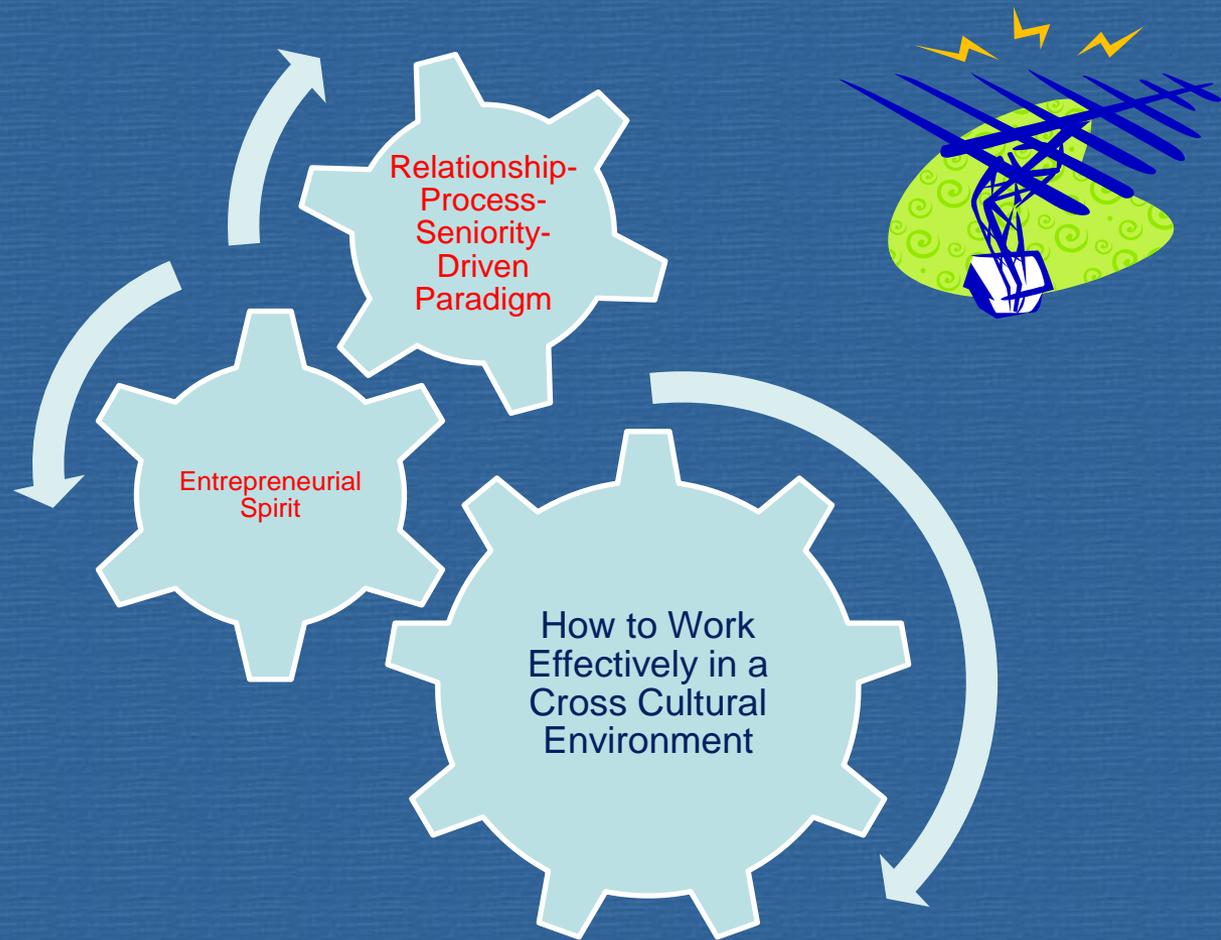


# ASQ

24 January 2013





 San Diego 2009

45th Annual Meeting



# Big Ears .vs. Large Antennae

## When USA and Japan Work Together

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- **Content has been modified on 11 July 2012 pursuant to evolution of thought and additional experience / analysis.**
- **Gratitude to Robert Hilke, Senior Consultant at INTEC, Lidabshi, Tokyo, Japan.**



