Local ventures are creating new communities and local economies in Tohoku

Sessionable
Yosuke Kajiya

Case Studies on Local Ventures
We aspire to sell guitars made in Japan to Southeast Asia. Our first goal is sales of ¥500 million.

Yosuke Kajiya, the top sales representative at a major music instrument store in Ochanomizu and a successful pioneer in creating video content to promote guitars, left Tokyo to start a business in Tohoku. His targets are markets in Southeast Asia.

Producing 150 guitars per month in Onagawa

In February 2016, a new workshop will open on the shopping street in front of Onagawa station in Miyagi. The owner is Yosuke Kajiya (32). Originally from Tanegashima Island, Kajiya was the top sales clerk at a major music instrument store in Ochanomizu, but left Tokyo to start a guitar workshop in Tohoku. “The size of the domestic market for guitars is approximately ¥30 billion. I want to sell here, as well as compete in the booming Southeast Asian markets,” says Kajiya with enthusiasm.

High quality guitars produced with shrine carpenter techniques

How to compete? Kajiya has carefully chosen his tactics. The guitars will be made of light, solid cedar from Sanko using the techniques of carpenters who specialize in creating shrines and temples; namely those of Kesen carpenters, whose techniques have been passed down in the area. “By using shrine carpenter techniques, which use no metal such as nails, the guitars will have a unique look. Differentiation is becoming the key in the world of guitars. I’m thinking of selling the guitars, made of domestic timber and with shrine carpenter techniques, for about ¥100,000 each.” Kajiya, who knows the guitar market thoroughly, looks to the future.

Creating a new job alternative: guitar makers in Tohoku

Kajiya was working in a major music instrument store in Ochanomizu when the disaster occurred. Tapping into his network, he started inviting musicians to Tohoku to encourage those affected by the disaster. Already planning to start his own company after the age of 30, Kajiya shifted his thinking to creating a business that would contribute to Tohoku recovery. “The reality is that one can seldom find a job as a guitar maker after graduating from vocational school. Since I announced publically that I was opening up a workshop, numerous inquiries have come in. I feel there are real opportunities for guitar makers, which did not exist in Onagawa until now, there would be a reason for young people to come to this town. We can also protect traditional regional techniques by passing down the techniques of shrine carpenters.”

Why Onagawa? Social get-togethers become “strategic meetings”

After an introduction to Onagawa through a connection, Kajiya went to talk about his business plan at the Mayor’s office. At Kinko, a local Italian restaurant, the mayor, town office staff, members of the tourism board and chamber of commerce, young business operators, NGO leaders, and others who were involved in rebuilding after the disaster gathered over 110 people. “I was given the chance to explain my business there as well. They all said ‘let’s do it.’ It turned out that the owner of Kinko restaurant had seen my videos, and we got along right away. It made me want to start up in this town.”

I couldn’t do it with such speed had it not been in Onagawa

Kajiya told us about an interesting encounter. “In fact, I hadn’t prepared an official application to open a workshop on the shopping street. Someone said to me ‘Why don’t you open the workshop on the promenade (the shopping street in front of the train station)?’ It was a get-together, and I said ‘Yes, I’ll do it.’ Before I knew it, the biggest space on the promenade had been assigned to me!”laughs Kajiya. People will run around to support those who want to do something. Such human relationships exist in Onagawa where it is easier to bring ideas to reality. Preparation at the workshop has been proceeding steadily, funding from banks has been spent, and staff members hired. The first customer for the company’s first guitar has also been decided. Serial number 1 (the first client) goes to the mayor!”

Kajiya’s Biography

A representative selling 500 guitars every month at a major music instrument store in Ochanomizu before deciding to start his own business, Kajiya started activities to support Tohoku with musical instruments and materials after 3.11. He moved to Tohoku three years after the recovery with guitars. Kajiya currently resides in Onagawa, Miyagi.

About Sessions

Sessions is a team of musicians from Tohoku for the production of homemade guitars. In November 2014, the company began organizing the Shamisen Festival in Miyagi, held in collaboration with the Festival of homemade guitars in Nagano, Japan.

