tacit. The explicit kind is a form of knowledge that can be readily expressed in words, language, numbers, mathematical expressions, specifications, manuals, and the like. Explicit knowledge can be transferred relatively easily and formally. Tacit knowledge, on the other hand, is a personal form of uncodified knowledge that is bound to the individual and the context of interactions in which that the individual happens to be operating.

Why is tacit knowledge important? It is precisely because, as several leading management experts acknowledge, the more tacit knowledge you can integrate into your strategy and organization, the stronger your competitive advantage. This is why tacit knowledge is such an extraordinarily valuable strategic resource. Elusive and context-specific, it operates like a silent, invisible, yet pervasive influence that, when combined with explicit knowledge, gives competitive advantage the crucial property of uncopiability, the sole guarantor of competitive advantage. Whereas Europeans have a greater preference for explicit knowledge (“facts and figures”), the Japanese consider it very important to absorb and apply tacit knowledge in their approaches to a wide range of business functions such as graduate recruitment, innovation, product development, design, and strategy implementation, etc. In a nutshell, unless you can master your skills in managing tacit knowledge, your collaboration with Japanese partners is likely to be protracted and snared with unexpected setbacks.

It is extremely difficult to work systematically with tacit knowledge on account of its elusive nature. It is a huge challenge to understand, surface and create tacit knowledge, let alone design a strategy or governance model that captures and uses it. While email exchanges, reports and, to some extent, the formal business meetings focus primarily on the exchange of explicit knowledge, there has to be a context (such as those we have described) for the designated discussion and inclusion of tacit knowledge. To the Japanese the tasks are strikingly straightforward – at least when working with fellow Japanese. As we now know, the sharing of tacit knowledge involves face-to-face interaction and socialisation is the key. In Japan, such interactions happen multiple times every day, but for a foreign company based in Europe, this can be difficult.

How exactly can Europeans overcome the challenges? First, we suggest that they regard their relationship development with Japanese partners as something that grows organically rather than mechanistically. By this we mean that they recognise a clear interdependence of each other for the joint creation and exploitation of contexts for sharing tacit knowledge. This presupposes a joint mindset about achieving an alignment of minds (always a first Japanese concern) rather ‘mere’ alignment of objectives (always a first European concern). It follows that achieving the alignment of minds may take many, many meetings with Japanese partners. But there is a way to speed up that process that satisfies the Japanese need for tentative progress and the European need for faster, measurable progress?

We suggest that companies with major commitments in Japan see the value of appointing a person to act as a ‘intercultural knowledge integrator’. The idea is that the intercultural knowledge integrator sits in on board meetings and other important meetings in organisations of both the European headquarters and the Japanese partner. The key job is then to home in on the tacit knowledge and integrate it in the strategy and collaboration process.

Japanese companies often appoint an advisor, who is called a *komon* in the Japanese language. This word is often misleadingly translated as ‘consultant.’ But the two words have starkly different connotations. In the West, the consultant is strongly future-oriented in his or her analysis or prescriptions and for quantifying what value his or her expertise will secure. The consultant will need to specify exactly what kind of tools and techniques will be necessary to achieve ‘success’ (success being a key word). The orientation of the *komon* can scarcely be more different.

The word itself calls to mind not the future, but a preoccupation with the past. Its core meanings embrace the ideas of looking back, engaging in introspection and looking over your shoulder. Furthermore, whereas the Western consultant is appointed based on specific expertise, the *komon* is hired on the basis of trust, knowledge and experience. He or she will discuss the present in relation to the past and not to the future. By dint of extensive internal discussions, the *komon* will recreate the company’s past as the source of its various strengths or weaknesses. The company then decides how best to use its past.

When therefore we use the term ‘intercultural knowledge integrator’, we are referring to someone who operates more like a *komon* than a consultant. The idea is that in practice the intercultural knowledge integrator sits in on board meetings and important meetings in organisations of both the European headquarters and the Japanese partner. The job is then to pick up on the tacit knowledge and facilitate its integration into the collaboration process.

Specifically, the intercultural knowledge integrator would meet regularly with representatives at the European headquarters and perhaps every six weeks with counterparts in Japan. The face-to-face meetings in Japan would be tactically placed in between the formal business meetings involving the two organisations and should be considered a special context in their own right for the sharing of tacit knowledge pertaining to the overall collaboration process and, very often, preparation for the upcoming formal interaction between the two organisations. Emphatically the intercultural knowledge integrator is *not* helping to guide the company strategy based on his or her expertise.

What are the desirable attributes of our intercultural knowledge integrator? These include:

- Japanese language proficiency
- cross-cultural understanding (e.g. in the form of knowing Japanese organizational concepts)
- the ability to build trust
- the ability to recover – and conceptualise - key items of tacit knowledge valuable for creating long-term synergies.

4. How to influence decision-making processes in Japanese organisations

Given what we have discussed so far about the Japanese style of business and interactions with foreign business partners, we are in a much better position to take a careful look at decision-making processes in Japanese organisations. This is an area of considerable bafflement to outsiders. But, as with everything we have described so far, the Japanese approach to decision-making is based on different priorities and concerns, behind which lies clear pragmatic thinking. The following two sections will supply (a) understanding of the underlying assumptions pertaining to decision-making processes in Japanese organisations and (b) tools and tactics for successfully navigating the decision-making processes with Japanese partners. As above, our commentary will take account of the Japanese perspective on the European approach to decision making.

a. Understanding

It is now obvious that business meetings with foreign partners are in general not where decisions are made. From our point of view, this approach seems to be largely counter-productive and a source of frustration. Over the years we have had the opportunity to discuss differences and – very importantly – similarities in Japanese and European decision-making with a wide range of Japanese company executives, representing large companies in the pharmaceutical, technology and software industries. In a recent survey we conducted, 60% of the Japanese respondents replied that the decision-making process is where they feel the biggest cultural difference in the collaboration with European counterparts.

In a joint statement from one of the Japanese pharmaceutical companies, a group of senior executives pointed out that: “foreigners try to make decisions and action plans during the meeting... but we cannot”.

When describing the differences and how the decision-making processes in their companies actually works, the most frequently used expressions were:

- “The decision-making process takes time”
- “Preparations are crucial”
- “There are several layers that need to be involved”
- “Everyone must agree!”
- “We use the *ringi* system”

There is no shortage of cross-cultural frameworks, models and surveys that show how the Japanese are ‘collectivist’ and ‘consensual’ when it comes to decision-making. While this may help improve our understanding of the overall differences, the frameworks offer little or no advice on how to actually work with (and successfully influence and navigate) the decision-making process. Knowing that the Japanese are ‘collectivist’ may even just strengthen unhelpful presumptions about slow-moving and ambiguous decision-making processes with “no one in charge” and “no one taking responsibility”.

