

# Budding of the Next Generation of Successors

~8 Years on from the Great East Japan Earthquake~





Examples of Industrial Recovery  
in Iwate, Miyagi, and Fukushima, 2018-2019

# Budding of the Next Generation of Successors

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### [SDGs] Looking to 2030

Japanese companies have also started working on SDGs (Sustainable Development Goals), which are common goals throughout the world. Eight years on from the Great East Japan Earthquake, the road to reconstruction is still continuing, however, there are also many disaster-affected enterprises that are taking their first steps with a view to 10 and 20 years in the future. In this collection of cases, the future goals of each company are introduced in lights of the SDGs.



Executive officer,  
Mr. Yasushi Kotouno (Suenaga Kaisan)



01

Overseas advance / Tourism attraction

## Fisheries processors of Ishinomaki deploying exports under a unified brand

**Hitakaminokuni**

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This group was jointly established in 2013 by five fisheries processors of Ishinomaki (Suenaga Kaisan Co., Ltd., Yamasakousho, Inc., Yamatomi Co., Ltd., Yamagataya Syouten Co., Ltd., and Maruhey-Katsuobushi Co., Ltd.) that suffered damage in the Great East Japan Earthquake. It primarily aims to export marine products such as oysters, seaweed, scallops, and sea squirts caught in oceanwaters off the Sanriku coast.



MIYAGI

## Fisheries processors of Ishinomaki jointly aiming to expand sales channels

The Great East Japan Earthquake imparted huge damage to the fisheries industry of Ishinomaki City in Miyagi Prefecture. Two years later, “Hitakaminokuni” was established by fisheries processors of that city. The group name is derived from the story that the region of Tohoku was once called “Hitakaminokuni” because the sun rose here earlier than in Yamato. The brand exports oysters and other marine products of Sanriku with a view to expanding sales channels.

The brand was initially launched by five companies: Suenaga Kaisan Co., Ltd., Yamasakousho, Inc., Yamatomi Co., Ltd., Yamagataya Syouten Co., Ltd., and Maruhey-Katsuobushi Co., Ltd.

Mr. Yasushi Kotouno, who is an executive officer of the representative company, Suenaga Kaisan, and manager of the group, explains the events that led to establishment as follows: “Formation of the group originated out of our joint participation in reconstruction events that were staged in department stores, etc. in Tokyo area around six months following the Great East Japan Earthquake. Before the disaster, we were rivals, however, during the events, our friendship was deepened and a willingness to cooperate for the sake of reconstruction developed.”

## Road to survival overseas created by difficulties

The trigger that caused the group to shift attention overseas was participation in FOOD EXPO, Hong Kong’s largest general food trade fair, in 2012, before the group was even formed. Suenaga Kaisan Co., Ltd. and Yamasakousho, Inc. exhibited products in this trade fair thanks to introduction by JETRO (Japan External Trade Organization) Sendai. Mr. Kotouno says that visiting the trade fair made him revise his thinking about exporting.

“Before the earthquake, Suenaga Kaisan’s main customers were supermarkets in Japan. We never even considered overseas, but, the sheer vitality of Hong Kong surprised us. We felt that Asia still had lots of room for expansion, and we were confident that we could export products.”

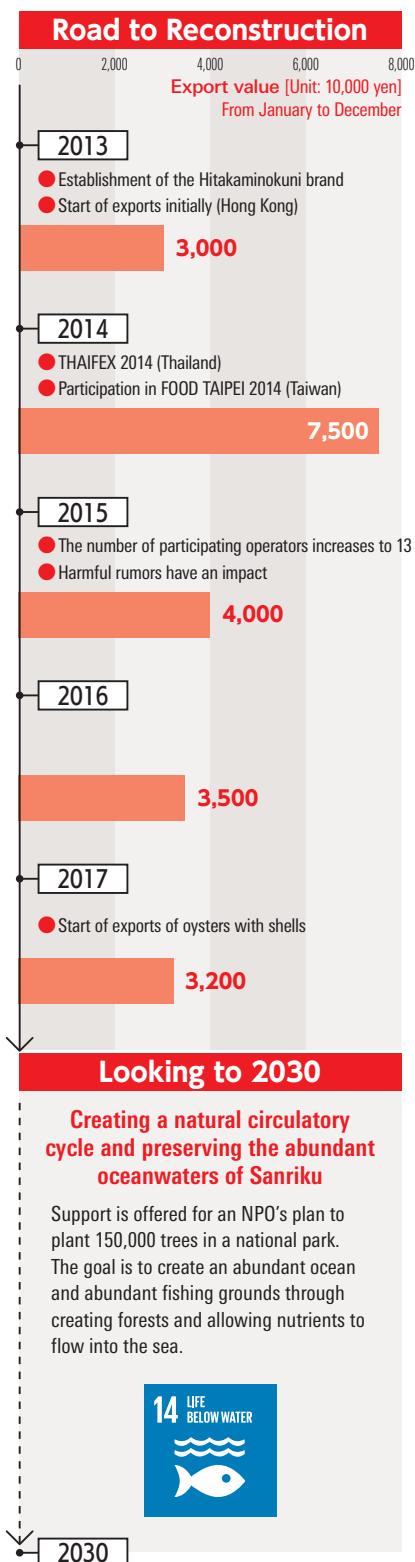
Another background factor was that, due to the Great East Japan Earthquake, production had stagnated and supermarket shelves had come to be filled with the products of rival companies.

“Since supermarket management conditions were becoming harsh due to population decline, we already had a sense of urgency that we could no longer depend only on supermarkets, and must develop new sales channels. However, without any opportunities for change, we had been gradually growing more and more frustrated. You could say that because everything was reset as a result of the disaster, we had no choice but to take on a new challenge.”

## Flexible deployment of products according to customers’ needs

The group commenced exports at an event held in a Hong Kong department store in 2013, however, Mr. Kotouno reflects that “the response was sluggish due to pricing issues and so on”. A turning point arrived one year later.

“Realizing that restaurants were willing to purchase expensive ingredients on an ongoing basis, we subse-



① Head offices and plant of Suenaga Kaisan





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1 Sea squirts, oysters, scallops and so on are handled

2 3 4 Suenaga Kaisan's "Kaki-no-Shioni" (boiled oysters) has received various awards including the Ministry of Agriculture, Forestry and Fisheries Minister's Award at the 26th National Fisheries Processing General Quality Competition

5 Scene from an overseas trade fair

6 Self-written note showing overseas greetings

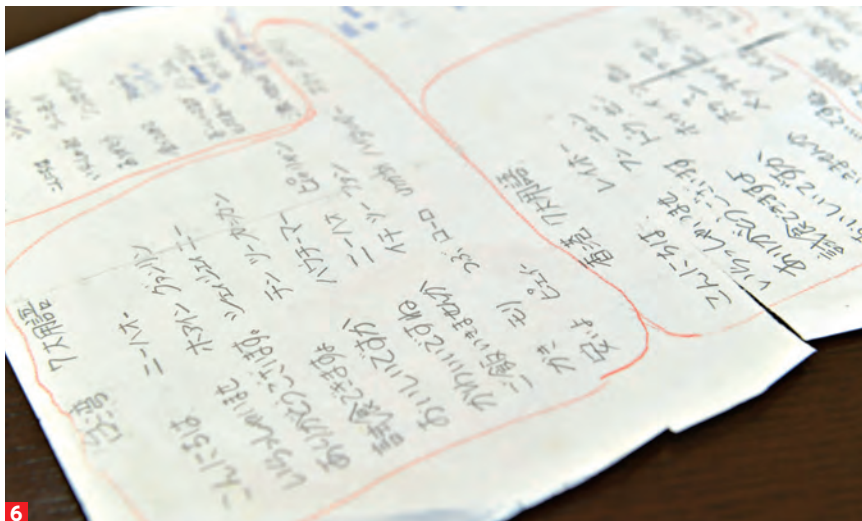
quently devoted our sales energies to restaurants. Highly nutritious marine products caught in the Sanriku ocean-waters were highly regarded by local chefs, while a boom in Japanese cuisine also boosted exports. As a result, in the second year, we succeeded in exporting five tons of processed scallops and later large volumes of oysters."

It wasn't only the quality of products that received support overseas. Trust was built through providing goods that matched with the needs of customers.

"We took various measures: for example, in the case of restaurants, we supplied products without flavoring so that chefs could work on them more easily, while if there were any materials that must not be used in countries of export, we made seasoning using ingredients according to those countries' needs."

Being able to present each company's various products as "Hitakami-nokuni" is also advantageous in terms of marketing. The products handled by the group extend to 30~40 types. Moreover, Suenaga Kaisan has rebuilt its factory through utilizing the "Ishinomaki Fisheries Processing Regeneration Support Project" offered by the local government. As a result of introducing high-performance equipment, hygiene standards have improved, making it possible to produce high-quality products. The group became the first in Japan to receive HACCP certification, signifying the international food hygiene system, for oysters intended for raw consumption, thereby boosting the credibility of its exports.

When exporting, the group utilized the Ministry of Economy, Trade and Industry's "JAPAN Brand Growth Support Project" for three years from 2013 to 2015, and the Reconstruction Agency's Export Expansion Model Project in 2016. The group has expanded business to Hong Kong, Taiwan, Thailand, Singapore, Malaysia, and Vietnam. "Before the earthquake,



none of the companies had overseas sales channels, however, the overall group succeeded in recording sales of 30 million yen in the first year and 75 million yen in the second year. In the third year, since the number of participating companies increased to 13 and fishers also joined, links were established between producers and processors, thereby making it easier to secure shipping quantities”.

### Transcending the language barrier so that customers will say “Delicious”

Although it appears that all has been smooth sailing, the business did not proceed smoothly at the beginning. The first difficulty encountered in conducting exports was “language”.

