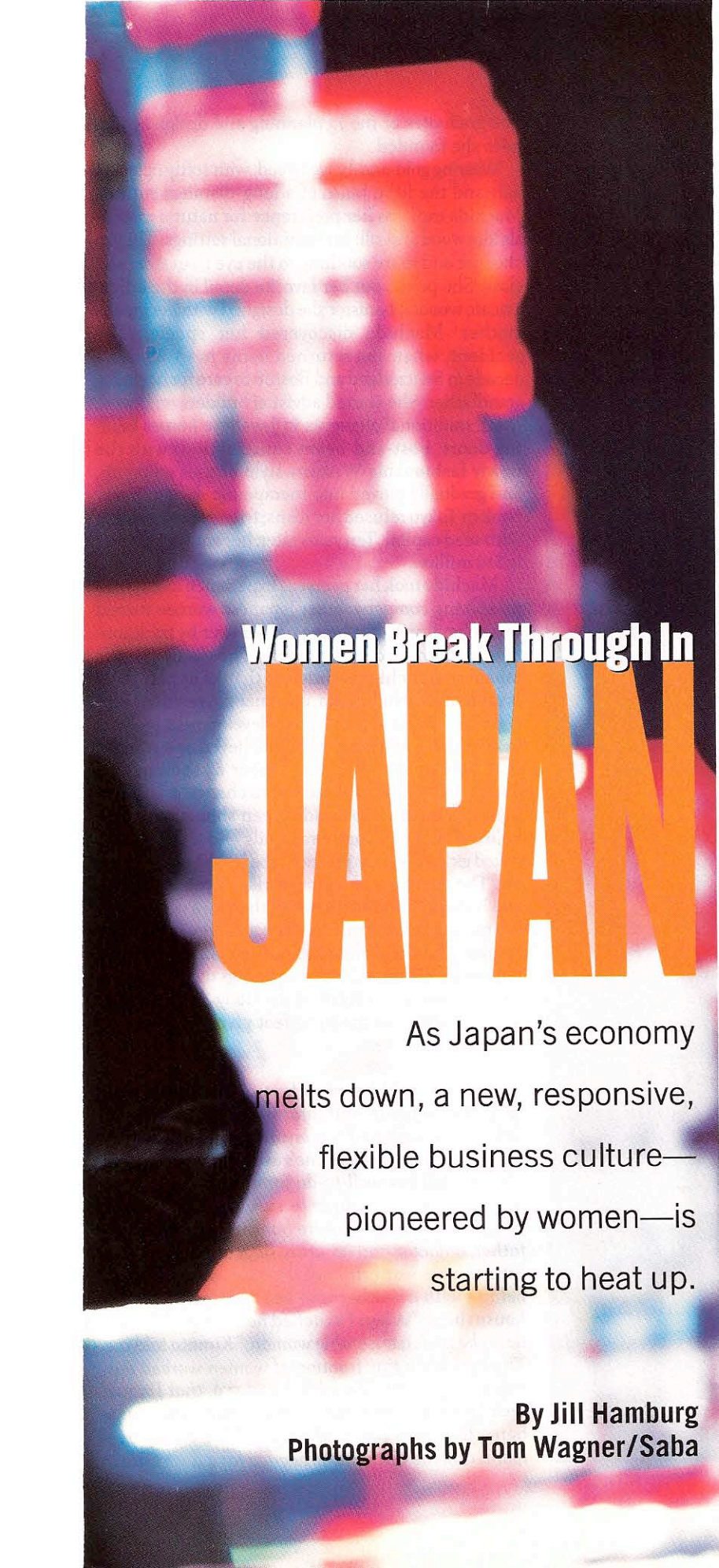


Streetwise entrepreneurs: The mother-daughter team behind Yumi Creation salons isn't scared by Japan's banking crisis.



Women Break Through In JAPAN

As Japan's economy
melts down, a new, responsive,
flexible business culture—
pioneered by women—is
starting to heat up.

By Jill Hamburg
Photographs by Tom Wagner/Saba

The Japan we knew before is gone. The world's second largest economy passed the point of no return last November, when Yamaichi Securities, one of the country's Big Four securities firms, collapsed in a multibillion dollar bankruptcy, the worst in the seven-year decline of Japan's real estate and stock markets and, indeed, in the nation's history.

