Local Innovators Data Book 2016

The Creation of Resilient Local Communities and the Role of Entrepreneurship
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Foreword

Through the Japan Earthquake Relief Fund, Japan Society has supported 48 organizations working on relief and recovery in Tohoku. One of our highly successful partners is ETIC., a leading Tokyo-based NPO that supports entrepreneurs throughout Japan.

The Society is proud of the work ETIC. has undertaken in Tohoku with grants from the Relief Fund—the impact the Right Arm Fellows have had in the region, the development of hubs, and the investments ETIC. has made in local businesses and organizations. In this report, you can read about ETIC.’s work and selected success stories. ETIC.’s investments in affected communities are reinvigorating existing businesses and organizations, helping to launch startups, providing support to sustain new enterprises, and creating new jobs.

ETIC.’s work, and the work of the entrepreneurs they support in the region, is a model for the rest of Japan and any place that finds itself in a post-disaster situation, natural or man-made. The response of entrepreneurs and other leaders in the Tohoku region is an important model from which other communities can learn to revitalize and reinvigorate the places where they live and work.

Japan Society and ETIC. wanted to commemorate the 5th anniversary of the Great East Japan Earthquake while providing an opportunity for those working in Tohoku to highlight their accomplishments and consider a shared vision for the future. We called this series of programs, which ran from November 2016 through February 2017, THINK TOHOKU 2011-2021.

For more information, please email innovators@japansociety.org.

Japan Society
New York, NY
Preface

Entrepreneurs emerge from adversity to innovate and improve communities.

Entrepreneurs see crises as opportunities to create a better future.

It has been five years since the March 11, 2011 Great East Japan Earthquake. Through the Right Arm (Migiude) Fellowship, ETIC. supports leaders who are committed to the recovery of Tohoku. Since 2013, the program has focused on investing in human resources and funding for projects that support businesses and create new value. In the last five years, ETIC. dispatched 228 Right Arm Fellows to 137 projects, resulting in project budgets that grew to ¥3.2 billion (among 40 companies surveyed).

All over Japan, local revitalization has become a huge topic. ETIC. believes that the key to local revitalization lies in whether a community can utilize untouched resources to create a new economy and richness of life. The most important thing is to continually identify opportunities and create a supportive environment in which they can thrive. The risk of a major natural disaster is increasing in many parts of Japan, as can be seen by the recent Kumamoto earthquakes. Based on ETIC.’s experience with the Right Arm Fellowship in Tohoku, it has implemented the Kumamoto Recovery / Right Arm Fellowship program. It is ETIC.’s belief that the Fellowship program will be in high demand in communities looking for creative ways to recover from disaster. Countless entrepreneurs have launched their businesses in Tohoku and this is creating a movement of change in the region. After major disasters, new leaders around the world are using creative solutions to tackle challenges that were neglected before the disaster. Based on our observations, ETIC. developed the hypothesis that adversity and crisis can be an opportunity to improve communities.

The Local Innovators Data Book 2016, created as a part of the “THINK TOHOKU 2011-2021” project, is the result of our research. It was created as a guide for people who see adversity as an opportunity for social innovation.

ETIC. and Japan Society hope that this Data Book will help people turn tragedy into an opportunity to improve their communities.
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CHAPTER 4: Examples outside of Japan
Global examples of turning adversity into action

CHAPTER 5: Conclusion
The March 2011 Disaster Drastically Accelerated Population Loss in Coastal Tohoku

- While population has been decreasing in Japan as a whole, major cities have seen growth while small to mid-size cities and towns and rural communities are seeing loss.

- Coastal Tohoku has had the most rapid fall in population. However, increases can be seen in Sendai and neighboring Natori, while areas that suffered greater damage and are located further from metropolitan areas have seen significant decreases.

![Population Increase 2010–2014 (%)](image)

Data based on Residential Basic Book. Special wards are the 23 wards in Tokyo. "Average: Population >50,000" doesn't include gov't-designated cities and the special wards in Tokyo. "Average: Population >50,000" are cities with populations of more than 50,000 and less than 150,000. Same logic applies to Average: Population > <10,000.
Local Economies Suffered Catastrophically

- In addition to depopulation, business closures greatly exceeded openings.
- In small cities and towns far from urban areas, most businesses remain closed without any hope of re-opening.

### Increases and Decreases in the Number of Businesses from 2009–2012

<table>
<thead>
<tr>
<th>Location</th>
<th>Opening Rate</th>
<th>Closure Rate</th>
<th>Starting Rate</th>
<th>Total Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Average</td>
<td>2.8%</td>
<td>13.3%</td>
<td></td>
<td>71.9%</td>
</tr>
<tr>
<td>Onagawa, Miyagi</td>
<td>2.1%</td>
<td>47.8%</td>
<td></td>
<td>70.7%</td>
</tr>
<tr>
<td>Kesennuma, Miyagi</td>
<td>1.9%</td>
<td></td>
<td></td>
<td>40.3%</td>
</tr>
<tr>
<td>Minamisanriku, Miyagi</td>
<td>1.3%</td>
<td></td>
<td></td>
<td>70.7%</td>
</tr>
<tr>
<td>Ishinomaki, Miyagi</td>
<td>2.2%</td>
<td></td>
<td></td>
<td>40.3%</td>
</tr>
<tr>
<td>Sendai, Miyagi</td>
<td>6.8%</td>
<td>17.4%</td>
<td></td>
<td>38.3%</td>
</tr>
<tr>
<td>Natori, Miyagi</td>
<td>6.2%</td>
<td></td>
<td></td>
<td>33.7%</td>
</tr>
<tr>
<td>Otsuchi, Iwate</td>
<td>1.6%</td>
<td></td>
<td></td>
<td>33.7%</td>
</tr>
<tr>
<td>Kamaishi, Iwate</td>
<td>11.1%</td>
<td></td>
<td></td>
<td>56.3%</td>
</tr>
<tr>
<td>Ofunato, Iwate</td>
<td>9.8%</td>
<td></td>
<td></td>
<td>56.3%</td>
</tr>
<tr>
<td>Rikuzentakata, Iwate</td>
<td>11.9%</td>
<td></td>
<td></td>
<td>56.3%</td>
</tr>
<tr>
<td>Soma, Fukushima</td>
<td>6.4%</td>
<td>19.8%</td>
<td></td>
<td>36.1%</td>
</tr>
<tr>
<td>Minamisoma, Fukushima</td>
<td>3.7%</td>
<td></td>
<td></td>
<td>36.1%</td>
</tr>
<tr>
<td>Iwaki, Fukushima</td>
<td>4.1%</td>
<td>14.9%</td>
<td></td>
<td>20.3%</td>
</tr>
</tbody>
</table>

Data based on Economic Census for Business Activities, 2012. Opening and closing of businesses are those opened or closed between the 2009 Survey (July 1, 2009) and the 2012 Survey (Feb. 1, 2012). In the above chart, continuing and closed businesses are considered as existing business as of BOY; closure rate is calculated by the number of closed business / (continuing + closed business). Starting rate is calculated by the number of started business / (continued + closed business).
Entrepreneurs Reviving Local Communities through New Opportunities

• Even under harsh conditions, many entrepreneurs want to be involved in reviving local communities.

• Entrepreneurs are not only involved in reviving existing businesses, but also in creating employment through new value, protecting the existing lifestyle, and identifying new challenges.

**Work: Making Money**
- Creating businesses with unused local resources
- Innovation in distribution
- Tourism
- Globalization of local businesses
- Energy-related businesses

**Work: Protecting Lifestyle**
- Protecting healthy lifestyle by enabling citizens to support each other
- Redefining how and where you work
- New form of self-governance

**Work: Supporting Entrepreneurs**
- Local trading companies, incubators
- Intermediary organizations for NPOs
- Local hubs

- Traditional industries going global
- Locally produced energy
- Enriching educational opportunities in communities
- Developing senior-friendly communities
- Community development through public-private partnerships
- Supporting local entrepreneurs
Absence of Like-Minded Peers Prevents Local Entrepreneurs from Taking on New Challenges

- Since the disaster, we have seen an increase in entrepreneurs who can create new value.
- A common obstacle for entrepreneurs working to create new value is the lack of "right arms" to share management responsibilities.
- To engage Right Arms it is necessary to look not only from inside communities, but also to venture outside of communities.

