

BOOKS

Author sees fortune in serving Japan better

By Anthony Fensom
Daily Yomiuri Staff Writer

It's a country where department store staff line up and bow to shoppers at morning opening, where gas station attendants hold up traffic so drivers can depart, and where gift wrapping is an art form.

It's also a country where gratuities to doctors are common, gangsters are the main debt collectors and borrowers can pay up to 27 percent interest on personal loans from legalized loan sharks.

Believe it or not, the country is Japan. It's a country that Americans Tim Clark and Carl Kay know and love, but like many foreigners who have lived here for more than a few years, they recognize that it is not always a paradise for consumers.

But where others see problems, the authors, both experienced entrepreneurs in Japan, see opportunities—\$1 trillion worth of them—for those willing to address the deficiencies in the high-value end of the services sector.

Outsiders who are already introducing new methodologies in fields ranging from health to real estate are the focus of the authors' groundbreaking first book, *Saying Yes to Japan* (Vertical, 175 pp, \$14.95)—a title that is a not-so-subtle parody of the 1989 best-seller *The Japan That Can Say No*.

Coauthored books can often suffer from contrasting styles and repeated information, but it is hard to discern any difference in tone throughout this work, in which the authors' passion for entrepreneurship shines through.

Based in Tokyo, Kay has been busy promoting the book in Japan as his Oregon-based coauthor does the same in the United States. Adding to his busy schedule as investor, adviser and now Hitotsubashi University doctoral student, Kay, 49, recently took time to speak to The Daily Yomiuri about the paradox of Japan's services sector.

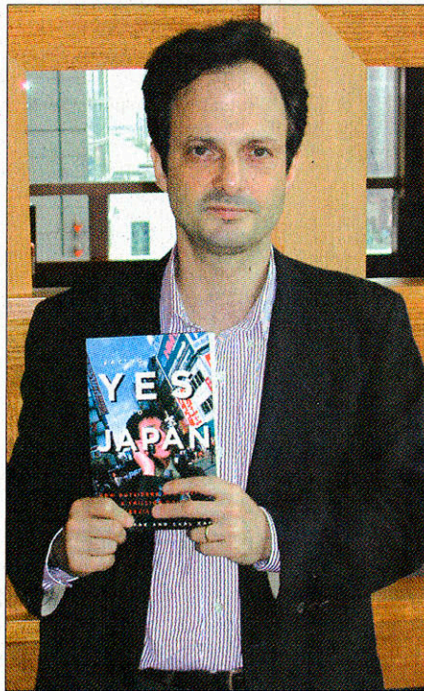
The first lesson he had for newcomers to the Japanese market was, don't believe the hype.

"If you're looking for business opportunities, don't be fooled or seduced by how well everything seems to work on the surface in Japan. Everything looks very high-tech, runs on time, and you might think, 'Where could some innovation happen here—it already looks so innovative?'"

"But actually in delivering services and dealing with the customer's experience, not with a product, Japan is behind [the West]," he said.

The examples given in the book will have read-

ers familiar with Japan crying or laughing, or possibly both: the real estate agent who wouldn't allow a customer to check the land until after purchase, the used-car dealer who would allow a test-drive only after the contract was signed and the doctors who, out of purported concern for their patients' feelings, wouldn't tell them they'd been



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Carl Kay, coauthor of 'Saying Yes to Japan'

diagnosed with cancer until it was too late.

Even one of the authors, describing himself as a multimillionaire, was denied a bank loan for not having a "famous company" as his employer, despite offering to keep the full amount of the loan on deposit at the same bank.

"Businesses offer elaborate and trivial, even meaningless, services in areas where consumers are capable of helping themselves, while failing to provide quality service in areas where consumers require expert assistance," they write.

But while foreigners undoubtedly will recognize such failings more easily—after all, Japanese have been conditioned to accept them—this book is not just for them. It is those who live here per-

manently who have the most to gain from any improvement in the nation's sheltered services sector, something Kay keenly appreciates due to his own long-term commitment to Japan.

With Japanese households already saturated with high-quality manufactured goods, Kay said the nation's aging consumers would increasingly be interested in "experiences and quality of life, and that's all services."

Saying he was already considering an investment fund to target business opportunities in the services sector, Kay said it was a great time to start a business here, particularly in view of the easing of regulations on company formation.

For those wanting to put the book's recommendations into practice, the authors cite flexibility, a propensity for risk-taking and above all a customer focus as among the key traits shared by the successful entrepreneurs they interviewed.

The examples given include Todd Budge's reform of Tokyo Star Bank, Chinese entrepreneur Song Wen Zhou's innovative sales support software, and John Wocher's work at Kameda Medical Center in Chiba Prefecture to bring the rural hospital up to world-class standards.

Eschewing the manufacturing mentality that is said to pervade the services sector, Kay said the businessmen in the book had exploited a form of "cultural arbitrage" through "an ability to see things differently because we're brought up differently."

As Americans the authors bring their own cultural biases to the work, and many will argue that they doth protest too loudly in such areas as health care, where in terms of average life span and universal insurance coverage, Japan is miles ahead of the United States.

But the point of this book is not to whinge about Japan, as plenty of foreigners have done, but rather to show what can be done if the will—and money—is there.

If you read Alex Kerr's *Dogs and Demons* and despaired, then read this book and find new hope in Japan's future.

Not only the business community, but anyone who lives in Japan will be able to appreciate this work, and a pending Japanese-language edition will ensure that even more people here will have access to its insights.

On top of the opportunities the book identifies in the finance, health, information technology and real estate industries, Kay said education and leisure were areas also ripe for operators with new ideas.

"The negative view of Japan we don't agree with. Japan is a great opportunity—anyone looking for new business ideas should look at Japan and just say, 'Yes!'" he said.