Yamaichi was the third Japanese financial institution to fail in two months, and its demise battered an economy already weakened by the crisis in Southeast Asia. Investor confidence plunged around the globe. Politicians pleaded for calm as billboards in downtown Tokyo showed the yen hitting a five-year low. About half of Japan's banks and insurance companies were left teetering. Police faced off with depositors outside bank headquarters. On television, Yamaichi's chairman, Atsuo Miki, bowed deeply, laid off 7,500 workers, and wept.

Yamaichi's collapse discredited not just that single institution, but an entire system: Japanese corporate culture—both the engine of an economic miracle and an environment fraught with secrecy, mismanagement, even corruption. Once, Japanese business stood for a well-meaning national industrial policy, happy employees, wage equality, just-in-time production, attention to quality, teamwork, harmony. In the shake-out that followed Yamaichi's demise, only bits and pieces of that culture survived.

Yamaichi's failure also signaled the beginning of the end of Japanese business as an old-boys club, where raises were automatic for men with seniority and unheard of for women who left the work force to have children. For half a century, most women had been shunted onto the mommy track, leaving top management at stock exchange-listed companies just 0.18 percent female. Talented female MBAs beat a well-worn path to Hong Kong or Wall Street.

But at the same time, something extraordinary had happened: The ailing financial system had accidentally created the antidote to its own ills. Long-suppressed businesswomen were behind a nascent entrepreneurial boom, and they're poised today to point the way toward a recovery. In some two dozen interviews with *WORKING WOMAN*, a diverse community of female executives made it clear that they expect to emerge from the crisis as winners.

Global harmony:
Mitsu Kimata,
president of the
Body Shop's
Japanese franchise,
welcomes the influx
of foreign firms.

We Have Seen the Future

You can glimpse the promise of success on a narrow Tokyo street, inside a three-story building of design studios that are crammed with drafting tables, PCs, and fabric swatches. Hiroko Machida, the 50-something owner of IC Works, is watching her business boom. A recognized authority on therapeutic design and retrofitting buildings for the elderly—a lucrative niche in the world's most rapidly graying nation—she has been commissioned to plan and decorate a number of dental clinics and funeral homes and to produce a line of equipment for the handicapped. She has also just cinched an agreement with a landscaping firm to

hire graduates of the 13 planning and design academies she founded.

Wearing gold-and-beige tweed, with softly upswept hair and the lithe build of a long-distance runner, Machida explains her preference for natural materials like wood and silk in institutional settings: They're cheaper and more soothing to the eye than steel and glass. She points out her favorite detail in the office, a rustic wooden banister she designed with her grandmother. Machida discovered her specialty by accident, when she returned home in 1978 after a decade in Switzerland and Boston to care for her aging grandfather. She started advising builders on how to mesh traditional elements in Japanese homes (sliding doors, post-and-beam construction) with the newly fashionable Western-style houses going up, and gradually moved into therapeutic design. Every bank in Tokyo refused her loans; friends provided her with seed capital. Ten years later, her annual revenue is \$10 million.

Machida took her overseas experience and built a prospering company; other Japanese women turned to foreign firms after being passed over by tradition-bound domestic businesses. The Body Shop's Japanese franchise is thriving, thanks in part to its president, Mitsu Kimata, a former government official who for 16 years ran Japan's development projects in 120 developing countries. "I believed as a student that bureaucracy was the cancer of society, so I decided to go into government to change it," Kimata says. Seated at her avocado green showroom table, below rows of aromatherapy oils and a poster of a naked girl in the lotus position, she laughs at the memory. The company's biggest market is young people, and Kimata hires and promotes them to a degree that is unusual in her country. The strategy is yielding results: The Body Shop has opened 114 stores since 1990 and is planning 25 more openings this year. Japan now generates 7 percent of the Body Shop's worldwide revenue, an amazing feat given the nation's economic malaise.

World War II haunts a first-time American visitor to Japan and informed every interview I did. For Kimata and her entire generation, Japan during wartime is where one's autobiography begins. The war left her well-to-do family homeless. Food rations were too meager to survive on, and great swaths of the country were bombed to rubble. Her father, a doctor and an army sergeant, was sent to Siberia as a war criminal, leaving seven children behind with a mother who was helpless to feed or house them. "When I watched her, I vowed I would never be such a miserable woman," Kimata told me. Though only a tiny fraction of women worked outside family farms, "I decided, at age 9, that I would seek lifetime employment." When her father came home five years later, he provided the encouragement, and the tuition, she needed for a doctorate in



public health. "He realized in Russia that he had neglected his girls," she recalled. "He'd seen so many children killed, he was just thrilled that we were alive. He also believed passionately that technology would save Japan," she said, "whether it was wielded by men or by women."