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### Negative Spiral in Rural Areas

1. Supply raw materials, branch economy, pervasive subcontracting structure
2. Loss of creative human resources
3. Shrinking economies
4. Status quo

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### Desired Cycle

1. Identify entrepreneurial leaders
2. Leaders attract talent
3. Influx of creative talent
4. Economic revitalization and lifestyle improvement
Human Resources are in Desperately Short Supply

- Many small and medium-sized enterprises (SMEs) cite “lack of human resources” as a major challenge.
- Not only is it difficult to recruit young people with the right skills, the retention rate is low when recruitment succeeds.

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### Issues in Creating New Projects\(^1\)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Medium-size business operators</th>
<th>Small business operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of human resources</td>
<td>32.2%</td>
<td>42.1%</td>
</tr>
<tr>
<td>Difficulty in developing sales outlet</td>
<td>36.5%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Lack of know-how</td>
<td>19.1%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Lack of funding</td>
<td>14.9%</td>
<td>33.0%</td>
</tr>
</tbody>
</table>

### Issues in Recruiting Young People to SMEs\(^2\)

- Few applicants with the right skills: 59.2%
- Not enough applicants: 32.2%
- Low retention of new recruits: 24.9%
- Weak connections to colleges and universities: 10.8%
- Lack of recruiters: 6.7%
- Other: 6.0%

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1: Mitsubishi UFG Research & Consulting, Co., Ltd., Research on New Business Development of SMEs, November 2012
2: Nomura Research Institute, Ltd., A Survey of Employment of Young Workers, November 2005
Right Arms as Management Partners Accelerate the Creation of New Jobs in Coastal Tohoku

- Dispatching Right Arm Fellows to entrepreneurs in local communities contributes to the development of the organizations and nurtures the next generation of leaders and projects.

<table>
<thead>
<tr>
<th>How the Fellowship Works</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Before Fellowship</strong></td>
</tr>
<tr>
<td>Candidates</td>
</tr>
<tr>
<td><strong>2. Fellowship Period</strong></td>
</tr>
<tr>
<td>(6 months – 1 year)</td>
</tr>
<tr>
<td>Fellows work with leaders and staff on organization’s mission.</td>
</tr>
<tr>
<td><strong>3. After Fellowship</strong></td>
</tr>
<tr>
<td>Start new businesses</td>
</tr>
<tr>
<td>Stay with organization</td>
</tr>
<tr>
<td>Work in Tohoku</td>
</tr>
<tr>
<td>Return home</td>
</tr>
</tbody>
</table>

Match Fellows & Organizations | ETIC. Supports Fellows | Resource Coordination | Network among Fellows | Startup Support/Register with Employment Agency |
ETIC. Looks for Businesses that Create Hope and Value for the Community

- Businesses are selected for their ripple effect, their potential to be a model project, and their ability to create new hope and value in their communities.

### Requirements for Businesses

<table>
<thead>
<tr>
<th>Premise</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Is the business taking sustainability into consideration?</td>
<td></td>
</tr>
<tr>
<td>• Is the business creating hope and new value?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses must fall into at least one of the following categories:</td>
<td></td>
</tr>
<tr>
<td>• Hub Function (has the potential to be a local or industrial hub)</td>
<td></td>
</tr>
<tr>
<td>• Modeling Potential (has the potential to become a model in and outside the community)</td>
<td></td>
</tr>
<tr>
<td>• Impact (inspirational, creates a buzz)</td>
<td></td>
</tr>
</tbody>
</table>

### Five Points & Questions to Evaluate Businesses

<table>
<thead>
<tr>
<th>Community</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Value to community is clear</td>
<td></td>
</tr>
<tr>
<td>• Not insular</td>
<td></td>
</tr>
<tr>
<td>• Local support (individuals and organizations)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Concept evokes empathy</td>
<td></td>
</tr>
<tr>
<td>• Project has vision and impact</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fellow</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Role is concrete</td>
<td></td>
</tr>
<tr>
<td>• Vision for how Fellow will impact business</td>
<td></td>
</tr>
<tr>
<td>• Possible to transfer skills and roles to local community</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local Leader</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Talented and passionate</td>
<td></td>
</tr>
<tr>
<td>• Demonstrated leadership</td>
<td></td>
</tr>
<tr>
<td>• Fellow is not “fill-in” for the leader</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Others</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Application has no flaws, insufficiencies or other negative factors</td>
<td></td>
</tr>
<tr>
<td>• No significant concern about funding and continuity</td>
<td></td>
</tr>
</tbody>
</table>
Develop Ecosystems Where New Jobs Can Be Created

- Create an ecosystem that nurtures leaders who create new jobs and comfortable places to live.
- Through the Fellowship, the framework for such an ecosystem is beginning to emerge.

**Right Arm Fellows**
- 228 Fellows
- One third of Fellows from three affected prefectures and one third from Tokyo area. There is a trend for Tohoku natives to return home from Tokyo area

**Local Leaders & Projects**
- 137 projects received Fellows
- Eighty-six percent of projects continue (excluding temporary projects)
- Seventy-five percent of local leaders said Fellows strengthened their businesses
- Approximately 50% of businesses launched after the disaster grew to budgets of ¥50 million

**Local Citizens & Beneficiaries**
- Eighty-nine percent of projects said the Fellows had impact on social issues, policies and other organizations
- Local businesses are starting to hire local young people

Realization of local communities where new jobs are continually created and offer high quality of life.
# History of the Right Arm Fellowship Program

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 11, 2011</td>
<td>Great East Japan Earthquake occurs</td>
<td></td>
</tr>
<tr>
<td>March 14, 2011</td>
<td>Emergency Assistance (Tsuna-pro) begins</td>
<td>ETIC joins Tsuna-pro (Disaster Recovery Leadership Development Project), runs its Tokyo Office, and creates a system to dispatch volunteers.</td>
</tr>
<tr>
<td>May 2011</td>
<td>Right Arm Fellowship begins in Miyage and Iwate</td>
<td>Local business leaders, heads of Chambers of Commerce, and leaders of non-profits are inundated with requests for help from locals. To help these leaders, the Right Arm Fellowship is launched.</td>
</tr>
<tr>
<td>April 2012</td>
<td>Right Arm Fellowship begins in Fukushima</td>
<td></td>
</tr>
<tr>
<td>June 2012</td>
<td>Establishment of a consortium of private companies for long-term recovery assistance</td>
<td>Michinoku Revival Partners, a consortium of private companies, begins to support leaders in Tohoku to provide required long-term assistance.</td>
</tr>
<tr>
<td>July 2012</td>
<td>Start-up and job creation support for alumni and local people begins. Total number of Right Arm Fellows exceeds 100</td>
<td>Twenty-two Fellowship alumni start businesses in Tohoku as of end of March 2016. ETIC has supported the careers of alumni through “Michinoku Startup” in FY2012 and “Entrepreneur Development Program” in FY2013.</td>
</tr>
<tr>
<td>July 2013</td>
<td>Strengthen local hubs</td>
<td>Support for hubs — which discover, nurture and support future leaders in local communities — is strengthened for the long-term development of communities.</td>
</tr>
<tr>
<td>Nov. 2013</td>
<td>Support for leaders for vision-making and skills improvement strengthened</td>
<td>As needs change from emergency assistance to business and project development, training programs like “Community Innovator Study Exchange,” where leaders learn from leaders in other communities, and the “Michinoku Emergence Camp,” where leaders refine management strategies with private companies, are implemented.</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>Total number of businesses and organizations accepting Right Arm Fellows exceeds 100</td>
<td></td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>U.S.-Japan Leadership Exchange takes place</td>
<td>Leaders from Tohoku visit New Orleans, known as “a city of startups” after Hurricane Katrina, and Wilmington, Ohio, where 1/3 of jobs are lost and the local economy is suffering due to the departure of a major company, to learn from their counterparts working on economic and community revitalization.</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>Launch of the Executive Committee for the Tohoku Open Academy</td>
<td>Tohoku Open Academy is a 2-night/3-day field work program for people interested in contributing to the recovery of Tohoku. Two field work programs with 244 participants took place in 2015 and 2016.</td>
</tr>
</tbody>
</table>
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➤ CHAPTER 2: Right Arm Fellowship in Data
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Changes in Fellows, Businesses and Organizations

- In the five years since the disaster (March 2011–March 2016), 228 Fellows worked in 137 businesses and organizations.
- The need in Tohoku is changing from one in which manpower is needed for emergency assistance and reconstruction to one in which manpower is needed to nurture businesses.