As Mr. Kotouno says, “As well as on-site negotiations, we need to communicate by email and prepare export documents. It is also necessary to understand each country’s rules. At first, officials of JETRO accompanied us and offered assistance as we gradually expanded sales channels.” Mr. Kotouno says he uses written notes of greetings in each country at in-store food sampling events and on other occasions.

“If we call out in the local language, it pleases the locals and more people drop in. We are happy when such triggers cause people to react by directly telling us that products are delicious.”

Meanwhile, harmful rumors and

misinformation have hindered sales even overseas.

“From around the third year after starting exports, harmful rumors about radiation started spreading in Hong Kong, etc. and caused no little difficulty in our transactions. In addition to this, we must currently overcome problems such as import controls in some countries and regions, securing products for export, and dealing with price fluctuations that arise according to fish catches.”

Still, the group carefully listens to needs and wishes in dialog with local customers and strives daily to respond to them in an ongoing process of trial and error.

### Vitalizing Ishinomaki from fisheries while continuing new challenges

The start of exports has also brought about new relationships. “We heard

from JETRO that somebody was looking for oysters with shells, so we started making frozen oysters with shells, which we had never done before. On talking to fishermen, they said that the shelling area had been damaged by the disaster and they were having difficulty finding a market for oysters with shells. Our goals coincidentally matched, so we started exporting in a joint effort.” Out of this unexpected chance of fortune, the group came to export 50,000 oysters with shells per month.

“By demonstrating a precedent that overseas sales channels can be developed and exports conducted without going through a trading company, more companies followed us, and I think we have been able to contribute to reconstruction of the local economy.” In this way, Mr. Kotouno reflects on his joy that the group’s efforts have become a model case.

The group has contributed to reconstruction of the disaster-affected area in other ways.

“By conducting sound employment and using local marine products to make processed goods, expand sales, and conduct exports, we are contributing to society and reconstruction. Since customers like and purchase the products of each company, it is important for each company to build on efforts to generate sales. By doing so, I believe that the local area can continue to grow.”

#### To succeed in overseas markets

- 1 **Appealing the diversity of Sanriku’s marine products through cooperation by multiple companies**
- 2 **Grasping local dietary culture, trade and market rules, and supplying products by methods suited to each country**
- 3 **Striving to improve product credibility through acquiring HACCP, etc.**





President and Representative Director  
Mr. Tsugihiko Shu (back row, center),  
plant manager Mr. Akira Karino (front row, right),  
and members of staff

02

## Overseas advance / Tourism attraction

# From the total destruction of equipment to resumption of production in 3 months Interaction with locals accelerated through new plant construction **Matsushima Kamaboko Honpo Co., Ltd.**

**Industry type** Manufacturing, Wholesale, Retail  
**Representative** Mr. Nobuo Suda (Chairman and Representative Director),  
Mr. Tsugihiko Shu (President and Representative Director)  
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Tagajo City, Miyagi Prefecture **TEL.** +81 (0)22-369-3329  
**FAX.** +81 (0)22-353-3530 **URL** <http://www.matsukama.jp>

This long-standing manufacturer of kamaboko has been in operation for more than 80 years. Its shops and plants in Miyagi Prefecture suffered great damage in the Great East Japan Earthquake. It now produces kamaboko in a new plant that was constructed in 2016, and sells products in its own shops and at stations and the airport in Miyagi Prefecture. In fiscal 2017, its sales were approximately 720 million yen and it employed roughly 100 employees. It has established a direct sales shop, tour course, and hand-baking corner in its Tagajo plant with a view to conducting exchange with local citizens and tourists.





## Total destruction of equipment at the company plant and damage to its Matsushima shops as a result of the tsunami

Following establishment of the company's predecessor Suda Shoten in 1934, Matsushima Kamaboko Honpo Co., Ltd. has continued to grow in Matsushima Town through pursuing its primary business of manufacturing and selling Sasa Kamaboko. At the end of the 1980s, when more than 5 million tourists visited Matsushima every year thanks to the impact of a "Date Masamune boom", the company operated five shops in Matsushima. Some of these outlets combined restaurants catering to group customers and serving freshly made products.

"That is why the damage caused by the tsunami following the Great East Japan Earthquake was such a blow," reflects the company president and representative director, Mr. Tsugihiko Shu. "The tsunami reached the height of the first floor ceiling of the Shiogama plant (Shiogama City) and, although the building foundations and structure remained intact, the walls were damaged and the production equipment was completely destroyed. Three shops (Matsushima Main Shop, Godaido Shop, and Monzen Shop) and the company offices in Matsushima Town were inundated to a height of 1.5 meters."

Mr. Shu says that the sight of the devastation at the company's shops and offices left him speechless for a time.

"Many products were washed away or covered in mud, and products worth more than 10 million yen were rendered unsellable. However, maybe because the scale of the damage was so great, rather than becoming depressed, I



↑ Tagajo plant, which was newly built after being damaged in the disaster, started operation in June 2016

conversely adopted a "so-what" attitude. I thought, "It's not only our company. This can't be helped." We even provided some products that were still in good condition to evacuation centers as relief supplies."

## Resumption of production 3 months after the disaster Group subsidies also utilized

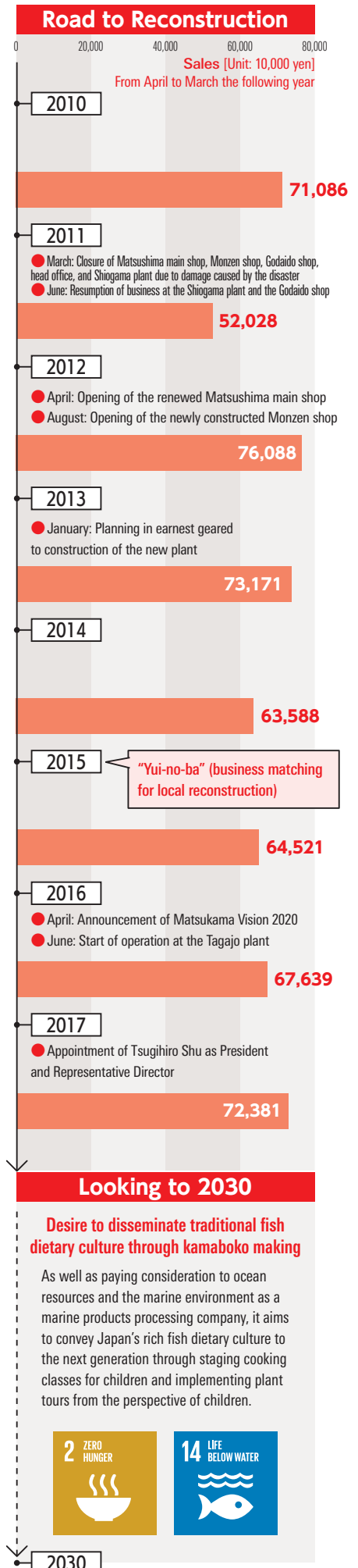
One week after the disaster, the executive officers gathered to discuss the recovery policy. Since production equipment had been totally destroyed, they decided to aim for quick recovery of the Shiogama plant. The then president Mr. Nobuo Suda established the goal of "supplying kamaboko for the midyear gift season". This entailed restarting production in June, just three months after the disaster.

"At that time, we had approximately 110 employees. Due to the difficulty of continuing to pay salaries without any sales, we temporarily released junior employees and part-time workers on condition that we would re-employ them following the resumption of business. Leveraging exceptional employment insurance measures, we allowed them to promptly receive unemployment benefits."

In the first part of the recovery process, 15 regular employees commenced work on removing debris and mud from the shop and plant. "Even though the junior employees and part-time workers were not employed by the company, they brought rice balls and cup noodles and helped out. I was delighted and so grateful to see everybody's kindness."

The clear-up work was more or less finished by the end of April, and then the company moved onto the next step of preparing the interior of the plant and shop. Since it had placed orders for the production equipment at the end of March when the decision to conduct recovery was taken, the plant preparations were completed in time for June.

"We were greatly helped financially





- 1 2** Employees working on packaging in a hygiene-managed room
- 3** Direct sales shop combined with the plant. It bustles with local residents and group visitors at weekends
- 4** Kamaboko hand-baking corner
- 5** Tour corner with emphasis on easy understanding for children. The interior decorations were almost entirely prepared by the employees
- 6** Mr. Shu: "We want to be a company that is popular in the local community"

by the fact that we could utilize the group subsidies, which subsidized three-quarters of the facilities recovery costs."

On June 10, they resumed production at the Shiogama plant and sales at the Godaido shop according to their original target. Recovery of the Matsushima main shop and Monzen shop, which were combined with cafes and also started handling craftworks made in the prefecture, was completed in 2012.

### Construction of a new plant at Tagajo City, also contributing to local employment

After completing the first stage of the recovery process, Matsushima Kamaboko Honpo next turned its attention to construction of a new plant. Since land at its Shiogama plant had subsided in the earthquake, the company needed to search for a new site with a view to improving safety and production efficiency.

"In the first year, we searched for candidate sites in Matsushima Town, however, we couldn't find anywhere suitable. Just then, we discovered in Miyagi Prefecture's industrial location catalog that a new industrial estate was

being planned in Tagajo City."

They immediately held discussions in the company and decided to construct the new plant in Tagajo City. There were three main reasons behind this decision.

"First, we were sympathetic to the "Disaster Risk Reduction City Strategy" that was compiled by Tagajo City in 2013. Second, it was a good location close to shops in Matsushima, Sendai Station, and Sendai Airport. And third, in return for signing a location agreement that entailed supplying food in the event of disasters, the city offered attractive conditions in terms of the land rent and so on."

