

## **Insightful Seminar of How to Do Business in Japan by Finland's Tekes FinNano Programme**

### **Abstract:**

It is well known that Japanese culture is very strong in affecting the way of life in Japan, including the way of doing business. With its unique culture, Japanese market may present some challenges to foreign companies, if they do not pay attention in understanding how the Japanese behaves and conducts business. An insightful seminar was organized by Tekes (Finnish Funding Agency) FinNano Programme for the Finnish companies to learn more about Japan, Japanese culture, and how to do business in Japan. Two Japanese non-profit organizations were introduced, which can help the foreign companies in setting up their presence in Japan, particularly in Tokyo and Osaka regions.

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Tekes FinNano Programme, led by Dr Markku Lämsä, coordinated the delegation of Finland's research institutes and nanotech companies exhibiting at the Finland Pavilion in a recent annual nanotech conference and exhibition, nano tech 2010 in Tokyo. And to promote international cooperation especially between Finland and Japan, a half-day seminar was organized specially for the delegation on 16 February 2010 by Dr Lämsä in collaboration with the Finnish Chamber of Commerce in Japan (FCCJ). The seminar aimed to brief the Finnish companies in knowing more about the way of doing business in Japan, the approaches and strategies for the companies to be accepted and eventually doing well in Japanese business community.

From the introduction given by Mr Clas-Göran Bystedt – Executive Director of Finnish Chamber of Commerce in Japan, we know that to date there are about 40 Finnish companies having their own office in Japan. Mr Bystedt emphasized that having a physical presence in Japan is very crucial in order to succeed in accessing the Japanese market. "It is difficult to do business with Japan customers from Finland. Finnish companies need to cooperate with Japanese companies especially to take care of the distribution, sales and marketing in order to be able to penetrate the market".

It is apparent that understanding Japanese culture is very important in determining whether or not foreign companies can do business in Japan successfully, as also mentioned in panel discussion by Mr Kazutora Nakaya – Senior Executive Solicitor from Osaka that the common mistakes made by foreign companies is the ignorance in understanding and appreciating the differences in culture and business practice. In addition, Mr Bystedt pointed out, "It is easier for the Japanese trading companies to find the foreign companies (or Finnish companies in this case), rather than the other way around. And as

information flow is very open in Japan, it is important to keep good company credibility and integrity.”

In order to facilitate the ease of doing business in Japan, two Japanese non-profit organizations, Tokyo Business Entry Point (TBEP) and Osaka Business and Investment Center (O-BIC) introduced their services. TBEP is an agency that provides services to entities that seek to set up or are already conducting business in Tokyo, including corporations and individuals located in and outside of Tokyo; while O-BIC mainly provides services to foreign companies that wish to set up business in Osaka region. It is O-BIC main`s responsibility to attract inward foreign investment to Osaka business community. As pointed out by Ms Kazuko Kamado – Deputy Secretary General of O-BIC, the cost of doing business in Osaka in overall is still cheaper than Tokyo, roughly 70-80% of the cost incurred in Tokyo. Comparing the cost of business in Japan or Finland, Mr Bystedt mentioned a misconception, which most foreign companies have, that the cost of doing business in Japan has significantly reduced by about 20% since 20 years ago. Taking into account business opportunities gain such as large market size and industry partners, the overall cost of doing business in Japan is still reasonable compared to other developed economies.

To conclude, Dr Esko Peltonen – Coordinator of OSKE Nanotechnology Cluster Programme, re-emphasized “Knowing your partners and understanding local business culture is one of success factors in international business expansion”.



**Panel discussion of the seminar with left to right: Dr Esko Peltonen, Mr Clas-Göran Bystedt, Mr Kazutora Nakaya, Ms Kazuko Kamado, and Mr Yushi Kumakura**