



OPEN INNOVATION AND INTERNATIONAL COLLABORATIONS WITH JAPANESE COMPANIES

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BACKGROUND

Alexandre Nicolau – Strategic Partnerships Officer, Suntory Global Innovation Center Ltd.

1994-1999 Studies in Chemistry in France (University of Strasbourg)

2000-2001 UN Junior Officer in Marine Pollution (Malta)

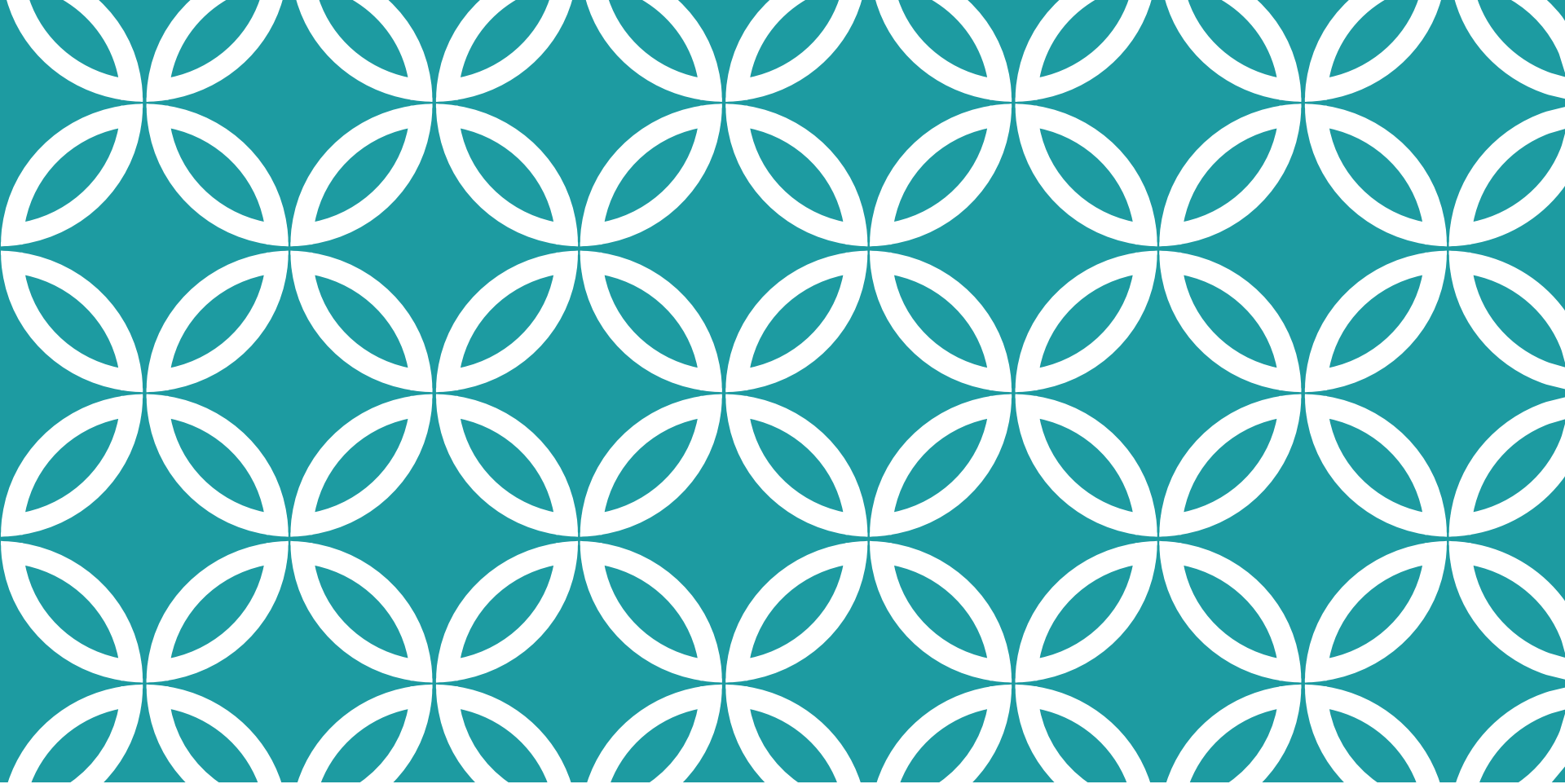
2002-2005 Marine Oil & Chemical Pollution Technical Advisor (UK)

2005-2006 Japanese Studies (Nagoya, JP)

2006-2009 Consultant & Trainer in Pollution Response (Singapore)

2009-2010 MBA (Nanyang-Waseda, Singapore & Tokyo)