In January 2016, it released a limited-edition guitar, “Sessions Kiyo,” which it has sold at the secretary in Kani Town. The company also produces limited-edition guitars, and teaches visitors to make their own guitars. For more information, visit www..sessions-g.co.jp.

Becoming the town with the highest number of startups in the world

Yoshiaki Suda (Mayor of Onagawa)

Collaboration. That’s what I cherish in my work. Social get-togethers are very important, new things begin from such occasions. At get-togethers, I’m not the mayor. I am there as a citizen, as Yoshiaki Suda. We discuss things such as what the private sector will work on, and what local government will take care of, and so on. Onagawa’s slogan is “The town with the highest number of new startups in the world.” In order to be the destination for startups, we need to have value in an area, as well as value as a receiving party. You can see the challenges of regional areas of Japan will face in the future by looking at disaster-prone areas. We’re the pioneers in facing these challenges. I’d like our town to be seen as the one with possibilities. We are creating new value and possibilities for regional areas as we move on our path into the future. That is our responsibility.”
**Why Tohoku?**

A town that was reduced to nothing. A town that had to start over. A town whose social structure was destroyed. There’s plenty of open space here. There are many challenges, but also many friends. It’s cold in winter, but the discussion can be heated. Outsiders and insiders are mixed together. The damage was large, but we cannot remain like this. We are filled with determination.

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**Examples of startups in Tohoku**

From a town with the highest number of new ventures,

From a town with the highest number of new ventures, a new wave is springing up in Oma, Aomori, including a table tennis under, soap factory, guitar workshop, certified cardboard maker, craft beer shop, dining shop, and more. The artisans are truly diverse. Local housewives, young people returning to their hometown, former global-twitch, MBA graduates, among others.

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**Reviving one of the best fashion streets in the Sanriku area**

Maika Jimbo's main profession is architectural design. She started a restaurant specializing in home cuisine and game meat in a traditional house that is more than 100 years old. At the Spring, Amano-placed to open “Nyon Style,” a lifestyle shop in Ishinomaki.

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**The 1st ROCK CORPS in Asia successfully invited to Fukushima**

Kazuhito Osaki, who used to manage a SOHO business in Tokyo, now runs multiple companies and non-profit NPOs in Soma City. Osaki led the First Rock Corps in Asia for ten consecutive years and attracted 6,000 rockers to Fukushima, including some bands from Japan (where bands normally don’t tour unless they are invited by local bands).

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**Strawberry farming from Tohoku goes to India, the Middle East, and China**

Agricultural production corporation G9A in Yamagata, Miyagi, drives people’s attention with its “regal truffle.” Strawberry “milkshakes” that cost ¥1,000 each. G9A succeeded in standardizing an advanced cultivation technique in France and expanded to India last year. The company is researching the Japanese strawberry market and at the same time creating employment for people in poverty. G9A is currently preparing to expand its business to the Middle East, China, and other parts of Asia.

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**From Debris to Bikinis**

Shiroyamada is an energetic beach, established as the third swimming beach in Japan (the first in Tohoku) in 1984. Three thousand people attended the beach sports and music event called “From Debris to Bikinis,” held for the third time this year. A beachfront cafe opens in April 2019 as the hub for making Shiozakura, the smallest town in Tohoku, the No.1 beach resort in Tohoku.
From Brain Drain to Brain Gain
New Orleans attracts and welcomes talented young people.

Hurricane Katrina hit the southeastern part of the U.S. at the end of August in 2005. It was the worst natural disaster in the history of the U.S., hitting New Orleans, Louisiana in August, 2005. After 10 years, young people are returning and moving in, and the city is being reborn. The city is now known for welcoming talented young people.

The city is great for creating new ideas.

The city took a turn around the 5th year after the hurricane. With the message of “from recovery and rebuilding to renaissance,” the city started actively investing in new ideas. To break away from its dependency on stagnating existing industries, the city researched and analyzed fields with the highest employment potential. After selecting five priority fields, including digital media, healthcare, life science, and environmental industries, space was made in the then-rigid industrial structure to enable young people to try something new.