In similar frameworks, North European countries (especially Denmark and Sweden) are typically positioned close to Japan when it comes to consensual decision-making processes, but a misleading assumption would be that decision-making works the same way. A commonality is that both Scandinavian and Japanese approaches often involve the viewpoints of many people in the organisation, but the process itself is markedly different. So, rather, let us take a point of departure in readily applicable tactics that we have witnessed work well in cross-cultural collaborations with Japanese companies.

For what we are about to discuss, we suggest to our readers that they remove any mental blocks about decision-making in Japan by grasping this deceptive truth: *Business meetings in Japan are more about decision confirmation than decision making.*

b. Navigating

In this section, we will introduce three key tools and tactics for influencing and navigating decision-making processes with Japanese partners. The first two require the discussion of two management words in Japanese, namely *nemawashi* and *ringi*, both of which have occurred over the years in books and articles about business in Japan. The third introduces the idea of the 'knowledge sharing document'.

i. Nemawashi

Nemawashi literally means to 'dig around the roots'. In Japanese organisations it is a frequently used expression for all the processes, interactions, knowledge exchanges and socialisation that take place *before* the actual event, or in our case, decision-making.

When explained to European and American managers, they often compare *nemawashi* to lobbying. While *nemawashi* does have a superficial similarity to lobbying, it is an entirely different process and rests upon a completely different set of underlying assumptions. In Japanese organisations, *nemawashi* is respected as a positive and constructive activity, which:

- facilitates all-important information flows
- discourages disharmony
- eliminates unwanted surprises
- avoids potential loss of face.

The significance of *nemawashi* prior to major strategic or organisational decisions lies in the marked Japanese respect and preference for involving tacit knowledge in the process. Through *nemawashi*, Japanese organisations ensure that tacit knowledge is shared and integrated in the decision-making process. As we will discuss in the following section, tacit knowledge is, at a later stage in the decision-making process, strategically and explicitly integrated in the ultimate and formal decision that is made. This, needless to say, can be a labyrinthine process, as countless *nemawashi* activities

take place prior to any major decision. It will not be a surprise to learn that *nemawashi* begins with socialisation, as suggested in our communication wheel.

In practice, this means meeting up with colleagues or business partners after office hours and off the company premises. The implicit assumption in is that less formal and more delicate issues can be tentatively discussed. The first step of *nemawashi* is often for an employee to merely mention the issue – very informally – and observe the reactions and comments of others as they sip their beer and dip into a bowl of noodles. It is deliberately low key. A common way of initiating the topic is for one person, who has been already been set up for this, to say something like: ‘The boss is thinking about opening up an office in Paris.’

Whatever has been discussed, whatever items of tacit knowledge have come to light, these will make their way up to the level where somebody, no doubt after an informal discussion with the afore-mentioned boss, proposes the next step, ‘preparation mode’ in the communication wheel. This mode will involve the movers behind the key issue (i.e. opening an office in Paris) meeting stakeholders across departments and divisions in the company. These movers will be armed with supporting data and information so that everything of relevance can be discussed from several points of view during subsequent meetings (and there will be many during the preparation mode).

Not only that: the preparation mode facilitates the capture of tacit knowledge. In our scenario, the tacit knowledge might refer to life in France, the French business style, perceptions of Japan in the French press, French engineering and so forth. These might be matters of no relevance to a European country at such a preliminary stage of discussion. But it is done with several purposes in mind, including the necessity of eliminating surprises or being better cross-culturally equipped for encounters with potential French business partners.

We noted that the preparation mode brings together various stakeholders representing specific departmental or divisional interests. Whatever has been discussed, including delicate issues and items of valuable tacit knowledge, will make its way across organisational boundaries. This may seem perturbing to some European business people, to whom knowledge is power and is more powerful when not shared. The Japanese standpoint is starkly different. At risk of oversimplification it can be said that knowledge, both explicit and tacit, is a companywide resource which all employees can *tactfully* take from and contribute to – again tactfully - without fear of treading on toes. Consistent with that it is customary for representatives from one department to sit in on e.g. weekly meetings of other departments even though they have no direct collaboration with each other. That, together, with the sheer dimensions of the decision-making processes, is scarcely imaginable in European companies.

ii. The Ringi System

The *ringi* system is based on the principle that major decisions are discussed and essentially approved by a large group of people. Compared to *nemawashi*, the *ringi* system is a much more formalized process where someone at the middle-management level prepares a document called a *ringi-sho*. The *ringi-sho*, however, is very often based on numerous and intensive rounds of *nemawashi*. It explicitly describes pertinent facts, lays out accumulated knowledge and provides a recommendation.

Much of the groundwork for the *ringi-sho* pertains to the preceding rounds of *nemawashi*, so the *ringi-sho* will often be known already to all the key stakeholders.

But with the *ringi-sho*, the idea is now explicitly formalised and a specific proposal is passed upward and horizontally to all who are concerned. Everyone receiving the *ringi-sho* is expected to study the proposal and affix his or her personal seal to it. Upon integrating comments and receiving the acceptance (in the form of a stamp) from all the relevant stakeholders, the document ultimately reaches the president or executive committee where the decision is confirmed (rather than made).

Considering the *nemawashi* and *ringi* processes leading up to the formal meeting involving the president or executive committee it is clear that – compared to a European context – the real chance to discuss and influence (hence navigate) the decision-making process in Japan is *during the process*, and not during the meeting with the company president. Again, note the difference between the decision-making and decision-confirmation.

Specifically, to use *nemawashi* and *ringi* to proactively influence the decision-making process in a Japanese organisation, we suggest that managers of European companies start by (a) identifying the key stakeholders, and then (b) actively participate in socialisation activities (using a wide variety of contexts, as discussed in section 3b.iii), while they (c) actively and openly contribute to knowledge accumulation and the sharing of tacit knowledge. The next relevant step, (d) would then be to - perhaps during another round of socialisation – simply *ask* the key stakeholders how to specifically undertake *nemawashi* for the proposal and establish what data will be needed *in a timely way* to support the successive and more formal *ringi* process.

While the *nemawashi* and *ringi* processes can be long and ambiguous, the subsequent implementation is swift, very effective and hardly ever questioned.