2011-2017 Development of Open Innovation activities for Suntory Holding (Tokyo & Kyoto, JP), public speaker and FoodTech explorer



INNOVATION AND JAPAN

KAIZEN
MONOZUKURI
SHOKUNIN

DEFINITION(S) OF INNOVATION

Japan: 技術革新 [Technology improvement]

Great Britain: Technology which is used successfully in business and industry

USA: Making money by discontinuous new ideas and technology

China: 創新 [Creation of something new]

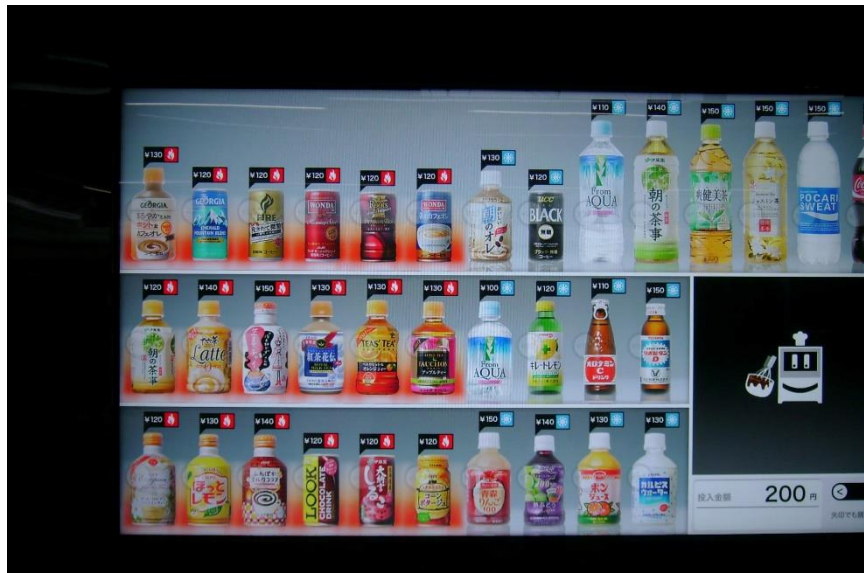
Source: Seiji Morishima “science and technology policy to create innovation”

EXAMPLES OF JAPAN INNOVATION

<https://doyouknowjapan.com/inventions/>



JAPAN INNOVATIONS RELATED TO FOOD



職人 SHOKUNIN

*“The Japanese word shokunin is defined by both Japanese and Japanese-English dictionaries as ‘craftsman’ or ‘artisan,’ but such a literal description does not fully express the deeper meaning. The Japanese apprentice is taught that shokunin means not only having technical skills, but also implies an attitude and social consciousness. ... The shokunin **has a social obligation to work his/her best for the general welfare of the people.** This obligation is both spiritual and material, in that no matter what it is, the shokunin’s responsibility is to fulfill the requirement.” – Tasio Odate*

Having the Shokunin spirit means to strive for innovation and make something to the best of one’s ability, and as much as possible close to perfection