In June 2016, operation of the new plant was started at "San Mirai Tagajo Reconstruction Estate" – Tagajo City's hub of tsunami reconstruction that had been developed by the municipal government (Shiogama plant was closed).

Today, the Tagajo plant produces approximately 20,000 pieces of kamaboko per day and is increasing production in line with increasing sales.

"Tagajo plant employs roughly 40 employees in the manufacturing and packaging departments, and the figure rises to approximately 50 when clerical workers are included. Since we also utilized the "Subsidy to business invest-

ment for employment creation in the tsunami and nuclear disaster-affected areas," we newly recruited 11 people from the local community to meet the requirements for application."

### Positive interaction initiatives with local citizens at the new plant

The company aims to promote contact with the local community at the new plant.

"In addition to also having a direct sales shop, we provided a space where people can try hand-baking Sasa Kamaboko and established a short plant tour course. Local residents and students from nearby high schools often come to the direct sales shop. Sales at the direct sales shop in the second year increased around 50% over the first year, and we feel that it is popular among the local people."

The company also actively stages events aimed at vitalizing interaction with the locals. Among its diverse activities, since 2016, it has staged the annual Matsukama Plant Festival, which includes a stall selling Sasa Kamaboko and a simple hands-on corner; and it also operates stalls at local festivals and stages cooking





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classes using fish paste for children.

"Many of the children who have enjoyed the cooking classes come to the plant with their families, saying "we want to take part because the kamaboko was delicious". We eventually want to hold cooking classes for adults too."

### Wanting to widely advertise fish dietary culture from Matsushima and Tagajo

In April 2016, two months before operations were started at Tagajo plant, Matsushima Kamaboko Honpo announced "Matsukama Vision 2020", in which it stated its intention to establish the "Matsukama" brand upon reaffirming the importance of Matsushima as its central hub. In compiling the vision, cooperation was received from Professor Masahiko Munechika (Faculty of Science and Engineering, Waseda University), who had worked for many years on joint research of management systems, etc., and his seminar students.

In describing the significance of the vision, Mr. Shu says, "Whenever we faced indecision over marketing strategy or product development, we were able to base decisions on this vision." Under the vision, the company aims to disseminate the custom of fish dietary

culture.

"As our company makes kamaboko, we want many people to eat more fish and seafood. We think it is especially important to convey our message to children, so we have prepared explanatory descriptions for our plant tour from the viewpoint of children and designed interior furnishings and created a character based on the kamaboko motif with a view to engendering greater affinity for the products. Maybe thanks to these efforts, many elementary schools from Tagajo and other parts are coming to observe the plant." The company also continues to display ingenuity in the area of product development.

"We are devoting our energy not

only to goods with a strong souvenir feel, but also regular food products. The frozen tuna cutlets that we commercialized in 2018 have been adopted by Co-op in its door-to-door delivery business and been included in cafeteria menus on bases of the Japan Self-Defense Force."

Matsushima Kamaboko Honpo quickly recovered from the total destruction of its production equipment and even succeeded in constructing a new plant thanks to rapid decision-making and the honest efforts of its employees. As a community-based corporation in the two areas of Matsushima and Tagajo, it will continue to make contributions to the dissemination of fish dietary culture through kamaboko.

#### To advertise community-based features

- 1 It combined the new plant with a direct sales shop and tour course to aim for a plant that is liked by the community
- 2 It actively stages events in an effort to disseminate fish dietary culture that includes kamaboko
- 3 Preparing "Matsukama Vision 2020" and launching a community-based corporate brand



President, Mr. Hideharu Ohta, standing before numerous prizes and awards



03

Overseas advance / Tourism attraction

## Tradition and innovation. Realizing ideal sake brewing and acceleration of reconstruction based on a multifaceted approach

**Daishichi Sake Brewery Co., Ltd.**

Daishichi Sake Brewery was established in 1752 in Nihonmatsu City, which is blessed with abundant clear waters amidst beautiful nature in the foothills of Mt. Adatara. It has single-mindedly devoted itself to producing sake through the kimoto method, which is the most orthodox and traditional approach to brewing Japanese sake. Its sake is highly regarded inside and outside of Japan, as evidenced by the fact that it was selected for use at the succession ceremony of Emperor Showa and the official banquet at the Hokkaido Toyako Summit and has been served at banquets held by the reigning family of Holland and so on.

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**URL** <https://english.daishichi.com>





## Conveying the inherent appeal of Japanese sake while inheriting traditional sake brewing techniques

Based in Nihonmatsu City, Daishichi Sake Brewery was founded in 1752 and is one of Tohoku's finest long-standing sake breweries. In the midst of a shrinking market for Japanese sake, it has adhered to the most orthodox and traditional kimoto style of brewing. Japanese sake is now displaying an upsurge in international popularity, however, the brewery has advertised its brewed sake's characteristic compatibility with various types of cuisine to overseas since the 1990s, when it was practically unknown. It has received numerous awards overseas, and "DAISHICHI" has come to be regarded as a famous brand among experts and chefs in the West.

Daishichi Sake Brewery was confronted with the Great East Japan Earthquake and the accident at Fukushima Daiichi Nuclear Power Plant just as it was embarking on a new page in its history having completed new company premises, brewery, etc. that it had worked on over a decade to mark its 250th anniversary.

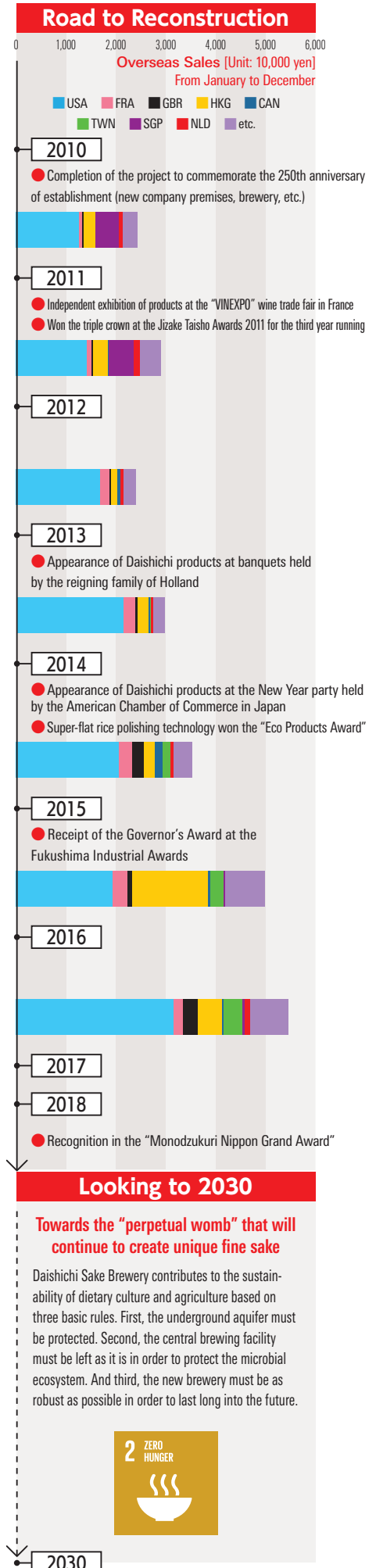
## Sharing risk factors, the company had taken countermeasures from before the earthquake

Mr. Hideharu Ohta, who was appointed as the company's tenth generation owner (President) in 1997, describes that time: "Fortunately, the earthquake didn't cause any major damage to our employees or company buildings. Most of the products on the line during bottling were damaged, however, we were lucky that all of the merchandise inside the storage tanks or in storage after bottling escaped unharmed." This is true when one considers that the company's sake brewed by the kimoto method is, like wine, characterized by taste and flavor that mature and de-

velop over time, and sake is shipped onto the market a few years or even ten years after the preparation and storage processes. There is no guarantee that accidents will not occur during this period.

"Brewed sake is a living organism, and the brewery owners who went before me overcame various difficulties in ensuring the brewery's survival. For example, when this entire area was devastated following defeat in the Boshin War and the fifth generation brewery owner died at an early age, the remaining family members faced a terrible struggle to preserve the family business. Based on such experiences of successive generations, all employees came to share the risk that "the longer products are stored, the greater the probability of suffering damage in a disaster". In fall every year, we conduct disaster prevention drills mainly under the initiative of employees who belong to the local fire brigade. Also, in 2010, when there was a succession of large earthquakes in Japan, we used an earthquake simulation vehicle to experience and learn about the actual tremors and foreseeable damage caused by an earthquake. By wrapping bottled products in plastic wrap and increasing the number of legs of storage tanks so that they can withstand tremors in all directions and so on, we implemented countermeasures." (Mr. Ohta)

Immediately following the earthquake, the communications infrastructure, etc. was disrupted and various unexpected situations arose. Even so, there was no major disturbance to line operations, and employees were able to autonomously check on safety and appropriately respond to conditions on the ground in the respective departments. There is no doubt that the lessons gained in the earthquake simulation vehicle the previous year helped make such prompt responses possible. Mr. Ohta says that he personally was able to focus on top management duties such as gathering information and contacting business partners.



## Immediate implementation and disclosure to the world of emergency response and permanent countermeasures

Although Daishichi Sake Brewery had taken all possible measures to prepare for earthquake, it subsequently was confronted with the unexpected incident at Fukushima Daiichi Nuclear Power Plant.

In order to make delicious Japanese sake, it is essential to have high-quality water, rice, and also the brewery's own microbial ecosystem that imparts depth and uniqueness to the sake. If the brewing environment changes, the microbial ecosystem also changes, making it impossible to replicate the taste and flavor even if the same raw materials are used.

