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1. What could Patricia have done differently in her overall approach to her task in developing international sales for Unlimited Combines?

As President of Unlimited Combines™ I believe that a business alliance will give the Japanese a competitive advantage as our new patented technology is guaranteed to generate productivity growth in grain harvesting. In doing our market research we believe that our flagship product will do well in Japan. Although their agriculture sector centers on rice, we believe we help the Japanese expand their market into wheat, barley, and similar barley crops. As Unlimited Combines™ has decided to enter into the Japanese farm equipment manufacturing sector we placed Patricia Paget, a new business school graduate, in Japan as our export manager to attain new business relationships.

Patricia was capable of developing an International Business Plan where she made mention of global business, global supply chain, technology, culture and ethics, international market research, entry and maintenance, trade finance, global logistics and distribution, as well as legal issues and compliance. It was only

There are a few key competencies that Patricia seemed to lack. Creating an International Business plan is not sufficient in actually stepping on international soil. Her first step should have been to prepare her own research on the Japanese company, and as there are many methods of acquiring that information, the negotiations should have gone smoothly. Her next step should have been in planning and preparing her trip. Benchmarking could also have helped in discovering the quality of the Japanese’s business functions and capabilities. Knowledge of the environment is especially important, and it seems as though Patricia had not been sufficiently prepared. Japan’s demographics, psychographics, individual wants and needs, and benefits sought, are quintessential global business steps.

_AT NO TIME ARE WE EVER IN SUCH COMPLETE POSSESSION OF A JOURNEY. DOWN TO ITS LAST NOOK AND CRANNY, AS WHEN WE ARE BUSY WITH PREPARATIONS FOR IT._

- YUKIO MISHIMA
Although this was her first entrance into the global market, we have significant resources and contacts she could have utilized. These resources and contacts include:

- Organization for Economic Co-operation and Development (OECD)
- Export Development Canada (EDC)
- United Nations (UN)
- Ministry of Foreign Affairs (MFA)
- International Labour Organization (ILO)
- Forum for International Trade Training (FITT)
- CIA World FactBook
- Transparency International
- World Trade Organization (WTO)

Patience is necessary when doing business internationally, and especially with the Japanese. If you push too hard you might find negotiations difficult or impossible. A month waiting for potential distributors is not enough reason to become impatient. Patricia could have spent that time honing her skills, or studying the only two Free Trade Agreements that Japan is a member to – ASEAN and the newly ratified TPP. Information about the Japanese business should have been comparable as well as measurable, accurate and reliable – competitive advantage.

There may have been too much of a dependency on the only reply from over 400 potential buyers. Let’s take a step back to see what may have gone wrong during the market acquisition.

- Over 130 emails to Canadian trade offices around the world
- Responses from over 60 offices
- Over 400 potential buyers

What could have possibly have gone wrong with this many potential buyers? Well, Patricia decided to e-mail a questionnaire to these 400+ companies in *English*. It is extremely negligent to send out an e-mail to businesses around the world in one language, let alone to not research the companies to find out where they were located, the main languages spoken, as well as culture for business netiquette.

*Business Netiquette – knowing the “rules of the game”* (Ross, Seth T., 2011)
A Look into Japan

Government: Unitary Parliament
Population: 126,919,659
National Language: Japanese
Main cities: Tokyo, Yokohama, Osaka, Nagoya, Sapporo
Emperor: Akihito
Prime Minister: Shinzō Abe, Liberal-Democratic Party (LDP)
“Abenomics” = Abe + Economics
Currency: Japanese yen ¥
GDP per capita: 38,633 USD
High Context: communicate without talking
Hierarchy Structure: Confucianism
Keiretsu: system, series, grouping of enterprises, order of succession
Ethnic Groups: 98.5% Japanese

There is a hierarchy structure in Japan – Confucianism: “a structure that classifies an individual's position within a group and in society,” determined by age, employment, company and family background. The hierarchical system dictates that due respect be afforded to those of higher status. In doing business in Japan, Patricia should have been aware of this hierarchy and adapted her behaviour accordingly.” (Kwintessential, 2014)

The Japanese government has seen more progressive change than that of China, Russia, North Korea combined. Shinzō Abe has promoted progressive reform since he assumed office on 26 September 2006. Just six days ago he debuted new social programs to stimulate the economy, something Eleanor Warnock of The Wall Street Journal believes is a quick fiscal policy tactic, one of which is coupled with the marketed “Abenomics” political party slogan.