SUNTORY Whisky - Vieillessement



Chêne blanc américain

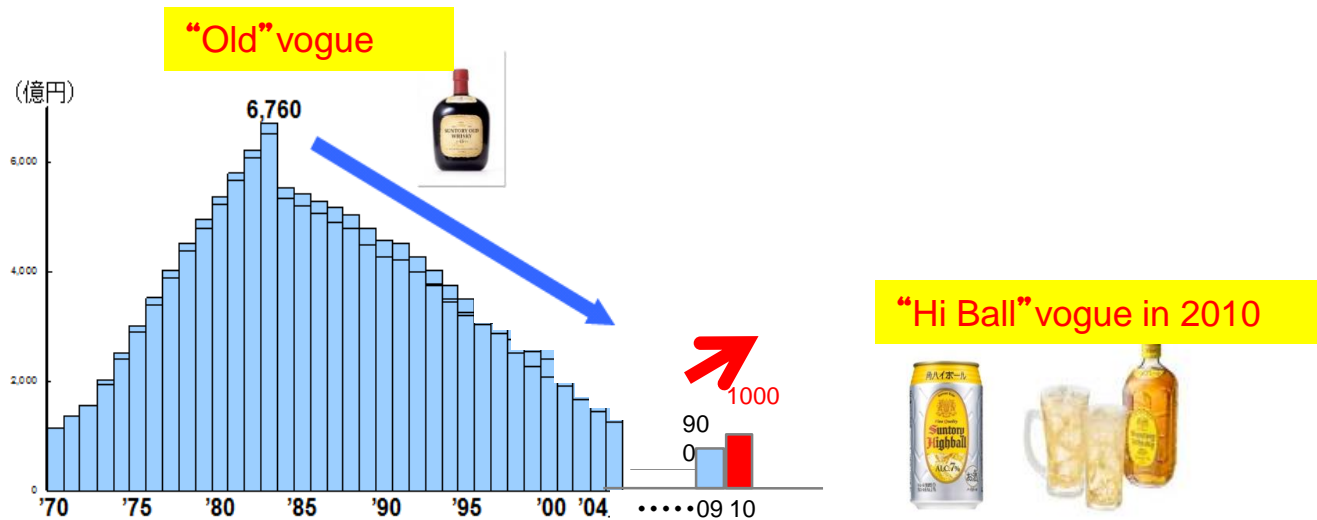


Chêne espagnol



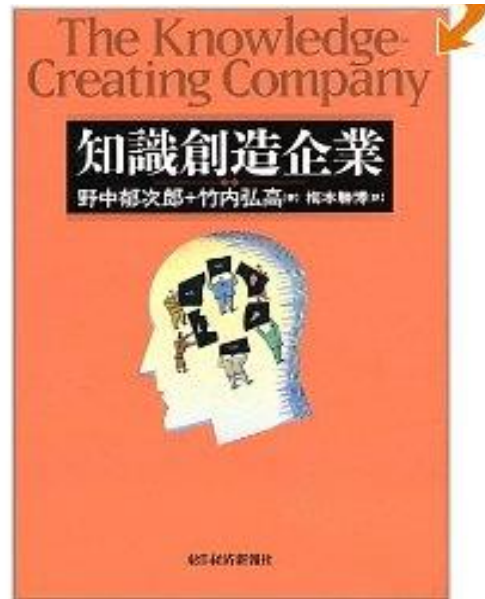
Chêne japonais (Mizunara)





- Whisky business was the main business for Suntory (70% of turnover in 1980).
- Whisky market in Japan was going down trend for 25 years.
- Suntory inverted this trend by making a new vogue of Whisky in 2010
- Suntory never forgot their spirit for manufacturing in a depressive situation and continued to improve the quality of their whiskies. This is one of the reasons why Suntory could make this vogue in Japan.

STRENGTH OF JAPAN MANUFACTURING COMPANIES



This book mentions that the strength of Japan manufacturing companies is knowledge creating 暗黙知

Nominated as the best book of the year in 1995 in the USA

STRENGTH OF JAPAN MANUFACTURING COMPANIES

Strengths

Knowledge creating culture

Responsibility

Manufacturing based on experience

High quality, continuous improvement

Good system & knowledge
Creating

Weaknesses

Radical Innovation

Doing business in foreign countries

Only domestic business &
overloaded by numerous products

INNOVATION IN SMALL & BIG ORGANIZATIONS

Small Companies

Often leading edge of disruptive innovation

Hi speed of decision making

Involvement of founder, passion & commitment

Genuine entrepreneurial spirit

Cost of failure is low

Embrace risk

Big Companies

Better at incremental innovation

Bureaucratic & work in silos

Protect own turf

Prefer status quo

Bound by tradition

Culture does not support taking risks

Afraid to change

CHANGE WITH DIGITALIZATION

Innovation used to be focused on making new products (quality, cost) and support sales by services

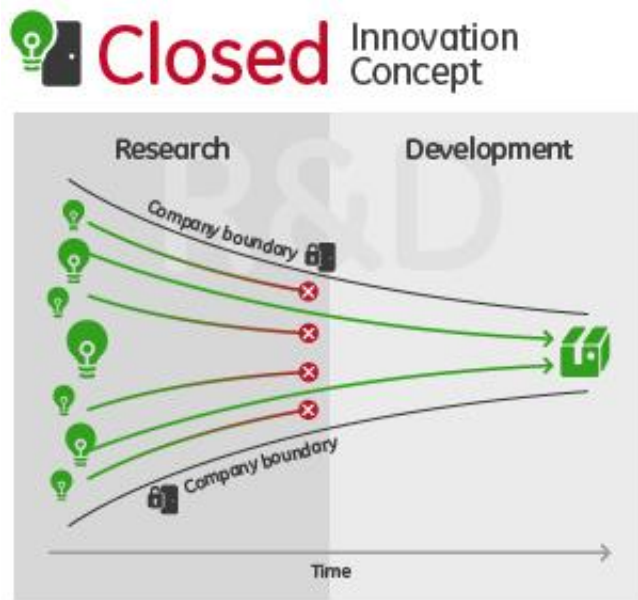
Now with the rise of IT, web2.0, social medias, IoT, machine learning, and AI, the digitalization is penetrating our lives more than ever

New business models based on convenience and personalization rather than new products.