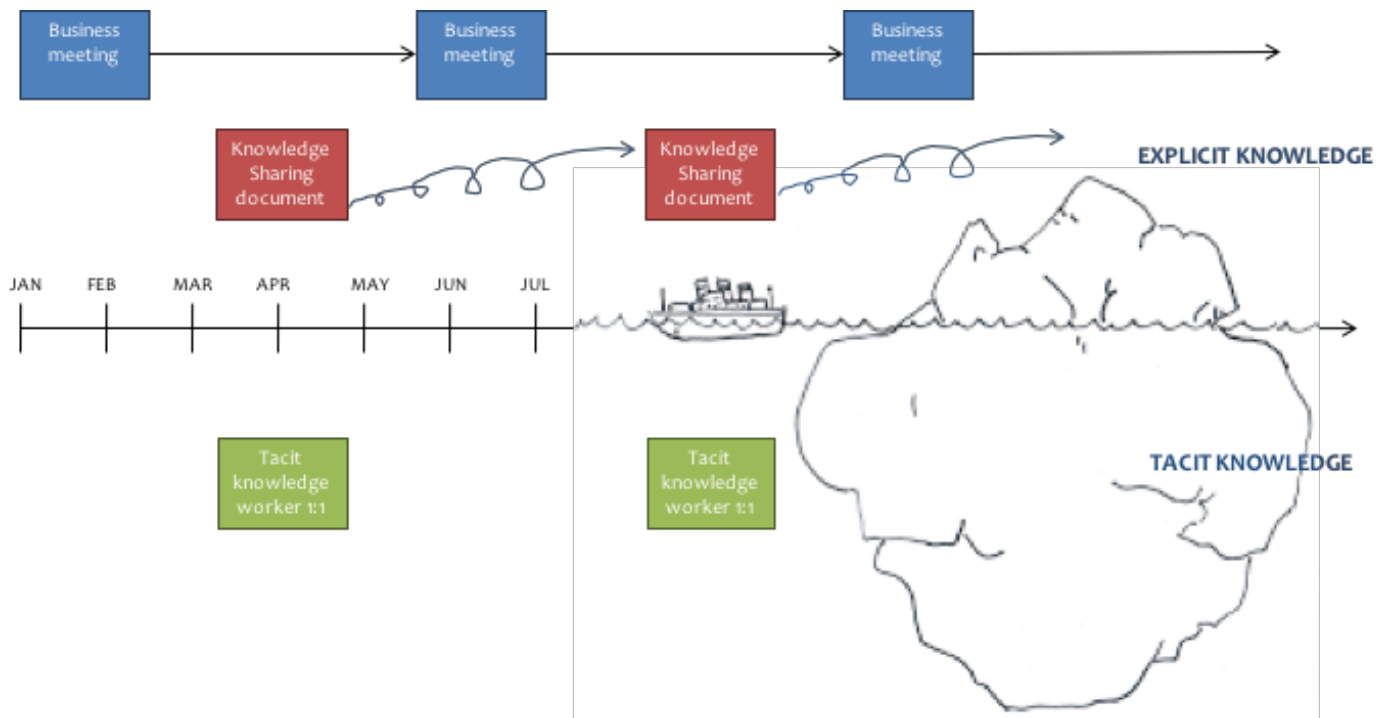
The *ringi* system and the process itself may perhaps sound old-fashioned to European managers, but recent surveys still support comprehensive American surveys dating back to the 1970s showing that up to 90% of all large Japanese companies follow the *ringi* decision-making system. This is in line with our own – and very recent - experiences with the *ringi* system, ranging from the consumer goods industry to pharmaceuticals, software and technology.

Interestingly, however, the *ringi-sho* may be changing its form (but not essence). For example, in the Japanese pharmaceutical company, Astellas, the *ring-sho* is no longer a physical document to be stamped, but an on-line document supported by a dedicated software programme to ensure an even smoother and quicker process.

iii. Knowledge sharing document

Our third tool for influencing the decision-making process is a 'knowledge sharing document' (KSD). The KSD is a tool that was created and successfully implemented in a cross-cultural collaboration between a major Japanese corporation and a European company which the Japanese company recently acquired.

Let us present a case to exemplify how the KSD works, showing how it helped the European company to navigate decision-making processes. The case will also show how the KSD became a valuable tool in both improving the overall communication whilst ensuring more effective business meetings between the parties.



The model above illustrates the beginning of a timeline in the collaboration. Fairly quickly, the timeline extends into the commonly (although very simplified) metaphor for the two modes of knowledge, introduced in section 3.b.iv: tacit and explicit knowledge. Tacit knowledge is represented as the vast, invisible part of an iceberg. This is intended to show a fundamental premise for the collaboration, namely that both explicit *and* tacit knowledge needs to work in tandem to ensure a successful collaboration.

The blue boxes illustrate the regular business meetings between top management of the Japanese company and the European company they had acquired. It should be noted that, although it had been acquired by the Japanese company, the European company retained the right to fully operate as an autonomous company.

At the initiative of the European company, the collaboration process between the two companies began with the delineation of a governance model, which plainly consisted of a scheduled of four annual business meetings between top management of the two organisations.

The first rounds of meetings essentially gave rise to most of the frustrations with communication and decision-making, introduced at the beginning of this report: “It’s very difficult to discuss hard topics; once we have made our presentation and leave, we honestly don’t know what is going to happen now”. By ‘hard topics’ the European managers would often refer to e.g. ‘financial targets’ and ‘commitment to specific action plans’.

To ultimately unravel tacit knowledge, and all the insights, hunches and hidden assumptions pertaining to the business meetings and the overall process, the European company hired a trusted advisor, who soon developed into the role of a ‘intercultural knowledge integrator’ (see section 3.b.iv above.) In the current case, the intercultural knowledge integrator began to conduct informal 1:1 meetings with key stakeholders in the Japanese organisation *before* and *after*

the formal business meetings between top management of the two companies. Here, the intercultural knowledge integrator – in a very *different context* from the formal business meetings – could listen, and absorb the tacit knowledge, assumptions and opinions pertaining to the more formalised process and series of meetings. The input was then later to be conceptualised and communicated to both parties.

In the beginning the tacit knowledge insights were added as notes to the formal minutes of meetings between top management. But soon the minutes of meeting were replaced by a document which became known in the company as ‘the Knowledge sharing document’, or KSD for short. The KSD was a document originally prepared by the European company in an attempt to capture and summarise the overall strategic issues and at the same time collectively document all relevant data, information and knowledge concerning the overall collaboration and the evolving joint strategy between the two companies. Needless to say, it soon became a fairly long document, but also one that integrated the joint vision with overall strategic issues, relevant data – and very importantly – a conceptualisation of tacit knowledge pertaining to all this.

As the model attempts to demonstrate, the KSD soon became a more than a straightforward set of minutes; and it was certainly more than an update on strategy. It became the narrative for establishing *common cognitive ground*, that was continuously renewable though the effects of multiple spiralling processes. To this day, this company-specific KSD continues to ensure alignment, direction and strong communication for both parties in the collaboration.

This case about the KSD clearly shows that, because both parties are driven by genuinely collaborative impulses, it was possible for the European company not only to gain insights into Japanese thinking and processes, but also contribute to the internal decision-making processes. But the breakthrough came not just because of the KSD but the discreet role of the advisor who helped prepare both sides to achieve common cognitive ground. Importantly he succeeded in persuading the European company to give due prominence to the role of tacit knowledge in their interactions with the Japanese partner.

5. Trust, Networking and Relationship Building

We all know that trust, networking and personal relations are important in Japan, but it is not so much appreciated that these three facets of business life are *dramatically* more important to Japanese companies. The foreign company that fails to grasp this and to make the necessary mental shifts will find it not necessarily impossible to do business in Japan. But the way ahead will be arduous.

