

# Case Studies of Business Recovery in Iwate, Miyagi and Fukushima 2019 — 2020



9 Years since the Great East Japan Earthquake  
–For a Sustainable Future–

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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. Nine 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.



President and Representative Director Ando Akira (left) and Managing Director Sasaki Yutaka (right), in front of KASHOEN



Tourism promotion / Expanding interaction with locals

## Aiming to be the “Number-One Hotel in Tohoku” while evolving in step with the times

**Hanamaki Onsen Co., Ltd.**

**Industry type** Lodging industry, restaurants  
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Hanamaki Onsen Co., Ltd. was founded in 1927. While establishing new facilities that combine both lodging and leisure facilities, the company has built a long history and will celebrate its 100th anniversary in 2027. In 1970, it became part of the Kokusai Kogyo Group. Hanamaki Onsen currently operates four lodging facilities: Hotel SENSU-KAKU, Hotel HANAMAKI, Hotel KOYOKAN and KASHOEN. Hanamaki Onsen played a major role as a base for reconstruction in the wake of the Great East Japan Earthquake.

### Summary

Served as a spiritual refuge for disaster victims by providing the same hospitality as in normal times.

Became a base for reconstruction by providing facilities to assistance teams and acquiring a travel-related business license.

Distributes behavioral guidelines to all employees and continually takes on the challenge of promoting new initiatives across the entire company.

## Taking in victims and support teams in becoming an important base for reconstruction

Founded in 1927 amid an abundance of surrounding nature in Hanamaki Onsen-kyo, Hanamaki Onsen Co., Ltd. has developed into a resort hotel that represents northern Tohoku. It currently operates three hotels, namely Hotel SENSUKAKU, Hotel HANAMAKI, and Hotel KOYOKAN, as well as KASHOEN, a hot-spring ryokan that serves the Imperial Family, including the Emperors of each era. Hanamaki Onsen currently welcomes numerous tourists from Japan and abroad.

This idyllic hot-spring village was jolted by the Great East Japan Earthquake. When the earthquake struck there was a total of 279 guests at the company's four hotels. Despite being terrified by unprecedented shaking, the staff remained calm and provided evacuation guidance to guests. Moreover, staff also led 135 guests unable to return home to KASHOEN, which suffered little damage, and provided guests with updated information and distributed food.

Five days after the earthquake, the last remaining guest was escorted to Akita Airport, meaning that all guests at the hotel when the disaster struck finally returned home safely. Managing Director Sasaki Yutaka, who was in command, recalls that "Although we were silent, our eyes welled with tears."

Despite safely sending off the last guest, the emergency response continued. The company received successive requests from the prefecture and cities to **accept both disaster victims from the Tohoku coastal area as well as various support teams**. However, at the same time all bookings for over

### Accept both disaster victims from the Tohoku coastal area as well as various support teams

Besides accepting a total of 16,000 disaster evacuees, the hotel was opened as a base for numerous disaster-affected area support groups that include the police and Self-Defense Force as well as electric power-related personnel, construction workers, and volunteers.

46,000 guests up to June were cancelled and employees were unavoidably furloughed. Even amid these trying circumstances, the company was driven by a single-minded desire to "be a source of strength to victims at any rate" and is thus fulfilling a crucial function as a base for reconstruction and recovery by accepting support teams as much as possible regardless of its own profits and losses.

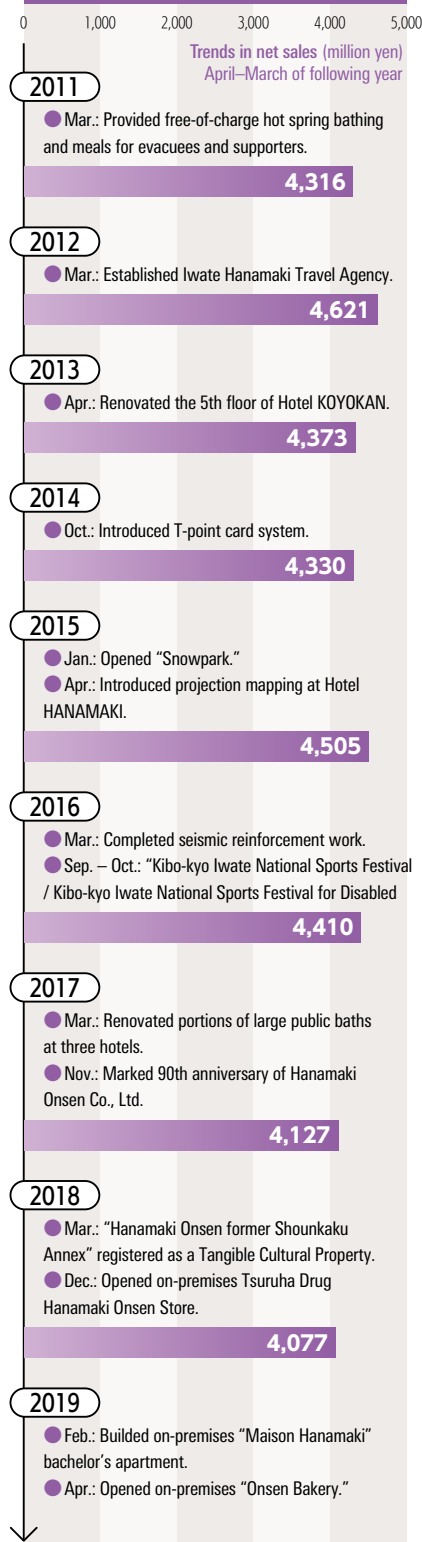
Initially, about 20 senior executives were mobilized each day to respond to the situation. However, regular employees gradually returned to their jobs and in July all employees returned without a single person absent. Employees returning to their workplace developed close bonds with the victims staying at the facilities. There were even some employees who remained with victims throughout an entire night. One of these employees, Hirasawa Kentaro, Chief of the Sales Planning Section, Sales Department, looks back and says, "I wasn't able to do anything for the victims. All I could do was listen to their stories." However, this response is probably what soothed the hearts of the victims.

## Continuing what resort hotels should do in times of disaster

Additionally, as a disaster-affected area support program, the company dispatched a bus to the coastal area and provided free hot spring bathing and meals to persons living in evacuation shelters. Evacuees were also met by buses and transported to supermarkets and department stores and over 60 volunteer groups were invited to provide entertainment for persons sheltered at the hotels as part of efforts to care for victims.

Sasaki says, "Looking at the condition of the evacuees made me naturally want to do something to help them" as he explains why he continued providing services that went beyond anything requested by anyone even though some facilities in the region refused to accept victims at that time. This desire to help is probably derived from the deeply ingrained spirit of hospitality as a member

## Strides toward recovery



## [SDGs] Toward 2030

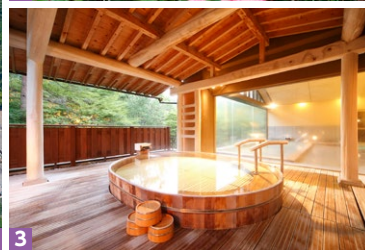
**Aiming to head further beyond the 100th anniversary, and collaborate and grow together with various companies.**

Strengthen the three management resources of people, goods and money and improve the treatment of employees while preserving win-win relationships with regional companies that support tourism and grow together.



2030





of a resort hotel with a paramount mission of “pleasing customers.”

Restoration of the facilities damaged by quake proceeded and the company began accepting reservations from regular customers around the same time that temporary houses for evacuees were provided. On April 29, 2011, the Tohoku Shinkansen restarted normal operations just in time for the Golden Week holidays and customers gradually returned along with the start of disaster area support tours, mainly from the Tokyo Metropolitan region. Hanamaki Onsen also acquired a travel business license and with the launch of its “Iwate Hanamaki Travel Agency,” it began selling specialized tours to the coastal disaster-affected areas in the Tokyo Metropolitan region while also calling on customers to visit Iwate. These efforts were based on the desire to have customers stay anywhere in Iwate even if not at Hanamaki Onsen.

Despite this unprecedented major disaster, the company steadily did all it could as a resort hotel even under the challenging circumstances. This attitude was also conveyed to the employees and Sasaki notes, “I feel that the bond between employees and the company has deepened.” He adds, “I believe local residents now look at Hanamaki Onsen differently.” Hanamaki Onsen has become a local company of which both local residents and employees can be truly proud.

In June 2011, **Hiraizumi** was registered as a World Heritage site and in

December an expressway was made free of charge as a measure to promote tourism. Meanwhile, the **Iwate Destination Campaign** was held from April to June 2012 as a variety of measures spurred an increase in the number of visitors to Iwate.

### Continually demonstrating visible changes to maintain the affection of the community

In 2014, Ando Akira from Fujiya Hotel (Hakone-machi, Kanagawa Prefecture), part of the same Kokusai Kogyo Group, took over the reigns as President and Representative Director of Hanamaki Onsen. During the first week in his new post, he stayed in Rikuzentakata, which suffered enormous damage from the huge tsunami. During his stay, he could once again truly feel the enormity of the damage and the horror of the tsunami that could not be comprehended through the media. Ando explains, “I had a strong desire to undertake my management duties while closely listening to the stories of those around me so that I could better understand the feelings of employees and the emotions of the citizens of the prefecture even in a small way.”

Moreover, he announced “GROWING 2020,” a medium-term management plan up to 2020 saying that, “You can’t undo something that’s already happened. Let’s move forward.”, and communicated to employees what Hanamaki Onsen aims for in the future. Ando distributed **Credo** to all employees to give further shape to its original management philosophy of “Customer-oriented Kindness and Courtesy” and the four Action Guidelines of “SAFETY,” “SPEEDY,” “SMILEY,” and “SINCERITY.”