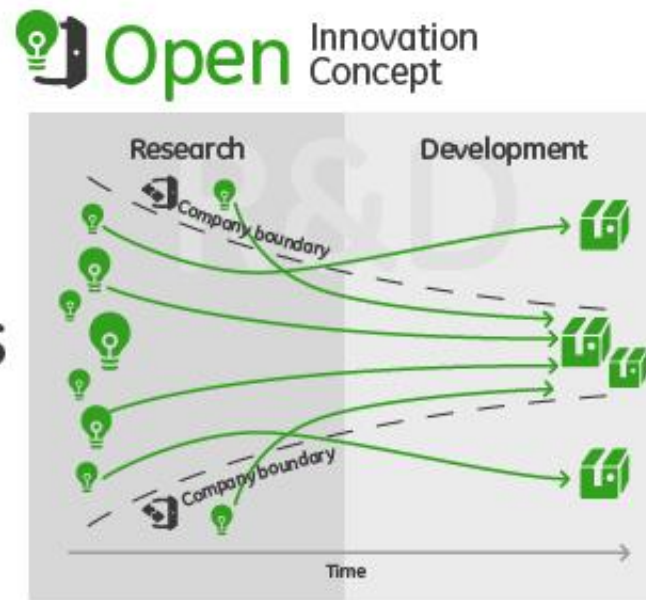
Disruption of the intermediates in the value chain.

WHAT IS OPEN INNOVATION?

Open innovation = use of external + internal Ideas & technologies



VS



Source: Charts adapted from QuickMBA.com

“Innovating with partners by sharing risk and sharing reward.”



WHAT OPEN INNOVATION INCLUDES

TECHNOLOGY R&D COLLABORATIONS (outside-in and inside out)

CROWDSOURCING FOR IDEAS

CO-CREATION, CO-DEVELOPMENT

LOOKING FOR SOLUTIONS

WELCOMING PROPOSALS

VENTURING, M&A

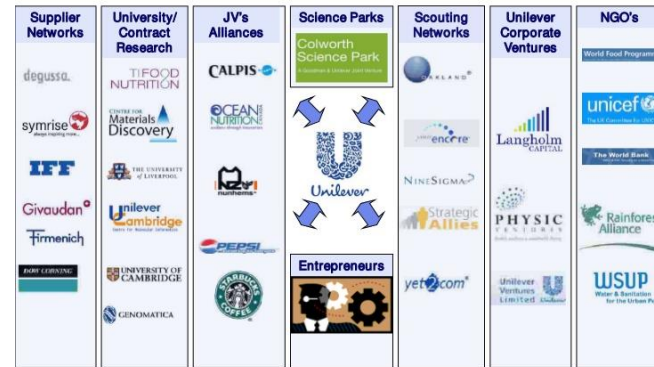
ALLIANCES

AND BEING PART OF THE COMMUNITY

WHO IS USING OI?