Although Japan’s economy seems to be in a recession, it is difficult to assess how quickly this can change. With 4x the population of Canada, a strong economic infrastructure, signing on to the Trans-Pacific Partnership, as well as Shinzō Abe visiting 49 countries since 2012, it can be argued that Japanese recession is but a temporary malalignment.
2. What could Patricia have done differently in order to plan her business trip to Japan– and if she decided to go, make it more successful?

Through collective bargaining in the TPP, any Canadian company can do business in Japan without any major stumbling blocks. There is to be transparency. If the Japanese didn’t do business with Unlimited Combines™, that says more to how Patricia conducted herself. Perhaps there could have been a better suited person to go along with her, such as myself, or other experienced management to take the lead if, and when, any problems arise during negotiation.

Perhaps Patricia could have done certain things differently.

Upon arrival in Japan, Patricia found herself several hundred kilometers from the nearest large city without a clue how to converse in Japanese. Internationalization of language is one of Japan’s necessary steps in conducting business with international business men and women. Patricia should have hired an interpreter, along with learning simple Japanese words, to better communicate. A&E Communications, Inc. provides services in interpreting, translation, and consulting. Based in Vancouver B.C., A&E helps to deliver professional translators and interpreters who will assist during stressful situations to support accurate and effective cross-cultural communication. Patricia should have been engaging the Japanese with a respectful ease, making sure that she is understood and accompanying an interpreter to relieve any anxiety associated with international negotiations.

Another great service Patricia could have used is Japan Association of Translators, which is based in Japan, which is a professional community of Japanese language specialists. (Japan Association of Translators, 2011-2015)

“Our mission has been to convey the intent of the speaker or writer through carefully woven words.”
A&E Communications Inc. (Attentive and Sensitive, 2009)
During the negotiations, there was some difficulty discussing terms with the Japanese. Patricia pushed a little too hard, and brought little to the table when she demanded payment in advance, due to fear of non-payment. The Japanese preferred to arrange for long-term payment terms through trade financing — this is a clear sign that the counterpart isn’t going to bugger off. They were also willing to leverage their own distribution network to sell *Unlimited Combines™* products. The counterpart even asked for technical training as part of the legal contract. They are very willing to meet all reasonable terms as well as getting to know the product. Patricia was also afraid of reverse-engineering, a possible scenario given she was in places like China or Russia. In Japan there are strict laws protecting intellectual property. The EDC has assisted 310 Canadian companies and insured 933 international buyers. Patricia did not need to lock down her specific incoterms. EXW pricing would bring risk to an absolute minimum (1 out of 10 incoterms), but this is simply not a fair choice during a first negotiation meeting. This caused the Japanese to jump to the other end of the spectrum with CIF pricing (3 out of 11 incoterms). A fair selection could have been FAS pricing (5 Japan, 5 Canada), or FOB pricing (4 Japan, 6 Canada). Her methodology was most likely seen as inflexible, as well as insecure and naïve. Japan clearly had no time for immature business practices.

Patricia clearly does not understand the importance of culture and the context of Japan’s cultural concepts. This is a building block for her career, but for the purpose of knowing the rules of the game. The Patricia’s level of competency, so completing negotiations and agreements.