Mr. Ohta describes the pressure he felt at that time: "That is why, when we built the new brewery, we tried to preserve the conventional environment by introducing the wood siding walls from the old brewery. At the same time, to maintain the long-term stability and reliability of quality, we introduced the first anaerobic filling system in Japan, however, there was a risk that all would be rendered useless, and to be honest we were preparing for the worst."

However, immediately after news of the accident broke, the chief brewer took the initiative in immediately stopping the air conditioning system and ventilating fans, and sealing windows and ventilation ducts on the same day to stop outside air from coming in. Also, the company took thorough emergency and permanent measures by ordering high-performance filters, air curtains, food radiation monitoring devices, etc. Furthermore, it announced details of these countermeasures together with radiation detection data on its homepage to appeal safety both inside and outside of Japan.

"At the time, fellow operators were saying, 'It's better to let sleeping dogs lie and not fecklessly disclose any information', however, we shared the same concern over radioactive contamination. I think the fact that we shared our con-



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1 The Daishichi lineup that is also highly regarded overseas. The labels, bottles, etc. were designed by the president Mr. Ohta 2 Takene-dori Street, on which the new Daishichi Sake Brewery building is located, has an attractive landscape that has received an award of excellence at the Urban Landscape Award, the Planning Design Award at City Planning Institute of Japan Award and so on 3 Wooden buckets that stand more than 2 meters high and date back to the Taisho Era (in the Kioke Jikomi Brewery) 4 In the "motosuri" (initial kneading) process that is unique to the "kimoto" method, steamed rice and malted rice are painstakingly mashed 5 Master Brewer, Mr. Takanobu Sato, who was selected as a "Contemporary Master Craftsman" — an award of the Minister of Health, Labour and Welfare, in 2016



cerns with customers and put all our efforts into taking steps to ensure our peace of mind helped minimize subsequent harmful rumors or misinformation. We also experienced a temporary downturn in sales, however, I believe that we were able to limit damage to a minimum by honestly displaying data, etc. When we resumed business roughly three weeks later, there was an unprecedented rush of orders and encouragement and we keenly felt gratitude for our customers' thoughtfulness and the depth of our links." (Mr. Ohta)

### Conveying the background of products to overseas with emphasis on branding

Concern over damage arising from harmful rumors or misinformation was more pronounced in the international market than the domestic market, however, Daishichi Sake Brewery's products have subsequently displayed steady growth except in Asia. Immediately following the disaster, in 2011, the brewery independently exhibited products at the "VINEXPO" wine trade fair held in Bordeaux, France, and it took various other opportunities to carefully explain the appeal of and ways to enjoy Japanese sake, products and conditions in the disaster-affected area. Thanks also to the credibility it had built before then, the DAISHICHI brand did not waver.

As Mr. Ohta explains, "In the first year following the disaster, our message mainly centered on appealing safety; moreover, although we were solely concerned with eliminating concerns, through coming into contact with overseas winery owners, first-rate chefs, and numerous customers who participated in exhibitions, we keenly realized that people overseas were interested not only in our products but also various other factors such as our background philosophy and culture. More than the Japanese market, we focused on conveying the inherent appeal of Japanese sake and branding the unique flavor made possible by the kimoto method."

### Pursuing further "heights" through adherence to monodzukuri

Seven years have now passed since the disaster, and the number of breweries in Fukushima Prefecture that are winning awards at competitive shows is increasing. Recently, brewery tourism, where tourists enjoy local sake and cuisine as well as their background townscapes and natural surroundings, is becoming increasingly popular.

Mr. Ohta touches on the role, etc. to be played by local enterprises in reconstruction and says, "With the increase in inbound demand, it is important for local breweries, stores, tourism associations, etc. to cooperate in providing "Fukushima hospitality" and add value through new attractive experiences. Overseas sake aficionados who want to observe our brewery have also been increasing in recent years." The company is engaged in activities geared to vitalizing the local community: for example, it sponsors the annual Nihonmatsu lantern festival and, together with Koyasan Sanboin Religious Corporation, stages a concert to support reconstruction from the Great East Japan Earthquake. At the same time, it doesn't forget its uncompromising adherence to monodzukuri.

"We are delighted to see that ginjo sake is once more starting to attract attention in Japan, however, it seems that a pyramid has developed in no time with ginjo sake at the summit. There is

a unidirectional trend whereby everybody thinks that "ginjo-style" sake is high-class, however, one of the attractions of Japanese sake is the ability to enjoy diverse uniqueness. I hope that Daishichi Sake Brewery will continue to adhere to kimoto brewing, which is technically challenging and requires a long time to brew, and aim to attain further heights through imparting added value that nobody else can copy."

The symbolic example of this is sake brewing using super-flat rice, which Daishichi developed in order to fully elicit the latent potential of the rice raw materials. Moreover, it conducted ambitious activities including sale of limited-edition products at the official shop of TOKYO SKYTREE and development of a new genre of sparkling umeshu (plum wine) targeting women. Also, it won the triple crown at the Jizake Taisho Awards for three years running from 2009. In 2018, company president Mr. Ohta received the Minister of Economy, Trade, and Industry Award at the Seventh Monodzukuri Nippon Grand Award in recognition of the company's development of high-class sake by the traditional kimoto method, introduction of innovative technologies, and proactive overseas deployment. The challenge of aiming for ideal sake making and the acceleration of reconstruction through a multifaceted approach based on the keywords of tradition and innovation will surely continue to be passed onto future generations of Daishichi Sake Brewery.

#### To succeed in overseas markets

- 1 **Creating inimitable added value while preserving tradition**
- 2 **Sharing customers' concerns and promptly disclosing accurate information**
- 3 **Conveying not only products but also the background philosophy and culture**



Mr. Koichi Seino, production manager  
at the Fukushima plant

04

Locating company and plant in the disaster-affected area / Regeneration in the disaster-affected area

## Advance after being charmed by the village's nature Aiming for a future “Knitting village”

### Kinsen Knit

**Industry type** Manufacturing  
**Representative** Mr. Hideichi Kaneoka (President)  
**Address** Head office: 30-1 Inari, Kunimasacho, Okazaki City, Aichi Prefecture  
**Fukushima plant:** 84-6 Nogawa gunodaira, Katsurao Village, Futaba-gun, Fukushima Prefecture  
**TEL.** +81 (0)240-23-7771 (Fukushima plant)  
**FAX.** +81 (0)240-23-7772 (Fukushima plant)

Established in 1973 with head office in Okazaki City, Aichi Prefecture, this company manufactures and sells knitwear. Leveraging its strong points of materials development linked to spinning and processing and development of original thread, it is expanding its share inside and outside of Japan. It is also working on an OEM basis for European brands. In June 2018, it constructed a new plant in Katsurao Village, Fukushima Prefecture with the intention of establishing a base for strengthening its production capacity of knitwear products. As well as supporting reconstruction in Katsurao Village, it aims to supply high-quality products.





## The desire to contribute to his hometown motivated his decision to join the company

Kinsen Knit is expanding its share not only in Japan but also in Europe and other overseas markets through manufacture of high-quality knitwear. Mr. Koichi Seino, production manager at the Fukushima plant, which was just opened in June 2018, says he decided to join Kinsen Knit after he was consulted about building the new plant by Mr. Hideichi Kaneoka, the CEO of Kinsen Knit.

"Since I originally come from Fukushima City in Fukushima Prefecture, it wasn't an entirely strange location, however, to be honest I did have some doubts and anxiety. That's because I knew about the conditions in Katsurao Village following the Great East Japan Earthquake."

In June 2016, when the decision was made to build the new plant in Katsurao Village, the order to evacuate the village due to the effects of the accident at Fukushima Daiichi Nuclear Power Plant had only just been lifted. The decisive factor behind his decision to move to Katsurao Village and lead the Fukushima plant in such conditions was his ambition for his home prefecture of Fukushima.

"I wanted to contribute to Fukushima as much as I could. Ever since the Great East Japan Earthquake, that feeling had resided in my heart somewhere. I decided to take the job of production manager at the Fukushima plant because I felt that its launch would be a major opportunity for me."

## Drawn by rich nature, the decision was made to build a plant

It was Mr. Kaneoka who recruited Mr. Seino as production manager at the Fukushima plant. Originally, Mr. Kaneoka "wanted a new plant that could become a base for Kinsen Knit by performing integrated activities from

manufacture through to shipping". Around this time, he learned about the "System for subsidies for the location of businesses for creating employment for supporting the self-reliance and return of disaster victims", which entails supporting enterprises advancing into Fukushima Prefecture with the objective of supporting reconstruction, and immediately decided to apply for it.