A quick glance at the company’s history on its corporate website shows that Ando has promoted an extremely large number of measures during the five years since he assumed the duties of President and Representative Director. These include establishing “Snow Park,” a new playground; refurbishing in-house facilities; introducing new systems such as projection mapping; and building a bachelor’s apartment.

Ando explains, “Without continually communicating something, our customers, local residents, and even our employees will never understand that Hanamaki Onsen is a company that takes on the

#### Hiraizumi

This refers to a neighborhood in the central area of Hiraizumi town, Iwate Prefecture. Various cultural properties such as Chusonji Temple, gardens and ruins are preserved in good condition and this is registered as a UNESCO World Heritage Site.

#### Iwate Destination Campaign

These are regional revitalization measures focused mainly on Iwate Prefecture that are being implemented by the JR Group, local governments and local tour operators. This campaign includes such activities as undertaking PR for tourism resources and providing tour buses to contribute to the recovery from the Great East Japan Earthquake.





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1 Hanamaki Onsen operates four lodging facilities 2 The rose garden opened in 1960. Around 450 types of roses can be enjoyed 3 The hot water of Hanamaki Onsen is gentle and the moisture easily permeates the skin 4 Employees embody the spirit of hospitality with the Credo serving as their model 5 Ando assumed his post of President in 2014 6 Sasaki took command when the Great East Japan Earthquake struck 7 8 The Onsen Bakery opened in 2019. The bakery is famous for its Hanamaki Onsen sweet rolls filled with red bean paste 9 The Credo is distributed to each and every employee

challenge of promoting an assortment of initiatives. We of course undertake repairs to non-visible aspects of our operations, such as repairs to boilers and elevators. However, without doing something in visible form, I believe we will be unable to achieve growth or development.” Currently, the company is in the middle of the third period of its six-period guest room renovation plan and is also progressing with exterior renovation one facility at a time.

### Employees are working in unison to realize the goal of being the number-one hotel and ryokan in Tohoku

The company celebrated its 88th anniversary in 2015 and marked its 90th anniversary in 2017. The company’s goal for the future in the run-up to its 100th anniversary is to “Become the Number-One Hotel and Ryokan in Tohoku by 2030.” It aims to be number-one in Tohoku in all aspects of its business, including customer acclaim, employee satisfaction, and its business condition. Ando says, “There are many things we must do to attain our goal. So we must build on

each achievement day by day.”

In 2016, “Kibo-kyo Iwate National Sports Festival / Kibo-kyo Iwate National Sports Festival for Disabled” was held in Iwate Prefecture and this attracted many guests to the hotel from across Japan. At that time, the Imperial Family, including Their Majesties the Emperor and Empress and the Crown Prince, stayed at the hotel, making the name Hanamaki Onsen also known overseas.

Hanamaki Onsen is also focusing on responding to inbound tourists. In August 2018, international scheduled flights linking Hanamaki and Taiwan began service. In response to the increase in tourists from Taiwan, the company held inbound seminars for employees and opened an on-premises drugstore for foreigners. Demand is expected to increase further in the future.

Hanamaki Onsen is responding quickly

to the currents of the time and continues to evolve. Ando emphasizes that “Our 100th anniversary does not mark an ending. We will create a business environment enabling us to do business locally well into the future with confidence.” Sasaki also explains with enthusiasm, “The president acts quickly in undertaking improvements and reforms. We will make efforts so that our employees quickly understand this idea and we will head in the same direction with a single purpose.”

“One Heart, one mind” are the words written on the cover of the Credo that all employees continually possess. The management team and employees who have overcome the Great East Japan Earthquake and nurtured strong bonds will work together and push ahead to realize its goal of “Number-One Hotel and Ryokan in Tohoku.”

### Comments and evaluation by Editorial board member



TAMURA Taro

#### Points for success

**The company strengthened its competencies with targets that enable employees to work as one.**

I can see how the company places value on “pleasing customers” even amid unprecedented circumstances as well as its approach that enables employees to gain even stronger competency by creating a new credo and establishing the easy-to-understand goal of being “the number-one hotel in Tohoku.”

#### Points of expectation

**Raise the level of the “spirit of hospitality” by promoting diversity.**

Meeting diverse customer needs, Hanamaki Onsen will be able to make a great achievement by establishing new play areas and accepting foreign and various customers. I hope it further upgrades its “spirit of hospitality” to keep customers happy for the next 100 years.

#### Credo

This refers to wording that concisely expresses the beliefs, values, codes of conduct, and management guidelines that companies should keep in mind. Unlike the company-wide vision, these are the guidelines for the actions of each and every employee.





02

Regeneration and establishment of businesses in disaster-affected areas /  
Locating company in the disaster-affected areas

## The Minamisanriku B10 facility, created through an industrial city concept with the public-private partnership, operating in cooperation with citizens

### AMITA CORPORATION

Industry type	Technical services business, waste processing business
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URL	<a href="https://www.aise.jp">https://www.aise.jp</a>



Amita Corporation is a company pursuing solutions to resource issues such as waste recycling and the realization of a sustainable society as a business. With its stated mission of achieving a sustainable society, Amita constructed Minamisanriku B10, a facility that uses biomass technologies, in the town of Minamisanriku. Working with the local government, Amita has been deeply involved with town development following the Great East Japan Earthquake.

#### Summary

Forged links with Minamisanriku town through volunteer efforts following the disaster.

Operates the Minamisanriku B10, a facility based on the Biomass Industrial City Concept which turns raw waste into resources.

Will further promote the now-underway industrial city concept in the future.

## A biogas facility forming the core of industrial city development in Minamisanriku town

The town of Minamisanriku is located in northeastern Miyagi Prefecture. It was formed in 2005 with the merger of the towns of Shizugawa and Utatsu, and is surrounded by an expanse of mountainous forest. During the Great East Japan Earthquake of 2011, tsunami up to 20 meters in height reached the inland areas of the town and caused immense damage, with more than sixty percent of buildings at least partially destroyed. Today, the main government building and residential areas have been newly established on higher ground, and new town development efforts are underway.

In the wake of the disaster, Minamisanriku established a new slogan: Mori Sato Umi Hito, Inochi Meguru Machi ("Forest, Village, Ocean, People: A Town Surrounded by Life"). As a town surrounded by the ocean and mountains, this represents Minamisanriku's efforts to rebuild and develop its agricultural, forestry and fishery industries while coexisting with nature, and the town positioned the biomass industrial city concept as a core pillar of this effort. Raw waste generated by town residents in their daily lives is collected at the biogas facility and fermented to generate biogas and liquid fertilizer. The initiative achieves eco-friendly town development where resources are recycled throughout the area, with biogas used to generate electricity and liquid fertilizer returned to local agriculture. The biogas facility, named Minamisanriku BIO, is operated by Amita Corporation.

## Encounters with disaster-affected people forged ties between Amita and Minamisanriku town

Amita Corporation runs a **regional design business**. It maintains operating sites throughout Japan, and its link with Minamisanriku was established in the wake of the Great East Japan Earthquake. Sato Hiroyuki, COO of Amita

Holdings Corporation, recounts the time.

"After the disaster struck, I and other staff of Amita headed to the Tohoku region for volunteer. When I happened to enter the town of Minamisanriku and spoke with one of the disaster-affected residents there, it turned out he was a fisherman working in the pelagic fishing industry. Perhaps due to the fact that he was working in the harsh pelagic environment, he held profound thoughts regarding coexistence with nature. Even though only a short time had passed since the disaster, he was already talking about developing a productive town coexisting with nature that future generations could be proud of. For our part, we couldn't find a reason not to help out with this endeavor. We essentially barged our way into becoming involved with the reconstruction and town development of Minamisanriku."

## The town was also in search of a biomass concept

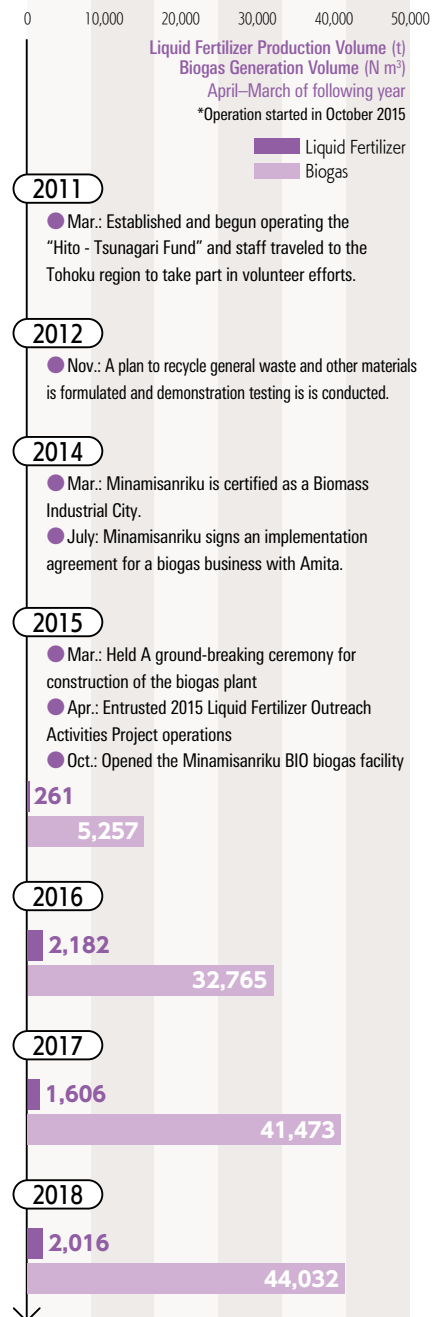
For Minamisanriku town, which is hemmed in by the sea and mountains, how to utilize its abundant environmental resources was also a key governing theme. Oikawa Akira, who heads the Minamisanriku Town Planning Section, belonged to a department tasked with formulating the town's reconstruction plan following the disaster.

