

PRESIDENT: MALE/FEMALE, JAPANESE/FOREIGNER?



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By P Reed Maurer

Foreign pharma firms operating in Japan face a recurring dilemma simply stated: Who should be our company president? What makes this decision different from any other country organization?

Long-time Japan pharma watcher and president of International Alliances Limited P Reed Maurer, in his exclusive column for The Pharma Letter, says that, rather than hiding behind the knee jerk answer that says, “Because Japan is different,” let’s take an objective look at the issues.

The Japan Challenge

The head of operations in Japan has two very different jobs. The first relates to doing business in Japan, a long list of responsibilities that are not done in a convenient 9:00am to 5:00pm working day.

The descriptive term often used says Japan is a “wet” society. That is face to face meetings are preferable to telephone calls or emails. The boss is expected to meet important customers, attend weddings and funerals of company associates, and entertain various stakeholders in the evening. All of the above do not occur only once a week or on weekdays.

Effectiveness is a function of being able to communicate, which obviously means in Japanese. It also means a high degree of sensitivity to unique customs and what are considered good manners.

One of our home office visitors was invited by a Japanese associate for dinner in his home, a rare event as most entertaining is done outside the home. When the dinner was almost ready to be served, the visitor asked if he could use the bathroom. Both husband and wife disappeared for more than a few minutes. Finally, they came back with an announcement the bath was ready. Their guest wanted to use the toilet not take a bath. He was completely unaware that in Japanese homes the bath and toilet are separated.

Therefore, to be effective a president should have some degree of language skills as well as knowledge of local customs.

A second responsibility is vis-a-vis the home office, typically somewhere in the US or Europe. This is where resources are allocated and profit plans are devised. It is not unusual for home office people to have little or no knowledge of the Japan market because they never lived or worked here.

This ignorance results in a constant barrage of questions and requests for explanations and more information before making decisions. The only way to be effective is for the top guy in Japan to take frequent trips “home,” which cuts into the time devoted to doing business in Japan.

Therefore, the president has two jobs, one in Japan and one in the home office. It is extremely rare for one individual to be effective in both jobs. A foreigner who becomes effective in Japan is often accused by his home office colleagues of eating too much rice.

Japanese or foreign president

Among the foreign pharma companies in Japan, one fourth have Japanese presidents, a number that has remained relatively constant for a long time. No Japanese company had a foreign president until Takeda broke the mold and appointed a foreigner as president. Needless to say, this was greeted by shock and awe. It may be this exception is what proves the rule.

Japan is a large and important market for every foreign company. Therefore, the people they send here to run their operations are typically on a fast track up the organizational ladder. They do not send or appoint people on the verge of retirement. This also means they do not stay in Japan longer than three or maximum of five years.

On the other hand, companies have not been successful in promoting Japanese presidents to positions outside Japan, thus their tenure in the job is longer.

The best policy for a company to follow is not to blindly select Japanese nationals for the presidents' position to "localize" the operations. Or to rotate foreigners in and out as presidents on their way to higher positions elsewhere.

It makes most sense to select a good man or women rather than make the choice based upon nationality. During 49 years here, I have known both bad and good Japanese and foreign presidents. If Japanese there must be support for the person in the home office, and if foreign, there must be support for doing business in Japan.

Male or female president

To my knowledge there is not one female president of any Japanese pharma company listed on the Tokyo stock exchange. Among the foreign companies, 10% have female presidents, notably Bayer, Lilly, Allergan, and UCB. There have been a few examples of failure by women but not more so than the failures among men.

Women who are successful become pioneers in diversifying senior management. It is only a matter of time until we will see both Japanese and foreign women presidents in foreign companies. Japanese companies are far behind the curve in this change.

Future challenges

Let's conclude with a bucket list of challenges companies must deal with to have the best possible leadership at the top of their organizations.

Foreigners: Select a president who has the skill set to run a successful operation rather than a box to be checked on the way up the corporate ladder.

Japanese: Groom Japanese with presidential potential through assignments outside Japan, including the home office.

Women: Assign foreign women to positions in Japan at one or two levels below the president. Ditto for assigning Japanese women to positions outside Japan.

Recognize that living and working outside Japan for a Japanese is as mysterious and stressful as living and working in Japan is for a foreigner. It is never easy to be in the minority anywhere, particularly in a company where you are expected to perform as well or better than your peers who are part of the majority.