Changes in the Numbers of Fellows and Projects

<table>
<thead>
<tr>
<th>Year (FY)</th>
<th># of Fellows</th>
<th># of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>74</td>
<td>31</td>
</tr>
<tr>
<td>2012</td>
<td>61</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>46</td>
<td>28</td>
</tr>
<tr>
<td>2014</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>2015</td>
<td>22</td>
<td>17</td>
</tr>
</tbody>
</table>

Based on data collected by ETIC. Discrepancies in the numbers of Fellows and businesses and organizations accepting Fellows are found for FY2014 and others since businesses and organizations are counted as of their adoption, while Fellows are counted as they began their activities.
Changes in Projects that Received Fellows

- In the five years since the disaster, 137 projects were accepted for the Right Arm Fellowship program. [as of March 31, 2016]
- Around 30 projects accepted every year; 17 projects accepted in 2015 due to budget constraints.
- Acceptance rate increased once the public application system was introduced in 2013.
Gender and Age of Fellows

- As the situation shifted from the emergency assistance phase to the recovery phase, the need for human resources with specific skills increased. In FY2011, right after the disaster, 70% of Fellows were in their 20’s. In FY2015, 41% of Fellows were in their 30’s while 23% were in their 20’s and 40’s.

- With the exception of FY2014, there were more male Fellows than female. In FY2016, 15 of 21 Fellows were female.

Based on data collected by ETIC.
Fellows' Hometowns and Previous Residences

- None of the Fellows lived in the three disaster-affected prefectures in FY 2011; less than 20% were originally from the three affected prefectures.

- In FY 2015, the majority of Fellows were from the three affected prefectures; many natives of these prefectures returned home after working in the greater Tokyo area as can be seen from their previous residence.

- Fellows from the greater Tokyo area declined to less than 10% in 2015.
Motivation of Fellows

- More than half the Fellows said they wanted to "be of help."
- As years passed, more Fellows began to focus on their compatibility with businesses and organizations, including the organization's mission, a chance to use one's expertise, and the personality of leaders, among other reasons.

### Deciding Factors for Participating in the Fellowship (n=157)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>2011 (FY)</th>
<th>2012 (FY)</th>
<th>2013 (FY)</th>
<th>2014 (FY)</th>
<th>2015 (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovator-Oriented</td>
<td></td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Field of recovery was on the frontline of innovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project-Oriented</td>
<td></td>
<td>37%</td>
<td>13%</td>
<td>37%</td>
<td>44%</td>
<td>52%</td>
</tr>
<tr>
<td></td>
<td>Agreement with mission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expertise can be used</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attractiveness of project</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Personality of leader</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career-Oriented</td>
<td></td>
<td>13%</td>
<td>12%</td>
<td>16%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Field experience in recovery work beneficial for future career</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>For one's own growth</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Local Contribution</td>
<td></td>
<td>20%</td>
<td>57%</td>
<td>30%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>Desire to contribute to home community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recovery-Oriented</td>
<td></td>
<td>27%</td>
<td>21%</td>
<td>24%</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>Want to be of use for recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Desire longer commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Desire to be involved in the field of recovery as a professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on data collected by ETIC.
Changes in Job Roles of Fellows

- Right after the disaster, the greatest needs were community management (31%), such as providing support in emergency shelters and temporary housing, and business development and promotion (23%) to create jobs in communities.

- After five years, there was greater need for Fellows with experience in marketing and sales promotion (30%) and service and product development (20%) to develop and stabilize businesses.
Difficulties Faced by Fellows

- About 30% of Fellows said their relationships with their leader were difficult.
- The next two hardest challenges: Living in the local community and job responsibilities.

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship with leader</td>
<td>• Top-down management style made communication difficult.</td>
</tr>
<tr>
<td></td>
<td>• Building relationship was hard because there was little chance to interact with the leader.</td>
</tr>
<tr>
<td></td>
<td>• Wanted to have a third person; Fellow was alone with the leader.</td>
</tr>
<tr>
<td>Life in local community</td>
<td>• Was difficult to do daily shopping for groceries.</td>
</tr>
<tr>
<td></td>
<td>• Hard to find joy outside of work.</td>
</tr>
<tr>
<td></td>
<td>• Had a hard time since living environment was very different.</td>
</tr>
<tr>
<td>Job responsibilities</td>
<td>• Large gap between the job description and actual work.</td>
</tr>
<tr>
<td></td>
<td>• Hard to create business relationships with people in the community.</td>
</tr>
<tr>
<td></td>
<td>• It’s not easy for outsiders to understand the local area and engage people.</td>
</tr>
<tr>
<td>Relationships with other staff</td>
<td>• Isolation from other staff.</td>
</tr>
<tr>
<td></td>
<td>• Staff treated Fellows differently—one would expect initiative, while others would treat Fellows as part-time staff.</td>
</tr>
<tr>
<td>Other</td>
<td>• I had many financial issues.</td>
</tr>
<tr>
<td></td>
<td>• Hard to maintain health.</td>
</tr>
<tr>
<td></td>
<td>• Struggled with position as an outsider.</td>
</tr>
</tbody>
</table>
Positive Impact of Fellows

- Half the businesses and organizations said Fellows had a strong impact on strengthening capacity.
- "Gain new perspectives" and "growth of managers and staff" rated highly.

<table>
<thead>
<tr>
<th>Impact of Fellows (n=44)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen Capacity</td>
</tr>
<tr>
<td>Gain New Perspectives</td>
</tr>
<tr>
<td>Growth of Manager and Staff</td>
</tr>
<tr>
<td>Increase Beneficiaries</td>
</tr>
<tr>
<td>Networking</td>
</tr>
<tr>
<td>Improve Visibility</td>
</tr>
<tr>
<td>Identify New Issues</td>
</tr>
<tr>
<td>Idea Generation</td>
</tr>
<tr>
<td>Increase Income</td>
</tr>
</tbody>
</table>

- Strong impact
- Some impact
- Neither
- Not so much impact
- No impact

Based on data collected by ETIC.
Positive Impact of Fellows

- Positive impact of Fellows includes "establishment of new projects" and "strengthening capacity."

<table>
<thead>
<tr>
<th>Category</th>
<th>Role/Action of Fellows</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of new businesses and organizations</td>
<td>• Fellows came with skills and networks that leaders didn’t have. Reduced labor costs were possible with Fellows.</td>
<td>• New projects succeeded thanks to the Fellows. After a Fellowship, Fellows continued working, which brought a younger generation into the local workforce. These new employees helped solve local challenges.</td>
</tr>
<tr>
<td></td>
<td>• Our Fellow joined when we didn’t have anyone to lead a new project. The Fellow created a new local network, which was instrumental to starting our new business.</td>
<td>• The Fellow succeeded in launching a new business, which led to the increase of beneficiaries, networking with local citizens and institutions, and grants.</td>
</tr>
<tr>
<td></td>
<td>• Fellow provided technical advice for a new business.</td>
<td>• With the Fellows expertise, we could start a for-profit business in addition to our welfare initiative, which was the first step to economic independence.</td>
</tr>
<tr>
<td>Strengthening capacity</td>
<td>• Fellow’s high level of expertise in accounting helped with operations.</td>
<td>• Internal infrastructure was developed and labor and financial management was improved to meet industry standards, which led to increase in trust.</td>
</tr>
<tr>
<td></td>
<td>• With an information and IT expert, we greatly improved our internal systems.</td>
<td>• Dissemination of information inside and outside of our organization improved significantly.</td>
</tr>
<tr>
<td></td>
<td>• Fellow took over administration and creation of information package, which allowed us to focus on coordination with external parties and the development of original products.</td>
<td>• With someone to take over administrative duties, the organizational infrastructure and capacity improved.</td>
</tr>
</tbody>
</table>
Positive Impact of Fellows: Additional Comments

- Businesses and organizations appreciated: (1) mentoring of leaders and business plan development support; (2) regular interviews with and retreats for Fellows; (3) PR/networking; and (4) improvement of the recruitment process and cost reduction.