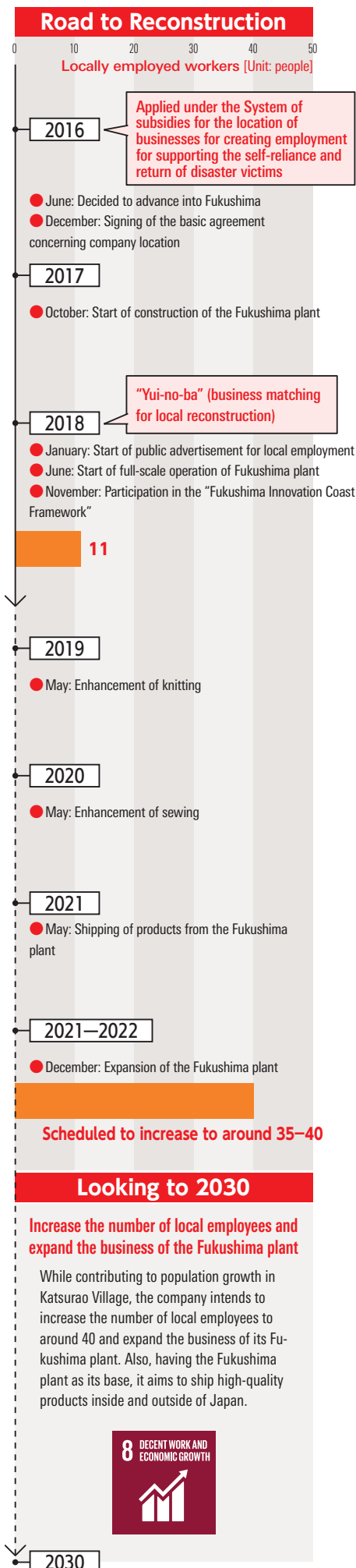
"Wanting to help the disaster-affected area as much as I could, I strongly sympathized with this system, which was intended to attain reconstruction from the Great East Japan Earthquake. When I imagined Kinsen Knit entering the disaster-affected area and vitalizing the local community through monodzukuri in the future, I had no hesitation." (Mr. Kaneoka)

When the company was selected under the System for subsidies for the location of businesses for creating employment for supporting the self-reliance and return of disaster victims in 2016, its financial prospects were settled, however, the plant location was the question. Mr. Kaneoka himself gathered information on municipalities in Fukushima Prefecture and selected four candidate locations. He made the decision to establish the plant in Katsurao Village after visiting all four municipalities for himself.

"I was just charmed by the abundant natural surroundings of Katsurao Village. The air was clean and the water was clear. Since it is tranquil and has no noise, employees can work in peace. I was convinced that we could create high-quality products in such an environment. Officials at the village office also gave us kind advice. There were not many people around, however, I



① Exterior view of the Fukushima plant





was also attracted to the personality of the residents of Katsurao Village that I did meet, so I made my decision almost instantly.” (Mr. Kaneoka)

### **Wanting to provide a place to work for people returning to Katsurao Village**

With Mr. Seino and Mr. Kaneoka having similar sentiments concerning reconstruction, Kinsen Knit’s Fukushima plant commenced operation. To coincide with the launch, the company introduced 40 knitting machines to improve the knitting process, which is the core of knitwear manufacture. Each item of knitted wear undergoes manual repair of frayed hems, sleeves and so on by employees. This repair technique is passed on from veteran employees to new recruits through attentive guidance, however, according to Mr. Seino, the recruitment of such employees has been the most challenging issue.

“Six months has passed since the plant started operation in June 2018, and currently the Fukushima plant has 14 employees, comprising eight from Futaba county including Katsurao Village, three from Fukushima Prefecture apart from Futaba, two from Okazaki City in Aichi Prefecture, and

one from Tokyo. In order to conduct all processes from knitwear manufacture to shipping at the Fukushima plant, we aim to increase the workforce to around 35~40 in a few years. However, the reality is harsh. People who lived in Katsurao Village before the Great East Japan Earthquake have not returned following evacuation, and the number of local applicants is still small. Since we established the plant with the desire to provide employment opportunities for people returning to the village, we want as many people as possible to return.”

Mr. Seino is conducting repeated trial and error geared to increasing the number of local employees, for example, participating in job interview events, focusing efforts on online recruitment and so on. Thanks to such efforts, the number of applicants is gradually increasing, however, when it comes to actually joining the company, the unique problems faced by Katsurao Village have often been a bottleneck.

“Since the trains and buses here run only several times a day, employees almost invariably have to commute to work by car. Some employees take longer than one hour to commute one way. Since the roads become snowy and frozen during winter, many people

shy away from joining the company because they are deterred by the burden of driving. To overcome this situation, Katsurao Village aims to enhance the industrial estate by constructing new apartment buildings. If more places can be built close by, we hope that more people will want to join the company.” (Mr. Seino)

### **Kinsen Knit’s recruitment activities are also PR activities for Katsurao Village**

Mr. Seino, who says “we want to actively do whatever we can”, is especially focusing efforts on PR activities for Kinsen Knit and Katsurao Village.

“As much as possible, we try to participate in PR opportunities and plans, for example, we sell Kinsen knit products at “Azeria” - the Katsurao Village Reconstruction and Exchange Hall. Our participation in the Fukushima Innovation Coast Framework, which aims to build a new industrial base, is also for public relations. To increase the number of recruits, we first want people to know about Kinsen Knit. Then, through learning about Kinsen Knit, we want them to have deeper understanding of Katsurao Village. Through conducting recruitment activities for Kinsen





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- 1 High-quality knitwear products that are also exported to Europe
- 2 3 All fray correction and finishing work is conducted manually
- 4 Knitting machines at the heart of knitwear manufacture
- 5 Fukushima Innovation Coast Framework that the company has participated in since November 2018
- 6 Mr. Seino – “We want to deliver knitwear from Katsurao Village to the world”
- 7 Mr. Kaneoka at the Tokyo office – “We want to materialize our dreams to show our gratitude”

Knit, one of our goals is to also advertise Katsurao Village itself.”

Furthermore, the company is visiting and conducting recruitment activities at local universities, technical colleges, and senior high schools with a view to also employing young people who will lead the future age.

“In order to ensure that villagers including the younger generation can return to the village, it is necessary to create an environment where they can live with peace of mind. To undertake this role, there are still many things we can do, for example, promoting local employment and so on. We want to become the driving force that vitalizes Katsurao Village.” (Mr. Seino)

### Continuing to challenge for dreams to show our immense gratitude

Having established the Fukushima plant with the goals of integrating manufacturing processes and supporting the reconstruction effort, Mr. Kaneoka has developed new ideas as he has deepened his understanding of Katsurao Village.

“Katsurao Village didn’t have any conspicuous or well-known industry before. Therefore, we want to make the

knitwear produced by Kinsen Knit into the local specialty of Katsurao Village. We have a dream whereby the knitwear products made together with the people of Katsurao Village, having recovered from the Great East Japan Earthquake, come to be sold at famous department stores in Japan and boutiques all over the world. If that dream can materialize, Katsurao Village will surely be vitalized even more. Turning Katsurao Village into a “knitting village” is our new target.” (Mr. Kaneoka)

Mr. Kaneoka’s vision for the future of Kinsen Knit is packed full of dreams, for example, constructing an original brand, conducting sales via the web-site, developing new products in collaboration with different industries, and

so on.

“Our encounter with Katsurao Village may have been coincidental, however, it is also a certain kind of fate. We have to demonstrate our gratitude, first to the people of Katsurao Village for having welcomed us so openly, and for being selected under the System for subsidies for the location of businesses for creating employment for supporting the self-reliance and return of disaster victims. It is the duty of Kinsen Knit Fukushima plant to materialize dreams that will benefit Katsurao Village.” (Mr. Kaneoka)

Aiming for the day when grand dreams born in abundant natural surroundings become reality, Kinsen Knit’s challenge has only just begun.

### Conclusive factors of expanding business to the disaster-affected area

- 1 We needed a hub plant that could conduct integrated manufacture to shipping
- 2 The abundant nature of Katsurao Village was ideal for producing high-quality knitwear
- 3 We wanted to bring forth a new industry and contribute to the local reconstruction

This operator was covered in 2013 and included among the cases of industrial reconstruction introduced in the fiscal 2013 issue. It has been covered once again to report on its subsequent progress.

#### [Outline of past article]

Having lost existing customers due to the effects of the Great East Japan Earthquake, the company reviewed and narrowed down its businesses. Deciding to compete through high quality rather than price competition, it reduced shipments to the restaurant industry and so on and focused efforts on its proprietary mail order brand “Sanriku Onoya”. While utilizing external enterprises to conduct advertising, data management, logistics and so on, it succeeded in increasing its customers.



President Mr. Akio Ono (left), and call center leader, Mr. Nobuaki Suzuki

05

## Overseas advance / Tourism attraction

# Strategy of boldly reviewing business and utilizing company brand strengths

## Ono Foods Co., Ltd.

Industry type	Manufacturing
Representative	Mr. Akio Ono (President)
Address	4-24-7 Ryoishicho, Kamaishi City, Iwate Prefecture
TEL.	+81 (0)193-23-4675
FAX.	+81 (0)193-23-6332
URL	<a href="http://www.onofoods.com">http://www.onofoods.com</a>

Established in 1988, this is a representative fisheries processing operator of Kamaishi City. Targeting markets for general consumers (mail order, wholesale and direct sales), prepared meals for hospitals, facilities and schools, and the restaurant industry, it manufactures and sells frozen fried fish and boiled fish and retort pouch foods. Following the Great East Japan Earthquake, it has rapidly increased sales under its proprietary mail order brand “Sanriku Onoya”.

### Fine-tuned customer services and new products that leverage know-how

Ono Foods Co., Ltd., which is based in Kamaishi City, manufactures and sells prepared frozen foods. Its proprietary mail order brand “Sanriku Onoya”, which it started devoting more energy to in the wake of the Great East Japan

Earthquake, has steadily increased customers. When the company was previously covered in 2013, the number of “Sanriku Onoya” customers had expanded to 17,000, approximately 1.5 times more than when the business started, and further growth was being sought.

The number of customers subsequently continued to grow at a rapid

pace and had exceeded 40,000 as of November 2018. The company has succeeded in increasing the number of types and frequency of advertisements including ads in nationwide newspapers and TV commercials, and the “Sanriku Onoya” brand has become the mainstay of the company’s business, accounting for more than 70% of its overall sales.



According to the President Akio Ono, a major factor behind the increase of customers following solidification of the business base has been “due to a marketing strategy based on the customers’ viewpoint”.

“We have tried to develop new goods that reflect the opinions of the customers. We enclose postcards with our products so that customers can respond, and we read all of the opinions that customers send in. Of course, there are some scathing opinions, but there are no better hints than these when it comes to developing products. We always give replies and strive to deepen our relations with customers.”