# How to Work Effectively in a Cross-Cultural Environment

## Objective of Presentation

- Identify the culturally-based root cause of perceived issues related to Japanese-American interactions in the setting of a global collaborative initiative (e.g. communication, decision-making).
- Identify methodologies to optimize cross-cultural interactions especially with respect to the merger of an entrepreneurial mindset with a relationship-process dominated mindset in the setting of a seniority-driven culture.



# How to Work Effectively in a Cross-Cultural Environment

## Topics to Cover

- Definitions
- Cultural Differences
- Case Study: Impact of Cultural Differences at a Global Team Meeting
- Strategies to Improve Collaboration



# How to Work Effectively in a Cross-Cultural Environment

## Definitions



# How to Work Effectively in a Cross-Cultural Environment

## Definitions

- **Entrepreneurial Approach:**
  - Pursue innovation not averse to risk-taking in order to achieve objectives.
  - Expedite efficiency and productivity by creative approaches to finding opportunities and solutions .
  - Taking a risk can retrieve rewards if successful.
  - Great idea → Expeditious Action → Process accommodates Expeditious Action.
- **Relationship-Process Dominated Seniority-Driven Approach:**
  - Harmonious relationships precede any collaboration which drives the formation of processes requiring senior staff endorsement.
  - Taking a risk is not rewarded if it violates a pre-existing process.
  - Great Relationships → Great Idea → Process Development → Action.



# How to Work Effectively in a Cross-Cultural Environment

## Definitions

- **Nemawashi:**
  - Literally means “going around the roots” ( ne = root; mawasu = to go around something), referring to digging around the roots of a tree to prepare it for a transplant.
  - Informal process of quietly laying down the foundation for a process / project by retrieving consensus and establishing good relationships.
  - Tied very closely to Japanese culture.
  - Process / Project approval depends on successful relationship building and retrieval of consensus from all stakeholders.
  - Takes patience and time.



# How to Work Effectively in a Cross-Cultural Environment

## Cultural Differences



# Culturally-Determined Tendencies

## Japan

- Many shades of communication
- Confucian dynamic
- Listener-responsible language
  - Will not interrupt
- Nemawashi
- People-Process-Seniority-Driven Orientation
- Risk Averse

## USA

- “Black & White” communication
- Socratic dynamic
- Speaker-responsible language
  - OK to interrupt
- Nemawashi not the MO
- Action-Idea Orientation
- More willing to take risk



## Shades of Communication

- USA: “Black and White” phenomenon
  - “Yes” means yes, “no” means no.
  - Not averse to being blunt, to interrupt, request clarification.
  - Concept of “saving face” not a significant factor.
  - Characteristic Profile: spoken word predominant → “big ears”.
- Japan: “Many shades of gray” phenomenon
  - “Yes” does not always mean yes → intonation, facial expression.
  - Hardly hear a “no”.
  - Sensitivity to being offensive → many arguments occur *outside* structured meetings (i.e. *nemawashi*”).
  - Saving face is a significant factor.
  - Characteristic Profile: non-verbal signal predominant → “large antennae”.



## Discussion Tendencies: Socratic .vs. Confucian Styles

- USA: Socratic Dynamic
  - Idea / Concept separated from presenter.
  - Strong disagreement refers to idea/concept and is disassociated from presenter.
  - Presenter expected to not take insult to disagreement.
- Japan: Confucian Dynamic
  - Idea / Concept not separated from presenter.
  - Strong disagreements are linked to presenter (may be taken personally).
  - Presenter's feelings must be carefully considered.
    - Consequently, efforts taken to avoid public disagreement.



