Many Japanese nationals think it would be wonderful to run a business in Hawaii. Some succeed, but all who try face more challenges than local entrepreneurs or even those from the U.S. mainland.

Setting up shop in Hawaii is a dream for many Japanese nationals. Some have achieved that goal, but success has never been a stroll in Paradise – and it was harder for them than for most local entrepreneurs because of the added barriers of language, immigration status and cultural differences.

The owners of Yanagi Sushi are one successful example. They came from Japan, knew nothing about starting a restaurant in the United States, yet today the family restaurant has a great reputation that draws people from all over the world. As difficult as it was to succeed when they started 37 years ago, if they were to launch today, the challenges would be much greater.

“The situation is really changed because operation costs is too high,” says Yanagi Sushi VP Christine Hirosane. “And another thing is law has been changed, is more strict about the employment and all kind of labor laws and liquor laws.”

She, her sister Angel Nakayama and brother-in-law Haruo Nakayama opened Yanagi Sushi in September 1978 with the help of her parents and other family members. The odds were against them from the beginning. Nani Hanus, Hirosane’s daughter, says her family was advised not to open a restaurant in its current location – on Kapilolani Boulevard, Ewa of Ward Avenue, and far from the tourist mecca of Waikiki. But they went ahead anyway.

They were a family team: Sisters Christine and Angel were born in Seoul and raised in Tokyo, and spoke English, Japanese and Korean. Angel’s husband, Haruo Nakayama, came from Tokyo and was fluent in Japanese, but understood only basic English. The biggest challenge, according to Hanus, was that no one in the family, including the women’s parents, had experi-
ence in opening a restaurant in the U.S. The closest was Haruo, who had worked as a head sushi chef in Hawaii.

The five opened Yanagi Sushi with a space of about 800 square feet, about the size of a school classroom. Today, the restaurant is four times that size and has a staff of 46. Over the years, because of Yanagi Sushi’s success, the owners have been approached to franchise but have turned those offers down. “We just [said] no because we are just so happy to be running together, so we don’t want to split it,” Hirosane says.

Migrating to Hawaii

Other Japanese nationals have come to Hawaii to launch their own small businesses or have done so after living here for a few years, says Joseph Burns, director of the Hawaii Small Business Development Center’s Oahu office. “I think they share a comfort level with doing business here,” he says. “Obviously the language is different, the culture is different, but I do think there’s a comfort level because of the way Hawaii is.”

The process of starting a business is complicated enough, but there are added layers of complexity for someone coming from a foreign nation, Burns says. Those added layers include immigration status and an unfamiliar system of taxes and laws.

“It filters out the people who are not that serious when they find out it’s going to be a bit challenging,” he says.

Buying a Business

Ryoko Ishii, originally from Okinawa, was working at Ethel’s Grill in Kalihi 37 years ago when she bought it from its Japanese owners. After buying it, just she and her husband worked
at the small restaurant before they were able to add others.
Ishii grew up among English speakers in Okinawa – her father had rented their house to military personnel. “I cannot speak [perfect] English, but I used to live with English people who speak,” she says.

Immigrating to the United States was easy for her because her mother was born here. “Nowadays it’s hard to get the immigration, to live here. Not like before,” she says.
The team at Ethel’s Grill now consists of Ishii, her daughter and son-in-law, and a part-time worker. “I’m getting old so they going to run it,” she says.

Following Dad’s Lead
Seiji Itoh, owner of ID Corp., came to Hawaii from Tokyo when he was 23 years old. He took over the business as president in 1996 after his father passed away. “I wanted to help my dad,” he says.

In 1978, his father had started ID Corp., which imports mostly Japanese products – such as food, appliances and sporting goods – and ships products to the U.S. mainland, Canada and Brazil. According to Itoh, his father, who was in the import/export business in Japan, first went to San Francisco to launch a business, but found the city too cold. He thinks Hawaii’s warmth might be the reason his father came here.

Itoh says language has been a challenge for him. “My mother tongue is Japanese. So that was one big hurdle I probably didn’t yet overcome,” he says.

However, there is a silver lining. “I get more information about Japanese products quicker than probably people grew up here because I speak the language and I have some friends over there,” he says.

Close to home
Japanese-born Maria Price, the co-owner of Baby aWearness & Island Tea Party, says Hawaii’s mixture of cultures make it feel close to home. However, she does not consider herself to be a typical Japanese national who came to the United States.

She and her two sisters grew up bilingual and bicultural in Tokyo. In her family, children traditionally attended international schools in Japan before going to high school and college in the U.S. “The dynamic that we have is very unique and unlike kind of growing up in Japan and then coming to Hawaii or the States,” she says.