The ecosystem supporting entrepreneurs is also rich. Propeller, an incubation organization for social entrepreneurs, has attracted applying entrepreneurs in fields such as water resource management, healthcare, and education. There’s also an incubation center with labs specializing in bio-innovation. A movement to support minority entrepreneurs is also starting. There have been many talented people emerging in the last 10 years, but most startups are owned by white people. We’d like to fill the gap,” says Leslie Jacobs, the founder of the New Orleans Startup Fund.

A younger generation is also interested in starting their own businesses. Daniel Nguyen, a Vietnamese-American, was a high school student when Katrina hit the city. After working as an engineer in California and travelling around the U.S., he moved to New Orleans a few years ago to start working in agriculture with poor Vietnamese fishermen. In coastal areas, in a community in which more than 80% of inhabitants don’t speak English, he provides training, funding required for farming, and cultivates sales routes. “This city has very advanced hubs and networks for promoting ideas,” says Daniel.

Business incubation that is engaged in correcting the life expectancy gap in New Orleans by raising $2.1 billion yen to attract the healthcare industry

Broad Community Connections — Refresh Project
Jeffrey Schwartz, originally from New Orleans, earned his M.A. in City Planning in 2008 from MIT. For his Master’s thesis, he researched food access before and after Hurricane Katrina. His research showed that in the Broad Street area, the average life expectancy of residents north and south of the street differed by 20%. Many food stores did not re-open after the hurricane and the poverty-stricken area north of Broad Street became a food desert. Jeffrey raised $2.1 billion, prepared the land, renovated a building, and secured the opening of an experimental low-cost version of Whole Foods Market, a chain known for gourmet organic products. Jeffrey established his work with an integrated approach by partnering with a culinary center that provides cooking classes to promote better health at a local university to provide nutritional support, a job training organization to train those interested in working in restaurants, and venture companies that promote small-scale farming in private gardens.
CREATIVE ACTION IN TOHOKU

Starting in Tohoku social experiments to create new regional communities and economies have begun.

People are coming to Tohoku to create new value. Local people and outsiders are all mixed together. Everywhere, projects are emerging and chemical reactions are happening. This leads to:

- Work to make money in the community.
- Work to support life in the community, and
- Work to assist people trying something new.

We are seeing new types of regional communities and economies.

No one dictates this process.

If there are 1,000 communities, there are 1,000 ways.

Social experiments have already started.

WORK
1. Work supporting people doing something new
2. Work making money
3. Work protecting lifestyle
Work supporting people doing something new

New Orleans after Katrina and Silicon Valley where startups are emerging one after another, have the richness of social capital in common. Relationships exist where people can just call each other for advice. Hubs that connect resources from in and outside of the community nurture such relationships.

**Beloved Executive Director**

Kazuo Nomura, a businessman before 3/11 but became the executive director of the Make Hubs Collaboration Center after being asked by friends. Because of his kind personality and love for the community, Kazuo has immense credibility among NIIs and young people returning or moving to the area.

**Community where young people get together in Iwate**

“Iwate Future Conference” is organized by young people active in the Sanriku coast in Iwate. Core members invited dispatches to Iwate after 3/11. Members got together to share their challenges and passions, and create interaction.

**ETIC’s Action**

In collaboration with Japan Society (New York) and other partners, ETIC has been working on strengthening hubs in Tohoku since 2013.

1. Visits to community hubs in the U.S. (New Orleans, Wilmington, Detroit): thirty leaders in total have participated in the past 3 years.
2. Exchange programs with progressive communities all over Japan (fifty leaders in total have participated in the past 3 years)
3. Funding and supporting business strategy development for 13 pilot projects to strengthen hubs in Tohoku (￥450 million has been provided to seven organizations)
4. Dispatching “Migito” fellows to strengthen the organizational foundation of hubs
Work making money

Where can we find the potential in communities to generate income?

New initiatives to explore overseas expansion, inbound tourism, exchange opportunities, and local resources are starting.

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**CASE STUDY**

Creating a global brand from a hidden beauty in Japan

*Interviews with The Cooke Company Ltd.*

In Japan, the Hidehouse Factory is developing "The Cooke" brand of organic tea, using the traditional process of fermenting leaves with the addition of lime and lemon. The tea is then packed in traditional Japanese tea bags and offered globally.