National Growing Pains

It's possible to think of women like Kimata as paramedics administering adrenaline to a sluggish Japan at a time when the severity of the economic crisis can hardly be overstated. As 1998 dawned, industrial production was shrinking, retail sales were falling, and profit expectations (outside the electronics, automotive, media, and telecommunications industries) were dismal. Revelations about the role of the *sokaiya* (organized crime racketeers) in business had shamed reputable corporations. Borrowing had stalled, even with interest rates as low as 1 percent.

The upshot, however, is not expected to be stagnation for everyone, but boom times for foreign firms looking to expand, with the dollar strong against the once-mighty yen. Japan's government is now set to end price fixing and market controls and to inject competition into the economy—a move that's been called "The Big Bang."

That development has been delayed for years because no matter how bad things got, Japan's paternalistic industries were loath to fire anyone. "Corporations say they're moving into an era of great competition, and they're not gung ho about it—they're enormously concerned about having to lay people off," says Yoichi Clark Shimatsu, an editor at *The Japan Times*. "There's a pervasive feeling of insecurity, even though long-term corporate R&D and foreign partnerships are well in place."

The restructuring of the economy will be as good for businesswomen as it will be rough for big business. Resourceful, quick, and multitalented, they have the very skills the conglomerates most need, having juggled work with the care of elderly relatives, parents, siblings, husbands, and children. Working mothers accomplish the same amount as their male colleagues in less time in order to get to public day care centers before they close at 5 PM; with Japan's tight labor market and strict immigration policies, nannies are rare.

Kimata took her son on his first business trip when he was 3 months old; now he has children of his own, and she's still making lunch and dinner every day, for her elderly mother-in-law. When the government posted her overseas and her physician husband couldn't come, "I filled his drawers with enough socks and underwear to last the three years I'd be gone, and prepared him a daily diary of tasks and 36 envelopes with money to cover the housekeeper's wages." Then she flew to New York to serve as min-

ister of Japan's mission to the United Nations.

Torabaiyu: "Moving From Job to Job"

In corporate Japan, "salary men," who dominate the work force, spend their lives building up seniority at one company, while women typically jump in and out of the full-time labor pool because of family obligations. But it's turning out that being comfortable with the very un-Japanese practice of job-hopping is advantageous. Women have become the flexible, mobile workers so beloved by free-market economists. Many working women say they can't wait for the advent of a competitive wage scale, when raises will be based solely on performance. In post-Yamaichi Japan, that moment may be imminent.

"The old system of seniority is disappearing," says Junko Kawano, the editor-in-chief of *Travail*, a colorful weekly newspaper containing career advice and employment classified ads for women. "The people who work the longest aren't always the most talented." But the idea of job-hopping is so new, *Travail* had to coin a term for it: *torabaiyu*, a Japanese version of the French word for work, from which the paper takes its name.

This movement isn't always by choice. For decades, most of the *keiretsu*—the prestigious, clubby conglomerates—openly discriminated in hiring, filling 97 percent of their most desirable training slots with male graduates, according to government reports. Before the practice was outlawed in 1986,

"It's an economically risky, frightening time, yet these women thrive on risk."

recruiting ads made it plain that women need not apply. "Some ads still specify 'No women,'" says Sakie Fukushima, a Tokyo-based partner at Korn/Ferry International, the world's largest executive search firm. Job interviewers routinely ask female applicants about their "morals and self-discipline" and question the nature of their sexual relationships. That has kept many women company-jumping at low levels, doing temp work, joining the civil service, or sticking to small firms that offer fewer benefits, less prestige, and less security.

But the discrimination has had another result: It has spurred women to open businesses of their own, often in up-and-coming fields like Web design, head-hunting, and management consulting. There's been no survey, but Kaori Sasaki, president of the communications firm Unicul International and founder of the nonprofit Network of Aspiring Professional Women, estimates there are at least 56,000 women-owned companies in Japan, a number that increases by about 10 percent a year despite the flat economy. Most are small retailers, but some have been so prof-