

# Risk & Compliance Journal.

## Crisis of the Week: CEO's Writings Put APA Group in Hot Seat

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This is a weekly commentary by external experts. Japan-based hotel operator APA Group finds itself in a crisis after the company's chief executive included wording in a book provided in the company's hotel rooms that calls "fake" Japan's killing of Chinese civilians in 1937. China says that 300,000 people were killed in the Nanjing Massacre. In the same book, a collection of essays written by CEO Toshio Motoya using a pen name, the executive disputes the use of forced sex workers by the Japanese military, known as "comfort women."



Men walk past an APA Hotel in Tokyo on Jan. 18, 2017. PHOTO: ASSOCIATED PRESS

The company issued a statement on its website saying the views are Mr. Motoya's "original views theoretically induced out of his own fact-findings in and analyses of vast historic materials, truly interpreting historic events without being trapped with 'conventional' theories." The company says it has "no intention to withdraw this book from our guest rooms, no matter how many denunciations may be made about it from whatever viewpoint." APA said in written answers to questions from *The Wall Street Journal* that it hadn't seen any significant response from guests or on bookings from the controversy. The crisis experts weigh in on how well is APA handling this controversy.

**Shannon Wilkinson, chief executive, Reputation Communications:** "APA Group was correct to post an official statement addressing this controversy on its website. That statement provides a detailed response to critics. But its single most important line is, 'Japan constitutionally guarantees freedom of speech and no one-sided pressures could force any assertion made get repealed [sic].' That is the appropriate way for APA to support its stance that it has 'no intention to withdraw this book from our guest rooms, no matter how many denunciations may be made about it from whatever viewpoint.'

"APA has the freedom to decide the value of its freedom to make political statements in regard to its impact on the goodwill of its international clientele—and its bottom line. To APA's credit, it invites readers to 'freely argue the issue' and 'point out wrong or false statement and show another fact, [so] we can seriously study about them.' If APA can succeed in opening a constructive dialogue about these painful issues this crisis may turn positive for the company. Even if that seems unlikely just the attempt may defuse outrage.

"Going forward, APA should prominently link to the official statement from its home page, with versions in English, Chinese and other languages used by its clientele. That will enable everyone interested in APA's point of view to easily access it. And, for the sake of clear messaging, it should check the grammar in all of them."

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Aaron Kwittken, chief executive, Kwittken: “APA Group has showed no empathy for its rapidly growing Chinese customer base, based on its response. The Japanese government stated a ‘large number’ of deaths had occurred during the Nanjing Massacre, so for APA to continue to deny the truth of this massacre and publicly stand behind the book of Chief Executive Toshio Motoya is insensitive.

“APA was guarded in its response by offering email responses. Mr. Motoya [has yet to speak] to the press. That said, it was clear and well-organized with the tactics and direction it chose to pursue. The statement it released on its website, clearly directed at guests (and using poor grammar) feebly attempted to open lines of communication to the public.

“Under normal circumstances, an open dialogue between a company and its customer base is healthy and provides a customer-centric atmosphere around continuous improvement. But APA’s efforts [appear to be] a thinly veiled attempt to tamp down critics. APA, and specifically Mr. Motoya, are firmly grounded in their beliefs. making their overtures [seem] disingenuous and disrespectful.

Lana Gersten, principal, Group Gordon: “It’s hard to dispute this statement is a dizzying mess that blatantly disregards the most basic tenets of crisis management: Don’t be defensive, show contrition when warranted and take meaningful action to fix the problem. Not only does the company dig in against its critics, it takes it a step further by going on the offensive, employing a freedom of speech rationale to dismiss its denouncers as censors. “While offending one’s customers is indeed protected under freedom of speech, framing the debate in this way is plain silly. Any company that upsets its customers by doing something most reasonable people would consider wrong, and then digging in, is only hurting itself.”