The three words, while superficially translatable into European languages, have meanings and connotations that are highly culture-specific. In the section 5a and 5b we will unravel these latent elements which are especially useful to know, and introduce two short - but illuminating - case studies with a particular emphasis on trust. Then we will present techniques for enhancing competences for creating and maintaining trust-based relationships with companies that operate in (arguably) the most networked society in the world.

a. Understanding

Let us begin with networking. First, the Japanese concept of a network is quite distinct from the general European one. But let us start with European notions. The English word ‘network’ and its equivalent in European languages calls to mind a set of contacts who are linked by straight lines. In the Japanese language the indigenous word for network, *jinmyaku*, immediately brings to mind the human element. The word is a combination of *jin*, meaning person, human being, and *myaku*, which has various meanings such as vein of ore, blood vessel, and by extension, pulse and pulsation. In everyday Japanese business-life the word *jinmyaku* brings forth a vivid picture of pulsating human interaction. There is no place in Japanese business for networks as ‘mechanistic’ abstractions of straight lines.

To the Japanese a network is first and foremost a human creation, in which people are exceptionally important, but the quality of the relationships among them is actually even more important. Accordingly, networking is a good deal more than ‘mere’ contact making. In everyday business practice networking plays out as a vastly sophisticated – and ritualistic - activity that touches into some of Japan’s deepest cultural roots. In the Japanese context, the activity of networking requires social skills of a very high order indeed, which it might be said – in exaggeration to make the point – are reflected in every inflection of the Japanese language, in every crafted gesture, and in the almost imperceptible narrowing of the eyes.

The point to grasp is that in essence the purpose of Japanese networking is not only to extend and exploit business contacts, but to ensure that the resulting network is replete with people with diverse experience and knowledge of business sectors, markets, foreign language know-how, and so forth. But what is sought is the *quality* of the relationship with these network players. This presupposes two things: that the network players bring valuable and *shareable* tacit knowledge into the relationships and that they are deemed to be trustworthy. The upshot is a powerful form of human bonding that the English word network fails to imply. In its entirety, the network of any Japanese employee is regarded as a corporate resource in its own right.

The Japanese search is *always* for people they can instinctively trust. When Japanese business people find themselves in other countries, they instinctively seek people they can trust. It is part of their corporate folklore that it is very difficult to find trustworthy foreigners. At the same time, foreigners tend to overlook the fact they must earn Japanese trust, and the process cannot be hurried. When foreigners act as if they are trusted when in fact they are not, the Japanese will do what their instinct tells them to do: to be politely evasive.

As will surely be evident by now, the notion of trust in the Japanese business context differs from European assumptions. Let us introduce a short case study which will make the meaning of trust in a Japanese business context crystal-clear.

A renowned Danish design company had worked with designers for almost two decades. In 2005, the company decided to approach a Japanese designer to develop a series of knives and kitchen tools. Unexpectedly, during the first meeting, which took place in Japan, the elderly and much celebrated Japanese designer did not ask for prepayment or negotiation of royalty fees, settlement of contract and discussion of intellectual property rights and production processes, etc. The Japanese designer duly visited the company in Denmark, where, according to the Danish company, the first couple of meetings were ‘just a lot of talk’. To the Japanese designer, however, this was the start of relationship, and trust building would need to begin.

More than a year passed, and – again, contrary to experience with all other designers the company had worked with – the Japanese designer used his own network to complete 3D drawings, production tools and samples without incurring costs for the European company. He used his network and never asked for anything, except for bimonthly meetings with representatives from the company.

After almost two years of product development the date of the sales launch was approaching. To the great astonishment of the Danish company founder, collaboration terms and legal issues relating to the product had still not been discussed. Needless to say, at this point in time the company had, or rather thought it had, the upper hand, but as its founder said: “I have never experienced anyone showing so much trust in us! Let us give him the best contract ever.” So, a contract was drafted, and the company founder travelled with his team to Japan to meet the designer and present the contract including the very attractive terms which the company had decided to offer to the Japanese designer.

Yet when the company founder ceremoniously put the contract on the table, the atmosphere changed dramatically. The designer leaned back into his chair, crossed his arms and said: “I thought we trusted each other!” From the Japanese designers’ perspective, the written contract was a sign of distrust: What about all the issues and elements (including tacit knowledge) that were not and indeed could not be written into a contract? There and then the designer lost all trust and his motivation for the project evaporated. The working atmosphere, to which the Japanese are so sensitive, had soured and the once highly promising collaboration collapsed. Without realising it, the Danish company had inflicted a catastrophic loss of face on their cherished Japanese collaborator.

But that is not the only major learning point from this sorry tale. What the experience made absolutely clear was an important truth about dealing with Japanese business partners. To Europeans trust is based on task competencies, as exemplified in individuals, and also the reputation and prestige of their organisations. This often leads European business people to that they can gain trust of their would-be Japanese partners on the basis of these two demonstrable facts. But that is self-deception of a high order. It should never be forgotten in the Japanese business context that trust is not what you are entitled to, it is what you *earn*. Gaining trust in this sense is a form of cross-cultural work, and like all forms of work, it involves a major company resource: time.

From a purely pragmatic point of view, we do not need to dwell at length at all on the nature of relationship-building. By now this report has unambiguously shown what can enhance - and emphatically what does not enhance - productive long-term interactions involving Japanese business partners. We now know how central is the role of trust in in these processes and we know too that creating a conducive atmosphere is of incalculable importance. In the instance we have just described, the shattering loss of face killed everything. On the other hand, the Ecco case showed that, provided you do not pass the point of no return, it *is* possible to recover from a serious setback.

b. Navigating

In this section, we will present a tool for assessing what trust fundamentally means, offering a technique for successively building it into cross-cultural collaboration with a Japanese partner company. A short case study will provide key learning points. We will also explain how trust can underpin relationship building, strategy and tactics.

A large European company in the healthcare industry had collaborated with a Japanese supplier for almost three decades, but recently the company had experienced increasing difficulties in negotiations and communication generally with their Japanese counterparts. The Japanese partner did not share as much information as before and the lack of transparency baffled the European managers. Exactly why after such a long period of successful interaction did the Japanese partner display behaviours that the European managers described as ‘distrustful’ behaviour?