"At the time in 2011, the town fishing industry had been approaching a period of transition and the industrial structure was being reviewed. When the disaster struck, it was another painful reminder of the need for town development that would take the environment and disaster prevention into account. Watching the townspeople collect branches and set them on fire, I wondered about the approach of wood biomass

## Regional design business

A business model being pursued by Amita to transform areas into sustainable regions by linking the elements that make up a region such as people, towns, the natural environment and resources to develop a positive cycle.

## Strides toward recovery



## [SDGs] Toward 2030

### Creating a town where life forms a cycle and biomass technologies play a pivotal role

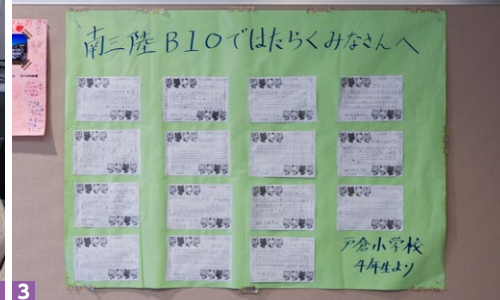
In addition to biogas power generation and the distribution of liquid fertilizer by Minamisanriku BIO, there are also aims to develop the process of supplying fuel in the form of wood pellets. The town will also continue to manage its forest and marine resources appropriately.



\* The Amita Group strives to achieve a sustainable society throughout its business activities.

2030





utilizing the roots of trees felled to open up the mountains. At the time, I heard the townspeople using the word biomass as well. I wondered what was going on and realized that Amita was behind it.”

It was a mysterious encounter linked by the keyword “biomass.” Oikawa recounts the peculiar bond that was formed. “When I spoke with Mr. Sato from Amita, I realized we shared a lot of the same views. Looking back now, that meeting was essential.”

### Delivering raw waste to BIO is taking part in a cycle surrounded by life

With the full support of Amita, the town of Minamisanriku formulated the Biomass Industrial City Concept as its reconstruction plan. In July 2014, the town signed the “Biogas Business Implementation Plan” agreement with Amita and the Minamisanriku BIO biogas facility opened in October 2015.

The delivery of the raw waste generated by households in Minamisanriku to Minamisanriku BIO is not a practice established as a rule in town ordinances or the like. Residents are always free to choose whether to deliver their raw waste to the facility. In addition, since fermentation processing does not work on things like fish bones and shells, those items need to be separated from the raw waste, and this makes putting out the trash more cumbersome than

usual. Minamisanriku BIO manager Fujita Kazuhira explained why despite this, many residents of Minamisanriku were delivering their raw waste to the facility.

“The process of fermenting raw waste leaves liquid fertilizer. This liquid fertilizer is distributed to local farms and residents with home gardens free of charge to help raise crops, and those harvests end up on people’s tables. Delivering raw waste to the BIO facility is a way of taking part in that cycle.”

There is no shortage of residents who wish to take part in this cycle since they live in this “town surrounded by life.” When the contamination rate in the raw waste delivered to Minamisanriku BIO was compared, the figure of 2% in 2016 had dipped below 1% by 2019, according to Fujita.

“Usually, contamination rates of waste delivered to facilities like this is around 10%, so this is a very low figure. What’s more, in 2016 there would sometimes be items that would never be considered raw waste like kitchen knives mixed in, but in 2019 most of the contaminants has been raw waste that is hard to ferment such as egg shells. The residents providing the waste have gotten even more accurate at sorting it.”

Even so, the amount of raw waste collected hasn’t reached the planned amount. Moving forward, the facility is committed to increasing the participation rate and amount of waste collected to get closer to an operational rate of 100%.

### Local citizens are deeply involved in operation of

## Minamisanriku BIO

There are also local business partners cooperating with the operation of Minamisanriku BIO. In addition to helping with the collection of raw waste and the distribution of liquid fertilizer, local restaurants and accommodation facilities are also providing their raw waste. All of the liquid fertilizer produced by the facility is returned to the local community, to the extent that the facility cannot keep up with demand and there is even a shortage of the substance.

Children living in Minamisanriku visit the BIO facility on field trips. As well as providing knowledge about how the facility functions and the distribution of liquid fertilizer, Minamisanriku BIO makes sure to properly convey the thoughts of the local businesses helping with the collection of raw waste and fertilizer distribution, and the farms using the liquid fertilizer.

### The cycle that starts with putting out the trash has turned into a cultural feature unique to the town

In October 2018, a permanent waste

#### FSC®

FSC® stands for Forest Stewardship Council®, a scheme that certifies forests that are managed appropriately. FSC® aims to encourage the utilization of timber without causing the destruction or depletion of forests.



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1 The raw waste delivered to Minamisanriku BIO is manually checked for contaminants by staff 2 Buckets are organized for raw waste collection 3 Messages received from children 4 Lanterns presented to shops participating in raw waste collection 5 Sato, COO of Amita Holdings Corporation who forged links between Minamisanriku and Amita and helmed efforts to enter Minamisanriku BIO into operation 6 Fujita, manager of Minamisanriku BIO since 2015 7 Oikawa, head of the Minamisanriku Town Planning Section promoting the Industrial City Concept in concert with Amita 8 The Minamisanriku main government building makes extensive use of FSC® certified Minamisanriku cedar



8

collection site equipped with community functions was set up and a demonstration test designed to build a relationship with the local community through the practice of putting out trash was conducted. In a joint effort with NEC Solution Innovators, Ltd., testing was also conducted to visualize the status of participation in raw waste sorting using ICT. Per-district data on the raw waste sorting status and collection volume is collected, and the analysis results are shared with residents to encourage participation in an effort to have the practice of delivering raw waste to Minamisanriku BIO further take root.

"The raw waste you have generated is turned into liquid fertilizer, which helps to grow crops that then return to your dinner table. The question is how to make that cycle visible. Reducing the work of waste sorting and raising the collection rate are also future challenges," says Fujita.

### The first municipality to simultaneously obtain FSC® and ASC certification

The Biomass Industrial City Concept is an endeavor that goes beyond Minamisan-

riku BIO. The approximately 1,500 hectares of forest in the town have been **FSC®** certificated, while the oyster farm run by the Tokura Field Office of the prefectural fishery association's Shizugawa Branch has been international **ASC** certificated. Amita Corporation is actually an FSC® certification examiner and ASC certification body. Minamisanriku is the first municipality in the world to be simultaneously certified for FSC® and ASC.

The mineral-rich water that flows down along rivers and out to sea from the forests that make up around 77% of Minamisanriku, provide nutrients for marine life. Since the forests are what make the main primary industry of the town possible, in 2015 the town obtained FSC® certification to ensure the appropriate management and use of its forestry resources. The new government

building of Minamisanriku that was completed in August 2017 made extensive use of FSC® certified locally produced timber for building materials and furniture in accordance with the earthquake reconstruction plan and Biomass Industrial City Concept, transforming the facility into a government building that contributes to town-wide reconstruction.

As Oikawa puts it, "Since Minamisanriku is a town surrounded by forest, we have an abundance of timber. As another pillar of the biomass industrial city concept, we are working with Amita on ways to use the wood pellets created from this timber. We need a clean forest to have a clean ocean, and the reverse is also true. A future challenge for the Biomass Industrial City Concept will be how to connect the sea, forest and town in even smarter ways."

### Comments and evaluation by Editorial board member



YANAI Masaya

#### Points for success

#### Resource recycling-based business involved local government and residents.

The key point is that Amita is building a waste recycling business with the involvement of community residents and local agriculture, where Amita operates a biogas facility in cooperation with local government, along with high-precision sorting and distribution of liquid fertilizer to the agriculture industry.

#### Points of expectation

#### Visualize the effects of the business and realize a structure for further collaboration.

Besides just focusing on the operation this facility, it is probably also recommendable to strive for the visualization of the balance of energy, employment creation, contribution to agriculture and regional economic ripple effects for the whole region as well as to set additional numerical targets to maintain the structure for collaboration with local residents.

#### ASC

ASC stands for Aquaculture Stewardship Council. This is an international certification scheme recognizing aquaculture businesses that consider local communities and avoid harming the environment.





03

Tourism promotion / Expanding interaction with locals

## Ten companies including marine products processors join forces to deliver the delicacies of Ishinomaki to the rest of Japan

### Ishinomaki Umaimono Co., Ltd.

**Industry type** Food Manufacturing, Food and Beverage Retail

**Representative** SATO Yoshihiko [Representative Director]

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**FAX.** +81 (0)225-25-4362

**URL** <http://umaimono-ishinomaki.com>



Ishinomaki Umaimono was established in January 2016 by 10 companies, namely Yamatoku Hiratsuka Suisan Co., Ltd., Minato Suisan Co., Ltd., Maruhey-Katsuobushi Co., Ltd., Suigetsudo Co., Ltd., Kakuto Suzuki Shoten, Suenaga Kaisan Co., Ltd., Fujikuni Bussan Co., Ltd., Yamatomi Co., Ltd. (marine products processors), MCF Co., Ltd. (meat processor) and Denden Mushi Co., Ltd. (agriculture and forestry company).

#### Summary

Ten companies including marine products processors affected by the disaster established a joint-stock company.

The first unified brand products offered at the antenna shop after its launch proved to be a hit.

The company continues to grow by sharing expertise at a virtual joint production plant.