Almost five years ago, Price settled with her husband on Oahu, and, toward the end of 2013, the pair and her sister, Mayu, purchased the Baby aWearness name, which at the time was a baby wear store.

Price and her husband had originally wanted to open a tea shop – in 2011, they started Island Tea Party LLC. Luckily, the Baby aWearness location also had a cold kitchen, which became the Island Tea Party cafe, making the store unique.

“I wanted to really preserve that resource place for the families because we’re really the only place like this on the Island that is a resource place. ... a full family lifestyle store ... where families can really gather.”

Price and Mayu also own an online store called Mama Goddess Birth Shop, and Price has been working as a doula for the past seven years.

Owning a business was not part of Price’s plan when she came to Hawaii: “It wasn’t like that was our intention. It happened a lot more
naturally.”

But, she confirms, it is a dream for many Japanese nationals to come to Hawaii to start or buy a business. She and her husband also have a media production management and consulting company, and they meet Japanese who want to live in Hawaii, and either work or run a business here. “A lot of times it’s because they really want to have the aloha lifestyle,” she says.

Taking the Leap

According to Christine Kubota, an attorney for the firm Damon Key Leong Kupchak Hastert, the most common type of working visa is the E-2, which allows a foreigner to live and work in the U.S. but requires a substantial investment. For Japanese, she says, this is considered to be an investment greater than $100,000.

An individual doesn’t necessarily have to get a visa before starting the business, she says, but that person’s investment does need to be irrevocably committed. Doing so before applying for a visa shows that the foreigner has already met that requirement.

If Japanese nationals want to run a local business, Kubota says, she helps with everything, from the visas and leases, to hiring and – if needed – estate planning.

Burns says the process for a foreigner buying a business takes at least six months and can last longer than a year, depending on the person’s immigration status. “A lot of times the process

“You can hire the experts for the laws, the accounting and stuff, but you have to understand yourself what you are getting into.”

—Rika Hirata, VP, First Hawaiian Bank
“Liking the place and having to make a living here are two different things. So that’s why a lot of these mom-and-pop shops – they open, they close.”

—Christine Kubota, Attorney. Damon Key Leong Kupchak Hastert

goes along and then some glitch is discovered that nobody thought of until it’s right there in front of them, and detours the process until that can be resolved,” he says.

People working at the Hawaii Small Business Development Center have seen Japanese nationals both buy existing small businesses and start new ones, Burns says.

One advantage to buying a business is that many issues have been worked out and relationships established. However, that approach is not ideal for everyone, especially those who have an idea or product that doesn’t fit into an existing business.

Kubota says many Japanese don’t realize how difficult it is to do business here: “Liking the place and having to make a living here are two different things. So that’s why a lot of these mom-and-pop shops – they open, they close.”

Unfamiliarity with Hawaii’s customer needs provides challenges. One common failing with Japanese entrepreneurs opening a restaurant is they don’t recognize the need for parking, because it’s typically not needed in Japan.

“Their dream is great, but reality kicks in,” Kubota says. “I always tell them, ‘You’ve got to do your homework, you have to be strong and you have to plan it out because it’s not that easy.’ Just because you’re doing business in Paradise doesn’t mean it is Paradise.”

Advice for Newcomers

Burns says, “As welcoming as Hawaii is to people from overseas and, especially from Japan, the differences in language and culture do remain.”

The Hawaii Small Business Development Center has found that using a translator – although the center doesn’t provide that service – makes it easier to communicate, by translating both the language and the culture.

Burns also suggests that Japanese nationals use available resources, include places such as his small-business center, the Honolulu Japanese Chamber of Commerce, the state library system and the local office of the federal Small Business Administration.

Another suggestion is to build a relationship with a local banker. “Even if they don’t want to borrow money, they’re going to need a bank account to process their transactions,” Burns says. “And the banks know how to cater to these people, serve them, they understand the regulations with international banking, currency exchange, withholding, all those kinds of things that would affect someone from another country.”

Ken Niimura, international private banking manager for Bank of Hawaii, recommends that Japanese nationals find a business mentor to provide advice. He says many who come to Hawaii to start a business have failed because of bad timing. “If you come at the right time, then you’re more likely to be successful, but if you come with the right tools at a bad time, then you’ll fail. So the economic conditions are key factors they have to take into account.”

First Hawaiian Bank VP Rika Hirata says some Japanese nationals let a representative run their businesses, someone they rely on to get everything going. Her advice is to understand the business and America’s rules.

“You can hire the experts for the laws, the accounting and stuff, but you have to understand yourself what you are getting into,” she says. “You cannot just leave everything to somebody else and then look from the outside. You have to do it yourself.”