First, over the years job-changes (as a consequence of both internal job rotation and changing company) as one of the main ingredients for successful career management in the West meant that the contact persons changed relatively often. For the Japanese, this state of affairs meant on each occasion the building a new relationship, causing disruptions which took their toll on inter-company trust. Second, the group of European managers who had general responsibility for the relationship at the corporate as opposed to operational level brought in cross-cultural consultants to better understand how to resolve the stand-off. The consultants asked the managers of the European company define trust and indicate what they considered to be the main elements of trust. The managers’ attitude is reflected in their responses:

- “Living up to the agreement”
- “Proceeding according to plan”
- “Demonstrating full transparency”
- “Telling the truth upfront”
- “Being direct”
- “Engaging in open discussion”

Their statements made plain that the European managers saw trust in business as something that was cross-culturally invariable. The consultants also worked with the company’s Japanese counterparts and asked them to do the same exercise, starting with their definition of trust and examples of what would generate trust from their perspective. Here is what the group of Japanese managers, to great surprise for their European counterparts, defined as trust:

- Trust is to have “*omiyari*” (meaning: ‘to be considerate, warm-hearted, sympathetic, kind, have compassion’).
- “To share visions”
- “Close communication and knowledge sharing”
- “Off-site interaction”
- “Communication around fixed themes”

When comparing at the statements above, it is clear that the Europeans in this case equalled trust with ‘plans, agreements and openness’ rather than the Japanese preference for ‘*omiyari*, sharing visions and close knowledge sharing’. It soon became clear to the managers of the European company that their assumptions and actions related to something as fundamental as trust were perceived differently by their Japanese counterpart. As simple as it may sound, the realisation of this became an important first step in re-establishing trust between the two organisations.

6. Aligning strategy with Japanese counterparts

In this part, we will discuss strategy and strategic planning between European and Japanese organisations. As noted above, the popular literature on cross-cultural management focuses on cultural differences up-front at the neglect of the actual business challenges, about which would-be pundits on Japan have no experience or cannot visualise. One such challenge, about which the literature is largely silent, concerns a matter of paramount importance to many European companies: how to align strategy with Japanese counterparts.

From everything that has been covered in this report so far, readers will be well aware that approaches that companies may adopt for business operations in Europe are likely to bring about not so much alignment as misalignment in the Japanese context. So, it will no longer be surprising to cite statements from European managers which were plainly pre-ordained that interactions would follow a path of divergence. Note the frustration and irritation that are conveyed in these statements which come from across several business sectors:

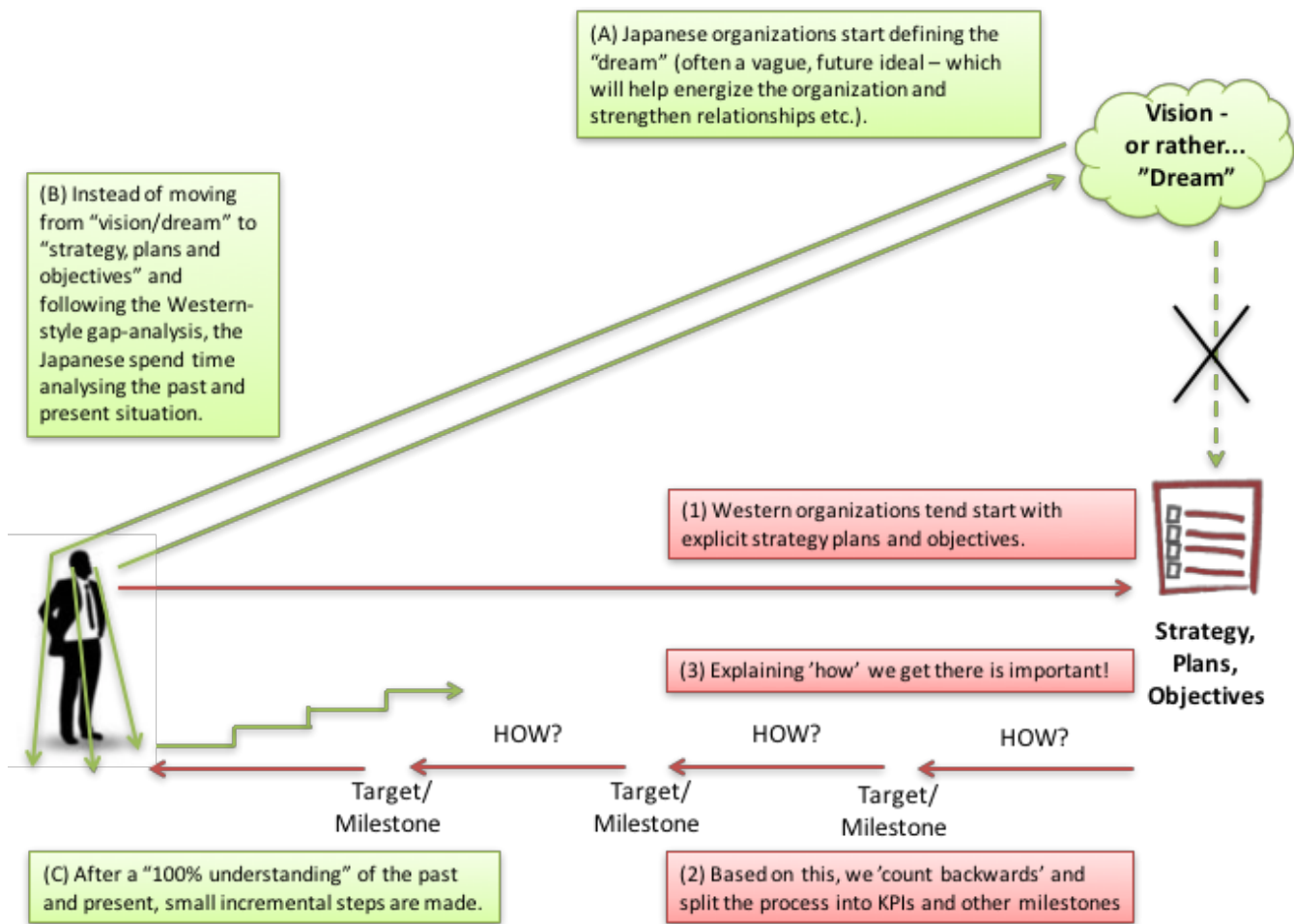
- “Why will they (the Japanese) not discuss strategy with us?”
- “Why must they keep talking about visions”
- “Why won’t they tell us their actual plans?”
- “Why are the ambitions and the forecasts so small?”

The first section below (a) aims to provide an understanding of how strategy and planning in itself is differently perceived and worked with in Japan and Europe. The following section (b) will introduce ways in which European companies can align their strategy planning with that of their Japanese partners.

a. Understanding

Two business cases will be used to exemplify how Japanese organisations worked differently with strategy processes and planning compared to their European counterparts. The Japanese case companies are large multinational companies with a wide and diversified product portfolio extending across many different industries. Over the past couple of years, both companies have made acquisitions, formed alliances and made joint ventures with European companies to develop new products and technologies to be sold internationally as well as in Japan.

The model below depicts how the Japanese companies and their European counterparts engaged in fundamentally different ways in the strategy process. First, let us look at the European approach, as marked in red, and ignore the rest of the model for now.



For the European companies, the starting point for the strategy process was to (1) define the mission, strategy and a clear set of objectives. The next step in the process (2) was to conduct a gap analysis between ‘the here and now’ and the envisaged future state. Based on this, the organisations would count their way backwards and attempt to predefine what would be needed in terms of resources, time, and actions necessary to reach each of the milestones and targets on the way to fulfilling the strategy and the objectives.