## Relationships slowly forged through discussions on product development

The city of Ishinomaki is home to Ishinomaki Port, which boasts one of the largest fish hauls in Japan. One of its key industries is the processing of marine products. While roughly 200 companies were based in Ishinomaki before the Great East Japan Earthquake struck, the number dropped to around 150 in the wake of the disaster. With labor and raw material shortages causing additional misfortune, the harsh conditions have been ongoing. In the midst of this adversity, Ishinomaki Umaimono Co., Ltd. was created by business operators in the same industry, ostensibly rivals of one another, deciding to join forces.

With support from the **Kirin KIZUNA Relief-Support Project**, a reconstruction support activity operated by the Kirin Group, in September 2013, 12 companies made up of 10 marine product processors and two meat and agricultural companies established the Ishinomaki Delicacy Dissemination Council, the predecessor of Ishinomaki Umaimono Co., Ltd. While the member companies participated in business meetings on expanding sales routes and held various events, each company also embarked on efforts to develop their own new products.

At first there was reluctance, recalls Sato Yoshihiko, the Representative Director of Ishinomaki Umaimono Co., Ltd.

"As we hadn't done any business with one another up to that point, there was concern that if we gave frank opinions about the prototype products it would spark anger. Since each company has its own distinct flavors, we couldn't overstep our bounds to offer feedback."

However, the council met each week and participants deepened their ties with one another in the course of repeated

taste testing sessions, and as a result, people began to exchange frank feedback. Those opinions included things like "the flavor is bland," "too strong," "something is missing," and of course, "delicious."

"Up until that point, when a new product was created only the people working at that company would try it, so there was a tendency for opinions to coalesce around the same direction. While that was what formed each company's distinct flavors, since we were adding the eyes and taste buds of other companies to that equation, I think it was a considerable achievement."

Gradually the 12 companies began to collaborate, such as offering raw materials to one another, entrusting part of their manufacturing processes to some of the other companies and sharing know-how.

## Opening of the antenna shop and the birth of a hit product

The council took the new products created by each company through the exchange of frank opinions to business meetings and trade shows around Japan, gradually expanding sales channels. While the project had fulfilled its role to some extent, the participants did not want to let the valuable relationships they had built go to waste. With the idea of creating an antenna shop showcasing the products of each company, in January 2016 ten of the council's member companies established a joint-stock company.

With the aim of playing a part in the revitalization of Ishinomaki's once-shuttered Tachimachi-Odori shopping district, in November 2016 **Ishinomaki Umaimono Marché** opened in Ishinomaki ASATTE, a commercial complex on the first floor of a redevelopment building newly constructed in the area. Displaying products from 10 companies under one roof, employees and

## Strides toward recovery

0 800 1,600 2,400 3,200 4,000

Sales of Products from Local Resources Accredited by the Ministry of Economy, Trade and Industry (Ten Thousand Yen)  
October–September of following year

2013

- Sep.: Established the Ishinomaki Delicacy Dissemination Council. The council conducts planning and operations related to product development, expansion of sales channels and events.

2016

- Jan.: Established Ishinomaki Umaimono Co., Ltd as a joint-stock company. Preparations were made to open an antenna shop and the companies engage in product development and sales channel expansion.
- Oct.: The local industrial resource utilization project plan was accredited.
- Nov.: Opened Ishinomaki Umaimono Marché in Tachimachi, Ishinomaki.

130

2017

3,800

2018

- Mar.: Ishinomaki Kinka Chazuke, the first product of the Ishinomaki Kinka series, went on sale.

2,700

2019

- Jul.: Relocated Ishinomaki Umaimono Marché to Sakanamachi, Ishinomaki.

2,900



↑ Ishinomaki Umaimono Marché

## [SDGs] Toward 2030

Utilizing the abundant ocean resources carefully and contributing to the rebuilding of Ishinomaki's marine product processing industry

As a local trading company, Ishinomaki Umaimono will develop sales channels and contribute to the rebuilding of the marine product processing industry. By having multiple companies in the same industry coordinate with one another, the company will endeavor to boost production efficiency, adapt to changing ocean conditions and preserve resources.



2030

### Kirin KIZUNA Relief-Support Project

The project was launched by the Kirin Group in 2011 to support reconstruction after the Great East Japan Earthquake, and has conducted activities involving the disbursement of six billion yen over a three-year period. Today, activities are ongoing around the theme of "cultivating bonds" of local communities and families.

### Ishinomaki Umaimono Marché

This is an antenna shop that sells the products of the ten companies participating in Ishinomaki Umaimono. Focusing on products not sold at supermarkets, the products can be combined into gift sets, with customers also able to choose which combinations make up a set.





the presidents themselves from the participating companies staffed the store and engaged with customers.

Gift sets combining the 10 companies' products were also made available. Instead of regular gifts made up entirely of products from a single company, gifts with products from various companies are another unique quality of Ishinomaki Umamono. Much to their delight, customers are also able to freely combine the contents of the sets in the store.

This is also where a hit product Ishinomaki Kinka Chazuke (tea poured over rice) that would spread the Ishinomaki Umamono name around Japan was created. This product combined the specialties and expertise of the 10 companies in their first offering as a unified brand. The lineup comprises nine varieties in all, conger eel, mackerel, saury, silver salmon, salted cod roe, spicy cod roe, oyster, sea squirt and chicken neck meat, and is made up of wakame and nori seaweed produced in the Sanriku region in a flavorful bonito flake broth and large helpings of the seafood or meat variety included in a retort pack.

When it was picked up by the media the orders came flying in and it was even difficult to keep up with production. According to Hiratsuka Ryuichiro, the Representative Director of Yamatoku Hiratsuka Suisan Co., Ltd., "When we were considering who would buy the product at the price of 600 yen a meal, someone offered the view that it would probably be the kind of person who flies business class. When we sold the

idea to JAL, it was actually adopted in business class on the airline."

### A virtual joint plant created based on the unique conditions and bonds of Ishinomaki

Companies in the same industry joined forces to launch Ishinomaki Umamono, and created a hit product under a unified brand, plus steadily expanded their sales channels. While it wouldn't be out of the ordinary to see similar initiatives at other port towns, Hiratsuka's analysis suggests that it was something Ishinomaki was uniquely equipped to accomplish.

"For example, in the cities of Kesennuma and Shiogama in Miyagi Prefecture and Hachinohe in Aomori Prefecture, there is a main variety of fish that is clearly dominant in each, so there are many companies competing with one another. However, if you asked me what the main variety of fish caught in Ishinomaki is, the answer would change depending on the time. This is a **location without a major type of fish**, so there is also not a complete overlap in the businesses of the eight marine product companies that have come together. That

might be a factor in our success."

Although Ishinomaki Umamono does not have a production plant of its own, the participating companies cooperate and share with one another on the physical side as well as operations. Hiratsuka refers to this current system of developing and manufacturing products as a "virtual joint plant." Despite being in different type of business, the participating companies share their trade secrets with one another by showing the insides of their production plants, revealing the ingredients they use and disclosing their particular expertise. Hiratsuka explained how that was possible through the lens of his own experience.

"After the disaster struck, we spent two years with the help of outside plants to verify if we could establish a **fabless** business, but no matter how much we revealed about the ingredients and manufacturing methods and even when the same machinery was used, the flavor wasn't the same. What we realized is that things that can be easily replicated once disclosed can't be called a trade secret. There are more distinct, essential qualities inside the company that simply can't be copied. That's why we don't think there is any problem disclosing the

#### Location without a major type of fish

Located near the fishing grounds off the coast of Kinkasan Island, Ishinomaki has become a hub of the coastal, offshore and pelagic fishing industries. It also offers excellent aquaculture areas, allowing many types of fish to be caught all the year round. In fact, the number of varieties is greater than 200.

#### Fabless

This is a system where a manufacturer lacks their own production plant. One of its advantages is that by entrusting manufacturing to an outside party, a company can respond to market changes more easily and without bearing costs such as initial investment and investment in equipment.



4

### わたしたち 10 社が運営しています。

東日本大震災をきっかけに、水産加工業などに係る10社で「石巻うまいもの株式会社」を設立し、本ショップを開業しました。各社の得意分野をいかし、石巻の新しい「うまいもの」づくりに取り組んでいます。おいしさと安心・安全に妥協することなく生み出した本物の味をおたのしみください。

株式会社 ヤマトミ びらば・煮物・あんこ	株式会社 丸平かつおぶし かつお・ほたて・干物
山徳平塚水産 株式会社 魚惣菜・おでん	株式会社 カクト鈴木商店 ちくわ・蒲かま
湊水産 株式会社 たらこ・明太子	末永海産 株式会社 かき・ほや・ほたて
水月堂物産 株式会社 ほや・珍味・小女子佃煮	株式会社 田伝むし オーガニックササニシキ
株式会社 MCF 焼鳥・刺身・せせり・ハラミ	富士國物産 株式会社 わかめ・こんぶ・のり

5



6



7



8

**1** **2** The Ishinomaki Kinka series of hit products from Ishinomaki Umainono **3** Ishinomaki Umainono Marché, located inside the Ishinomaki General Fisheries Promotion Center. **4** View of Ishinomaki Fishing Port, where Ishinomaki Umainono Marché is located **5** **6** Inside the Ishinomaki Umainono Marché store, signs and panels expressing the bonds forged between the ten companies are on display **7** **8** With a strong hand-made feel, the products from the ten companies are laid out in the store like a specialty store of Ishinomaki foods

basic things about our business.”

The biggest factor behind the success was the relationships that were forged. “If a situation emerged where someone would say we don’t want to share information with this or that company, everything would end then and there. We have gotten to this point after building on a process over several years from those council meetings early on. You have to deliver that level of commitment to achieve a joint plant in a true sense.” The bonds that cannot be forged overnight make the virtual joint plant possible.