# Talking Behaviors

- USA: Speaker Responsible
  - Americans often perceived as talkative, blunt, interruptive, and willing to overtly express an opinion.
  - Rarely hesitate to challenge the opinions of others in a public setting.
  
- Japan: Listener Responsible
  - Japanese often perceived as staying silent, covertly opinionated, difficult to “read” and will not interrupt.
  - Sometimes appear to be uninvolved, even asleep (arms crossed, eyes partially closed).
  - Rarely publically challenge the opinion of others , but do it privately. Rely on non-verbal signals.



# Nemawashi

- USA:
  - Not a standard behavior at the tactical and operational levels.
- Japan:
  - Core to Japanese culture to gain consensus at all levels (strategic, tactical, operational).
  - Face-saving at public meetings → big issue.
  - The main meeting often serves as a diplomatic exercise where consensus-based decisions made at pre-meetings are formalized.

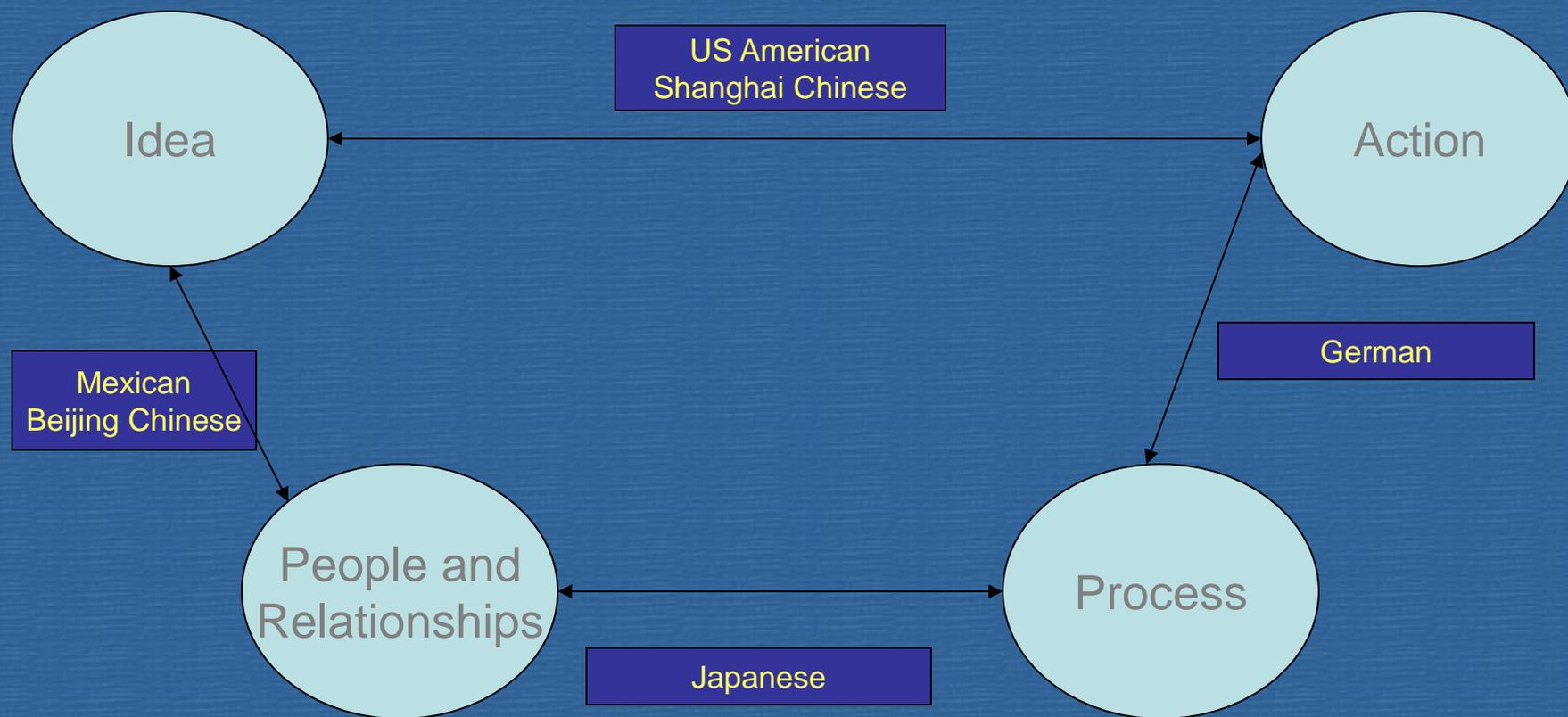


# Cultural Tendencies

- USA: Idea -Action Orientation
  - A good idea leads to quick action plan.
  - Entrepreneurial approach is embedded in the Idea → Action Orientation
  - Decision making does not necessarily require pre-agreement with each stakeholder.
  - Nothing wrong with a change in plan if an innovative strategy calls for it.
- Japan: Relationship – Process Orientation
  - Relationship / Seniority-driven → Idea → Process → Action.
  - Concentric circles of consensus (C\*3) avoids public disagreements (Nemawashi).
