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Business Journal photo by LEE R. AHS

Robert C. Azar, president and chief executive officer of Pacific Rim Management Consultants, is passionate about Asia.

A world of opportunities

Local consultant sees U.S. potential in Asia

By B.Z. KHASRU

Robert C. Azar, president and chief executive officer of Pacific Rim Management Consultants Ltd. in Hartsdale, got his first glimpse of Japan's culture as a teenager.

A Japanese student at Mater Christi High School in Queens was struggling with English and Azar offered to help his school-mate during his spare time.

Eventually, he met the student's parents and developed an interest in Japan. His love

for Asian arts and culture deepened during his years at New York University, where he met many Asian friends.

"It has been a passion, and I followed it," said Azar, who formed the consulting firm in 1990 after working 10 years with Asian companies.

After earning a bachelor's degree in international relations and East Asian studies, he traveled to Japan and worked for a non-profit organization helping Indo-Chinese refugees.

Two years later he returned to the United States and earned a master's degree in East Asian economic, political and cultural affairs at Columbia University. At the

same time he also mastered the Japanese language.

He eventually landed a job at Daiwa Securities Co. in New York City as a financial analyst and political economist, and shuttled between Japan and the United States.

He lived in Japan for five years, Korea for one year, and then finally decided to head back, fearing if he stayed longer he might never return home.

He came back to the United States, but with a mission: to help Americans do business in the Pacific Rim, which produces \$13 trillion in goods and services each year, nearly twice the U.S. gross domestic product.

With most Asian economies — except for Japan — rebounding from recent setbacks, Azar says now is the time for U.S. companies to intensify their involvement in the region.

"In my opinion, it is the best time to go to the Pacific Rim, if they are not doing business there. If they are already doing business there, it is the best time to expand."

Korea's economy is growing after two years of turmoil. Thailand and the Philippines also are surging, although Indonesia still has some troubles. China and Singapore kept up their forward march, Azar said.

Japan, which has been in a recession since 1991 and plunged into a depression two years ago, should start recovering in 2000, he predicted.

Despite Japan's current weaknesses, companies seeking to make quick profits should consider Japan first since it is a democracy and a matured market.

Three things make Japan attractive, said Azar, who has held management positions at Japanese companies.

First, Japan is in a state of flux. Its corporate culture is undergoing a drastic transformation. Layoffs, early retirement, mergers and acquisitions — once unheard of in Japan — are no longer taboo. Japanese companies are striving to compete globally, he said.

One of the reasons Japan's restructuring has been delayed for so long is that it's very time consuming to reach a consensus in the world's second largest economy, Azar explained. Once Japan makes a decision,

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though, it is quickly implemented unlike in the United States where decisions are made quickly but implemented slowly, he added.

Second, Japanese corporations, he said, now realize they must change to compete. Nikko Securities Co., Japan's third-largest brokerage, offered 10 percent of its workers early retirement. Nomura Securities is following suit.

Companies also understand that they must invite foreign direct investments: Nissan Motors Co. sold one-third of its business to a French company; and Merrill Lynch & Co. bought 2,200 retail offices from Yamaichi Securities Co., a move which helped the investment giant establish a national presence in Japan.

"It a great opportunity for our local companies," Azar said. "In Japan, for the first time in recent memory, they are accepting foreign direct investment. They are not only accepting it, they are welcoming it. Western companies are seen as white knights."

A third incentive to US. companies is that costs of doing business in Japan are much lower than before, Azar observed. Real estate prices are down 60 percent since 1991. Above all, he said, the Japanese are the wealthiest consumers in the world.

Business opportunities in Asia exist across the board, but the manufacturing

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sector stands to gain most by swiftly moving into the region, he said.

Pepsi-Cola Co., for example, can increase its market share by acquiring a bottling plant in Japan, he said. The Nine West Group., the nation's largest shoe retailer, can acquire a business or have distributors in Japan.

Because goods in Japan cost four to five times more than in the United States, distributors can make money even if they pay Nine West 10 percent more to cover taxes and insurance costs, he pointed out.

"The economics allow it," Azar said, adding Europe, America's traditional partner, offers no such price advantage.

In the service sector, software companies can do brisk business. Japan is advanced in entertainment software; it is weak in business software, he said. "I think it's a once in a generation chance. We won't see that again, because Asians like to do things on their own. They have a strong sense of pride."

To be sure, it is not easy for Americans to make a dent in the Japanese market. But again many of the problems stem from a failure of understanding Asian cultures -- a serious handicap to developing a sound marketing strategy, he said.

A yellow packet, for example, is unwelcome in Japan because the color is a symbol of danger. General Electric Co. could only sell small refrigerators since most Japanese kitchens are tiny and large ice boxes are impractical, Azar observed.

He advised companies to seek advice from consultants like himself to help break the cultural barriers. "I can give Westchester companies instant access to presidents, vice presidents or executive vice presidents of major Japanese companies. This is a very special time. I would hate to see American companies losing these opportunities."