Culture is influenced by geography and history, and peace, food, clothing and values, beliefs, behaviors, and acknowledged and respected when practicing business internationally. There are customs, traditions that need to be acknowledged and respected when practicing business internationally. Japan relies on groups, informal networks and tights bonds. There work space is more communal. They employ an indirect, non-confrontational style of communications, and they value traditions, rituals, and status. (*Frost, 2013*)

Canadian business culture follows a linear time structure (monochronic), same as many other countries such as China, Russia, Germany, and the United States of America. Japan’s business culture does not follow this time structure, but rather consider many things at once and time is not linear (polychronic).
Competition?

Trade is a people business. You can streamline processes, improve communication, know your BATNA (Best Alternative to a Negotiated Agreement), standardize documentation, and build intercultural relationships. You can know what is going on economically, socially, and politically. You can identify risks that both counterparts can combat or use to a competitive advantage. But there will always be competition that could do it better than you. Unless of course, you accept that reality and counteract it. Business is a very dog-eat-dog world.

Unlimited Combines™ is very aware of competition and is comfortable in engaging the global market. The technology in our equipment is ready for the next phase of agriculture equipment. We have monopolized on companies’ mistakes such as John Deere Manufacturing Company.

On Sunday, October 25th, CBC radio addressed the next stage of agriculture equipment – automated tractor combines. “Why can’t I fix my tractor?” is a statement made by farmer Chris Herrnbock of Saskatchewan, Canada. (Young, 2015) Herrnbock had taken it upon himself to integrate his own technology and equipment into John Deere tractors. This kind of DIY innovation from farmers is not only interesting, but illegal on grounds of copyright infringement. Sean Prpick of Spark Innovation believe that companies like John Deere should be more flexible in farmer-friendly policies on innovation from end users. Many companies around the world are allowing for what is being called “end user innovation”, and Unlimited Combines™ wish to allow for such innovation. Herrnbock’s DIY innovation has allowed for tractor combines to drive unmanned across farmland, although the machine does not turn on its own, so he must go down to the borders, turn the machine around, and restart the process. Hopefully in the future new technology will bring farming equipment to a new level and will be 100% unmanned.

INNOVATION

“The most important thing farmers can focus on is productivity.

If you look at the investment we made in farm equipment, better equipment, more efficient, more productive. It’s getting more complex at the farm level, but I think producers are up to the challenge to continue investing.

That’s definitely part of the equation when it comes to being competitive.”

J.P. Gervais, chief agricultural economist with Farm Credit Canada

(Pearlman, 2015)
While there are other possibilities, such as unforeseen circumstances or a simple distaste for our machinery, we at *Unlimited Combines™* have other opportunities through other countries. Or we could revisit a deal in the future, as the Japanese have stated. Patricia will be tasked to contact the following organizations in her future dealing with Japan:

**Japanese business organizations, associations, and governments**

- Japan Business Federation
- Japan Venture Capital Association JVCA
- Foreigners and International Service Section, Public Law Office
- Chubu Economic Federation
- Nippon Keidanren (Japan Business Federation)
- The Japan Chamber of Commerce and Industry (JCCI)
- Central Union of Agricultural Co-operatives
- National Federation of Agricultural Co-operative Associations
- The General Insurance Association of Japan
- The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Unions
- Federation of All Japan Foods and Tobacco Worker's Unions
- Ministry of Internal Affairs and Communications
- Ministry of Foreign Affairs
- Ministry of Finance
- Ministry of Agriculture, Forestry and Fisheries
- Ministry of Economy, Trade and Industry
- Bank of Japan
- Japan External Trade Organization (JETRO) to find out any information on the Japanese business structure and their business handlings.

Business transactions should be explicitly open to negotiation. Considering The National Confederation of Trade Unions (Zenroren) has openly criticized the Abe government for “abandoning Japan’s economic sovereignty,” *Unlimited Combines™* will work to establish transparency with the Japanese to help build trust for a long-term business partnership. An International Business Plan itself is not good enough to enter the global market.
References