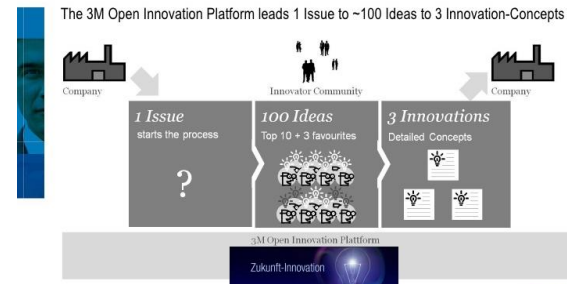
Unilever's open innovation



pharma partners

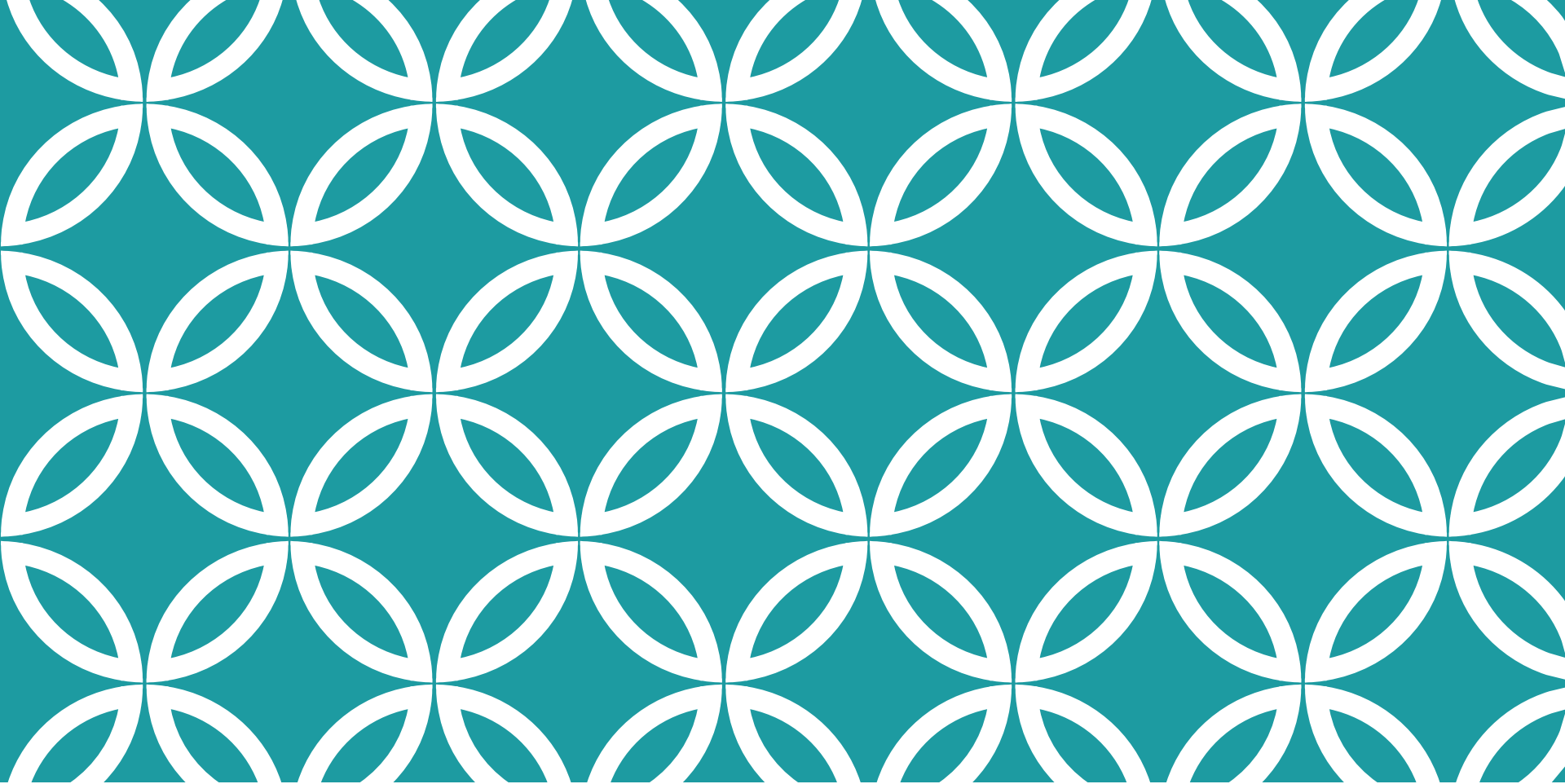
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1 Issue → ~100 Ideas → 3 Innovations



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COMMUNICATION & CULTURE

CONCEPT OF KEYS

COMMUNICATION AND CULTURE ANALYSIS

KEY 1 Socratic Vs Confucian Systems

KEY 2 Low and high Context

KEY 3 Monochronic and Polychronic attitude to responsibility at work

SOCRATIC VS CONFUCIAN SYSTEMS

Socratic Values

Active contribution

Play the Devil's advocate

Two way information

Challenge

Confucian Values

Respect for hierarchy

Respect for age

Respect for teacher

Loyalty and mutual obligation

CLASSIC FEEDBACK

“Japanese rarely speak on their own. They seem to have no opinion on their own”

“Japanese move slowly. Are they concerned with what the other people think to move more decisively?”

“Japanese often keep silent or evasive during questions “

REASONS

Purpose of a meeting in Japan: rarely to make decisions but mostly to gather information or officially inform other members of a decision making process that has been informally concluded.

Numerous attendees: To foster social ties within the organization and maintain the shared background for high context communication

There is a clear sense of hierarchy especially in formal meetings. Younger members will normally not engage in stating opinions or taking sides.

SOLUTIONS

Acknowledge the difference in communication styles

Have if possible a facilitator who is familiar with both languages and cultures

Make sure you have the best window person for communications and if possible try to get the influencer as well

Restrict numbers if possible

Propose hybrids meetings – Mix the sharing of information (one by one) and then create a small space for debate/discussion of options, plus vs minuses, advantages vs drawbacks, etc.

Always keep persons and ideas separated

- Focus on Data
- Agree or disagree with a particular idea
- What about this alternative?

KEYS FOR MASTERING JAPANESE STYLE

Ask where to sit

Be on time and earlier than senior people

Unless being the official presenter or in a position of authority, never speak more than the most active host.