  - Plans, once made, are immune to change and to do so represents failure and poor original thinking (loss of face).



***Thus, the challenge of integrating the entrepreneurial mindset with a risk-averse relationship-based process-driven culture***



# How to Work Effectively in a Cross-Cultural Environment

## Case Study: Impact of Cultural Differences at a Global Team Meeting



# The Impact

- **Situation:**
  - Collaborate with Japanese Company on a drug already licensed in Japan aimed at gaining FDA approval for marketing in US.
- **American Strategy:**
  - Utilize J-ISS, J-P2 and J-P3 data to formulate hypothesis on safety and efficacy in US subjects.
  - Collaboration between Marketing, Clinical, RA to link the TPP to DLL via CDP in order to optimize the NPV.
  - Formulate logistical and operational plans based on prevalence of disease, SOC, competing trials, hypothesized RRR, sample-size requirements, patient enrollment/site/month, # sites, estimated compliance rate, RMS, SMP, CMP, Outsource strategy, detailed timeline.
  - Formulate SAB, KOL in advance of LCM strategies, DSMB, AC, SC.



# The Impact

- **Japanese Strategy:**
  - Base US-CDP directly on J-CDP proven successful in Japan: same hypothesis, sample size, # sites, timeline.
  - Scientific Advice, Key Opinions are deliverables from J-SAB, J-KOLs.
  - Nemewashi (pre-meeting): keep same CDP, propose strict budget and timeline. Cannot lose face with Executive Board.
- **Next Step:**
  - Schedule Global Team Meeting to reach consensus on the CDP aimed at satisfying corporate mandate.