### Moving from competition against each other to competing together and pursuing further challenges in new territory

With the hit product Ishinomaki Kinka Chazuke functioning as the trigger, orders increased for other products carried by Ishinomaki Umainono. While performance was strong as a company, the question was what to do with Ishinomaki Umainono Marché. During a meeting to discuss this at the Ishinomaki General Fisheries Promotion Center, it became apparent that there was space available

on the first floor. While the location was far from the station and there is little traffic in that area, it had a large car park, was situated close to the member companies’ plants, and the rent was inexpensive. Marché was relocated in July 2019.

As expected, attracting customers to the new location is a tough prospect, but by making it easier for the business partners of each company to go to the store when visiting for business discussions, it began to play an even greater role as an antenna shop showcasing the products of the 10 companies. However, the surrounding roads were still in the process of redevelopment, and the location makes it difficult for regular customers and tourists to visit. “This isn’t a problem we can do something about on our own,” explains Sato, adding that assistance from the government is needed, such as incorporating visits into sightseeing

tours that combine tours of the **Ishinomaki fish market**, festivals and events.

“We’ve come this far, but we still need effort. When all of the 10 companies involved recover to how they were before the disaster struck, we can say that we have truly succeeded,” says Sato.

In January 2020, the unified brand is set to unveil its second product, the Ishinomaki Kinka Kamameshi (pot rice) series. Each of the 10 companies assembled under the “Ishinomaki Umainono” slogan will continue to work with one another to develop new products and expand the possibilities of nationwide sales channels, shifting from the era of competing against one another to competing together. The challenge taken on by Ishinomaki Umainono may point the way not only to marine product processors but to the course taken by Japanese industry in general.

### Comments and evaluation by Editorial board member



YUGE Toru

#### Points for success

**A unified brand shines under reinforced bonds.**

There is a high threshold for any business collaboration because of a leakage risk of company’s know-how. Under these circumstances the wise saying I would like everyone to hear is “Things that can be easily replicated once disclosed can’t be called a trade secret.” Bonds that are woven from adversity feast on “Umainono” (tasty things).

#### Points of expectation

**Wisdom by 10 companies is invincible. Take on challenges from a high perspective.**

For ordinary business mergers even though there are expectations that  $1+1=3$ , there are many cases where this doesn’t even reach 2. I expect Ishinomaki Umainono will be in a superposition if cooperation of 10 companies equals 15 or 20 and broadened perspectives create synergistic value.

### Ishinomaki fish market

After being completely destroyed by the tsunami, the fish market was rebuilt and entered full operation in September 2015. It is an HACCP-compliant advanced hygiene management facility, and the length of the building roof that combines three freight handling facilities is the longest in Japan, at 876 meters.





04

New fields / New markets / Overseas expansion

## Aiming to go public from Miyagi, while leveraging its technology of making jelly to be kept at room temperature

### ONETABLE Inc.

**Industry type** Food manufacturing, specialized services  
**Representative** SHIMADA Masayuki [Representative Director]  
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**URL** <https://www.onetable.jp>



ONETABLE, founded in 2016, seeks to resolve issues Representative Director Shimada himself had recognized during the Great East Japan Earthquake and created a new disaster prevention system. In 2019, it moved its head office from Natori to a district developed after the disaster under a national project in Tagajo and completed the construction of a plant to manufacture LIFE STOCK, a jelly-type emergency food product suitable for stockpiling.

#### Summary

Developed LIFE STOCK, jelly-type emergency food good for stockpiling at room temperature, based on the experience of the disaster.

Expanding its business by applying LIFE STOCK's technology to other fields.

Aiming to build a disaster prevention system effective worldwide and go public on a stock exchange.

## Being active in Hokkaido created a link with Tohoku

ONETABLE is a new company founded in 2016 after the disaster. Representative Director Shimada Masayuki is a natural-born entrepreneur who had started a venture business while still in university. In his hometown Hokkaido, he had offered nature experience-based classes for children that combine education and agriculture.

"I felt it wrong to let children, who have never actually touched soil, study science and agriculture. As a new study style to prepare them for entrance exams, I started offering classes to interact with nature, which quickly became popular. Everyone noticed me and was wondering 'Who's that guy?' everywhere I went because I brought many children along."

What linked Shimada, who was then active in Hokkaido, with Tohoku was **Butai Farm Co., Ltd.**

"Agriculture is deeply connected with distribution, and I naturally started engaging in the distribution business. I sometimes took different views from the existing distribution operators and received quite a bashing for that."

Hearing the rumor about the young business leader in Hokkaido, President Haryu Nobuo of Butai Farm, an agricultural production corporation in Sendai, noted Shimada's talent and invited him to Sendai in 2010.

## New emergency food to solve issues observed firsthand at evacuation shelters

Shimada, after moving his base from Hokkaido to Sendai, Miyagi Prefecture,

started a business in collaboration with local farmers to help promote primary industries in 2010. The disaster hit them in the following year.

"The disaster disrupted the existing distribution networks, and as supermarkets and convenience stores were running out of stock, **farmers in Yamagata and other inland areas** sent vegetables to us. That was when I realized a distribution network that can withstand disasters and always provide vegetables is literally our lifeline."

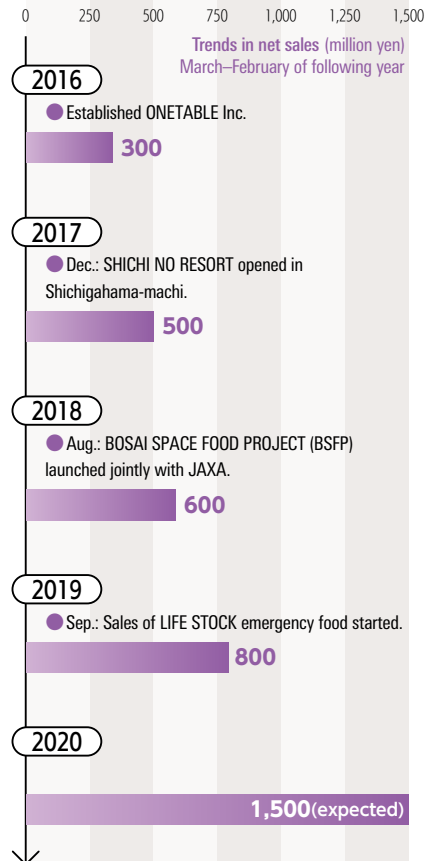
Even though Shimada himself was a disaster victim, he worked at many shelters, managing scarce supplies. What he saw made him think about what so-called "good-for-stockpiling" emergency food should be.

"Many stockpiled emergency food products are hard biscuits and cookies, which need to be moistened to eat and are not suitable for babies and some elderly people. Also, these are mostly carbohydrates and not nutritionally balanced. Our jelly-type emergency food LIFE STOCK is an answer to these issues."

LIFE STOCK can be kept in stock for five years at room temperature, and besides providing required calories, is mixed with vitamins and dietary fiber for nutritional balance. It has drawn much attention as an emergency food product suited for all people, from infants to elderly people and those under medical treatment. Its potential usage includes space food, and the product is known to be a result of collaboration with the Japan Aerospace Exploration Agency (JAXA).

"I lost people I care about by the disaster, and I learned in a hard way that the most important thing is to protect people's lives. Hard biscuits do

## Strides toward recovery



## [SDGs] Toward 2030

### Work to solve issues associated with extreme states occurring worldwide

ONETABLE seeks to resolve issues occurring in conflict-affected regions and at refugee camps across the world by promoting the BSFP (BOSAI SPACE FOOD PROJECT) undertaken jointly with JAXA to create new businesses and resolve social issues from the collaborative viewpoint of disaster prevention and space operations.



2030

### Butai Farm Co., Ltd.

A corporation qualified to own cropland based in Wakabayashi-ku, Sendai City, calling itself an agricultural trading company. (The case article on Butai Farm is provided on page 40.)

### Farmers in Yamagata and other inland areas

Sendai and Yamagata are two neighboring cities, both being a home to their respective prefectural governments. The two cities interact actively through various events, including large food festivals that sell the local specialties of each prefecture.





not save babies and elderly people who cannot ingest solid food. I thought and rethought ways to solve this problem and came up with LIFE STOCK.”

The Great East Japan Earthquake became a major turning point for Shimada, who switched from being a promoter of primary industries to a player providing his own solutions to disaster-related issues.

### Creating new, bustling visiting spots in Natori and Shichigahama

After the disaster, Shimada worked to open commercial venues in disaster-affected areas: rokufarm ATALATA in Natori City and SHICHI NO RESORT in Shichigahama-machi. These venues are attracting both local people and tourists, adding vigor to the communities. The former is a model farm where agricultural producers are directly engaging in processing and marketing operations. It has been built under the

#### TOKINAX

TOKINAX is filling technology completed over 5 years of research and development. Best before date of 5 and half years after production has been realized by combining filling technology, packaging material of 4-layer film including aluminum, its shape, and recipe control technology.

TOHOKU ROKU PROJECT that aims to create new jobs and revitalization models for Tohoku. It is a site to offer a total experience from food production and processing to sales, into which Shimada has generously channeled his business know-how accumulated since his school days.

SHICHI NO RESORT is a new resort facing Matsushima Bay, one of Japan’s three most scenic spots. It is easily accessible from Sendai (about a 40-minute drive) and yet embraces a serene, intimate atmosphere. Its hotel, built outside the coastal levee, boasts a panoramic ocean view of Matsushima.