The final step (3) concerns planning and explicit documenting. The task here is all about ‘how to get from one stage to the next.’ This step not only encapsulates how European organisations work with strategy, it is also the blue-print for subsequent communication. This approach is considered good practice: it clearly focuses on how, what and why. Mutual trust is assumed to materialise as everything proceeds ‘according to plan’ and lives up to the what is promised in the overall strategy. The entire process is fine and good from a European perspective, fully in line with what is taught in the best – and worst – business schools, but, as we might expect by now, is incompatible with the thinking and practice about strategy and planning in Japanese companies.

Let us look at the process from a Japanese perspective, marked in green in the model above. For the Japanese companies, the starting point for the strategy process was (A) to establish the vision. Let us unravel the differences by looking at the notion of business vision. From a European perspective, the vision, whilst being ambiguous, contains vague parameters about the future. These parameters are what the strategy people work on. Not so in Japan, where paradoxically the quest is for robust visions, which have every chance of realisation. But that can only happen if a very

considerable amount of people, through lengthy and quite possibly repetitious discussions in the company and off-site, can craft the vision together. It is *not* a process that belongs to select few. In Japan, it is considered essential to ensure maximum common cognitive knowledge; this is what will bind their brains as a major company resource to the project. In contrast, their European counterparts are generally overwhelmingly happy to get past the stage of agreeing to the vision in order to move on to the substantive issues involving the setting of explicit objectives and concrete plans. In a European company the entire process of strategy formation and implementation goes step-wise. Everything proceeds rationally.

Curiously, in their own language the Japanese use their word for visions - 'dreams' - when discussing the future ideal situation. No-one should be duped into the thinking that Japanese 'dreams' are as vague as European visions. In reality, the Europeans build their futures on plans which are passed down to various others to implement *without previous knowledge of them*, but Japanese build their future on 'dreams' which support – if we are talking about major companies - large-scale human endeavour from the beginning of the process. It is not uncommon to hear European managers privately describing their company visions as 'jokes.' This would be unthinkable in a Japanese company. Such an utterance would be seen as act of unforgivable betrayal of the company as a human entity. It should now be clear why at the outset of this report we referred to the Japanese business approach as holistic.

Following the Western strategy book dictum of vision-mission-strategy, most European managers would expect the next steps for the Japanese counterpart to be 'defining mission and strategy' (just as the European step 1 in the model). Instead of moving on to defining the strategy plan, European managers experience that Japanese partners start focusing on past experiences and the 'here and now', illustrated with (B) in the model. This involves sharing, analysing and delving into meticulous details, - often to great frustration for their European counterparts. Following this, (C) step-by-step incremental progress is carefully made.

All the managers from the European and Japanese case companies involved recognised the differences and identified with model; and when discussing the model with key executives from both the European and the Japanese companies, they offered the following comments:

One way that they crystallised the differences was by describing the European approach as *prescriptive* and the Japanese approach as *descriptive*. This distinction is well exemplified with respect to, for example, sales planning. Both of the European case companies adhered to a sales process flowchart. In other words, a formula clearly prescribing what to do in a given situation. During a meeting in Tokyo, the Japanese executives of one of the Japanese case companies were presented with this tool and were encouraged to use it by their European counterparts. The Japanese demurred and outlined their approach to sales planning, which was as follows.

For each customer, the company prepares a document they refer to as the *kaitai-shinsho*. It will surprise readers to learn that In English translation *kaitai-shinsho* means 'new text on anatomy' and refers to a famous 18th century medical text from the Netherlands, which after immense labours was translated into Japanese.

The company *kaitai-shinsho* on each customer is not only stored and made available throughout the organization, but is also continuously updated. No wonder that the Europeans described the Japanese process as 'descriptive.' We should add, by the way, that the all-important updating is a product of intensive networking. We can use a simple analogy to contrast the European and Japanese approach. Imagine a funnel. The Japanese starting point is like the

wide end of a funnel, and it is not only where all the checking and double checking takes place, but also into which can flow accumulated knowledge and experience from diverse contributors.

Accordingly, the Japanese move cautiously, incrementally, not skipping any step which might just prove to be important. They proceed to something more concrete and finally catch sight of the other end of the funnel. In business practice, such a process will take weeks or even months. Needless to say, the European fixation is on the narrow end of the funnel, which is the pre-set objective called 'success.' The vision, the strategy, indeed the entire process will end there by means of logical successive steps. What is more, the entire process could for discussion purposes be reduced to a small number of PowerPoint slides. This again is unthinkable to the Japanese, who are of course engaged in much bigger universe of facts and considerations. Foreign companies that have realized the dimensions of this universe have been literally stunned.

Let us use another example from our case companies to contrast the gulf between European and Japanese approaches to planning. We are concerned here with forecasting with reference to market share and sales targets. The task is of course to gauge future potential and to define the steps (or strategy) to bring it to realization. To their mystification the European managers found that their Japanese counterparts were very reluctant to discuss forecasts and specific targets – a tendency that invariably inclines outsiders to regard them as secretive and evasive. But that is not the explanation.

We have to recall that the Japanese mind likes to focus on interdependencies and the interconnectedness of details. This of course is at variance with Europeans who seek the concrete, focusing on key this or key that. Let us briefly consider the respective philosophical roots of Europe on the one hand, and Japan, on the other. In essence, the European philosophical tradition implies a separation of subject and object. This accounts for a mindset that needs strategy to be predefined and documented. The Japanese approach, however, leans towards the exact opposite: the oneness of subject and object. In the Japanese mind it is artificial to regard them as separate entities. Accordingly, from their point of view, the only answer is to see strategy as an on-going process.

b. Navigating

Objectively, the different approaches to strategy can work well, provided that all concerned understand and operate in accordance with 'the rules.' But, when as in a joint venture, merger or take-over, the two approaches coincide with each other, the result can be misunderstandings, confusions and inefficiencies not to mention mutual antagonisms. Before discussing this in further detail, let us remind ourselves that 'the rules' in the European context are in principle explicit and in the Japanese context tacit. Whilst it is tempting to argue that it is more difficult for Europeans to unravel the tacit facets of Japanese culture than vice-versa, this is not necessarily the case. The Japanese can be mystified by the European tendency to seemingly make do with the minimum amount of information as decision inputs. This makes no sense to them and smacks a lack of thoroughness borne out of a misplaced desire to do crucially important things too quickly. How can we begin to strike a balance that is workable by both sides?

The first thing to say is that focusing negatively on cultural differences is self-defeating and can create self-fulfilling prophecies. We suggest that the true focus should be on context, a word that has been used, and with good reason, many times in this report. In business books and countless scholarly articles context is presented as providing a general frame of reference for understanding and a source of insight. That is undoubtedly true, but it misses the really big

point that we made earlier. The crucial thing, in Japan at least, is to learn the art of using context as a resource. Here is another revealing company example from the healthcare sector.