<table>
<thead>
<tr>
<th>Category</th>
<th>Summary of Comments</th>
</tr>
</thead>
</table>
| Support for Leaders           | • Mentoring of business and organization leaders, not just Fellows, was helpful. Site visits to other businesses and organizations helped in creating business plans. Connections made continue to be of use.  
  • Advice to build relationships with government officials and for communicating with Fellows was useful. |
| Support for Fellows           | • When communication with a Fellow became difficult, an ETIC coordinator stepped in to help.                                                         
  • Sessions with coordinators and Fellows and retreats for Fellows helped keep them motivated and focused on their mission. |
| PR/Networking                 | • Networking among coordinators and Fellows introduced new perspectives to the organization.                                                               
  • The process for recruiting Fellows was also an opportunity to share information about businesses and organizations in Tohoku, and to highlight local issues and future projects to a larger community. |
| Improvement of Recruiting/    | • Application requirements and selection process for Fellows worked well—the Right Arm Fellow worked well since our needs were well understood.      |
| Cost Reduction                | • The biggest benefit was to have the expertise we needed but couldn’t find on our own. It was also an advantage to have ETIC.’s know-how so that we could clearly articulate what we needed. |
Size of Businesses and Organizations

- Although most businesses and organizations were launched after the disaster, approximately 50% grew to budgets of more than ¥50 million.

- More than 20% of the businesses and organizations have annual budgets of ¥100 million. Total budget of the 41 survey participants is approximately ¥3 billion.
Size of Businesses and Organizations

- Businesses and organizations with budgets of less than ¥100 million (includes most of the businesses and organizations) fall into three groups: (1) sole proprietor; (2) facing impediments to growth; and (3) further growth expected.

Based on survey conducted by ETIC among businesses and organizations that accepted Fellows.
Among non-profits with budgets of more than ¥100 million, the majority of income comes from business revenue; membership revenue and donations are nearly 20%, reflecting low dependency on subsidies, grants, and contract revenue.
Budget Breakdown of Businesses and Organizations

- The total budget of businesses and organizations started after the disaster exceeds ¥3 billion.
- About half of that income originates from business revenue.

Sales Amounts and Breakdown of Income in March 2010 & March 2016 (in ¥mil, n=40)

- ¥220 million (6.8%) earned by entrepreneurs who started businesses after Fellowship

Based on survey conducted by ETIC among businesses and organizations that accepted Fellows.
Social Impact Created by Businesses and Organizations Accepting Fellows

- Eighty-nine percent of businesses and organizations responded that "having Fellows had an impact on the challenges their communities were facing, on other organizations and companies, and on policies.

- Examples of the impact of Fellows: Deployment of model projects; influence on government policies; ripple effect on industries; and influence on local culture.

<table>
<thead>
<tr>
<th>Category</th>
<th>Comments from Survey Respondents</th>
</tr>
</thead>
</table>
| Deployment of model projects  | • “The project was initially considered impossible, but we had good results and started to receive site visits from interested parties and invitations to speak. We were chosen as a model project by the Reconstruction Agency.”  
  • “There are more and more opportunities for us to receive visitors from other communities and to present our work at universities and in study sessions for integrated community care.”  
  • “We started the first cogeneration plant in Japan to provide energy through a specific type of wood-based biomass.”  
  • Met with the Prime Minister on hiring people with disabilities. |
| Influence on government policies | • “Reconstruction Agency included our plan for a traffic infrastructure project in temporary housing in its policy plans.”  
  • “Two of our projects were adopted by the prefecture and we were contracted to start them this fiscal year.”  
  • “Our project is considered a core project in Sendai city’s five-year plan to counter child poverty.” |
| Ripple effect on industries   | • “We built an alliance with many companies and have opportunities to propose new businesses in forestry, metal processing, and trading, among others.”  
  • “Through a wood-based biomass business, we utilize un-managed forest resources, which is an issue all over the country.”  
  • “Our project has been deployed to 22 cities in Japan.”  
  • “The gross merchandise volume reached ¥5 billion. Our new product was a hit – we sold more than a million pieces.” |
| Influence on local culture     | • “It is almost normal to have visitors from overseas now. When local hotels are contacted, they ask: ‘Japanese? Foreigner?’ They were concerned in the beginning, but now they are reluctant to say good bye. They prefer to say ‘Come again, thank you, arigatō!’ and hug the guests.” |
Fellows' Careers Post-Fellowship

- More Fellows remain in Tohoku as the years go by; More than 100 alumni are active in Tohoku now.
- Twenty-two former Fellows started their own businesses, and many became representatives or secretary generals of the organizations they worked in as Fellows. These organizations continue to receive Fellows, creating a self-propagating cycle.

Fellows' Careers Post-Fellowship (n=232)

1: Fellows who remained in Tohoku are those Fellows who either stayed in receiving organizations, got other jobs in Tohoku, or launched businesses in Tohoku. Based on survey conducted by ETIC, among receiving organizations and projects.
Selection Process for Fellows

- In five years, 42,000 people visited the Right Arm Fellowship website and 3,254 people took part in related events such as information sessions; 685 people applied to the Fellowship program, of whom 207 were accepted and became Fellows.

- Five years after the disaster, the number of visitors to the Right Arm Fellowship website is increasing gradually.

![Graph showing visitor data over five fiscal years](image)
How Fellows Learn About the Program

- Most Fellows learned about the Fellowship program on the Internet, however, more recently, introductions and word-of-mouth referrals are increasing.

![Bar chart showing how Fellows learn about the program](chart.png)
Media Exposure

- In the first five years, the Right Arm Fellowship was featured in the media 116 times. Peak mass media exposure (including TV, newspapers, radio) happened in the year after the disaster, and then gradually declined.

- Coverage in newspapers and magazines occupy more than 80% of media exposure. Newspapers include national and regional papers in Tohoku, and magazines such as *Sotokoto* and *Alterna*, which feature the program often. Most newspaper features are published around March every year.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>TV</td>
<td>Newspaper</td>
<td>Magazine</td>
<td>Radio</td>
<td>Web</td>
</tr>
<tr>
<td>1</td>
<td>16</td>
<td>17</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

% of Featured Media (FY 2011–2015, n=116)

