37) Initiatives aimed at resuming business operations [emergency response phase, recovery phase]

[Issues] (1) How to support the early resumption of business by SMEs.
(2) How to proceed with the restoration of damaged facilities and equipment.

[Situation and issues created by the Great East Japan Earthquake]

The Great East Japan Earthquake dealt a heavy blow to industrial and economic activities, particularly in the Tohoku region. According to the Small and Medium Enterprise Agency, there were approximately 800,000 companies located in the tsunami- and earthquake-affected regions, and the total damage to commerce and industry was estimated at approximately 1,255.8 billion yen in the three Tohoku prefectures.(1) In particular, there was a high concentration of automotive and electronics industry companies in the affected areas, and disruptions to these supply chain links resulted in a record 15.5% month-on-month decline in the national Industrial Production Index in March 2011, and a 3.5% year-on-year decline for the entire year which caused significant disruptions to our country's production activities.(2)

Affected areas faced challenges in resuming business activities as soon as possible, setting up temporary offices, and restoring damaged facilities and equipment. In particular, the rebuilding of SMEs with limited financial resources was an urgent task for the recovery of regional economies.

[Initiatives in the aftermath of the Great East Japan Earthquake]

・Business continuity through emergency response efforts and production outsourcing (Issue 1)

Oil Plant Natori Corporation in Natori City, Miyagi Prefecture had a business continuity plan (BCP)* in place in preparation for emergencies, and was able to minimize their damage by safely shutting down critical equipment at its plant, and directing tanker truck drivers and other drivers to evacuate vehicles to inland locations when the tsunami hit. Since its reprocessing plant was damaged, the company transported waste oil to industry peer companies in Iwate and Yamagata prefectures to continue their refining operations(3) in accordance with their BCP.

Yamani Soy Sauce Co., Ltd. in Rikuzentakata City, Iwate Prefecture, lost its head office and factory in the tsunami, but was able to continue its business through fabless production (a method of running a business in which a company completely outsources production to other companies without operating their own production facilities) using their surviving production recipes and contracting out their production to Sasacho Brewing Co., Ltd. in Hanamaki City under a license agreement.(4)

These events reaffirmed the importance of formulating a BCP in normal times, deciding on ways and means of carrying out business activities — including through production outsourcing — and actively collaborating with other companies in order to minimize damage in an emergency.(1)

・Business continuity support by industry associations (Issue 1)

The All Japan Federation of Printing Industry Associations (AJ-PIA) asked printing machinery manufacturers nationwide to provide maintenance for machines installed in the affected areas, and

asked manufacturers of supplies nationwide to ensure a stable supply of goods and stable prices. AJ-PIA also set up a system where member companies that were able to take on additional work would be referred to affected member companies who faced manufacturing difficulties so that member companies would be able to substitute production for each other.

At the request of AJ-PIA, Kinki Printing Machinery & Equipment Association member companies provided maintenance services for affected business connections to assist in their recovery, and also repaired salt-damaged machinery almost free of charge. As for raw materials, organizations such as the Japan Recovered Paper Association asked its members to prioritize domestic supply, and ensure stable supply and prices.(5)

・Setting up business consultation desks and dispatching business specialists (Issue 1)

In November 2011, Miyagi Prefecture set up the Recovery Consultation Center Regional Office to serve as consultation offices at chambers of commerce and industry, and commerce and industry societies in the coastal areas. By assigning management and financial specialists as earthquake disaster advisors, these Centers provided instructions on how companies can smoothly carry out procedures that were required to resume their business.(6)

The Organization for Small and Medium Enterprises and Regional Innovation, JAPAN (SME Support, JAPAN) set up a Reconstruction Support Advisor System and dispatched SME management consultants and other business specialists to affected SMEs to provide advice on business reconstruction planning, and sales channel development, as well as to local authorities and support agencies to provide advice on reconstruction planning.(7)

・Resumption of business operations through the construction of temporary offices (Issue 1)

In order to help affected companies resume business operations as soon as possible, SME Support, JAPAN built temporary business offices on sites provided by municipalities and leased them to affected companies free of charge via their municipalities.

Many businesses located in Iitate Village, Fukushima Prefecture, were forced to evacuate due to the nuclear accident. The village asked for cooperation from municipalities to where businesses in the village evacuated so that they could continue their activities in places to where they evacuated. In response, Fukushima City, one of places to where the villagers evacuated, developed plans for temporary factories for affected Iitate businesses in the city’s Matsukawa Industrial Park, and this paved the way for SME Support, JAPAN to build temporary factories and other facilities.(8)

・Business resumption support through a network of industry support organizations (Issues 1, 2)

Industry support organizations across the country utilized their regular networks to support the early resumption of business by SMEs and others affected by the disaster. The Japan Chamber of Commerce and Industry (JCCI) implemented their Free Matching Support Project for Idle Machinery as a way to provide idle machinery and other assets in the possession of JCCI members nationwide to SMEs affected by the disaster. Specialists — "machine connoisseurs" — matched idle machinery and other equipment to the needs of affected SMEs, greatly contributing to the early resumption of

their business (Case study 37-1).