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**CASE STUDY**

A place of learning where the world comes together. Giving new life to community through learning at a formerly shuttered school

*Interviews with World Vision*

In the town of Ako, Japan, World Vision has repurposed a former school into a community center and learning hub. The facility now offers a variety of programs for local residents, including English classes, computer skills training, and community events.

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**CASE STUDY**

Utilizing technologies and experiences from Tohoku to solve world issues

*Interviews with the Japanese government*

Tohoku, Japan, has a long history of agriculture and fishing. The region is now tapping into its natural resources to create innovative products. For example, a local company has developed a new type of seaweed-based fertilizer.

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**CASE STUDY**

Diving in collaboration with fishermen. Development of a new type of marine sport

*Interviews with various organizations*

In Japan, a new type of marine sport is being developed, combining fishing and tourism. Participants can learn sustainable fishing practices and enjoy the local cuisine.

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**CASE STUDY**

Expanding to 25 cities in Japan - The concept of "Eating Magazine"

*Interviews with various organizations*

The "Eating Magazine" is a new concept that connects local producers and consumers in 25 cities across Japan. The magazine features local food products and promotes the region's agriculture.

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**CASE STUDY**

New locally produced, locally consumed energy

*Interviews with various organizations*

In Japan, there is a growing trend towards local energy production. Local communities are setting up solar panels and wind turbines to produce their own energy.

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**ETIC’s Action**

"Miglude" Fellowship Program to support new business and projects

Through the "Miglude" Fellowship Program, began in June 2011, ETIC has been dispatching Fellows to new programs and projects in Tohoku for a year. A maximum of ¥1.8 million per Fellow is provided. So far, 228 matchings have been made to over 130 projects in 38 cities/towns (as of Feb 2016).

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**HOMETOWN OF THE FELLOWS**

In the 6 years after the Plant, the percentage of Fellows from the three disaster-stricken prefectures increased from 20% in 2012 to 25% in 2017. In the 6 years after the March, the percentage increased from 18% in 2012 to 23% in 2017. In the 6 years after the Nezha, the percentage increased from 14% in 2012 to 18% in 2017. We significantly increased the number of Fellows from these areas in the past two years.
Work protecting lifestyle
The elderly population is more than 35% and depopulation continues.
As tax revenues decrease, it is impossible for the government to support life in the community alone. New businesses and self-governing citizens are starting...

From being supported to supporting others

From Owning to Sharing. A New Model for Autonomy.

New industry for healthy life expectancy.

Connecting young people with psychological issues to primary industries

Creating opportunities to accommodate personal needs

Spreading a model for socially vulnerable people in agriculture from Tohoku to all over Japan

ETIC’s Action

Miglude Fellowship Program Achievements

Since 2016, ETIC has supported small and medium-sized businesses in Tohoku with workshops and meetings to strengthen their vision and strategy. Three to four retreats are also organized each year for the Fellows who work with businesses in Tohoku. Individual business strategy meetings bring mentors with expertise in different fields, such as primary industries, welfare, community development, and marketing—together with local business owners.

Performance of health-related organizations before/after Miglude program

Retention Rate

More than 40% of Fellows remained in Tohoku after the program, whereas 10% of Miglude alumni returned to Tokyo.

# of Fellows who remained in Tohoku %

Induced to work in Tohoku 34%

Pre-COVID 2021 13%

Decrease in Nested 16%

# of Fellows who remained in Tohoku 93%
Regional Innovation Initiatives

- Can Tohoku become a lab for Regional Innovation? -

Society is aging faster than expected. In comparing the Great Hanshin-Awaji Earthquake in 1995 and the Great East Japan Earthquake in 2011, the number of people over 75 years old has doubled, and the number under 18 has decreased by one-third. As social conditions change with population decline and a shrinking economy, involvement by the private sector is becoming increasingly important. Rather than a centrally-led approach, proactive private sector-led approaches are required. As interest in creating shared value (CSV) increases, movements are emerging to contribute to local industrial clusters, to develop business opportunities for inbound tourism, and to create new healthcare industries in the community.