- Newspapers: 38%
- Magazines: 38%
- TV: 14%
- Radio: 5%
- Web: 14%

Based on data obtained by ETIC.
## Revenue and Expenses

### FY 2010 (March to end of May)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>21,316,742</td>
<td>108,242,763</td>
<td>216,634,192</td>
<td>177,997,697</td>
<td>52,185,961</td>
<td>101,194,874</td>
<td>677,572,229</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>-</td>
<td>-</td>
<td>17,370,736</td>
<td>-</td>
<td>41,744,081</td>
<td>19,320,000</td>
<td>78,434,817</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,396,187</td>
<td>3,750,000</td>
<td>58,457,636</td>
<td>74,603,823</td>
</tr>
<tr>
<td>Trust Money</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,288,338</td>
<td>4,778,965</td>
<td>16,067,303</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>440,629</td>
<td>1,787,780</td>
<td>2,228,409</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,316,742</td>
<td>108,242,763</td>
<td>234,004,928</td>
<td>190,393,884</td>
<td>189,409,009</td>
<td>185,539,255</td>
<td>848,906,581</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Grants</td>
<td>-</td>
<td>45,251,550</td>
<td>80,637,500</td>
<td>89,665,000</td>
<td>79,439,678</td>
<td>70,958,000</td>
<td>365,951,728</td>
</tr>
<tr>
<td>Fellowship Support Grants</td>
<td>-</td>
<td>45,251,550</td>
<td>64,037,500</td>
<td>63,765,000</td>
<td>40,338,814</td>
<td>33,263,000</td>
<td>246,655,864</td>
</tr>
<tr>
<td>Project Grants</td>
<td>-</td>
<td>-</td>
<td>16,600,000</td>
<td>25,900,000</td>
<td>39,100,864</td>
<td>37,695,000</td>
<td>119,295,864</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>429,259</td>
<td>13,622,009</td>
<td>32,806,938</td>
<td>41,592,815</td>
<td>52,492,779</td>
<td>28,665,478</td>
<td>169,609,278</td>
</tr>
<tr>
<td>Personnel costs</td>
<td>-</td>
<td>4,493,700</td>
<td>31,733,124</td>
<td>39,277,537</td>
<td>25,431,639</td>
<td>54,269,080</td>
<td>155,205,080</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>42,926</td>
<td>5,887,356</td>
<td>12,874,440</td>
<td>12,310,897</td>
<td>11,580,745</td>
<td>21,884,414</td>
<td>64,580,778</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>472,185</td>
<td>69,254,615</td>
<td>158,052,002</td>
<td>182,846,249</td>
<td>168,944,841</td>
<td>175,776,972</td>
<td>755,346,864</td>
</tr>
</tbody>
</table>

### Balance

| Balance          | 20,844,557 | 38,988,148 | 75,952,926 | 7,547,635 | (59,535,832) | 9,762,283 | 93,559,717 |

### Balance carried forward to next FY

| Balance carried forward to next FY | 20,844,557 | 59,832,705 | 135,785,631 | 143,333,266 | 83,797,434 | 93,559,717 | 93,559,717 |
Right Arm Fellowship Alumni

The careers of Right Arm Fellowship alumni vary. Below are highlights from Katsuyoshi Obi, who launched a business; Yusuke Kato, who took a position at the business where he was a Fellow and is now active in many fields; and Kanako Tsuchiya, who returned to a private company.

Katsuyoshi Obi: HR company ➤ Fellowship ➤ Launched business in Tohoku
Obi was a Fellow from April 2012 to January 2013 at MAKOTO, where he provided support to business owners and entrepreneurs. While traveling around disaster-affected areas, he felt a sense of danger for seniors who were identified as needing care and were living alone. He founded Ai San San Meal Delivery, where 20 of its 40 staff are disabled. Another Right Arm Fellow supported the launch of Ai San San’s 2nd branch, and Obi is currently looking for a third Fellow to strengthen his business further.

Yusuke Kato: Consultancy ➤ Fellowship ➤ Stayed and is active in many fields
Kato, originally from Yokosuka, joined a major consulting firm after graduating from college, but left within a year. During his fellowship at Bridge for Fukushima (April to September 2012), he was active in the North and Soso districts of the prefecture; he created a tourism program for people to visit the Soso area and a project for high school students to pitch ideas to solve social problems, among other projects. Kato remains with Bridge for Fukushima and since December 2014, he has also been a policy researcher at the Fukushima Bureau of the Reconstruction Agency. Additionally, he is in charge of “Yui no Ba,” a program that matches disaster-affected companies in Fukushima with supporting companies.

Kanako Tsuchiya: IT Consultancy ➤ Fellowship ➤ HR/Organizational Consultancy
Tsuchiya, from Tokyo, graduated from college and worked at an IT consultancy for eight years. She volunteered in Kesennuma and Rikuzentakata in the summer of 2012 before becoming a Fellow in November to organize activities, conduct evaluation/analysis, and proposed new plans. From April 2013, Tsuchiya developed a framework to support seniors with private-sector services and assisted in the creation of local activity groups. Back in Tokyo in April 2014, she held short-term positions to improve a clinic that provides home healthcare and to launch a healthcare administrative center. Since July 2015 she has worked for an HR/organizational development consultancy.
CHAPTER 1: Human Resource Issues in Disaster-Affected Areas in Tohoku
The post-disaster situation in Tohoku and the history of the Right Arm Fellowship

CHAPTER 2: Right Arm Fellowship in Data
Achievements and impact of the Fellowship

➢ CHAPTER 3: Stories from Tohoku
Major innovation models that emerged from the Fellowship program

CHAPTER 4: Examples outside of Japan
Global examples of turning adversity into action

CHAPTER 5: Conclusion
Case Study 1:
Changing the Definition of "Seniors" — Replus
Case Study 1:  
Changing the Definition of “Seniors” — Replus

Daigo Hashimoto, a physiotherapist, first came to Tohoku a few months after the disaster. To provide care to disaster-affected people, he established a volunteer team of rehabilitation specialists and others.

In Tohoku, he met seniors who suffered from disuse syndrome due to changes in their living environment and loss of work. After losing a client who had weakened and was in and out of the hospital, Hashimoto felt compelled to move to Tohoku permanently to start a healthcare-related business. He founded Replus in January 2013.

Replus focuses on two main programs: Studio Plus, which provides rehabilitation services led by physical and occupational therapists in Ishinomaki and Tome, and the Treasure Supporter Training Program, which trains individuals to live healthier lives.

According to a survey started in October 2013, 77% of clients who participated in Studio Plus for three months or more saw improvement in leg muscle strength. By September 2015, seven seniors progressed out of “need of care” status and returned to gardening and farming.

Graduating from “need of care” status not only signifies a renewed love of life for seniors, but it also transforms social cost into social benefit. In Japan, where the decrease in the labor force and an increase in pensions are inevitable, it is critical to make it possible for healthy seniors to work.

The Treasure Supporter Training Program trains individuals in body structure and exercise in community halls and temporary housing. The program certifies “supporters” who work to improve their health and the health of family members. More than 70 people have completed the course, which educates them about exercise, dementia, aspiration, and depression.

Replus programs are having an impact by improving the health of seniors and others in the communities they serve.

Daigo Hashimoto  
Executive Director  
Replus

Born in 1980 in Kashima, Ibaraki. Physiotherapist. Established a support group after 3.11 with rehabilitation specialists and moved to Ishinomaki in Dec. 2011. After learning about the increase of primary nursing care insurance users and the difficulty of improving their health conditions, Hashimoto thought it necessary to provide prevention services and founded Replus in January 2013.
Case Study 2:
New Customers, Untapped Resources and Traditional Skills — Sessionable
Case Study 2: NEW CUSTOMERS, UNTAPPED RESOURCES AND TRADITIONAL SKILLS — SESSIONABLE

Producing 150 Guitars Per Month in Onagawa
In February 2016, a new workshop will open on the shopping street in front of Onagawa station in Miyagi. The owner is Yosuke Kajiya (32). Originally from Tanegashima Island, Kajiya was the top sales clerk at a major music instrument store in Ochanomizu, but left Tokyo to make guitars in a workshop he established in Tohoku. He eventually quit his work in Tokyo and started his own guitar business. Then, he moved to Onagawa to establish his workshop.

High Quality Guitars Produced with Shrine Carpenter Techniques
How to compete? Kajiya has carefully chosen his tactics. The guitars will be made of light, solid cedar from Sanriku using the techniques of carpenters who specialize in creating shrines and temples; namely those of Kesen carpenters, whose techniques have been passed down in the area. “By using shrine carpenter techniques, which use no metal such as nails, the guitars will have a unique note. Differentiation is becoming the key in the world of guitars. I’m thinking of selling the guitars, made of domestic timber and with shrine carpenter techniques, for about ¥300,000 each.” Kajiya, who knows the guitar market thoroughly, looks to the future.