### Applying the technology to preserve food for five years to other fields

Having created new commercial venues in disaster affected areas and developed an all-new emergency food product, Shimada is now looking into the future beyond, noting, “Soon, a decade will pass since the disaster, and we have to show to the world what Tohoku and Japan have learned and brought forth from the disaster.”

“If we fail to create new businesses and industries in Tohoku, people will never return or come to the region. So, I have been formulating various busi-

ness plans under the theme of disaster prevention and calling for support from companies. For LIFE STOCK, being emergency food is only one aspect of the product. It can be a measure against terrorist attacks, because you can tell if it is unopened and is safe to eat by just looking at it. We have also named our technology that enables the storing of the product for five years at room temperature as “**TOKINAX**” (a coinage meaning to “eliminate time”) and have been exploring new applications. Right now, our production cannot keep up with a flood of inquiries from many companies in the beauty care, medical and other fields even though our plant is operating at its full capacity.”

ONETABLE is planning to expand its Tagajo Plant in the future. There is also



① The package of LIFE STOCK is adaptable, making it easier for companies to use it as a novelty and PR tool.



**1** LIFE STOCK, a jelly-type emergency food product suitable for stockpiling, developed as "what we really needed then" **2** Filling equipment used for LIFE STOCK at the Tagajo Plant, which is at the heart of the TOKINAX technology **3** rokufarm ATALATA in Natori City, creating local employment and vigor **4** Spacious SHICHI NO Cafe & Pizza boasting a magnificent oceanfront view **5** SHICHI NO YA welcoming the guests of SHICHI NO RESORT as an "oceanside station" just as community-rooted "roadside stations" that sell local specialties and are popular across Japan **6** Harakomeshi, a local specialty dish of Miyagi served in an eatery in SHICHI NO YA

an idea to use local produce in LIFE STOCK. Expanding LIFE STOCK into diverse fields is driven by Shimada's unique business management skills.

### Disaster prevention system effective worldwide, reaching beyond Tohoku

Shimada is also developing a system to assess the disaster preparedness of a region and simulate its stockpiling of emergency supplies.

"We have received funding from a medical corporation, bank and systems development company. By completing this system, we aspire to become a company that rivals disaster prevention research institute. Our goal is to create a disaster prevention solution that goes beyond Tohoku and is effective worldwide and to go public on a stock exchange from Miyagi."

Under the theme of disaster prevention, ONETABLE is also spurring innovation in the existing businesses and rules.

"For example, issuing a warning and preparing for a disaster are costly for local governments. There is a risk that they might spend money for nothing if damage is none or small. But this risk should not cause lost lives. I am entertaining an idea of insurance that covers such costs and

enables them to carry out disaster prevention operations without fear of that risk."

### Four pillars to guide ONETABLE

Shimada has defined four pillars of operations to guide ONETABLE's business. These are: setting up standards, manufacturing, creating systems and organizations, and creating a culture.

"Based on the standards we set up, we manufacture a thing needed and create a system and organization. In the disaster prevention field, the thing needed is LIFE STOCK, and the system and organization correspond to the

said disaster prevention system and a team to operate it. Also, we hope to create a culture by extending the system from Tohoku to throughout Japan and to the world."

He hopes to save the lives of people around the world with ONETABLE's disaster prevention system.

"The mission of ONETABLE is to solve issues we have seen, heard and felt during the disaster by applying the said four pillars all of which involve "creating something new." We believe that only we, who have survived and risen from that mega disaster, can create a system that saves people's lives in a true sense. This is what I would like to show to the world at the 10-year milestone."

### Comments and evaluation by Editorial board member



YANAI Masaya

#### Points for success

#### Jelly-type emergency food LIFESTOCK and ATALATA as a regional base.

ONETABLE is deploying dried powder technologies in jelly-type emergency food products and building high barriers of storage system market against other competitor. Furthermore, ONETABLE has built strong confidence from community residents through holding neighborhood association festivals, food education activities, and operating an English-language nursery school at rokufarm ATALATA, which is also used as an evacuation site.

#### Points of expectation

#### Expectations of new formats through participation in foods for use in space.

ONETABLE's entry into foods for space is expected to bring a variety of technological returns. These include assuring nutrition, reducing stress, raising performance, innovating containers, and further ensuring long-term storage. I also believe this will be useful in further developing highly functional emergency food products and advancing toward new business formats.



Employee of Kounokura working  
with a smile at the register



05

New fields / New markets / Overseas expansion

## Overcoming adversity and entering a new growth track by changing what to sell and how to sell

### KANNO TSUKEMONO FOODS Co., Ltd.

**Industry type** Food manufacturing and retail  
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**URL** <https://www.tamagoya.jp>



Kanno is a company with fewer than 100 employees that manufactures and sells pickles. The company is still seriously affected by negative reputation caused by the incident at Fukushima Daiichi Nuclear Power Plant. With sales failing to return to their pre-disaster levels, it was forced to close and sell off its production plant in Soma. Amid these conditions, the company developed new hit products and has begun to see signs of recovery and rebuilding.

#### Summary

With sales showing no signs of rebounding, the president ordered the development of new products.

New and innovative pickle products developed new demand and customers.

Took risks to expand sales channels and increased the percentage of direct sales and transactions.

## KANNO TSUKEMONO FOODS had many long-selling products and management was solid

KANNO TSUKEMONO FOODS Co., Ltd. manufactures and sells pickles, with a focus on pickled cucumber that has undergone lactic acid fermentation. The company was founded in 1940 but had been doing business since before that in Minamisoma throughout successive generations. At one time the proprietor would place eggs in a basket and walk around selling them. The image stuck, and even today the company is known as the “Egg Store” locally. Beginning with **Soma cucumber pickles**, a hit product first released in 1981, the company developed a wide selection of long-selling products and management was also strong.

In 1994, KANNO TSUKEMONO FOODS opened the store Misozuke-Dokoro Kounokura (lit. “Miso Pickles Store: Aroma Storehouse”) along the National Highway Route 6 near its head office. Iwai Tetsuya, general manager of Kounokura, shared his thoughts about the store.

“This is an area without any convenience stores nearby, so we opened the store based on the concept of giving drivers a place to enjoy a cup of tea and relax. **When people around here have a chat over tea, it is usually accompanied by pickles.**”

KANNO TSUKEMONO FOODS’s approach was the embodiment of a store with deep ties to the community practicing generous hospitality.

### President Kanno issues an order: “Let’s bring out a new product!”

The Great East Japan Earthquake struck on March 11, 2011. Fortunately, all employees of the company were safe and

the head office, plant and store buildings were only partially damaged. For this reason some employees even showed up for work to help with clean-up works immediately afterwards. But amid the confusion immediately following the incident at Fukushima Daiichi Nuclear Power Plant, the information coming out was confusing, and the company decided to suspend business to allow employees to evacuate on March 14.

Kashima-ku of the city of Minamisoma is 32 kilometers away from Fukushima Daiichi Nuclear Power Plant. In the end, no evacuation order was issued and most of the employees reassembled on March 24.

Then on April 4, the company resumed business. However, during the time it was shut down, product in the supermarket shelves were replaced by products from other companies, and due to negative reputation caused by the incident at Fukushima Daiichi Nuclear Power Plant, many wholesalers and retailers were reluctant to deal with produce from Fukushima Prefecture. “The only vehicles driving by along the National Highway in front of our eyes were from the Self-Defense Force, police, or related to the accident at the nuclear power plant,” recalls Iwai. Under those circumstances, there were no prospects for Kounokura sales to recover. On top of that, some people left Soma to evacuate their families, and 10 percent of the employees left.

Morale at the company was in a downward spiral. But it was under those circumstances President Kanno issued an order: “Let’s bring out new products!”

There was plenty of time to spend thinking up new products. After repeated discussions based on the shared concept of “developing products that have never existed before and will impress people when they eat it,” they

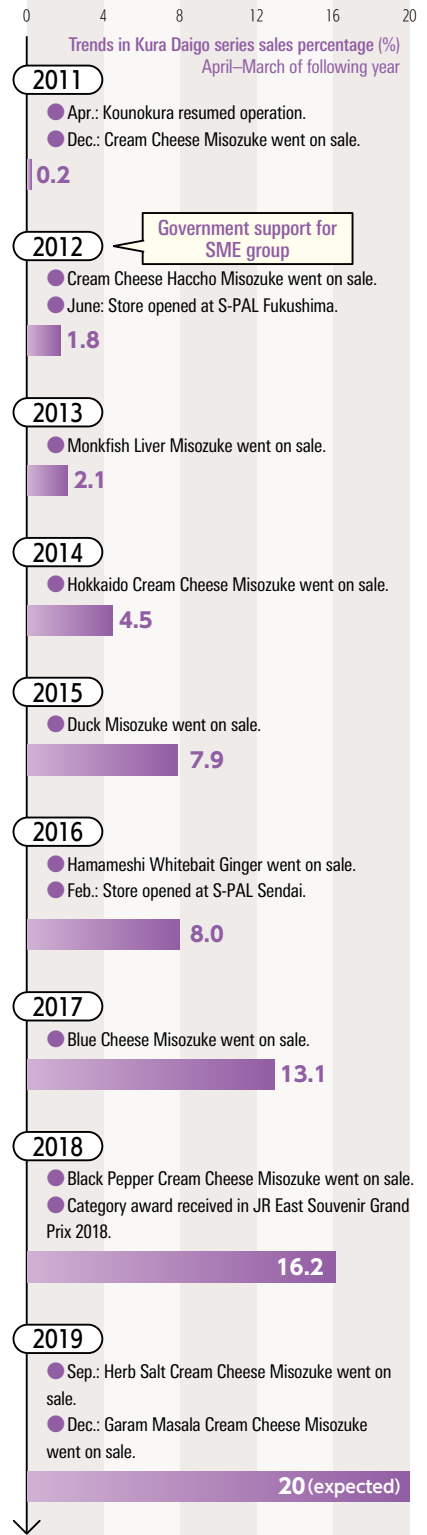
#### Soma Cucumber Pickles

These pickles subject a variety of cucumber known as Tokiwa cucumber to the strongest lactic acid fermentation based on the belief of Kanno Kikuo, the company’s first president, “cucumber is only delicious when fermented with lactic acid.” Today it remains one of Kanno’s flagship products.