Companies working on challenges:

Making opportunities for visitors from all over Japan and the world to come to Tohoku

The E3K Department, Yahoo’s electronic commerce website, launched an initiative in 2011 to sell Tohoku products and has become a unique space where, for example, fishermen can sell products directly to users. Since 2013, in collaboration with Kanai Shippo Publishing Co., the newspaper company from Miyagi, Yahoo started the "Tour de Tohoku," a cycling event that attracts cyclists from all over Japan. In 2015, 1,800 people participated in the Tour, an economic effect estimated at ¥80 million. Al Yahoo's request to the government, paid homestays in private homes were made possible. Kentaro Kawabe, Vice President and CDO of Yahoo Japan, said: "We are moving forward, and we expect the "Tour de Tohoku" to last for at least 10 years. In 2016, we will explore opportunities to create a way to make the Sanriku Coast a mecca for bike tourism to encourage people to visit on a regular basis."

Challenges are opportunities for people to grow. Next step: a health promotion project.

January Pharmaceutical Co., Ltd has been actively selling employees in Tohoku. Some contributed to increasing production by introducing new technologies to traditional fish farming, while others developed novel food products. In Ishinomaki, a Moslem can eat without worry. Yasunori Kawasaki, Director of PR and CSV, says: "There are plenty of places in Tohoku to practice our mission of being of use to society. Tohoku faces challenges we will face all over Japan in 20-30 years, so we send talented employees who are the future of our company to the region. We think they will grow in Tohoku as a result of the challenges they will learn about and work on." January Pharmaceutical is currently working on a new healthcare promotion project. Fishing towns in Tohoku have been facing challenges due to unhealthy diets, and the need to address health problems. The company is aiming to increase the availability of healthy foods in Tohoku, and is working on developing new food products that are rich in antioxidants and other nutrients.

Companies that have accelerated their investments in Tohoku 5 years after the earthquake and tsunami:

- Mitsubishi Corporation
  Developed "The Tohoku Sea Resort" in Ishinomaki, Miyagi in 2015 and is proceeding with a sixth industry trust fund project. Also involved in training new winegrowers.

- Yahoo Japan
  Promoting bike tourism along the Sanriku Coast and paying homestay around the "Tour de Tohoku" (estimated economic impact: ¥700 million).

- Rohto Pharmaceutical
  Cured a new branch in Sendai in 2015. With its expertise for product planning, it is working to provide employment opportunities for manufacturers in Tohoku.

- Fujifilm
  Aiming for a growing market share in the Tohoku region, with a new sales office established in Sendai in 2015.

- NEC
  Preparing projects in collaboration with government, social welfare associations, and MIs to promote healthy living in fishing areas by contributing to the improvement of diets and foster dependence on medical care.

- Michinoku Partners
  A consortium of companies started in 2012 that has a vision of local community and supporting local entrepreneurship in Tohoku through collaborative efforts.

*This article consists of the content organized in "Regional Innovation Challenge in Tohoku Symposium" in November 2016, organized by Kanai Shippo Publishing Co., Ltd. and the Global Foundation Foundation.
FROM TOHOKU TO THE WORLD
An Ecosystem that constantly poses new challenges From Tohoku to the World

Due to structural challenges, Japan is in a major period of change. There are countless questions that need to be answered. As a result, opportunities are everywhere in the country. What is needed are creative ideas, a curiosity for the future, and the ability to take action. Each person must find his/her own motivation and reason to start. We need to be ready to tackle an overwhelming number of challenges. We will create an ecosystem that can handle an overwhelming number of challenges in Tohoku, in Japan and the rest of the world.

ETIC. IN ACTION

Goals for the next five years:
Create an ecosystem that constantly poses new challenges
Increase the number of local entrepreneurs
Create model local ventures.

To help achieve this, ETIC would like to strengthen collaborations with corporations, municipalities and NPO's who share our goals.

1. ETIC. is innovating the Miguido Fellowship Program.

2. Strengthening “hub functions” to enrich the entrepreneurial ecosystem

3. ETIC. will foster momentum for Local Ventures.

There might be many files of unsolved cases in your everyday life. Should you wish to work on any unsolved cases, please don’t hesitate to contact ETIC.