

*Achieving the Impossible:
Selling to Japanese OEMs and Suppliers*

*Eric F. Heard
President and CEO ~ Amtech USA, Inc.
Address to the Automotive Supplier Sales Conference
Original Equipment Suppliers Association
Troy, Michigan
December 12, 2007*

Thank you, John. (Chalifoux)

I appreciate your gracious invitation to be here today.

On behalf of Amtech USA, I also want to express thanks to President Neil De Koker and the Original Equipment Suppliers Association for hosting this important conference.

At a time when the automotive industry is undergoing dramatic change – that for many here in Michigan has been especially difficult – this is a fitting moment to take a closer look at doing business with the Japanese.

In my nearly 30 years of doing business around the world – like many of you – I have dealt with a number of outstanding American and Japanese business leaders and companies, and even some dreadful ones.

But personalities and capabilities aside, that experience has given me a special appreciation for the similarities and differences that drive how Americans and Japanese do business at home and abroad.

In the process, it has shaped my perspective on how they perceive and judge one another – both rightly and wrongly – and also how those perceptions and relationships continue to evolve and mature.

Most important, however, those three decades have taught me that there is no magic formula either group can use to achieve complete cultural understanding or business success when dealing with the other.

Understanding and mastering the complexities of Japanese and American culture – and the business interactions between them – takes a long-term commitment, hard work, patience, and perseverance.

It is perhaps best described in the words of an ancient Japanese proverb:

“Beginning is easy. Continuing is hard.”

This morning, I hope we will all heed the wisdom in that proverb by taking a long-term perspective on doing business with the Japanese.

Let me say at the outset that I have always considered giving advice to be serious business – especially when it is offered to such a distinguished audience.

And I am also mindful of the penalty for getting it wrong.

We all know the story of the ancient Greek philosopher, Socrates.

He went around giving good advice to people – and they poisoned him.

Trusting in your kindness to escape a similar fate this morning, I will offer some thoughts on how you can achieve what many consider to be impossible – selling to Japanese OEMs and suppliers.

At the close of my remarks, I hope you remember two important ideas.

First – if you are serious about being successful in today's global automotive market, doing business with the Japanese is essential.

And second – achieving success with the Japanese requires a long-term commitment, hard work, patience, and perseverance.

In the interest of full disclosure, I was born and raised in Japan, and did not begin to learn English until I was 12 – when my family moved right here to Troy.

My American father and my Japanese mother helped me to learn each culture from a native-speaker perspective.

So the ideas I'll share with you today have been influenced by my experiences over a lifetime trying to explain each side to the other.

Against that background, let's consider some of the basics that come into play when building relationships between these two great cultures.

Positioning your company to succeed with Japanese OEMs and suppliers requires a well-conceived strategy and a business plan or road map to help you remained focused in pursuing your goals and objectives.

You can begin by considering the factors that define your organization and their current or potential value to Japanese companies with whom you want to do business.

What are the key factors when selling to Japanese OEMs?

First: Know yourself, conduct a realistic and accurate audit to measure and quantify your products and services, and then write down your company's strengths and weaknesses.

This process will help you identify your core competencies and develop your value proposition or business proposal.

Second: Know your competition and be certain that you understand the competitive environment.

In truth, this is a never-ending endeavor – but it is a critical undertaking that successful companies use in strategic planning.

Are you competing against a keiretsu company with manufacturing in North America or Japan?

Or are you competing against a North American incumbent that is meeting the Japanese OEM's expectations?

The answers to questions like these can provide the critical information you need to plan your winning strategy.

Third: Be diligent about doing your homework, understand your customer's needs and requirements – and listen.

As Henry Ford once said, “Before everything else, getting ready is the secret of success.”

Doing your homework before approaching a potential customer is a must, because you only have one chance to make a first impression.

Find out the customer's needs and requirements – as your customer will want to know how you can benefit him and his organization.

Benchmark the competition and show why the customer should consider doing business with your company – and whenever possible, back-up your assertions with hard data.

When I first started working for Denso, in 1978, a Japanese engineering manager explained why benchmarking was an important tool to become a world-class supplier.

He said benchmarking is like having another team of engineers working for you around the clock.

So benchmark the competition, talk to your contacts, and listen carefully to how they describe and quantify their expectations and requirements.

Listening to your customer in a disciplined and focused way is perhaps the most important tool in building your value proposition.

Fourth: Commit the resources and time needed to build long-lasting, mutually beneficial relationships with Japanese OEMs.

I spoke last month about this very subject with a high-ranking executive at the Toyota Opportunity Exchange.

He said many companies commit the error of assigning a GM, Ford or Chrysler sales representative to call on Toyota.

That's usually a mistake, because building a new relationship with a Japanese OEM is a time-consuming process.

A Japanese OEM account representative must be knowledgeable and credible with the Japanese OEM customer.

For example, there is a lot to learn about a company like Toyota – so invest the time and energy to do it right.

In his 2007 message to shareholders, Toyota Chairman Fujio Cho cited a passage from *The Toyoda Precepts*, which outlined company founder Sakichi Toyoda's philosophy.

“Be contributive to the development and welfare of the country by working together, regardless of position, in faithfully fulfilling your duties.”