Mr. Ono also says that Ono Food’s strength of having diverse clients is leveraged in the company’s mail order business.

“Another pillar of our business is providing meals for nursing care facilities and schools. Since our mail order sales also mainly target persons in the 60s and 70s age bracket, we hear opinions about the kinds of flavoring people like or along the lines of “I want to eat that fish in this kind of cuisine” and so on, and we can leverage such opinions and knowledge acquired in this field. By utilizing this information, we can respond to various needs. Looking forward, we intend to widen our targets and develop products aimed at young, single men and at women in the 40s~50s age bracket who are conducting nursing care.”

With the company starting operation of a new plant in Otsuchi Town in 2016, it looks capable of responding to further expansion of customers.

### Thorough “visualization of work” and stringent control of quality assurance

The company has also realized major improvement in the sharing of “employees’ “tacit knowledge (wisdom and secret know-how)”, which was cited as an issue in the reportage conducted in 2013.

“We have thoroughly enforced ‘work visualization’. We have distributed detailed materials on work processes to all employees involved in work, including overseas employees. This enables all employees to have solid understanding of behavioral caution points and product features and work with the same awareness. Also, we boosted staff numbers in the quality control department, which conducted inspections of microorganisms and raw materials, and renamed it as the quality assurance department. In addition to quality control, we implement patrols by responsible personnel and build systems to ensure that even new recruits can turn out the same quality in manufacturing.”

### Future goals are to respond to diverse needs and advance overseas

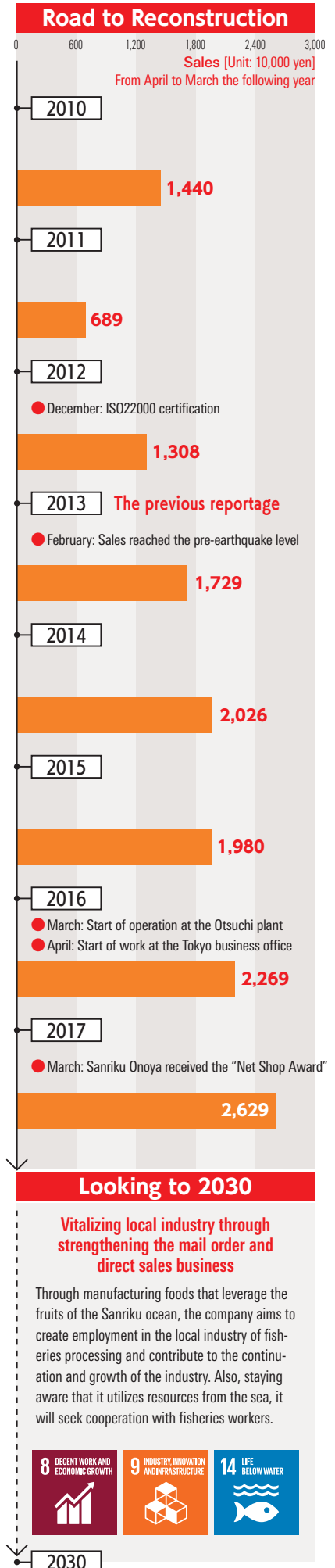
In April 2016, the company established a sales office in Tokyo and aims to achieve further business expansion.

“Through the mail order business, we want to introduce marine products of Sanriku not only to all over Japan, but also to Asian markets such as Singapore and Hong Kong. Also, through cooperating with Sanriku’s primary processing companies, which provide high-quality products, we aim to establish a business model that contributes as much as possible to local economic development.”

The company will take on the challenge of developing new products while extending business through cherishing each and every customer. Its challenge of walking forward with the local community will continue into the future.



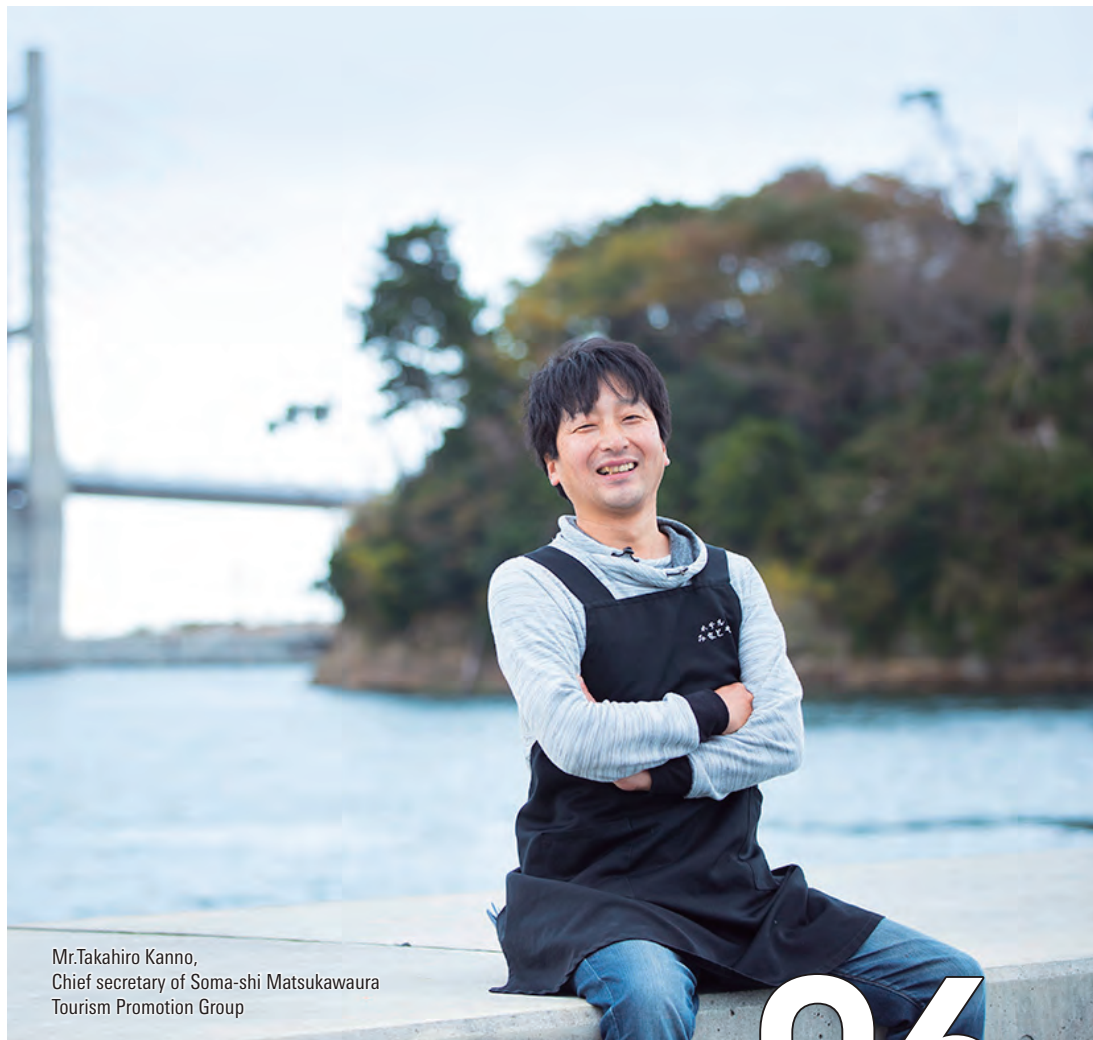
① Products of “Sanriku Onoya”. In addition to standard items such as fish boiled in soy and seasoning, Western-style scallops fried in garlic oil are also proving popular



This operator was covered in 2012 and included among the cases of industrial reconstruction introduced in the fiscal 2012 issue. It has been covered once again to report on its subsequent progress.

**[Outline of past article]**

Unable to provide a stable supply of local food materials due to the effects of the Great East Japan Earthquake, this area was unable to receive tourists. However, even in these circumstances, it planned the “Reconstruction Challenge Gourmet” campaign aimed at advertising “Matsukawaura – the town of delicious fish”, and embarked on work aspiring to one day providing safe local foods to tourists.



Mr.Takahiro Kanno,  
Chief secretary of Soma-shi Matsukawaura  
Tourism Promotion Group

06

**Overseas advance / Tourism attraction**

# Solidarity centered on young people crossing over business categories

## Tour development nurturing new value

### Soma-shi Matsukawaura Tourism promotion group

<b>Industry type</b>	Accommodation industry, food and beverage service industry
<b>Representative</b>	Mr. Yoshiyuki Ono (Kaneyo Suisan Co. President)
<b>Address</b>	228-25 Obamahara, Soma-shi, Fukushima Prefecture
<b>TEL.</b>	+81 (0)244-38-8808
<b>URL</b>	<a href="http://matsukawaura.com">http://matsukawaura.com</a>

Soma-shi Matsukawaura Tourism promotion group, which comprises 25 operators in Matsukawaura district and two operators in Iwanoko district on the opposite bank primarily belonging to Soma-shi Tourism Association and Matsukawaura Inn Association, was founded in 2011. Even though almost the entire area was devastated by the tsunami, most of the operators have resumed business in the same locations they were in before the disaster. Working together to restore Matsukawaura, which is known for having the best port in the prefecture and a beautiful landscape, they are aiming to restore tourism.

#### Hope connected by the “Reconstruction Challenge Gourmet” campaign

Six years after the previous reportage, Matsukawaura’s challenge is generating definite results. The “Reconstruction Challenge Gourmet” campaign, which has been conducted since April 2012, will reach its 16th edition this fall.

Members are determined to keep it going in order to spread awareness of energetic Matsukawaura, and they exercise ingenuity in planning menus each time to ensure that they don’t become stale. With more foods being confirmed as safe to serve, they are receiving more and more inquiries and group bookings from inside and outside the prefecture. It is fully realizing its role

as a “primer”.

