

FOREIGN PHARMA PRESIDENTS IN JAPAN



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By P Reed Maurer

There are about 40 foreign pharma companies with integrated operations in Japan, each headed by a president/representative director, says P Reed Maurer, long time pharma industry watcher who is president of International Alliances Limited.

Based on having known hundreds of these people over the past 46 years, I discuss below both the positive and negative outcomes of their presence not only as leaders of their companies but also as spokes-persons for the industry vis-a-vis the government and other stakeholders.

Who are they?

They are 99.9% men. Presently there is only one woman president. As to Japanese companies there is no woman president. Hardly a diverse group. Furthermore, all are relatively young men. Companies do not send soon to retire employees to Japan.

Concerning nationality, two thirds are Americans and Europeans, one third Japanese. Company home office executives often go through a phase of wanting English speaking Japanese in the top job. Unfortunately, an ability to speak English may be a candidates' only merit. The best approach is to select a good person, regardless of nationality, gender or age.

It should be added that the president of a foreign company in Japan has two jobs. One responsibility relates to the home office, the source of resources. The other job is in Japan, the source of revenue. There are very, very few people who are able to do both jobs equally effectively.

An executive who is successful in Japan may be perceived by his home office bosses as eating too much rice. Conversely, a person who operates well in the home office environment may be considered a bull in the china shop in Japan. Switching management styles on every visit to the home office is not a recipe for good mental health and a stress-free life style.

Where do they come from?

It is very difficult to generalize about the background or job experience of company presidents in Japan. Rare past experience includes manufacturing, legal and human resources, but more often experience is in marketing/sales, research/development and general management in a smaller affiliate.

There has been a noticeable trend away from the "country manager" role toward specialization. That is, the head manufacturing person in Japan reports directly to a home office vice president of manufacturing, and in a dotted line to the local president. Other examples of direct reporting are human resources, R&D, legal and licensing.

This has diminished the status of the foreign company president in Japan, particularly relative to his counterparts in Japanese companies who have direct, not indirect, reports. They speak for the entire company, not just a division of the company.

How long do they stay?

If we talk about the Japanese nationals in foreign company top positions, the answer to this question is forever, but not necessarily in the same company. It is extremely rare for a Japanese to be promoted to a position outside Japan in the same company. This is a mirror image of Japanese companies with operations outside Japan. That is, a non-Japanese responsible for business in the US is rarely promoted to a senior position in Tokyo.

As to the American and European presidents, practically all stay in Japan for a maximum of five years, most often for three years. Most would agree this is not enough time to understand the market, let alone the language and culture.

To be fair, this rapid turnover is due to the fact Japan is a very large and strategically important market and the men sent here are on a fast track up the organization ladder. Japan is not their final stop.

Therefore, the people who come here are the cream of the crop, intelligent, savvy about office politics, and adaptable to new learning experiences. They are capable of making a positive impact on the Japan business.

In turn, many have an experience here that makes their life elsewhere boring, routine and less challenging. This brings a few back in another company, typically in a start-up mode. If they cannot get back to Japan it is never forgotten.

Why do some fail?

First, as mentioned above, the people sent here are not dumb, therefore very few fail. So we are talking about a small percentage. Some must leave Japan not because of their own failure, but because of a wife who could never get over cultural shock. Or because of family responsibilities back home.

The few that do fail often have an attitude that their stay here is simply to punch their ticket and get on to the next position. They never get into Japan but spend most of their time traveling to meetings at the home office or vacationing outside Japan. While in Japan they eat and play at the American Club and their friends are fellow expats.

Others fail because they do not have a supportive boss in the home office. Without support the corporate staff are quick to criticize actions in Japan which they attribute to lack of leadership skills. Politics rule and the guy in Japan is getting knives in the back which lead to an intolerable situation.

Finally, some do not fail but are removed from their position because of management changes in the home office. The favorite son of an ousted faction becomes the black sheep of the incoming faction.

Why do some succeed?

Success stories abound for a variety of reasons, not the least being the previously mentioned fact most of these guys are on a fast track up and their stay in Japan is not meant to be a make or break assignment. The ticket is punched and they go on up the ladder.

Others do get into Japan, they learn enough language not to be surprised, they listen, and do not make judgements on the basis of what worked in their country of origin. They get out to the countryside with their families, and spend time in the field with their employees.

These people cope with being the only foreigner in the room and are not stressed out by their minority status. Culture shock is a positive adventure to be enjoyed.

They have supportive bosses who keep the corporate back stabbers at bay. They are not called into the home office every month for performance reviews.

Conclusion

A Japan assignment can be a heaven or hell. Japanese employees will help make it heaven. Hell is self-made.