In this instance a European manager, either with hindsight and by coincidence, used context, applying tact and intelligence, to first discuss and then secure data that he had repeatedly failed to obtain from his Japanese counterparts. For months, the two companies had been discussing the launch of the European company's product on the Japanese market. This was a market sector where the Japanese partner enjoyed a relatively large market share and hence – from the perspective of the European manager – it should have been able to supply fairly accurate budgets as well as sales forecasts for the launch in Japan.

From what we now know, it is only too clear that the Japanese company did not want to engage in discussions about the future and as yet undocumented demand for the European company's product in Japan. They would prefer to build a solid business case by incrementally and very diligently preparing for the launch. After several rounds of meetings and no direct discussion of budgets and numbers, the evidently very patient European manager happened to bring up the self-same topic again while walking one afternoon with the Japanese counterpart to a restaurant. Over lunch the Japanese colleague, without being pressured in the slightest, opened up about the forecasts that his company was working with.

The first learning point of the story is that switch of context can make it easier to discuss something that is not appropriate in another one, provided that the timing is right. A further point is that the episode showed the clear Japanese inclination to regard strategy as a process. Thirdly, the European manager learnt that in all his previous dealings with the Japanese company he had relied on the company to supply him with information; which was an understandable point of view, as they had considerable knowledge of the healthcare sector and were intimate with the business side.

More importantly, he learned that he, as a member of the European partner company, had avoided being directly concerned with strategy formation – strategy formulation *à la japonaise*, that is. He had inadvertently failed to make a committed impression in meetings with his Japanese colleagues. In so doing he had not come across as visibly supportive of their efforts so as to earn their trust. It goes without saying that in such a situation the use of the knowledge sharing document (see section 4b.iii.), which could have captured the prescriptive ('European') facets of sales development along with the descriptive ('Japanese') elements about thoughts, experiences and insights, all meticulously recorded on a continuous basis.

A good piece of advice for navigating the diverging strategy processes and mindsets is to always start crafting a strong joint vision together. Following that, and with the acceptance that strategy is far less prescriptive in Japanese organisations and with a much stronger focus on the *process*, the recommendation is to use tools and techniques introduced in the previous parts of this report to influence and 'nudge' the process.

Apart from the use of context and timing, another way of navigating and influencing the strategy process is to craft a joint Knowledge sharing document (cf. section 4b.iii). The document serves as *both* a prescriptive definition of plans, targets and objects, while at the same time serving joint document where thoughts, experiences and insights are continuously and painstakingly described (according to the Japanese preference). The creation and introduction of the Knowledge sharing document has been praised by both top executives and middle management of two major multinational Japanese corporations.

Employing an intercultural knowledge integrator (cf. section 3b.iv) is also an effective way of navigating, influencing and successfully creating synergy between the European and Japanese approaches to strategy. As discussed in part 3, an intercultural knowledge integrator can decisively help smoothen the process by means of integrating tacit knowledge in the process and feeding this as input for the Knowledge sharing document.

7. Conclusion, advice and recommendations

This report has been motivated by the conviction that for more than thirty years the art of doing business in Japan has been intensely debated, yet the practicalities still present a significant challenge to foreign companies. Part of the problem is that companies today seem to rely on stereotypical cultural differences, generated in the 1980s, which have not taken account of changes in the Japanese business environment since then as well as in the actual way that business is conducted. But equally problematical is the fact that European managers across the board have considerable difficulty understanding and accommodating Japanese perspectives on not just major issues such as strategy formation, but what they, the Europeans, regard as side issues, are equally major to the Japanese side.

The purpose of this report has been (a) to review significant challenges, drawn from the experiences of European companies, and (b) to discuss solutions, supported by pragmatic tools, by drawing the reactions of Japanese companies to the same kind of challenges. What has emerged time after time is that European and Japanese firms exist in parallel universes, whose strivings to do business together, however well-intentioned, result in various unhappy outcomes from confusion and mutual antagonisms to project failure. We have termed the art of accommodating Japanese perspectives ‘navigating’, a word that accepts that not only the way ahead may be fraught with uncertainty, but also that the demanding process of navigation itself is, to be frank, not for novices nor for those who in self-deception minimise the difficulties and nor for those whose tendency is to ‘get to yes’ at all costs.

By way of conclusion we ponder four overarching business processes, in which cross-cultural interactions at the corporate and personal levels can be particularly prone to strain and even disruption. The themes are:

1. Communication
2. Decision-making processes
3. Trust and relationship building
4. Strategy and planning

After a short introduction to the main themes we present key advice to facilitate productive navigation.

a. Key advice regarding communication

We emphasised that European business people and their Japanese counterparts have strikingly divergent assumptions about the nature of ‘good communication.’ A major source of confusion for Europeans time after times was in meetings where the Japanese colleagues were reluctant to be drawn into direct discussion of specific issues,

explanations, answers or conclusions. The Japanese preference was presentation of known material, data and insights often presented in either very holistic, visionary terms. Our advice:

- **Seek pre-alignment with your Japanese partner to enhance meeting efficiency:**

Remember the Japanese focus on (a) in-advance groundwork (2) in-advance reporting, and (3) in-advance mutual understanding. To accommodate this way of working, European companies are encouraged to apply 'pre-alignment', whereby both sides share general ideas, aspirations, knowledge as well as concerns in a series of 'pre-meetings.' These take place off-site and Europeans are likely to call them 'informal.' These pre-meetings are crucial for the Japanese so that subsequent 'formal' discussions can proceed in an amicable atmosphere devoid of unpleasant surprises *for both sides*. Foreigners can easily take pre-alignment to be devious or time-wasting, but it is a well-tested technique in Japanese culture for accelerated action when the time comes.

- **Use the 'communication wheel' to get on the right wave-length of your Japanese business partner:**

Our communication wheel has been designed to capture the nature of business communication with reference to four distinctive phases in everyday interactions between European and Japanese partners:

1. socialisation
2. ground-work and pre-alignment
3. multifarious interpersonal business interactions
4. follow-up.

The European preoccupation is with the third phase, which focuses on negotiation proper. This is a major frustration to Japanese partners, which from their point of view impedes development of productive collaborative relationships and mutual trust.

- **Apply a contextual understanding to smoothen communication:**

In simple terms, the Europeans stress *content*, the Japanese stress *context*. To the Japanese, using and navigating context *is* communication.

From a Japanese perspective, the key contextual issues revolve around this: *When to discuss what, with whom, and how*. The very emphasis on *when* rather than *what* in the first instance is a key to understanding the nature of business meetings with Japanese business partners.

- **Appoint an 'intercultural knowledge integrator':**

The Japanese have a preference for working with tacit knowledge (elusive, context-specific knowledge embedded in social systems routines and practices). It comes as naturally to them as explicit knowledge, with its emphasis on hard, proven facts does to Europeans. In any kind of interaction with Japanese partners there must be a context for sharing tacit knowledge; if not, unforeseen and possibly inexplicable problems will result.