Mr. Takahiro Kanno of HOTEL MINA-TOYA, who is the chief secretary of Soma-shi Matsukawaura Tourism Promotion Group, cheerfully says the following.

“We want customers to eat lots of delicious food and to return home with smiles on their faces. Fish catches still haven’t recovered, however, we strive to



provide the best accommodation experiences that we can.”

However, fish catches are only around 15% of pre-earthquake levels. Local businesses are unable to provide the local specialty snow crab or offer hospitality as they want. Moreover, with the total withdrawal of decontamination personnel in 2016, hotels that had previously been full started to experience conspicuous vacancies. Compared to 2012, the number of tourists has increased almost fourfold, however, due to the withdrawal of workers, sales have slumped to less than half. Unless it can capture its inherent target of tourists through new attractions, Matsukawaura will not be able to survive in the future.

The group members shared common awareness of the “need for creating new objectives for coming to Matsukawaura”.

### Seashore shellfish gathering tours for families realized out of the ideas of young members

Matsukawaura surely has latent tourism resources that nobody knows about yet. The local young people gathered to form a guide group and made every effort to make Matsukawaura more attractive. Their first tangible success was a seashore shellfish gathering tour for families. The local children had previously enjoyed fishing for crabs at the local seashore, and this idea was intended to offer the same experience to tourists. With help also being provided by Soma-shi Tourism Association, the group intends to earnestly promote this idea as a tourism plan from 2019.



① Scene from a seashore shellfish gathering tour  
② The “Reconstruction Challenge Gourmet” campaign

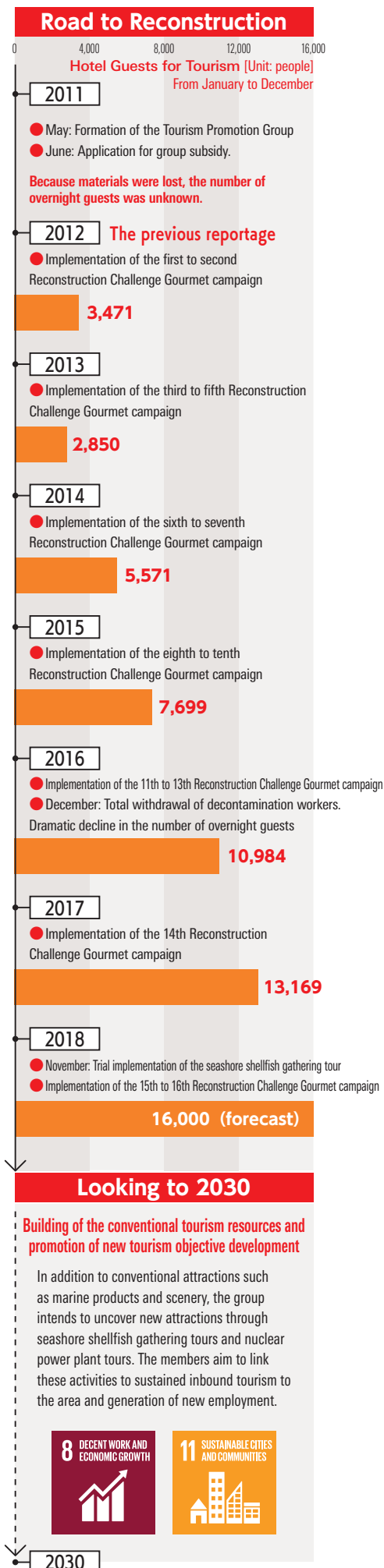
“Our future goal is to realize a nuclear power plant tour for inbound tourists.” Mr. Kanno says that the group is currently studying specialist knowledge with a view to proposing tourism plans that entail staying overnight in Matsukawaura. He vigorously says, “Following the disaster, we had nothing but time. We were all able to ponder about just what we can do in order to keep tourism going in Matsukawaura. New efforts starting from scratch have only just begun to produce results, but we will need to work harder from now on.”

### Group solidarity realizing community-wide “hospitality”

Matsukawaura has thus taken new steps centered on young people. Mr. Kanno, who is like a reliable older brother for these young members, feels that solidarity has been strengthened as a result of the Great East Japan Earthquake.

“When members’ hotel rooms become full, they contact other hotels and introduce customers to them. There are limits to how far hotels can go when trying independently. The important thing is to consider how Matsukawaura as a whole can provide hospitality to customers as a tourist resort.”

Despite suffering huge damage, the group members have not fallen into pessimism, nor have they forgotten the spirit of hospitality that is required of tourism operators. Attention will continue to focus on the “Creation of new Matsukawaura value” arising from their strong links.



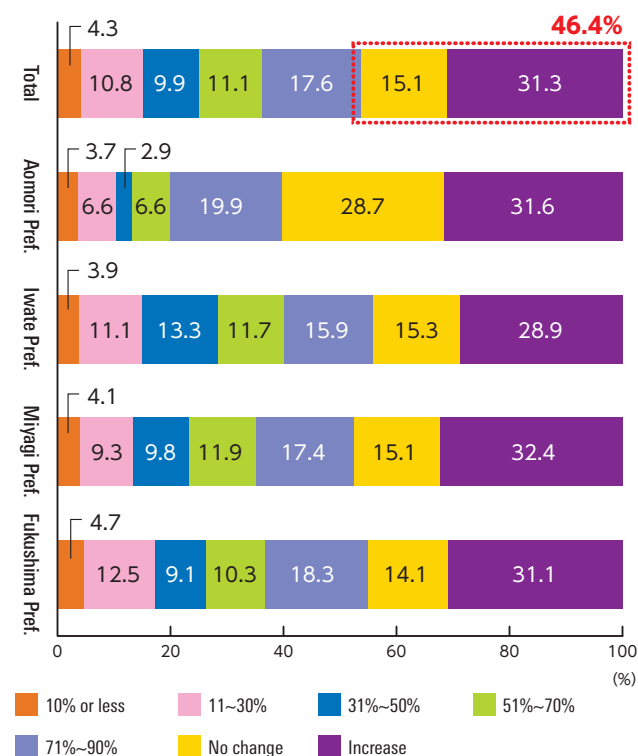
# Current Conditions and Prospects for Industrial Reconstruction (Prefecture-separate)

8 years has passed since the Great East Japan Earthquake. Reconstruction in Tohoku seems to have been smoothly moving forward. But what are the current conditions of industries? This page shows data of sales and the number of employees by prefecture, focusing on the affected businesses in 4 Tohoku prefectures – Aomori, Iwate, Miyagi and Fukushima.

## Sales

### Comparison with sales before the disaster

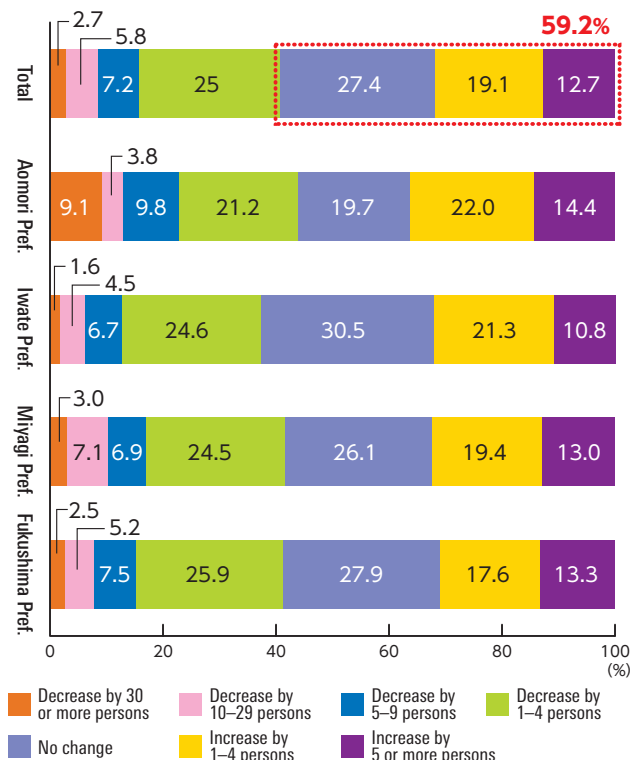
In the four Tohoku prefectures, sales have recovered to the same level or greater than before the Great East Japan Earthquake in 46.4% of businesses. Reasons why sales have not recovered are, in order, "Loss of existing customers" (36.9%), "Shortage of employees" (13.0%), and "Inflation in prices for raw materials, materials, supply prices, etc." (12.2%).



## Employment

### Comparison with number of employees before the disaster

In comparing the present situation with immediately before the Great East Japan Earthquake in the four prefectures of Tohoku, the overall number of employees exceeded the pre-disaster figure (100.3%) for the first time since the survey was started in 2012. 59.2% of businesses responded that employment has recovered to the same level or greater than before the disaster.