Mr. Cho then said that “this philosophy is the foundation for Toyota's success and management mind-set to this day.”

I suspect you won't read a similar message from an American CEO.

But it illustrates how Toyota's philosophy differs from its American and European counterparts.

At Amtech, we have a business development director assigned to each Japanese OEM and its keiretsu companies.

We expect our business development directors to be an exclusive expert on the company for which they are responsible.

We also oblige them to cultivate and strengthen the relationships we have with Japanese OEMs and their keiretsu companies.

In my view, anything less is not being serious – and your chances of success are greatly reduced.

Fifth: Plan your sales strategy to fit the customer.

Never assume that all Japanese companies behave the same, have the same internal culture or respond to the same factors.

Toyota, Honda, Nissan, and Mazda – all have unique personalities and business philosophies.

Sixth: Approach the customer in an appropriate manner – and then from all sides and from top to bottom.

Cold calling is rarely practiced in Japan, and I recommend against it.

The Japanese have a word – *SHOKAISHA* – which means “introducer.”

This refers to an individual who possesses the credibility and trust of a person to whom you want to be introduced.

Finding the right *SHOKAISHA* to make the introductions usually dictates whether the door will be opened or politely slammed in your face.

Japanese companies make decisions by committee.

So make sure that your value propositions and business proposals are communicated to all decision makers, influencers, and recommenders in every area that can affect the final decision.

Most of you are probably thinking: “Okay, your *SHOKAISHA* may help us get through the front door, but how do we close the business?”

Yes, getting the audience and obtaining quotation requests are fine, but you still have to bring home the bacon.

At Amtech, we have found that what gets their attention and separates our clients from the pack is the competitive-analysis chart.

We call it the “Amtech One Pager” – which is essentially a document that sets forth and describes our client’s competitive advantages.

Simplicity and clarity – when predicated and grounded on a sound relationship and mutual trust – are powerful business tools.

A Japanese OEM is not interested in how much business you do with General Motors, Ford, and Chrysler or how large your company is.

They want to know how you can make them better.

As my good friend, Dave Nelson, likes to say: “It is not rocket science. It is just applying a scientific approach to selling your product.”

The process of selling to Japanese suppliers is similar to selling to Japanese OEMs – though there are some subtle differences.

As you know, Japanese OEMs are adding capacity in North America.

That translates into significant growth here in the United States by Japanese automotive suppliers.

Much like Japanese OEMs, most Japanese suppliers still rely on their parent company in Japan to support their product development.

So you can establish relationships with their U.S. operations, but your growth opportunities are likely to be limited.

To overcome this, you should establish a presence in Japan and expand your relationship with the parent company.

A good approach is for the Japanese OEM to do the introduction.

Ask your contact at the Japanese OEM to introduce you to the supplier you want to approach, and take it from there – but slowly.

Building new relationships is vital – but it is a time-consuming process.

The Japanese like to take things slowly, particularly as it relates to doing business and expanding the relationship.

As an American, I know that is not the American way of doing business.

We want things to happen now – not five years from now.

But to succeed when doing business with the Japanese means tempering that sense of urgency with a long-term commitment which is the glue that seals the relationship.

So you can't give up – and even though you encounter frustrating and difficult obstacles, you must persevere.

The good news is that the Japanese constantly watch for and evaluate that commitment on your part.

One of the most important things they look for in the people with whom they do business is their ability to respond to unanticipated challenges.

They measure your performance in such situations to assess the strength of your commitment to the business relationship.

In a similar vein, when the Japanese ask you to focus on continuous improvement, they are not asking you to do something that they don't demand of themselves or other Japanese with whom they do business.

I am not suggesting that you should alter your company culture to mirror the Japanese.

That would only create a new set of difficult challenges.

But I do believe you must be willing to become the kind of supplier with whom Japanese companies will want to do business for many years.

It involves the ability to see things from the customer's point of view, to change and adapt where circumstances require it, and to make a long-term commitment to a continuous-improvement philosophy.

Just because you are perceived as a good supplier by U.S. customers, that doesn't mean you will be perceived in the same way by Japanese companies operating in the United States.

Japanese OEMs look for suppliers who exhibit a philosophy and business practices that are similar to their own.

Having a similar business philosophy creates a harmonious relationship and an environment to achieve mutually beneficial goals and objectives.

Often the toughest part is to get your own organization to understand and adapt to the Japanese OEM's philosophy – and to take the steps necessary to win in today's highly competitive global markets.

It's been wisely said: "We make a living by what we get and we make a life by what we give."

As sales executives, you have what it takes to show others how to win and succeed through initiative, hard work, and dedication.

A disciplined follow-up and critique in terms of lessons learned – good and bad, year after year – are critical to the way a sales team and the organization it serves can grow and continuously improve.

By aiming high and closely tracking performance, sales leaders can create an objective basis for making future adjustments in strategy, tactics, and actions when doing business with the Japanese – or anyone.

Selling to Japanese OEMs and suppliers takes a long-term commitment, hard work, patience, and perseverance – but it is not impossible.

As the United States Marine Corps tells the young people it seeks as recruits, “We don’t accept applications. Only commitments.”

If you are truly committed to doing what it takes to do business with the Japanese, anything is possible – and you can succeed.

###