#### Accompaniment to a chat over tea

In the Soma region, pickles are not only eaten with white rice but are also an essential accompaniment to tea and alcohol. They are also common gifts, and KANNO TSUKEMONO FOODS’s production period for year-end gift products is its busiest time of year.

## Strides toward recovery



### [SDGs] Toward 2030

#### Proposing new ways to enjoy pickles and preserving food culture rooted in the region

By providing new pickles in response to changing dietary lifestyles, Kanno will suggest new ways for consumers to enjoy pickles and preserve the region’s beloved pickle culture.



2030





came across the idea that a “misozuke version of cream cheese might be interesting” and proceeded with development. They entered the prototyping stage immediately, and in December, just nine months after the disaster, Kounokura began exclusive sales of **“Cream Cheese Misozuke.”** The new product proved to be a hit beyond their expectations. “When it was released it sold out immediately in a flurry of momentum,” says Iwai. There were also other aspects that set it apart. First, a relatively younger generation of customers was buying the product more, compared with the company’s traditional products, and secondly, since that kind of product was not available anywhere else, it was an important offering in terms of management strategy because it would not be affected by price competition.

### Despite the risk KANNO TSUKEMONO FOODS worked to expand direct sales

KANNO TSUKEMONO FOODS continued

to develop products that went in the same direction as cream cheese misozuke. The line of products that departed from the traditional definition of pickles was named Kura Daigo (“storehouse deliciousness”) series, and the number of items in the series has increased each year. Iwai explained the thinking behind the Kura Daigo series.

“People are eating less and less traditional pickles, but there is nothing we can do about changes in people’s dietary lifestyles. We don’t intend to restore the old dietary lifestyles in which people eat these traditional pickles. Moving forward, we have to propose varieties of pickles that match these changes taking place. The Kura Daigo series represents our aim to develop new pickles that use no preservatives, colors or chemical seasoning, and to impress people when they eat them. This series has developed new demand and customers, and marks the pursuit of ongoing product development.”

The Kura Daigo series falls into a higher price range than conventional pickles products and is not well suited to

being distributed through wholesalers, trading companies and major supermarkets. Focusing on sales of the series required a major shift from the existing business model, and that meant taking risks on the sales side. But the president’s orders were clear: “Even if it’s risky, let’s increase our direct sales!”

Under the policy of the president, **Kounokura opened new stores at S-PAL Fukushima and S-PAL Sendai,** secured sales corners at Joban Expressway service areas and Michi-no-Eki roadside stations, and also began dealing directly with department stores and upscale supermarkets.

What provided the impetus for developing new sales destinations was cream cheese misozuke product winning an award for “souvenir you most want to give your family” in the JR East Souvenir Grand Prix 2018. Sales were started at



① The cucumber kimchi product Nomaozuke. The product is created in the image of Soma Nomaoi, a traditional festival held in Soma.

### Cream Cheese and Misozuke

KANNO TSUKEMONO FOODS had previously dealt with cream cheese and both the manufacturing and development managers of the company were aware that cream cheese and miso went well together. They had a feeling that the novel combination could be a hit.

### Kounokura S-PAL Fukushima and Sendai branches

S-PAL locations are large-scale commercial facilities directly connected to train stations and attract a wide variety of customers. These two outlets fulfill their role as antenna shops and feedback from customers is reported each day and shared throughout the company.





**1** Exterior of the main store of Kounokura **2** Kounokura's general manager Iwai. The Japanese armor museum in the same building displays armor used in the Soma Noma festival. **3** Inside the high-ceilinged store, products from regular items to new offerings are crammed together. **4** At a table in the store anyone can enjoy taste testing the products. **5** A wide assortment of flavors is available in the popular Cream Cheese Misozuke series. **6** Caprese salad of cream cheese misozuke goes well with wine. KANNO TSUKEMONO FOODS recommends various recipes using the Kura Daigo series. **7** Customer feedback received at each store is posted inside the production plant and referenced during product development.



souvenir stores inside JR Sendai Station, as well as at Kitano Ace, the Shibuya Scramble Square branch of KINOKUNIYA supermarket and elsewhere.

As a result, the percentage of direct sales and direct business dealings rose from under 10% prior to the Great East Japan Earthquake to its current level of around 20%. Moreover, selling an increased percentage of products unhindered by price competition with higher profit margins has greatly contributed to stable management.

### Setting ambitious goals will elicit the spirit to take on challenges

By placing an emphasis on both aspects, changing what to sell by developing new products and changing the way products are sold by expanding direct sales and direct trade, KANNO TSUKEMONO FOODS has entered a new growth track. At the same time, it also faces many challenges.

One of these is the development of human resources. Fukushima Prefecture is dealing with serious labor shortages,

and according to Iwai, "we may be unable to retain part-time employees in the future." For this reason, there is a pressing need to save labor and boost efficiency in business operations, and the company has focused on inviting outside experts to provide in-house training. The effects of those efforts have gradually become apparent, and the mindsets of employees have started to change.

Another major challenge is exports. KANNO TSUKEMONO FOODS has its sights set on exporting to Southeast Asia, the United States and Europe. However, in order to realize the goal, the company has to extend the product expiration date from the current 90 days to 180 days and make its production plant **HACCP** compliant. KANNO TSUKEMONO FOODS

is awaiting the day that the export restrictions on products made in Fukushima is lifted while pursuing initiatives to solve the two aforementioned issues.

Now the goal set by the president is ambitious: "striving to be Japan's number-one producer of lactic acid fermented cucumber." As well as showing a resolve to preserve the food culture of pickles, setting ambitious goals might also be designed to elicit the spirit to take on challenges on the part of employees. As for just how important it is to take on challenges towards reaching goals, the road taken by KANNO TSUKEMONO FOODS over the past nine years to overcome adversity with the aggressive management approach of developing of new products provides obvious proof.

### Comments and evaluation by Editorial board member



YUGE Toru

#### Points for success

#### Decision by CEO to develop new products motivated staff.

Small- and medium-sized companies can be selected and avoid price competition if they create a unique product, even if the market is small. Although this is easy to say, it is actually hard to execute. Bold decision made by CEO Kanno, having his back against the wall, should be highly evaluated.

#### Points of expectation

#### Open the shop curtain with a long history and brush up the potentials of fermented foods.

Taking an approach of not being afraid to develop sales channels, a weakness of many companies, is a reliable approach. In the current age of emphasizing health, fermented foods are items attracting attention. Please leverage the long years of technology and stores to create new unique fermented foods.

### HACCP

HACCP is a world-standard hygiene management method for ensuring safety when manufacturing foods and designates 12 procedures. Obtaining HACCP certification enhances the international credibility of a company and its products.





06

Business succession

## Four young people making a new start to become “a brewery that can pass on something to the local community”

### Akebono Shuzo Co., Ltd.

**Industry type** Manufacture of beverages, tobaccos and feedstuff

**Representative** SUZUKI Koichi [Representative Partner]

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At Akebono Shuzo, which was founded more than 100 years ago in Aizu Bange-machi, its sixth successor, Suzuki Koichi, is now in charge of sake brewing embarked on reform after the Great East Japan Earthquake. The reform has rejuvenated it and created a positive atmosphere. Having won a Gold Prize at the National New Sake Fair for three consecutive years from 2013, the brewery began to shine again and has increased its production by about 3.8 times the pre-disaster level.

#### Summary

When Suzuki announced his vision, all veteran staff resigned, leaving only two young employees.

They keenly engaged in production of sake, including sake-based liqueur and “disaster relief” sake.

To make better sake, the brewery worked to improve its working environment and upgraded its production equipment.

## Returning home in 2007 to learn sake brewing from the very basics

Akebono Shuzo, operating in Aizu Bange-machi for more than 100 years since its foundation in 1904 (in the Meiji era), started full-fledged production of *ginjoshu*, an upper grade of sake, in the 1990s. Its Issho Seishun, which was produced on their own after shifting from the traditional outsourced sake brewing style, has a proud history of winning a Gold Prize at the **Annual Japan Sake Awards** for three years in a row from 1999.

The brewery is currently managed by Suzuki Koichi, its sixth successor and the Representative Partner in charge of sake brewing. Suzuki, who was then working for a company in Tokyo, returned home in 2007, after Akemi, his mother who was the *touji* (master brewer) of the brewery, fell ill, followed by Takanori, his father who was the brewery's sales director. Shortly before his return, he took a drink of Tenmei, another sake made by the brewery, at a bar in Tokyo and realized something was wrong back home, as the sake had clearly lost its flavor.

After returning home, he started learning sake brewing from the very basics. Being told by his mother who created Issho Seishun that sake brewing is learned by drinking sake, he spent his "training days" by drinking 3,000 brands of sake a year and making a note of each. While doing so, he attended the Sake Brewing Academy, a vocational school of the Fukushima Prefecture Sake Brewers Cooperative, for three years.

"At the academy, I met brewery

owners of around my age and a young teacher willing to give advice. In the second and third years, I also attended lectures of the National Research Institute of Brewing and met brewery owners with high aspirations and skilled employees supporting the future of each brewery. I was truly inspired by them and felt like I was reborn. A vague feeling that 'We should not go on in this way' became a solid belief, and I made up my mind to change the sake brewing at Akebono Shuzo."