Creating a New Job Alternative: Guitar Makers in Tohoku
Kajiya was working in a major music instrument store in Ochanomizu when the disaster occurred. Tapping into his network, he started inviting musicians to Tohoku to encourage those affected by the disaster. Already planning to start his own company after the age of 30, Kajiya shifted his thinking to creating a business that would contribute to Tohoku’s recovery. “The reality is that one can seldom find a job as a guitar maker after graduating from vocational school. Since I announced publically that I was opening up a workshop, numerous inquiries have come in. If I could create real opportunities for guitar makers, which did not exist in Onagawa until now, there would be a reason for young people to come to this town. We can also protect traditional regional techniques by passing down the techniques of shrine carpenters.”
Case Study 2:  
New Customers, Untapped Resources and Traditional Skills — Sessionable

**Why Onagawa? — Social get-togethers become "Strategic Meetings"**

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

**I couldn’t do have done it with such speed had it not been Onagawa**

Kajiya told us about an interesting encounter. “In fact, I hadn’t prepared an official application to open a workshop on the shopping street. Someone said to me ‘Why don’t you open the workshop on the promenade (the shopping street in front of the train station)?’ at a get-together, and I said ‘Yes, I’d love to.’ Before I knew it, the biggest space on the promenade had been assigned to me!” laughs Kajiya. People will run around to support those who want to do something. Such human relationships exist in Onagawa where it is easier to turn ideas into reality. Preparation at the workshop has been proceeding steadily—funding from banks has been successful and staff members hired. The first customer for the company’s first guitar has also been decided. Serial number 1 goes to the mayor (the first client)!”
Case Study 3: Offering New Educational Programs — MORIUMIUS

Ogatsu, a part of Ishinomaki in Miyagi, is a town surrounded by forests and the ocean. About 250 people lost their lives in Ogatsu, and 80% of the houses were washed away by the disaster. Additionally, after the disaster the population of about 4,300 people decreased to under 1,000.

In 2015, MORIUMIUS, an experiential learning facility for children, opened in a renovated 90-year-old former primary school in the centrally located Kuwahama district of Ogatsu.

The founders of MORIUMIUS are Takashi Tachibana (Representative Director, Public Incorporated Association Moriumius), who is originally from Sendai and came to Ogatsu after 3.11, and Gentaro Yui (Board Member and Learning Director).

After working at a trading company, Tachibana ran a food venture company, which is where he was at the time of the disaster. His mother ran a deli in Sendai, and he began transporting food to Ogatsu every day. Using his own car, almost every week he also organized volunteers to help with reconstruction and recovery in Ogatsu. The other founder, Yui, who grew up in the U.S., had been involved in the development and operation of children’s programs at KidZania.

MORIUMIUS was conceived and developed by Tachibana and Yui, but it wasn’t easy. To cover the huge cost and required manpower, they raised funding from foundations and via crowdfunding. Dozens of volunteers joined them to clean out the school, which was filled with mud. MORIUMIUS not only works with children from Japan, but from all over the world. The organization teaches life skills through experiential learning. Local citizens from agriculture and other industries serve as teachers, cook with the children using local produce, and organize workshops. Foreign teachers, who teach English in Japan, also contribute to MORIUMIUS.

“I hope that the many children who visit MORIUMIUS will begin to understand the cycle of nature and learn to live sustainably. We introduce them to harvesting and cooking their own food, using leftovers to feed cattle, and recycling water to grow plants. I would like them to think of Ogatsu as their second hometown. I am of the firm belief that we can pave a bright future for Ogatsu and its children.”
—MORIUMIUS Supporter

MORIUMIUS’ influence can be seen in the community as well. Initially, owners of local inns and hotels were surprised to be hosting foreigners since they were not accustomed to it. But now, they can be seen hugging guests when they leave and saying “Come again. Thank you. Arigato.”

Recently, a graduate of the original Kuwahama Elementary school began working for MORIUMIUS, a place where local young people can work with pride. MORIUMIUS is not only an innovative educational institution in Ogatsu, but it is also creating positive change in the lives of local citizens. It is a place worth watching.

Members of MORIUMIUS with local children.
Case Study 4: Locally Produced, Locally Consumed — Kesennuma Regional Energy Development Corp.

Due to its location on the fertile Sanriku Coast, Kesennuma has a flourishing fishing industry. For nearly 100 years, Kesennuma Co., K.K. has supported the local fishery industry by supplying its ships with gas and fuel.

After the disaster, Masaki Takahashi, the fifth generation president of the company, served as the chairperson of a civil committee tasked with developing a recovery plan. Takahashi had an idea. "While we considered fundamental issues such as education and healthcare, concern for a sustainable energy source was also raised. In Kesennuma, we have abundant unused forest resources. Years ago, ships were built from wood from the mountains. I thought that we could create a business using wood-based biomass," said Takahashi.

With funding from the Kesennuma city government and Kesennuma Shinkin Bank, Takahashi established the Kesennuma Regional Energy Development Corp., a locally produced, locally consumed energy business.

Motivated by Takahashi’s passion, Fellows from Tokyo with the right skills and expertise came together, including a first-class registered architect, a systems engineer who’d been working for a foreign company and has foreign language skills, and a forest management researcher. They used their skills to help start the newly founded company and worked on understanding energy demand, established a system for procuring timber, negotiated with overseas manufacturers, set up plant management procedures, and undertook prep work to start the new plant.

The business is stabilizing, and is increasing energy supply and employing local seniors. It is now one of the top new businesses in Kesennuma.

The Fellows who worked for the company decided to stay after their Fellowships ended and continue to work hard in Kesennuma. Takahashi and the Fellows continue with their dream of a successful locally produced, locally consumed energy company.

Masaki Takahashi
President, Kesennuma Regional Energy Development Corp.

Takahashi runs the Kesennuma Co., which sells oil and gas to local industries. After the disaster, he was involved in the city’s civil reconstruction committee to contribute to the recovery effort. Later, he launched a biomass energy business, using wood that came from forest thinning, to promote local energy self-sufficiency.

Right Arm Fellows

Motivated by Takahashi’s passion, Fellows from different professional backgrounds came together to help make his company a success. Although their Fellowships ended, they continue to work in Kesennuma.
Case Study 5: New Business Development — Asueno Kibo

Ms. Abe from the Ceramika workshop was supported by Right Arm Fellow Chisato Takano.

Chisato Takano was studying tourism in college when she took a year off to go to Onagawa, Miyagi as a Right Arm Fellow in March 2013.

She was initially involved in recovery work as a volunteer, but applied for the Fellowship because she "wanted to be involved in the sustainable revitalization of industries." Takano was dispatched to NPO Asuenokibou (Hope for Tomorrow), which supports disaster-affected business owners and start-ups.

Onagawa suffered devastating damage from the Great East Japan Earthquake; 80% of houses and 10% of the population were lost. Before the disaster and Takano’s arrival, local shop owners were leading an effort to open a temporary shopping street. Among those working on this effort were women who had no experience in running businesses. Takano was asked to support them.

The women wanted to bring back a vibrant Onagawa by doing what they were good at, and decided to launch a café and a Spanish tile workshop. However, they had never launched a business or managed a shop before. Things didn’t always go as expected, and there was much trial and error.

Despite her lack of management experience, with the advice of Yosuke Komatsu, President of Asuenokibou, Takano worked closely with shop owners and was able to provide much needed support. She did everything from developing the menu at a café to building websites; she was also a confidante to shop owners during tough times. The businesswomen are grateful that she stood with them through everything.

Takano visits Onagawa many times a year even though her Fellowship is over. The town is dear to her. Some of the shops she supported have relocated to the newly opened shopping promenade in front of the new Onagawa train station.

Yosuke Komatsu
President
NPO Asuenokibou

Originally from Sendai, Komatsu decided to go back to his hometown after 3.11 and left his job at Recruit in September 2011. He believes that the "revitalization of industries" is what is necessary for long-term recovery, and joined Onagawa’s Recovery Coordination Committee. He was the Committee’s strategy director working on building businesses and supporting startups before he founded NPO Asuenokibo.