In addition, in August 2015, the Public-Private Fukushima Soso-region Revitalization Joint Team run by the national government, Fukushima Prefecture, and private sector was established to assist affected businesses and farmers in Hamadori and other regions of Fukushima Prefecture resume their businesses. The team provides support including individual visits, consultancy support, sales channel development, and the securing of human resources. Based on the amended Act on Special Measures for the Reconstruction and Revitalization of Fukushima promulgated and enforced in May 2017, the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries dispatched officials to the Organization for Fukushima Soso-region Revitalization, the core of this team.

・Support for the restoration of facilities and equipment through group subsidies (Issues 1, 2)

In order to expeditiously recover the economy and employment in affected regions, steps needed to be taken to promote the “revival of industrial vitality," "reconstruction of affected regions," "revitalization of communities," and "preservation of employment" in a multilayered manner for the entire region, and not for the recovery of any one particular business. In order to promote joint projects by groups of businesses, the subsidy for disaster recovery costs for SME associations and other common facilities were introduced (Subsidy Project for the Recovery and Installation of Facilities for Groups of SMEs) in FY2011, under which 3/4 (1/2 by the national government and 1/4 by the prefecture) of the cost of facility restoration and other actions based on the group’s reconstruction project plans taken by a business in a group of SMEs, etc., were to be subsidized. The formulation of reconstruction project plans by groups of affected SMEs were expected to make substantial contributions to the formation of supply chains, and to the regional economy and employment. This led to effective support for the recovery and reconstruction of affected regions.

Minex Co., Ltd. in Kamaishi City, Iwate Prefecture, used the subsidy for disaster recovery costs for SME associations and other common facilities (Subsidy Project for the Recovery and Installation of Facilities for Groups of SMEs) to build fertilizer production facilities, etc., and worked with raw material suppliers, etc., to develop high value-added fertilizers, etc., and established a supply chain to ensure the expeditious and stable supply of fertilizers, thereby contributing to the resumption of agriculture in tsunami affected regions through actions including the supply of fertilizer for salt removal measures. The company has also contributed to stimulating the local fishery industry by developing fertilizers that use unused fishery resources.(9)

[Lessons learned and know-how gained]

(1) Provide support through inter-company collaboration and industry support organizations to help affected companies continue and resume their businesses.

- Formulate a BCP in normal times and make arrangements for emergency response, including the outsourcing of production.
- Establish a support scheme at an early stage, including support from associations and experts, to enable the early resumption of business.
- Promote joint projects run by groups of businesses to enable early recovery of the economy and employment in affected regions.

(2) Provide support for securing sites for temporary factories, and the introduction of equipment.

- If a site for a temporary factory, etc., cannot be secured within a municipality, secure a site outside the municipality through inter-municipal cooperation.
- To restore equipment, make use of industry support organizations' networks and support measures for SME groups.

* Business Continuity Plan (BCP): A plan that defines activities that businesses should carry out during normal times, and the methods and means for ensuring business continuity in the event of a natural disaster, major fire, terrorist attack, or other emergency, for the purpose of enabling the continuation or early recovery of core businesses while minimizing damage to business assets.

Refernces

(1) 中小企業庁「中小企業白書　第２章　東日本大震災の中小企業への影響」(2011 年版)
https://www.chusho.meti.go.jp/pamflet/hakusyo/h23/h23_1/h23_pdf_mokuji.html
(2) 経済産業省「震災に係る地域別鉱工業指数でみる 23 年の鉱工業生産（平成 23 年年間回顧発表)」
https://www.meti.go.jp/statistics/toppage/report/bunseki/pdf/h23/h4a1203j1.pdf
(3) 千葉県「東日本大震災を忘れない！事例から学ぶ BCP（事業継続計画）策定のノウハウ」2020 年２月
https://www.pref.chiba.lg.jp/keishi/keiei/bc-column20141016.html
(4) 復興庁「被災地での 55 の挑戦―企業による復興事業事例集―」2013 年３月 p45-46
https://www.reconstruction.go.jp/topics/post_197.html
(5) 全国中小企業団体中央会「事業継続に取り組む組合事例」
https://www.chuokai.or.jp/kumiai/bcp/bcp_jirei.pdf
(6) 公益財団法人みやぎ産業振興機構・産業復興相談センター　https://www.joho-miyagi.or.jp/rsc-m
(7) 中小企業基盤整備機構「震災復興支援アドバイザー制度」
https://www.smrj.go.jp/reconstruction/eastjapan2011/support/dispatch/index.html
(8) 中小企業基盤整備機構「仮設施設整備事業　整備事例（福島県)」
https://www.smrj.go.jp/doc/reconstruction/002-22.pdf
(9) 復興庁「岩手・宮城・福島の産業復興事例 30　想いを受け継ぐ次代の萌芽」2019 年２月 p78-81
https://www.reconstruction.go.jp/topics/main-cat4/sub-cat4-1/20190215142526.html