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East-West marriage works fine, say builders

Hutton, Tobishima team up in Santa Ana

By ANDRE MOUCHARD

If somebody made a movie about the merger of Tobishima Corp. and Hutton Development Co., the title wouldn't be "Godzilla Eats Santa Ana."

Sure, it's a story about a century-old, multi-national construction company from Japan merging with a comparatively puny Santa Ana-based development firm — set against the background of a rising yen and a rapidly shrinking dollar.

But the principals from Tobishima and Hutton say their three-year old,

50-50 partnership is anything but a horror show. In fact, they claim their story would work well as a corporate remake of "Romeo and Juliet," or "West Side Story," minus, of course, the tragic endings.

"Companies from Japan, or any foreign country for that matter, need to have some local contact," said Terumoto "Hama" Hamazaki, vice president of Tobishima USA. "We just don't have the experience or local knowledge to do business in Orange County."

"When we joined with Hutton, we immediately got a good understand-

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Tobishima's Hamazaki



Hutton Development's Felix

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ing of the marketplace," he added.

"It's one of the reasons why we decided to get married."

Yes, "married."

That's the word to describe a Japanese-style business partnership, according to Christopher Felix, president of Hutton and co-architect (along with Hama) of the working relationship between the two companies.

"From our side of this, the locals we deal with still see Hutton Development Co.," Felix said. "But now we have the financial strength of a multi-national giant behind us — we can afford to work into deals we couldn't have done before."

"The marriage is working."

There are a number of reasons why the partnership between Tobishima and Hutton is as much "marriage" as it is business deal.

For starters, dissolution isn't taken lightly.

"When you go into business with a Japanese company, you go in with the idea that getting out isn't an option," said Felix. "It's a kind of commitment that many American companies don't really understand these days."

Another difference is simplicity. In Japan, lawyers don't play a major role in business, according to Felix.

"The Japanese do business on a handshake," Felix said, "not on advisement from an army of attorneys."

This kind of commitment may be necessary in order to make their relationship work. Once you get past the idea that Tobishima and Hutton are property developers, it's hard to find many similarities between them.

Tobishima is known internationally as a construction giant, capable of building everything from subways and power plants to apartments and Buddhist shrines. Hutton is a much smaller operator, specializing in commercial building, acquisition and management, primarily in Orange and Riverside counties.

Because of their cultural differences, each firm views their basic commodity — land — differently.

"In Japan, land is scarce, and very expensive, so there is a very limited concept of speculative building," said Tobishima's Hama. "When we're done with a project, it's almost always 100 percent pre-leased."

Hama added that it's his job to "sell" some of the Hutton/Tobishima U.S. projects to Tobishima executives in Tokyo, and that initially, the American concept of "construction first and find the tenant later" didn't win their hearts.

"Now, they understand," Hama said. "But at first, it wasn't an easy idea to sell to them."

Hutton and Tobishima now follow a "four P-policy," to convince the home office on each project, Hama said.

"We use persuasion, passion, patience and, and, what's the fourth one, Chris?" Hama asked.

"Profit," Felix said, laughing.