Chisato Takano
Right Arm Fellow

After taking a year off from college, Takano was dispatched to Onagawa for eight months starting in March 2013. She worked at NPO Asuenokibou, which now regularly accepts college students as interns after its success with Takano.
Businesses and Organizations that Accepted Right Arm Fellows within a Year of the Disaster

- Thirty-one projects were started and received Fellows within a year of the disaster.
- Top four sectors that received Fellows: Health, Welfare & Social Inclusion; Intermediary Assistance; Community Assistance; and Children & Education. These four sectors include 75% of all projects.
Businesses and Organizations Launched within a Year of the Disaster

MEDICAL WELFARE/SOCIAL INCLUSION
Case Case Study ② Project to Support Local Welfare and Nursing Care, CANNUS Tohoku

After the disaster, CANNUS began sending nurses to Tohoku on a regular basis. Tapping into their network of volunteer nurses from all over Japan, CANNUS initiated the following programs:

1) Visiting Nurses & Care Stations (including individual start-up support)
CANNUS implemented home care, nursing, and rehabilitation services in Motoyoshi, Kesennuma, and Ishinomaki for individuals who weren’t served by existing local welfare stations. The initiative contributes to creating jobs.

2) Day Care Services
Day care services for clients prone to depression or addicted to alcohol were also started in Motoyoshi and Ishinomaki. The initiative contributes to creating jobs.

3) Additional Contributions
In addition to the two initiatives above, CANNUS made additional contributions to the overall well being of seniors by sending staff to observe seniors in temporary housing, improving the hygienic environment of shelters, and providing volunteer health counseling and mental health care.

Sugawara spent his middle and high school years in Denmark, and graduated from Tokai University with a management systems engineering degree. After working at Septeni for two years, he became interested in healthcare/nursing. He studied at Chigasaki Rehabilitation College in 2005, and joined Tsurumaki Onsen Hospital as a physiotherapist. Since March 17, 2011, he began supporting Kesennuma and Ishinomaki, serving as a driver for doctors/nurses and as a physiotherapist in his free time. Sugawara left his hospital job on April 6 to join CANNUS, which is run by his family. He is permanently located in Ishinomaki as a local coordinator.
Businesses and Organizations Launched within a Year of the Disaster

INTERMEDIARY SUPPORT
Case Case Study ② Project to create a system that uses transformative funds for social change, Sanaburi Foundation

The Sanaburi Foundation is the first community foundation in Tohoku. It matches local needs to funds and created a fund to sustain social businesses.

After the disaster, while increasing support came from the public sector, Sanaburi was the first to introduce a private sector-led support system. While maintaining flexibility and proactive engagement, it focused on activities and businesses that could not be supported by the public sector.

In the three disaster-affected prefectures, with a focus on Miyagi, Sanaburi created grant programs to support non-profit organizations and affected corporations. In addition, it planned and implemented research activities. Sanaburi’s total financial support from the time of the disaster to September 2015 exceeds ¥1.5 billion.

The Foundation’s key challenge was to develop useful programs quickly while also trying to assess an ever changing situation on the ground.

REPRESENTATIVE
Yuji Suzuki
(Secretary General, Sanaburi Foundation)

Suzuki was bullied as a fifth grader and was regularly truant from school. As a result, he grew up in Tokyo Schule, an NPO where other children with similar challenges lived. As an adult, he developed CSR initiatives at the NPO Japan Initiative for Youth Development that focused on child support and education. He was also a lecturer at Otsuma Women’s University and served in the secretariat at Education for Sustainable Development Japan before moving to Sendai in April 2011. He worked with ETIC. as a group manager for the Tsunapuro project before taking on his leadership role at Sanaburi.
After the disaster, residents along the coast in Iwate were put in temporary housing in Kitakami, which was located inland. Many of these residents were withdrawing and as a result, their health was deteriorating. The Kitakami Recovery Support Cooperative stepped in.

The Cooperative employed 81 “temporary housing supporters” and placed them in every temporary housing complex for consultations, to respond immediately to the needs of the residents, and to support the revitalization of communities. Temporary housing supporters worked with individuals prone to withdrawal, engaged them in activities at community centers, and worked to build healthy and forward-looking living environments.

The Cooperative brought Right Arm Fellows together as a team to serve as back-up to the temporary housing supporters. This management system was unique to Kitakami.

Ofunato was completely devastated by the earthquake and tsunami, and as a result did not have the capacity to apply for funds available for emergency employment needs. Kitakami took over some of the administrative demands on Ofunato and successfully applied for emergency employment funds. This enabled Kitakami to hire Japan Create, a temporary employment agency, which in turn hired the temporary housing supporters. This model was expanded to help the towns of Kamaishi and Otsuchi.

**COMMUNITY ASSISTANCE**

**Case Study ③ Project to assist people in temporary housing, Kitakami Recovery Support Cooperative**

**REPRESENTATIVE**

Hiroto Kikuchi
(Secretary General, Kitakami Recovery Support Cooperative)

A graduate of the School of Human Science, Waseda University, Hiroto Kikuchi worked at the secretariat of a community sports club in Tokorozawa while in college. He returned to Kitakami in 2006 and worked as secretary general of Iwate NPO-NET Support to promote civic activities and collaboration in the city, and hosted workshops for citizens on the policy-making process. After 3.11, he launched and is the secretariat of the Iwate Collaboration Recovery Center and the Kitakami Recovery Support Cooperative.
Businesses and Organizations Launched within a Year of the Disaster

CHILDREN / EDUCATION
Case Case Study ④ Afterschool Program "Collabo School," NPO Katariba

The loss of places to study for children after 3.11 was a big issue. Many afterschool facilities were washed out by the tsunami, and study space in temporary housing was difficult to find. Katariba decided to change things.

Katariba opened "Collabo School," an afterschool program that functions as both a learning space and place to hang out for disaster-affected children. The first school, Onagawa Kogakukan, opened in July 2011 in Onagawa, Miyagi, where damage from the tsunami was particularly severe. Otsuchi Ringakusha begun its operations in December of the same year.

People all over Japan who empathized with Katariba’s hope that “children would be able to overcome the harsh and tough ordeal they went through and become resilient and gentle” offered donations and their time as volunteers.

Katariba and local afterschool teachers, volunteers, local boards of education, the principal association, schools, and donors from all over, came together to support the students. With the goal of developing future leaders from Tohoku, Katariba implemented unique education programs to maximize the potential of the students, and created employment opportunities for teachers whose work places had been washed away.

REPRESENTATIVE
Kumi Imamurai
(Chairman of the Board, Authorized NPO Katariba)

Imamura was born in Takayama, Gifu and graduated from the Faculty of Environment and Information Studies, Keio University. She started Katariba as a voluntary group in college with Vice Chair Mikayama (née Takeno) in 2001. Katariba, which incorporated in 2016, works to redefine education beyond schools, and makes it possible for everyone to be a teacher. Katariba, which means “a space for dialogue,” provides an environment where students can express their feelings and think about their futures. Since the 3.11 disaster, Katariba has provided support to children mainly in Onagawa, Miyagi.
CHAPTER 1: Human Resource Issues in Disaster-Affected Areas in Tohoku
The post-disaster situation in Tohoku and the history of the Right Arm Fellowship

CHAPTER 2: Right Arm Fellowship in Data
Achievements and impact of the Fellowship

CHAPTER 3: Stories from Tohoku
Major innovation models that emerged from the Fellowship program

➤ CHAPTER 4: Examples outside of Japan
Global examples of turning adversity into action

CHAPTER 5: Conclusion
Resilient Communities Worldwide Overcome Natural Disasters and Economic Crisis

- ETIC connected leaders from Tohoku with leaders in the U.S. engaged in recovery work to create opportunities to learn from each other’s experiences.

- By 2050, an increase in the occurrence of disasters is predicted and disaster recovery costs will reach 6% of the world’s GDP. As the market economy is globalized, we are also seeing an increase in citizens impacted by economic crisis.

- There is so much to learn from resilient communities. In each location, the common denominator is the important role entrepreneurs play in creating new value.
Ten Years After Hurricane Katrina, the Renewal of New Orleans

Photo courtesy of Idea Village.
Ten Years After Hurricane Katrina, the Renewal of New Orleans

New Orleans in Decline before Hurricane Katrina

Hurricane Katrina struck the southwestern part of the United States on August 29, 2005, which resulted in 2,541 dead or missing people and $10-25 billion in damages. It was one of the deadliest natural disasters in the history of the United States.

