

# Canada timber: negotiating with the japanese essay



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BUSTER**

The business world has a different culture and it is not similar from the general culture. Aside from the language, business manners and practices have to be learned in dealing business with another country. (Adachi, Y. ) It is not sufficient in business for foreigners to understand only the general culture of the target client/customer. It is important to learn the business culture. In this case, the CEO of Canada Timber, Tim Wilder, was upbeat in closing a deal with a Japanese furniture manufacturer, Bonsai, as this would be the first time that his company would do business in Asia.

However, he was not able to close an initial sales contract during his team's stay in Japan for three days. What went wrong? First, nobody in the Canadian team for the negotiation knew the Japanese language well. The team was composed of: the Chief Executive Officer (Tim Wilder); the legal representative (Tim's lawyer-brother-in-law Johnny Sharkey); the production supervisor who was knowledgeable in hardwood and the production procedures (Bill Hudak); and, the regional salesperson who knew only a few words in Japanese as he was married to a woman of Japanese descent (Kevin Peterson). Thus, there was language barrier in the negotiation.

There was no interpreter who would translate the conversations of the Japanese prospective customer during the negotiations and this placed the Canadian team at a disadvantage. Mr. Peterson was not able to interpret what went on when Mr. Kusushi, the President of Bonsai, and his team consulted each other in Japanese language during the meeting. Not knowing what the Japanese discussed and in his eagerness to seal the deal during the first meeting, Tim lowered the price by 10% from the initial offer. In dealing

with the Japanese, one of the Canadian negotiating team members should have been able to translate the language well.

Cross-cultural negotiations normally adapt one side of a negotiator's language as a primary communication tool unless two nationals have the same mother tongue. (Adachi, Y. ) But in this case, the Japanese did not translate their conversations for the Canadians in the course of the meeting and besides, Tim interjected and offered a lower price even when the Japanese still might have been discussing the initial offer. Any business transaction is done using language as a communication tool thus, there was a need for Tim's group to consider how language would affect the negotiation process.

Second, Tim did not research first on the Japanese culture of doing business thus, the simple stuffing into his shirt pocket of the business cards given to him by the Japanese was a mistake. His failure to bring his business card to exchange with the Japanese team was a blunder. When the Japanese conduct a business negotiation, rituals like meishi, the traditional exchange of business cards occurs within the non-task sounding stage. Recipients receive business cards with both hands while bowing slightly.

They take several seconds to look closely at the name and the other person's company, its address, and the individual title, before beginning any conversation. By doing this, the Japanese know the rank and the importance of who they are talking to. (D'Herbais, A. et. al). They want to know who has the higher social status and where they themselves need to fit in among the people involved in the negotiation. The Japanese do not feel comfortable

until they find out where they stand in terms of relative power, therefore they find it hard accepting the concept of equal power between the parties in the business scene.

Third, Tim showed much impatience and unfavorable non-verbal actions in a drinking session with the Japanese such as putting his arm around Mr. Kusushi's neck while telling him that he was his new friend. Tim also told Mr. Kusushi that he was going to give his new friend the best price he possibly could and that meant that he was going to make a final offer of a price reduction of 20%, if he would agree to the deal right then and there. Mr. Kusushi might have felt threatened or victimized by Tim's aggressive tactics, the reason for him to say " yes".

When Japanese are threatened or attacked by others, they see it immediately as unfair. They see themselves as weak, defenseless, and victimized. Thus, foreign negotiators may avoid using aggressive tactics with Japanese. The Japanese use several tactics, based on the Sun Tzu's Art of War. The aim is to subdue the enemy without fighting by using the mental wisdom. " To defeat the enemy psychologically is the superior strategy. To defeat the enemy militarily is the inferior strategy. " For modern Japanese businessmen, these lessons continue to be valued.