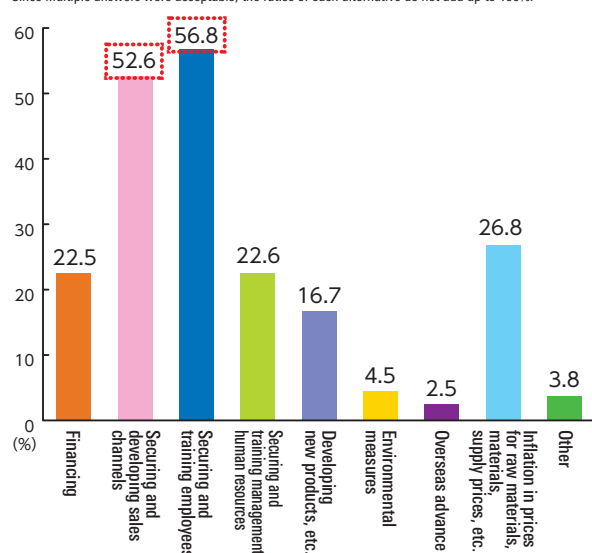
## Management Issues

### Current management issues

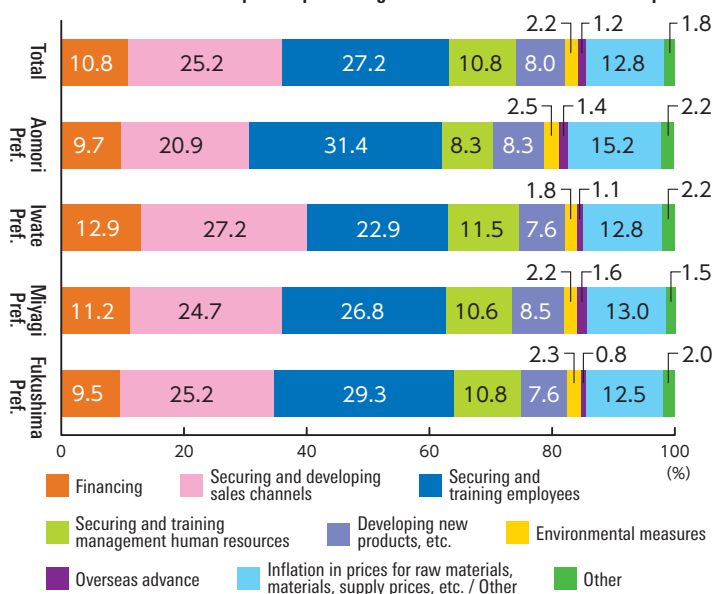
Concerning major management issues, 56.8% of businesses cited "Securing and training employees", while 52.6% cited "Securing and developing sales channels".

The following graph shows the ratio of each management issue out of the number of companies giving valid responses.

Since multiple answers were acceptable, the ratios of each alternative do not add up to 100%.



### Number of responses per management issue / Total number of responses





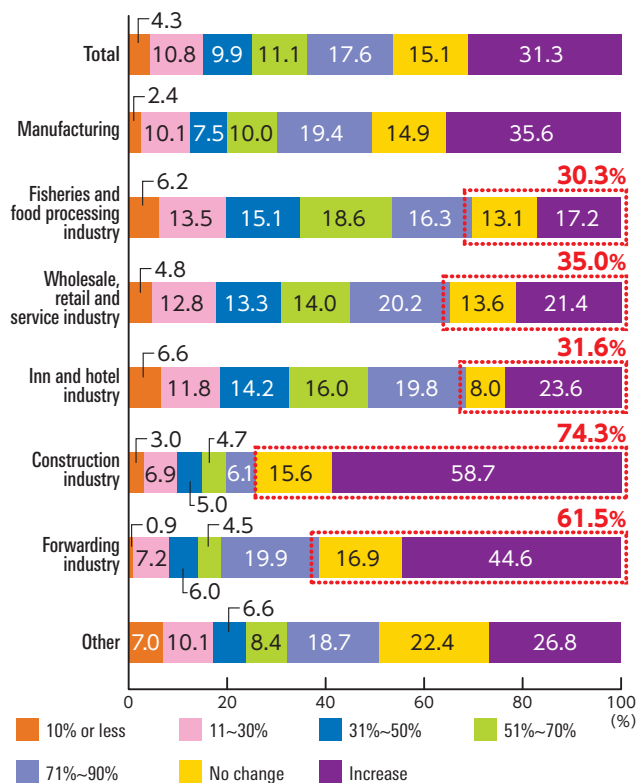
# Current Conditions and Prospects for Industrial Reconstruction (Industry type-separate)

8 years has passed since the Great East Japan Earthquake. Reconstruction in Tohoku seems to have been smoothly moving forward. But what are the current conditions of industries? This page shows data of sales and the number of employees by industry, focusing on the affected businesses in 4 Tohoku prefectures – Aomori, Iwate, Miyagi and Fukushima.

## Sales

### Comparison with sales before the disaster

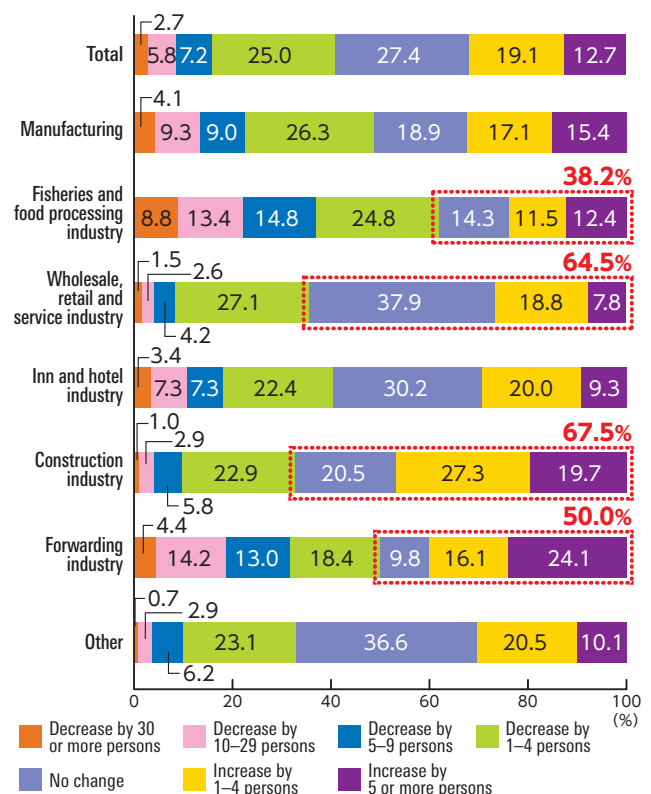
The ratio responding that sales have recovered to the same level or greater than before the Great East Japan Earthquake is highest in the construction industry (74.3%), followed next by the forwarding industry (61.5%). In contrast, it is lowest in the fisheries and food processing industry (30.3%), followed next by the inn and hotel industry (31.6%), and wholesale, retail and service industry (35.0%).



## Employment

### Comparison with number of employees before the disaster

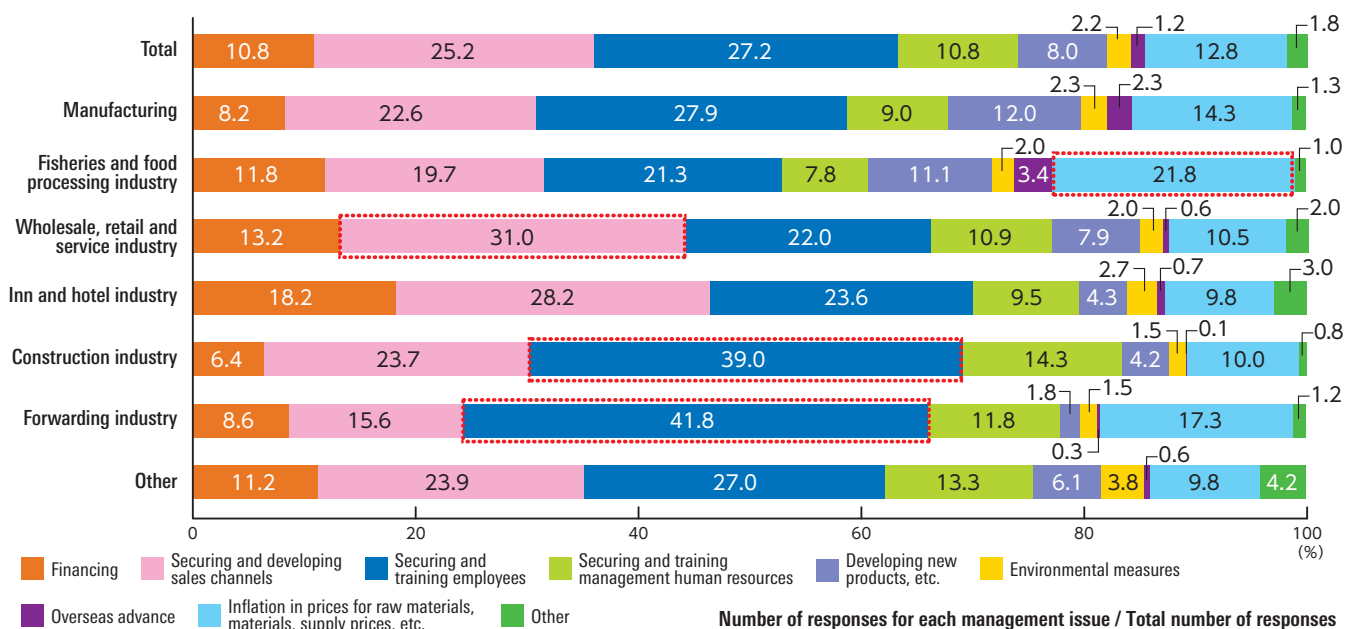
The ratio responding that employment has recovered to the same level or greater than before the Great East Japan Earthquake is highest in the construction industry (67.5%), followed next by the wholesale, retail and service industry (64.5%). In contrast, it is lowest in the fisheries and food processing industry (38.2%), followed next by the forwarding industry (50.0%).



## Management Issues

### Current management issues

Concerning major management issues, the ratio of businesses citing "Securing and training employees" is high in the forwarding industry (41.8%) and construction industry (39.0%), while the ratio of businesses citing "Securing and developing sales channels" is high in the wholesale, retail and service industry (31.0%). Also, the issue with the highest ratio in the fisheries and food processing industry is "Inflation in prices for raw materials, materials, supply prices, etc."



Number of responses for each management issue / Total number of responses

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