Silences are OK – wait 5 seconds before speaking

Take notes and avoid interrupting (not to forget the points and use them when it is your time to speak)

Look at all other people's eyes

Avoid challenging an important person in front of everyone – better meet informally after the meeting finishes

LOW VS HIGH CONTEXT – NEED FOR EXPLICIT EXPRESSION

High Context – Messages are transmitted using multiple inputs

Low context – Message are transmitted using literal words only

Japanese language is a reader/listener responsible language

-> The reader has to interpret messages to get to the author's point

-> The listeners ask little questions for clarification

English language is a writer/speaker responsible language

-> Responsibility of the writer to pass clear messages so that all readers can understand it

LOW VS HIGH CONTEXT

Low context

Absolute values

Need for precision and explicitness

Individuality

Well timed interruptions are OK

Decision making logical

Discomfort with silence

e.g. Dutch/German/American/British

High context

Relative values

Tolerance for verbal ambiguity

Responsibility based on general agreement

Group orientation

Interruptions are NOT OK

Decision making with feeling

Silence is OK

e.g. Japanese/Thai/Korean/Indonesian

HOW TO DEAL WITH HIGH CONTEXT?

Take lots of notes to use them at the right time

Do not take YES for an agreement – YES means “I understand”

Ask politely and slowly for clarifications

Do not try to interpret using your own logic – make sure even though it would seem trivial.

Dealing with ambiguity is not easy but need to be aware not to insist to provoke embarrassment:

- “NO” is rarely used as it is seen as impolite to refuse explicitly
- “IT IS DIFFICULT” means it is not possible. Do not insist to challenge this point

MONOCHRONIC AND POLYCHRONIC ATTITUDE AT THE WORKPLACE

This KEY is not as obvious as the first two ones but helps in understanding the attitudes during negotiations or projects

Roles and responsibilities in a Japanese organization are often diffused in a team, rarely at the individual level

MONOCHRONIC VS POLYCHRONIC

Monochronic

Time commitment serious

Focus

Separate work and leisure relationships

Individual responsibility

Stick to the plan

North America / Northern Europe

Polychronic

Time commitment is an objective, if possible

Do many things at once

Line between work and leisure is blurred

Responsibility shared with the group

Change plans often

Latin America, South Europe, Middle East, Asia

SUMMARY

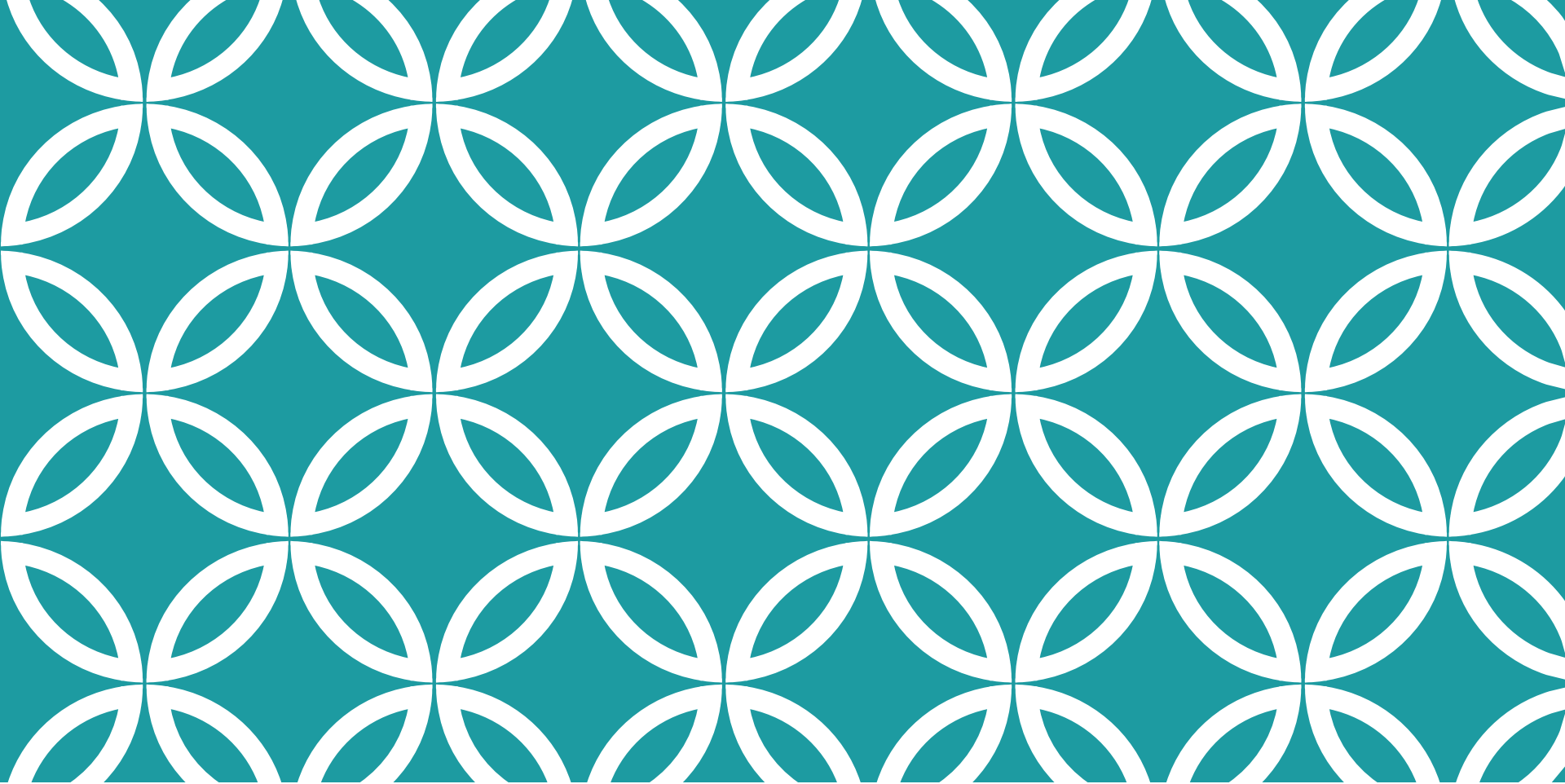
As mentioned in the 3 KEYS, Japan is generally:

- Shaped by a Confucian system
- High context language
- Polychronic attitude at work

At the same time, European countries are generally:

- Shaped by a Socratic system
- Low context language (apart from Latin European countries)
- Monochronic when it comes to attitude at work

So communication is indeed challenging and need experience and practice! Knowing the basics can help a lot



JAPANESE ORGANIZATIONS CHARACTERISTICS

Understanding how to
proceed

JAPAN ORGANIZATIONS AND RESPONSIBILITIES

Japanese organizations are generally huge (land of big corporations) and complex organizations

Many companies have a corporate management and a business unit management, sometimes with cross-over

The hierarchy is very pyramidal and it takes time to get the approvals

Responsibilities are not always clear and knowing the top person is often not sufficient to move on as the group consensus is generally needed

Depending on the department, people rotate in their jobs quite frequently, on an average every 3 years. Make sure about the stability of the project leader or continuity if this is going to take time.

DECISION MAKING PROCESS

Japanese organizations need time to take decision, even with best ideas. There is rarely a sense of urgency as planning is essential

The process is collegial and based on consensus. It takes a lot of efforts internally to go through the process and obtain an agreement to move on and collaborate.

As the responsibility is shared the decision does not lie with only one person.

ADVICE:

MAKE SURE YOU HAVE THE RIGHT INTERLOCUTOR INSIDE THE ORGANIZATION AND THAT HE/SHE HAS THE CONTACTS AND ENERGY TO DRIVE THROUGH THE DECISION MAKING PROCESS

ATTITUDE TO RISK

Japan is a country based on quality first and no room for mistakes. This is due to the high demand for customer satisfaction. This is also why the Japanese standard of quality has been so high.

Taking a big risk is unnatural, instead smaller steps are always seen as being wiser

Failing is not well accepted. On the contrary, incremental, solid, slow improvement on the way to perfection fits with the philosophy of Japanese culture.

ADVICE:

MINIMIZE THE RISK AS MUCH A POSSIBLE

PREFER A STEP BY STEP APPROACH

RESPECT AND SUPPORT THE VALUES OF THE PARTNER REGARDING THE PROJECT

NOTION OF TIME

Because of the polychronic attitude at work (very busy multitasking on several activities)

Because of the slow decision making process

Because of the attitude to make sure all is well planned with minimizing the risk

Because of the Japanese attitude to time and their long term view

EXPECT A LOT OF TIME TO REACH AN AGREEMENT FOR A COLLABORATION AND TO FOLLOW IT

However, if you are patient and perseverant, you can expect commitment, and to enjoy a long term relationship

- Suntory whisky business started in 1929 and since then, they have been working diligently and relentlessly during decades perfecting their whiskies until they got awarded with the Gold Medal at the ISC 2003 for the *Yamazaki Single Malt 12 Years Old*
- Similarly, Suntory started the beer business late in Japan in 1963 and could finally occupy 14% of market share and the top position in the premium beer segment with *The Premium Malts* after 2012
- These examples demonstrate the perseverance, patience and endurance of the Japanese mindset who have a long term vision.

