

PACIFIC OVERTURES

Upending Tradition, Finding Opportunity

Brash entrepreneurs are defying some of Japan's oldest business norms, and consumers are applauding.

By Carl Kay

THE TENDENCY to cling to tradition is never stronger than when the tradition is highly profitable. In Japan, as elsewhere, lavish funerals are a long-standing custom. So is the expectation that the family of the deceased will be too polite to inquire into the specifics of the funeral director's bill.

That tradition looked like an opportunity to John Kamm, an émigré to Japan from Nebraska. His experience with the Japanese funeral business convinced him that it was rife with self-dealing, hidden charges, and questionable payments. Nurses who steered patients' families to particular funeral homes were rewarded with lavish parties. Suppliers routinely kicked back part of their take to funeral-home operators. Even the Buddhist monks who presided at funeral ceremonies paid kickbacks to the operators.

In 2003 Kamm organized a network of funeral homes that promise clients a fully itemized, transparent price list and a range of services and products that range from austere to opulent. He won extensive media notice for his "zero kickbacks" policy. And his network grew from 20 funeral homes at

the end of his first year in business to more than 100 today.

Kamm exemplifies a new breed of entrepreneurs who, not having grown up in the cultural heritage of a region, can quickly identify cultural patterns that impede the delivery of maximum value to clients. Their main theater of operations is Asia, especially Japan, where a reluctance to challenge the status quo is part of the cultural inheritance. Kamm and others have profited by breaking open the closed information loops that prevail in many areas of the service sector. They differentiate themselves from competitors by offering customers the sort of transparency and disclosure that Westerners, especially Americans, take for granted.

ANGERIN THE ESTABLISHMENT

Closed information loops are typical of Japanese business at both the consumer and institutional level. When commercial broker Bill Krueger came to Tokyo from Boston



Nebraskan John Kamm is making Japan's cozy funeral cartel very uneasy.

Photograph by Jonathan Ellis

in 1985, he was surprised to find that Japanese office rental agents usually represented both sides of a transaction. The agents' position seemed impregnable, because they jealously guarded transaction data. They were the only players with a clear picture of the market.

Krueger, though, doggedly built connections with many rental agents and was able to assemble a robust pricing database. Armed with that information, he forced building own-

The Next Opportunity?

Many leading Japanese company websites could use a redesign.

What's the next frontier for cultural entrepreneurs in Japan? Forrester's Ron Rogowski sees room for improvement in the design of Japanese-language websites. Rogowski and his team studied 16 sites. No site received a passing grade. (It's not just a Japanese problem. In a similar survey in another region, only one of 20 sites passed.) Lack of usability was among the evaluators' chief complaints.

16 Number of Japanese commercial websites reviewed by Forrester Research

0 Number that received a passing grade

Functional areas of many sites are so hidden that they might as well not be there. Rogowski contends that such flaws mirror a manufacturing mindset. Coding is meticulous, and sites have few system errors. But seemingly

little thought is given to the way people actually perform tasks on the Web.

Rogowski advises site designers to take users' negative website experiences just as seriously as manufacturing defects, and to focus not on the demographics but visitor behavior. And perhaps companies can look toward Amway Japan, which has launched a successful mobile website that capitalizes on the country's high percentage of high-end mobile phones.

—Harris Collingwood

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ers to deal with him as a tenant-side broker. His core clients were Wall Street firms that were rapidly building a Japanese presence at the time. Krueger parlayed his roster of loyal clients into a 2000 acquisition by global real estate giant Cushman & Wakefield. He now runs Cushman & Wakefield's arm in Japan.

Japan has its own native-born cultural entrepreneurs as well. Koh Koike, president of Oricon, Japan's equivalent of the *Billboard* pop

"You have to be able to understand people's real needs without them being spoken."

music ranking service, suffered a botched surgery. Wishing to consult another physician, Koike asked his surgeon for a copy of his chart. Outraged that Koike wanted to switch doctors, the surgeon refused to turn over Koike's records to the

Oricon president's new physician. Koike says he still cannot get his records released.

But his fight didn't stop there. Figuring that he wasn't alone in his plight, Koike applied Oricon's survey methodology to consumer health, launching a new division and publishing Japan's first book of patients' rankings of hospitals and doctors. The book has found a ready market among Japan's large population of wealthy, information-starved seniors.

Cultural entrepreneurs need tact and sensitivity as much as they need audacity, notes Forrester analyst Ron Rogowski, who lived in Japan for five and a half years.

"It takes a special kind of person," Rogowski says. "You have to be able to understand people's real needs without them being spoken. You have to understand where behavioral differences come from. You can't walk in and say, 'Wouldn't it be more efficient to do it the way we do in the United States?'"