

< EXTRACT OF MAGAZINE, “WASEDA BUSINESS SCHOOL REVIEW” >

Development of core human resources for business globalization
and Japanese training programs for EU business-persons

Mr. Guillaume Desurmont
(The 25th graduate from ETP)

<Profile>

Guillaume DESURMONT
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Joined Arkema in 1997, after graduating from Chicago Univ. (Master of Science) and Engineering
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Giving sufficient career opportunities is the key to retain talented and ambitious local staff.

- First of all, would you tell us about ARKEMA?

We already have a long history of operations in Japan. Our former company started business in Japan in the late 60's and founded the first Japanese subsidiary in 1974. In 2004, as a part of organizational restructuring for chemical divisions of Total Group (a major oil company in France), the present ARKEMA was founded as an independent company.

Today ARKEMA is operating globally by integrating three core business segments: Vinyl Products, Industrial Chemicals and Performance Products, with 15,200 employees in 40 countries and annual sales for 2007 was 5,675 million euros, 13% of which comes from Asia.

Currently our business is also growing steadily in Japanese automobile market. In particular, in the category of fuel tubes, we are positioned as one of the leading companies in the industry. In 2007 we established a joint venture company with Daikin Industries, Ltd. to develop environmentally-friendly new refrigerants. Part of our current strategies is to focus on Japanese market of high-performance

plastic materials related to batteries and solar panels. We will seek to build further partnership with various companies to expand our business toward the future.

- Would you tell us why you chose ETP?

After graduating from Ecole Nationale de Chimie de Lille (ENSCL), I entered Chicago University in the U.S.A., I joined ARKEMA in 1997.

Although having a long history in Japan, ARKEMA had only about 10 foreign employees at that time, among hundreds of employees in total. In order to conduct business with Japanese major and advanced companies such as Mitsubishi and TORAY Industries, Inc., the company needed to call over more expatriate staff from France, and such staff should have sufficient knowledge about Japan. In those days, the company already had a commitment to develop human resources here from a mid- and long-term viewpoint.

Personally I was interested in Asia, particularly in Japan, and also hoped to study business theories by attending classes like MBA courses. Then I found that ETP was renewed by enhancing its function as a business school. At first I also considered INSEAD, but eventually I selected ETP because ETP offers well-balanced courses composed of both language lessons and business studies, which matched with my desire for learning.

- How did you feel about the courses of ETP?

After completing ETP, I have achieved substantial business results such as double-digit growth every year in new business areas (AV business) as the youngest Area Manager covering the whole Asia region. Of course much of this success is owed to support of my colleagues, but what also contributed greatly was that I could deepen my knowledge about Japanese business culture and refine Japanese language skills by learning at ETP. The courses of ETP are highly evaluated in our company, so we are planning to dispatch new trainees to ETP in the coming years.

In addition, as one of the very few French companies acting as a supplier for Toyota Motor Corporation, ARKEMA needs to develop more human resources who can work as a “bridge” between French headquarters and Japan, in order to understand Japanese business practice and to commit to the Japanese market more deeply. We encounter many circumstances where business practice differs between French headquarters and Japan, in terms of speed, level of preparation, quality standard required, points of view, etc. In such cases, it is very difficult to make them understand by giving logical explanation about prerequisites and backgrounds of such practice. However, recently the president and the vice president of French headquarters have shown good understanding about Japan’s potential, and visit Japan more frequently than before. In other words, the top executives of our company understand Japan well now.

Perhaps many of our foreign competitors are facing difficulties finding ways to build trustful

relationship with Japanese companies.

Although Japanese market may have high entry barriers, but in exchange you can earn good harvest of fruits, once you have entered there – it is our observation. There are a lot of things that we can learn from Japan, so for these couple of years, we have been running a training program to invite some French employees (university graduates) to Japan as trainees to let them learn Japanese quality standards directly on site.

- Do you think that Japanese corporate culture is globalized enough?

From a technical viewpoint, Japanese companies are excellent, as long as I have observed our partner and customer companies. However, their marketing practices still have room for improvement.

Language also remains to be a considerable obstacle here. For example, though it may be an extreme case, when I took a business trip by airplane to France the other day, I happened to sit next to a businessperson from a Japanese company who were leaving for his new post as the president of their French branch. At that time, he could not even order tea or coffee in French language. Another limitation of Japanese company's business practice is that, in foreign countries generally they do not give sufficient authority to local staff. Usually foreign workers have upward-mobility and they are willing to resign at any time if they find that the opportunity for promotion is limited. I have seen many ambitious and talented local employees resign from Japanese companies in only a short period of time for that reason, even though they were paid satisfactory salary.

One of the keywords to promote globalization may be "diversity". ARKEMA is a company with annual sales of more than 700 billion yen, but it is managed by a young CEO who is still in his 40s. On the contrary, I often hear from a lot of Japanese friends who are in their 30 and 40s that they feel frustrated because they are not given authority to make business decisions on their discretion, even though they have more than sufficient talent, skills and innovative ideas.

In general, Japanese companies seem to be unduly inactive about diversifying nationality of employees. When I visited a major material company, they said, "We recognize that 'diversity' will increasingly be an important issue." So I asked, "Then how many employees of foreign nationality do you have?" The answer was "Only 1". I lost my words.

In fact, Japanese companies have strong potential for further globalization of business. Even their simple products have sufficient competitiveness in global markets. For example, household wares sold in Japan by Kao Corporation and Lion Corporation would have substantial marketability also in Europe – as a consumer, I frankly think so. Japanese companies are very quick in innovating, which would be one of the main factors that support their strength. In Japan, companies and consumers are always seeking "something new", trying to make and find new products one after another. Their "cycle of market revolution" is the fastest in the world, in my observation.

< Comments by the interviewer >

He provided all these comments in Japanese language. What impressed us the most was his profound knowledge about Japanese business leaders and their specific business strategies, as well as business practices of Japanese companies. He seems to be always interested in “people”, and try aggressively to build relationship with them.

Probably this attitude is one of the sources of his and the company’s success in Japan.