SUMMARY

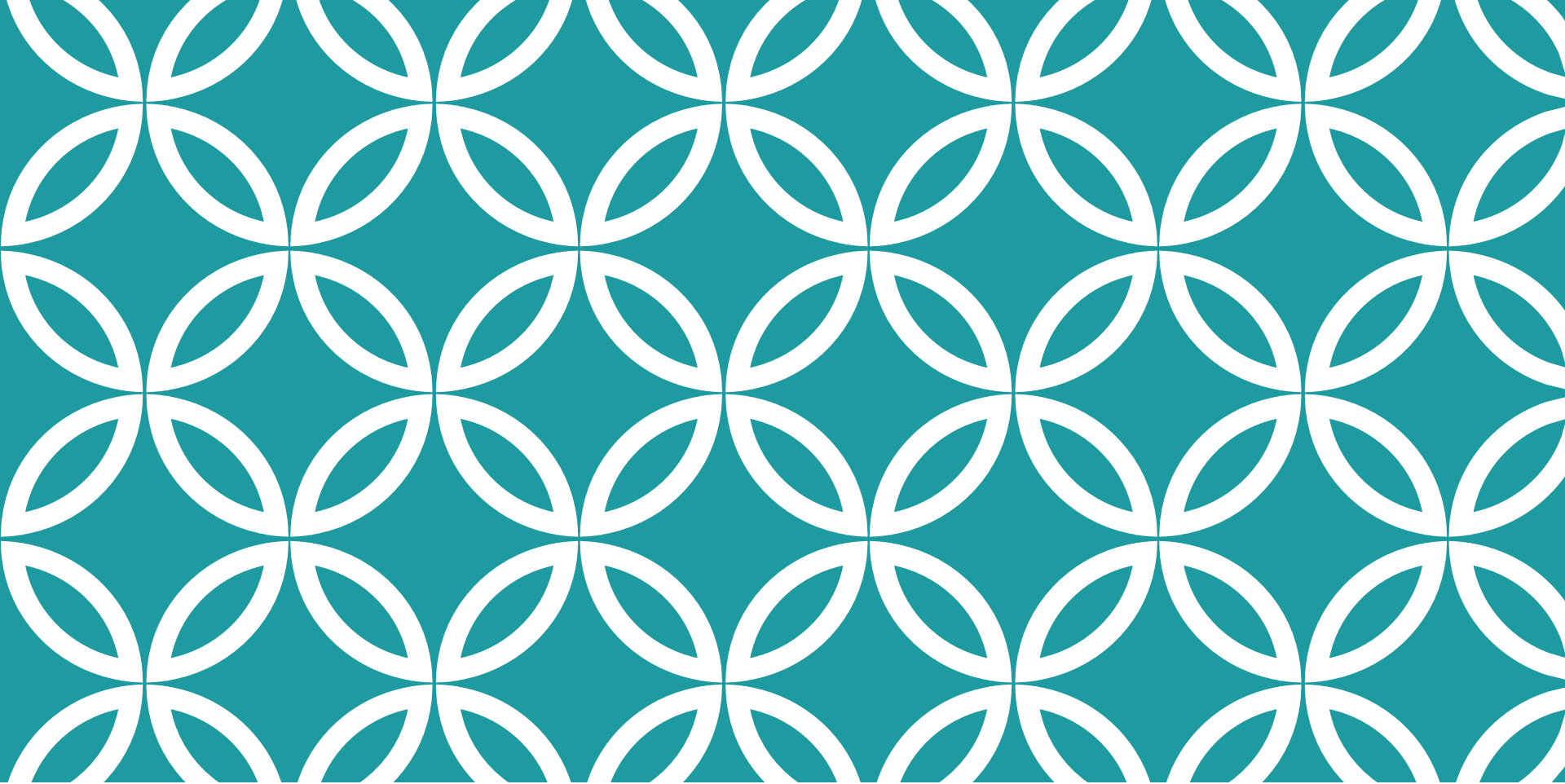
MAKE SURE YOU HAVE THE RIGHT COORDINATOR TO COMMUNICATE AND NEGOTIATE NOT ONLY WITH YOU BUT ALSO WITHIN HIS/HER ORGANIZATION

DEFINE THE NEEDS AND THE DIRECTION FROM THE JAPANESE PERSPECTIVE AND TRY TO SUPPORT IT – THE VALUES CAN BE VERY DIFFERENT

CLARIFY AS MUCH AS POSSIBLE ANY AMBIGUITY AND DEFINE VERY CONCRETE AND TANGIBLE STEPS SUCH AS SCHEDULES

HAVE PATIENCE AND PERSEVERANCE TO REACH THE AGREEMENT AND TO COLLABORATE

MAINTAIN A CONTINUOUS AND REGULAR RELATIONSHIP, FACE TO FACE BEING ALMOST COMPULSORY



THANK YOU FOR YOUR ATTENTION
ありがとうございました