Fourth, it was wrong for Tim to ask Mr. Akiko Morita if someone could sign the agreement on the third day when Mr. Kusushi was out of town unexpectedly, after saying " yes" in an informal drinking session the night before. There is always high probability for misunderstanding or misinterpretation when alcohol is involved, thus, it is always best to

reconfirm any critical agreement in another place and time. In Japan, there is a deep gap between the decision makers and the other members of the company, between the highest executives and the lower ones.

The power and the decision-making process are very centralized or autocratic, in the hands of a single person, even if informal teams dominate large companies. (D'Herbais, A. et. al) Thus, Tim should have waited for Mr. Kusushi to reconfirm his agreement by signing the document. The Japanese decision-making process is more group oriented. Each member of the group prefers a more passive mode of decision making. (Adachi, Y. ) They avoid instant decisions while Westerners, like the Canadians, would try to get to the point directly without any delay.

The slow decision-making of the Japanese is not an unwillingness to take risks, but a necessity that the decisions have to be based on a consensus of all persons involved. (D'Herbais, A. et. al) There are four stages to a negotiation process in general: 1) nontask sounding; 2) task-related exchange of information; 3) persuasion; and 4) concessions and agreement. The Japanese spend much time on stages one and two while Westerners do not spend much time on these stages. Unlike the Westerners, the Japanese try to get as much information regarding the other negotiators before they actually conduct the negotiation.

While Westerners recognize that a deal is a deal and consider it a firm commitment, the Japanese see a deal more as an intention within the context of a long-term relationship, where the relationship takes precedence over the terms of the deal. From a Westerner's perspective,

the Japanese make negotiations more ambiguous due to the fact that they do not want to jeopardize a relationship over just one deal. It is not always necessary for the Japanese to reach an agreement at the end of a discussion. They do not want their inter-personal relationship to be interrupted by an issue.

Establishing one's position within a group is more important as well as the relationship with the other side of the negotiators. (Adachi, Y. ) Westerners also think that the Japanese do not clarify details at the negotiation table, and that they leave an opportunity for behind-the-scenes negotiation. This Japanese negotiation process is often perceived as unfair or dishonest by Westerners who put all the information on the table and expect negotiations to be straightforward. In addition, the Japanese put more weight on their trust of the other party rather than on the information on the table.

While Westerners negotiate issues point by point and reach an overall agreement, the Japanese make an overall agreement first, then get into details. (Adachi, Y. ) In summary, the Japanese: 1. ) are less concerned with the pressure of deadlines; 2. ) retreat into vague statements or silence; 3. ) require frequent referrals or consultations with their group; 4. ) appear to slow down as complications develop; and, 5. ) quickly feel threatened or victimized by aggressive tactics or a stressful situation. (Adachi, Y. ) On the other hand, the Westerners, like the Canadians:

1.) are more conscious of time and feel the pressure of deadlines; 2. ) become aggressive and/or express frustration sooner; 3. ) often have more authority for on-the-spot decisions; 4. ) fail to understand, or else

misinterpret, Japanese non-verbal behavior; and, 5. ) experience a breakdown in the team organization, with members competing to out-argue the Japanese and control their team. (Adachi, Y. ) If either side does not understand their counterpart's reactions when complications emerge, no positive result will be produced in the negotiating table.

Having a basic knowledge of business counterparts' culture and their business practices is essential for cross-cultural negotiations. (Adachi, Y. ) For the Canadian team to have produced a more desirable outcome of the negotiation, understanding the Japanese business culture should have prevailed. If given the same situation, I would study first the Japanese business culture, come in prepared and organized for the negotiation and be patient all throughout the negotiation period. Patient intelligent work-collecting information without giving anything away- is a key to the strength of Japanese business.

That is, doing not what Tim did would certainly close the deal with the Japanese. Closing the deal then will mean long-term relationships and mutual benefits. Foreign negotiators must not forget that building a relationship with the Japanese based on trust and reciprocity is essential, if they want to succeed. The Japanese are very well prepared, organized, negotiate within a team and don't want to disturb the harmony between partners. (D'Herbais, A. et. al. ) " The nice person struggles through to the very last. " (Clark, G. ) I will consider this as a philosophy in doing business with the Japanese.