## Determined to become a brewery that can pass on something to the local community

Around that time, Akebono Shuzo was becoming out of control as veteran employees began to have a greater voice.

"At first, I tried to get along with them under the spirit of **Wajo Ryo-shu**, but the effort did not bring good sake. To 'beg' them to leave, I talked to my parents but could not persuade them."

Suzuki was determined to pursue the way of sake brewing that he believed was the best regardless of any trouble he may face, but before he had a chance to tell employees, the Great East Japan Earthquake hit Tohoku on March 11.

The disaster partially destroyed the brewery's all three production buildings and damaged 3,000 bottles of sake ready for shipping. The incident at Fukushima Daiichi Nuclear Power Plant added another sense of tension different from the one caused by the earthquake itself. At that time, Suzuki was already preparing for the worst, think-

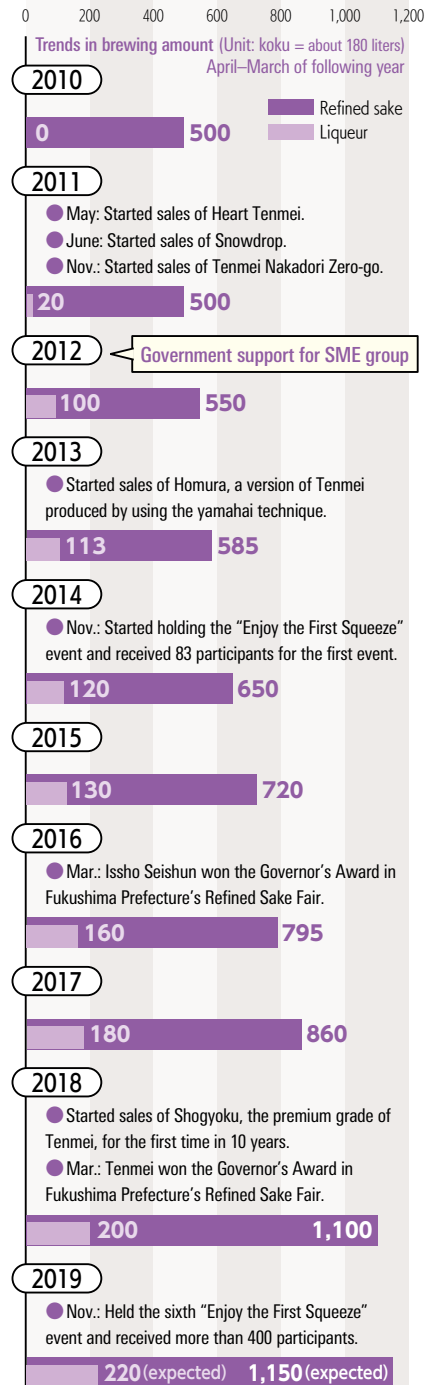
### Annual Japan Sake Awards

The only refined sake evaluation event held at a national level, which started in 1911 (in the Meiji era). At the 107th event to evaluate sake produced in 2018, brewers submitted 857 sake brands, of which 237 received a Gold Prize.

### Wajo Ryoshu

A saying that means people's harmony makes good sake, often used in the Japanese sake industry to express sake brewing. It is also used in the reverse meaning that good sake creates people's harmony.

## Strides toward recovery



## [SDGs] Toward 2030

### Become a brewery that makes families proud

With the goal of becoming a brewery that makes children of its employees want to join, Akebono Shuzo is striving to create a pleasant work environment, offer rewarding work and gain the love of local people.



2030





1



2 3



ing which brewery owner to call for help for recovery.

As it turned out, Akebono Shuzo was unaffected, but many breweries in Fukushima were unable to return or no longer fit to brew sake.

"We faced an incredible situation that was forcing us to leave our hometown for reasons beyond our control. That made me realize my strong love for Fukushima, and I again made up my mind to pursue my ideal way of sake brewing so as not feel any regret later."

While still struggling with the post-disaster cleanup, Suzuki, who was determined to reform the brewery, announced his vision to employees, requesting more discipline and dedication of each to create good sake and to become a brewery that can pass on something to the local community. This

caused all veteran staff to quit, leaving Suzuki and only two young employees. He asked his cousin to help, and the four young people, whose average age was 29, made a new start for Akebono Shuzo.

### Exploring the brewery's potential by making various types of sake

Suzuki went ahead with the reform and at the same time energetically engaged in sake brewing, always thinking what he can do in Aizu, Fukushima Prefecture.

The disaster broke bottles of Tenmei and caused different grades, from *junmai* (genuine rice grade) to *daiginjo* (the second highest grade), to get mixed up. After applying a heating process again to the mixture, he started selling it as **Heart Tenmei** in May 2011 and donated a part of sales to children orphaned by the disaster. In June, he rolled out **Snowdrop**, a sake-based yogurt liqueur, and has

been using the profit from its steady sales to invest in equipment.

In November, he started sales of Tenmei Nakadori Zero-go, which used Inahokogane, a type of very early ripening sake rice only produced in Aizu Bange-machi at that time. This new brew of sake used the first batch of the rice that passed the prefecture's radiation tests and embraces Suzuki's desire to show, before anyone else, that Fukushima's sake is safe and unaffected.

The reform rejuvenated Akebono Shuzo and created a remarkably positive atmosphere. The morale of employees was boosted as the brewery began to produce a number of sake products incorporating their aspirations. They continued to explore their potential by trying the yamahai technique of the authentic kimoto sake brewing method and making Tenmei Shogyoku, the highest grade of Tenmei, for the first time in a decade as well as other vintage brands of sake. The brewery consequently received a Gold Prize in



① Liqueur products, including Snowdrop and plum wine, have grown to become another of the brewery's mainstay products.

### Heart Tenmei

Akebono Shuzo donated 600 yen per bottle sold to the Ashinaga Scholarship Society for the Great East Japan Earthquake orphans support fund. It was the first "disaster relief" sake, which later became popular and has been produced around Japan to help people in that and subsequent disasters.

### Snowdrop

Akebono Shuzo had been experimenting with liqueur using yogurt produced in Aizu Bange-machi based on an idea of a local sake store for two years. The document approving its production arrived on March 10, 2011, a day before the disaster.



**1** Preparation process conducted under strict temperature and sanitary controls **2** Suzuki says, "I want to pursue my ideal way of sake brewing." **3** Tenmei, a mainstay product of the brewery available in many variations depending on the brand of rice used **4** Quality control of rice is also important, as the brewery handles diverse rice brands. **5** An expanded warehouse has allowed more meticulous temperature control, quality management of pre-shipping products and sake maturation suitable for each brand. **6** Upgraded equipment has automated many processes and enabled development and production of many different products. **7** The "Enjoy the First Squeeze" event held annually since 2014 has gained loyal local fans and received more than 400 participants in 2019.



the Annual Japan Sake Awards for three consecutive years from 2013 and the Governor's Award in Fukushima Prefecture's Refined Sake Fair in 2016 for the first time in 16 years. These showed a marked recovery of Akebono Shuzo to the public.

Since 2017, Akebono Shuzo has been participating in and brewing sake for the **Okoshizake Project**, providing Kiyu in 2017, Kizunamai in 2018 and Kizunamai Reiwa in 2019.

On the sales front, under Suzuki's belief that jizake (locally brewed sake) should be loved by local people, the brewery has been working in cooperation with local sake stores to increase the ratio of sales within the prefecture. The in-prefecture shipment volume, which stood around 40% before the disaster, has now grown to nearly 70%.

### Installing desired equipment by using government support for SME group

Upgraded equipment also under-

pinned the brewery's outstanding recovery and advancement. Instead of relying on the experience and intuition of brewers, Suzuki renewed the brewery's equipment in order to produce sake of stable quality throughout a year with a particular focus on temperature and sanitary controls.

"The government support for SME group has enabled us to quickly install an almost perfect set of equipment we needed."

Of course, good equipment alone does not produce good sake. Suzuki notes the important things in sake brewing.

"Sake is a mirror that reflects the feeling of brewers. I think yeast and

rice malt used to make sake 'perceive' the attitude of a brewery, its equipment and qualities of brewers. This is not a scientific fact but is the truth for me, and I want brewers to be in fine spirits when making sake. Creating a joyful atmosphere and pleasant work environment and guaranteeing a decent living standard for them are also important."

He continues: "Our work does not end when we finish making sake. Sake and its culture are made up by brewers as well as people who drink it and feel happy by doing so. I believe we must engage in sake brewing while thinking how we at Akebono Shuzo can make people happy with our sake."

### Comments and evaluation by Editorial board member



YUGE Toru

#### Points for success

**Brewing sake that embodies concepts originating in Fukushima.**

Although sake brewing requires the expert skills of the chief brewer, there is an abundance of cases in Japan where people with a strong desire brew unmatched sake. It can probably be said that Akebono Shuzo's fans are asking for the heart of the brewer.

#### Points of expectation

**It is precisely a long-established company that is qualified to challenge "unparalleled originality."**

Food companies possess a high degree of flexibility in their product planning. In the same manner that Akebono Shuzo set its sights on yogurt, new innovation will emerge from rice polishing yields, yeast, and changing raw materials. I'd like to look forward to "unparalleled originality" that is attracting the attention of the world.

### Okoshizake Project

A project promoted by shinkin banks in Japan to support the recovery of disaster-affected areas by donating a part of sales of sake brewed using rice from the four disaster-affected prefectures of Iwate, Miyagi, Fukushima and Kumamoto (in 2017) and from all 47 prefectures (since 2018).



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