Of incalculable importance to the Japanese is socialisation, which we strongly emphasized. It can be very beneficial for Europeans to learn how to ‘manage socialisation’ with their Japanese business partners in order to discreetly reinforce their trustworthiness and commitment.

We also proposed the possibility of appointing a trusted advisor – an intercultural knowledge integrator - with the special responsibility for sharing and communicating tacit knowledge. This person *must* enjoy the trust of both parties, as he or she is going to spend a lot of time with them. Essential attributes are: Japanese language proficiency, cross-cultural understanding (in the shape of e.g. knowing Japanese organizational concepts), the ability to build trust, and to conceptualize key elements (and tacit knowledge).

b. Key advice regarding decision-making processes

European managers regard understanding the Japanese decision-making process as the greatest cultural difference in their business interactions. In most Japanese organisations, decision-making does not happen during the formal business meeting, as otherwise presumed (or at least hoped for) by European managers. It involves a lot more preparation, ground-work and involvement of more people in the organisation. In Japan, business meetings are more about *decision confirmation* than *decision making*, and the actual decision-making processes lie before the business meeting.

To influence decision-making processes in Japanese organisations, we stress the importance of appreciating two highly specific Japanese business practices, namely *nemawashi* and *ringi*, and of making use of what we called ‘the knowledge sharing document’ (KSD).

- **Apply the Japanese practice of *nemawashi*:**

Nemawashi literally means to ‘dig around the roots’. In Japanese organisations it is a frequently used expression for all the processes, interactions, knowledge exchanges and socialisation events that take place *before* decision-making processes formally begin. In Japanese organisations, *nemawashi* is a form of polite communication, engaged in with respect and tact. Its purpose is manifold: to quietly and tentatively test opinions and reactions to prevent disharmony, eliminate unwanted surprises at the earlier possible stage, and avoid potential loss of face. It is seen as a key way of securing and sharing tacit knowledge. Improbable as it may sound to outsiders, *nemawashi* is a central feature of strategy formation à la japonaise. *Nemawashi* starts with socialisation, so our advice is to actively participate in socialisation activities and contribute to the accumulation and sharing of tacit knowledge. A relevant next step could then be to simply ask Japanese counterparts how to specifically undertake *nemawashi* for a given matter and establish what data will be needed in a timely way to support the successive and more formal *ringi* process (see below).

- **Feed the Japanese *ringi* process:**

Compared to *nemawashi*, the *ringi* system is an altogether more formalized process where someone at the middle management level prepares a key document, the *ringi-sho*. We may describe *ringi* as the black box of Japanese decision-making. The document explicitly lays out all the project-relevant pertinent facts, accumulated knowledge and, importantly, a recommendation. Everyone receiving the *ringi-sho* is expected to

study the proposal and affix his or her personal seal to it. Upon integrating all the received comments and sealed acceptances (which are the equivalent of signatures) from all the relevant stakeholders, the document ultimately reaches the president or executive committee where the recommended collective decision is confirmed (rather than made).

This decision-making process in Japanese organisations accordingly involves considerable socialisation, extensive accumulation and sharing of tacit knowledge as well as identification of the key stakeholders, whose seals will be required. Foreigners often make the tactical error of seeking information on this complex and often slow decision-making process in the more formal business meetings. It should be clear by now that that meeting is not the appropriate context for questions like that to be raised. Again, this is where socialisation with one's Japanese counterparts comes in.

- **Craft and implement a 'knowledge sharing document':**

The knowledge sharing document (KSD) is prepared jointly by the European and Japanese partners. Its purpose to capture and summarise the overall strategic issues and simultaneously document all project-relevant information. Whilst it is similar to a strategic plan, the KSD is never 'written in stone' and therefore fixed as to the way forward. It is continuously updated with new information, knowledge and insights. The great value of the KSD is that it helps to ensure alignment of methods and objectives (i.e. it can help correct misalignment),

The knowledge sharing document is essentially an overall strategy plan – combined (and continuously enriched and refined) with input, data and knowledge derived from business meetings and key learnings through the collaboration process. The document is continuously updated and helps ensure alignment, direction and robust communication for both parties in the collaboration.

c. Key advice regarding trust and relationship-building

The underlying assumptions pertaining to trust, networking and relationship building are markedly different in Japan compared Europe. For a start, it is almost meaningless in the Japanese business world to separate relationship-building from trust; they go hand-in-hand. To many Europeans, trust is based on perceived or known competence for the carrying out of given tasks. In Japan, however, trust is relationship-based and much more connected to human feelings: Trust is what you earn. Hence, when it comes to networking, the Japanese seek persons who they can think or know they can trust. Therefore, a Japanese network is never composed of 'mere' contacts. The network partner, even if no more than a name on a computer screen, is perceived as a human entity rather than an abstraction, someone with whom a relationship must be established and then nurtured. Our advice:

- **Understand and apply *omoiyari*:**

As a clue to what the Japanese understand by trust, here is how it was framed by our Japanese informants. "Trust is: to have *omoiyari*, meaning: to be considerate, warm-hearted, sympathetic, kind, have compassion; to share goals; to communicate closely and share knowledge. This is not at all how Europeans would describe trust. When a Japanese business partners talks about the importance of trust, this is what he has in mind.

Good cooperation with a Japanese partner depends on understanding trust and exploiting it in the sense of *omoiyari*.

d. Key advice regarding strategy and planning

Japanese and European approaches to strategy follow different processes. Japanese organisations rarely engage in quantification of goals, objectives and the delineation of prescriptive strategies. Rather, the approach is far more holistic, but incremental at the same time. It would of course be a misunderstanding to think that Japanese companies do not work with forecasts, planning, objectives and strategy; but they do it in a different way and with different timing. The important point is to understand the timing and, at the same time, continuously try to influence the process-oriented Japanese approach.

To align strategy and planning, our best advice is:

- **Always start by crafting a strong joint vision together:**

The vision is not static. Rather, it is something which continuously evolves in many contexts: from in-company conferences to socialisation events, from e-mail exchanges to off-site meetings. The vision holistically binds the organisation and partners, creating the all-important common cognitive ground. It is out of this and not out of the vision (in the European sense) that the strategy will emerge.

- **Focus on the process rather than strategy in itself:**

Accept that strategy is far less prescriptive than in European companies with its much stronger focus on the process itself. Use timing, context to your advantage – even craft a knowledge sharing document – to support the creation of common cognitive ground and to influence the process and tactfully move it in your direction. Employing an intercultural knowledge integrator can also be a very effective way of navigating, influencing and successfully creating synergy between the European and Japanese approaches to strategy.

One last word. We commend to our readers this comment we received from a senior technology manager from the automotive sector:

'Even though we work hard, if we do not have an antenna that can sense a signal, we cannot pick it up.'

Everything we have written in this report has been towards the aim of enhancing European managers' sensitivity to Japanese signals. If you know what you are looking for, they are unmissable.

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