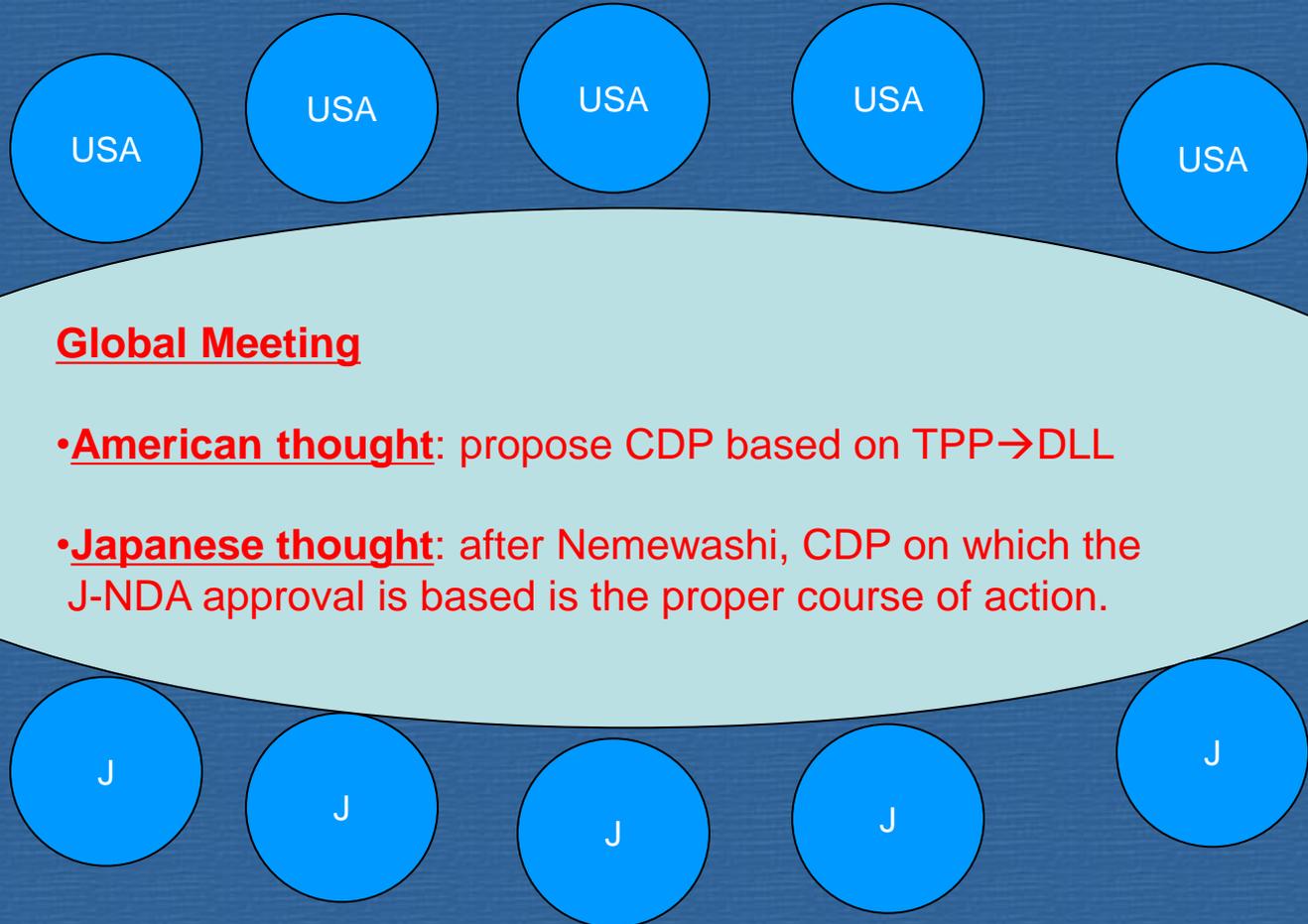
# The Impact

## The Issue

- **USA:**
  - From a historical perspective, drugs which work in Japan do not necessarily work in the US:
    - PK/PD differences
    - Heterogeneous population in the USA
    - Compliance differences
    - KOL authority more impactful in Japan w.r.t. J-HA.
  - J-Hypothesis might need to be adjusted.
  - Might need to do P1 program.
  - KOLs from Japan are not in same Therapeutic Area as proposed KOLs in US due to clinical practice paradigm.
  - Timeline, CDP might not be aligned with J-CDP / timeline.
- **Japan:**
  - A pre-decision was already made that the J-CDP is applicable to the US.



# The Impact → now the Clash



# The Clash

- **The Meeting:**
  - **USA-Sponsor (USA-S)**: presents strategy to Japanese Company.
  - **Japanese Sponsor (J-S)**: listens quietly, and verbalizes agreement but subtle facial expressions signal a caveat (probably missed).
  - **USA-S**: acknowledges the agreement and subsequently proposes operational plans.
  - **J-S**: listens quietly and does not voice opinion.
  - **USA-S**: Meeting Minutes are read and assumed agreed on.
  - **J-S**: “Otsukare Sama Deshita”. “Sumimasen”...“we were wondering about considering using the J-CDP because of timeline considerations we promised our executive board. It was successful in Japan and it should work in the US”.
  - **USA-S**: I thought we agreed on the US-based CDP because of the higher POS for the US. Your proposal is wrong for the US market.
  - **J-S**: Silence→“Hai, Wakari Mashita”... “we should discuss further”.



# The Clash

## JAPAN

- Shades of Communication
  - We did not want to be impolite. We disagreed with their strategy as politely as possible.

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- Confucian Dynamic
  - They told us bluntly that we were wrong. We don't have a good relationship. How can we do business?

## USA

- Shades of Communication
  - We heard them say “yes”. Now, why re-discuss?

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- Socratic Dynamic
  - Why do they seem upset? Because we disagreed with them? We have nothing against them personally.



# The Clash

## JAPAN

- Talking Behavior
  - Our western colleagues interrupt too many times and continue to speak. They seem to press the point relentlessly and do not seem to understand us.

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- Nemawashi
  - We have alignment on a position that was well thought-out. It is “difficult” (i.e. lose face) to change this position on the spur of the moment.

## USA

- Talking Behavior
  - It is disturbing that we cannot get a response, much less a straight answer, to what should be simple items.

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- Non-Nemawashi
  - Don't understand why decisions can't be openly negotiated and that our colleagues seem to side-step the issues.



# The Clash

Japan

- Process/Relationship
  - They wish to take action without a plan we can all agree on. They did not discuss this with us first or allow us to think about it more carefully. Why do they change their strategy after we spent such a long time agreeing to the original strategy?

USA

- Idea/Action
  - A very good innovative strategy had emerged but they are resistant to changing the plan unless they have their private meetings and discuss it for a long time. If we do not act soon, the opportunity will be lost. Why can't they see that?



# How to Work Effectively in a Cross-Cultural Environment

## Strategies to Improve Collaboration



# Remediation Strategies

- **Nemawashi / Idea-Action-Process-Relationship axis:**
  - Proposal to USA staff :
    - Understand that Japanese positions were derived from consensus at pre-meetings.
    - Pursue a good relationship. Travel to Japan and engage in nemawashi behavior with key senior staff.
    - Engage in social activities first before business meetings (e.g. group dinner night before; exchange of small gifts).
    - Surround an innovative strategy within a process paradigm including pre-planned performance metrics and pre-specified pivotal points where pre-planned adjustments may be made.
    - Provide education on US medical practice patterns and how it is distinguished from Japanese medical practice patterns.
  - Proposal to Japanese staff:
    - Include key US stakeholders at pre-meetings so that a pre-consensus is not strictly Japanese.
    - Be more open to a flexible process model with reasonable risk, which accommodates innovation, compared to sticking with a pre-specified process.



# Remediation Strategies

- **Shades of Communication / Socratic-Confucian Dynamics / Talking Behaviors:**
  - Proposal to USA staff:
    - Listen more.
    - Be more observant regarding body language.
    - Grow antennae.
    - Solicit opinion from Japan-side.
    - Lessen bluntness and directness. If you disagree, politely query about criteria, thoughts on risk-benefit, etc. Allow polite discussion to uncover room for consensus adjustment rather than bluntly disagree.
  - Proposal to Japanese staff:
    - Ask questions at the meeting rather than stay silent.
    - Do not assume that western culture can easily pick up subtle body language.
    - Cater to the larger ears of the American staff.
    - Do not be taken aback by bluntness—no insult intended.



# In Summary

- General Proposal in a USA / Japanese collaborative setting:
  - Learn cultural frameworks.
  - Develop a common vocabulary (Socratic/Confucian, low-context/high context, etc.).
  - Practice the concrete skills (e.g. stage mock meetings).
  - Embed innovation into the relationship-process mentality.

***Thus, the proposal to meet the challenge of integrating the entrepreneurial mindset with a risk-averse relationship-based process-driven culture***



The End

Domo Arigato Gozaimashita