The city of New Orleans, a major city in Louisiana, was one of the hardest hit areas. The city had a population of about 480,000 and is known as the birthplace of jazz. You can still spot the French cultural influence in the city. New Orleans had thriving small enterprises, which created employment and provided services to local residents. The city also had an active port with a vibrant fishing industry.

On the other hand, New Orleans was facing dire challenges before the disaster. The economy had been stagnant since the 1990s and 16,000 jobs were lost in the five years between 2000 and 2004. The income gap was wide and the high crime rate was a constant issue.

The damage caused by the hurricane accelerated these dire circumstances.

Ten Years Later, New Orleans is One of the Most Entrepreneurial Cities in the U.S.

Ten years after the disaster, New Orleans has transformed itself into one of the best cities for startups. The data shows that the percentage of startups per 100,000 adult population is 56% higher than the national average. How did New Orleans accomplish this? How did the city manage to turn crisis into opportunity? We spoke to leaders in New Orleans.

Source: The New Orleans Index at Ten
Ten Years after Hurricane Katrina, the Renewal of New Orleans
Nonprofit Organizations Play Key Roles in Recovery

Foundation for Louisiana as a Hub

Several days after Hurricane Katrina hit, the Foundation for Louisiana (originally known as the Louisiana Disaster Recovery Foundation) was established with a mission to support the recovery of local small-to-midsize companies, provide training for entrepreneurs, and help the vulnerable. Kathleen Blanco, then-Governor of Louisiana, called on the entire nation to raise funds for the Foundation and assembled leaders from the non-profit sector to sit on its Board.

The Foundation has provided more than $48 million in grants to survivors as well as about 9,000 new homes to families who lost their homes. It helped rebuild more than 3,000 small-to-midsize companies and played a vital role in promoting citizen-led community revitalization.

During the initial phase, it provided emergency relief. This phase lasted for about a year and was followed by a phase of rebuilding businesses and housing, organizing leadership, and making policy recommendations. During this period, it started to support intermediary organizations that were supporting startups.

Five years after the hurricane, the recovery process entered a new phase.

According to Flozell Daniels, Jr., the President of the Foundation, “The roads and bridges were rebuilt and the recovery process was visible. As the residents saw the visible recovery, they were interested in finding ways to build a community that embraced a wider perspective.” The Foundation started to convene meetings with multiple stakeholders including foundations and the private and public sectors to create a vision for the entire community.

Flozell continued, “The important thing is to share a vision. When everyone was talking about different types of visions for the future, there was a stronger sense of anxiety. We overcame that anxiety by creating a shared vision among all stakeholders.”

Creating a Shared Vision

Data played a critical role in the process of creating a vision. The Data Center, supported by the Foundation for Louisiana, provides diverse and easy-to-understand data on the local economy and life in New Orleans for residents, the non-profit sector and businesses. The Center tracks the recovery process and managed to raise funds from all over the U.S.

Flozell said, “Looking at data, you can find out where you are in terms of the recovery process. You can tell if residents’ lives have improved or if they have better access to healthcare, and if there is an increase in startups. When there is data, people from all walks of life can stand on the same field and engage in discussions around data. When you visualize the impact through data, it is empowering and also leads to exploring ways to improve the work you do.”

Data, at times, would shed unfavorable light on the situation. There were times when politicians would try to suppress the data. In order to remain neutral and independent, the Center does not receive any public funding.
Ten Years after Hurricane Katrina, the Renewal of New Orleans
An Intermediary Organization that Support Entrepreneurs

Propeller was Launched after Hurricane Katrina

In 2011, six years after Hurricane Katrina struck New Orleans, a new intermediary organization, Propeller: A Source for Social Innovation, was launched. Propeller is a non-profit that serves as an incubator for startups that are tackling challenges in the local region.

Andrea Chen, a co-founder of Propeller, was working as an English teacher at a local high school before Hurricane Katrina. In those days, Andrea felt that New Orleans was not open to change and lacked in potential. She didn’t intend to stay for too long. Then Hurricane Katrina struck and everything changed.

Andrea started Propeller because “There was a tremendous sense of hope in this city. As time passed after the disaster, many people rose up to make a difference. However, I felt that there wasn’t a strong support system for these people. I wanted to cast a spotlight on them and find ways for the community to learn about them.”

Her first project was a social venture business plan competition. In post-Katrina New Orleans, presenters included a former teacher, a banker and a homemaker, who all started their own organizations. The competition was an occasion for them to tell their stories in front of others. They presented their ideas in front of an audience of 200.

Andrea said, “In order to expand the circle of support, we believe that it is important to find ways for people to listen to the entrepreneurs’ stories and build a sense of affinity.” Andrea also thought that the competition would be an opportunity for residents to learn about social entrepreneurs. She felt it important to empower those with good ideas, rather than just evaluate their plans. In addition to the prize money, Propeller works with the city of New Orleans to lease real estate to its entrepreneurs.

Opening a Co-working Space for Entrepreneurs

The competition enabled Andrea to form a community of entrepreneurs. Her next step was to create a space where entrepreneurs could come together. She worked with a local real estate company to start a joint venture that enabled her to open an office. More than 40 companies and 70 individuals work together in Propeller’s relaxed and friendly co-working space.

In order to provide hands-on assistance and accelerate the growth of the startups, Andrea started a 10-month fellowship program called the Social Venture Accelerator. Every year, 15 Fellows committed to social impact are chosen and are provided with the support they need to become financially sustainable. Since June 2011, Propeller has incubated more than 20 new startups, including a mobile dental clinic, a community farm, and a group focusing on mother and child health services.

"Now we see a group of very competent people coming to New Orleans and that makes me feel hopeful," Andrea said.
Ten Years after Hurricane Katrina, the Renewal of New Orleans

THE NEW ORLEANS INDEX AT EIGHT: Measuring Greater New Orleans’ Progress Toward Prosperity
ReFresh Project: Combating a Gap in Life Expectancies through Collective Impact

Life Expectancy Gap of 20 Years

One of the local projects in New Orleans that is drawing people’s attention is the Refresh Project, led by Jeffrey Schwartz, the founding Executive Director of Broad Community Connections (BCC). Jeffrey, who used to work for the city, went to Massachusetts Institute of Technology to study urban planning as a graduate student and returned to New Orleans to start BCC in 2009. He wanted to revitalize the local community in a way that the local government could not.

The mission was to revitalize the Broad Street area, which was in steep decline. The organization started by providing support to create billboards and public art projects to promote the beautification of the area.

During that process, Jeffrey learned that there was a severe gap in residents’ health. “There was a 20-year gap in life expectancy on the north side of the road compared to the south side. The south side was an impoverished area and the life expectancy was about 55.”

Food Access Worsens after the Disaster

Residents were following unhealthy diets, which were exacerbated by the lack of healthy food access in the area. They didn’t own cars and couldn’t drive to places where they could buy fresh produce. As a result, residents were eating easily accessible snack food or fast food.

The area was known as a food desert since there were hardly any supermarkets and the ones that existed before the hurricane didn’t reopen. After the disaster, when it came to access to fresh produce, the residents were left in a desperate situation.

Jeffrey laid out the structural challenges: (1) The area lacked access to fresh produce and was later turned into a food desert when the few existing supermarkets didn’t reopen after the hurricane; (2) Residents mainly ate fast food and had limited knowledge about nutrition and healthy eating in addition to geographic and economic disadvantages; (3) Poverty and multi-generational cycles of poverty were the root causes.

The challenge is enormous and can’t be solved by BCC alone. Jeffrey’s bold vision is to build a community center in the area and start three complementary programs: (1) Open a supermarket that can offer inexpensive yet high quality fresh produce; (2) Open a cooking school that teaches nutrition and healthy eating adjacent to the supermarket; and (3) Offer job training to young people so that they can earn a living and get out of the cycle of poverty they find themselves in.
ReFresh Project: Combating a Gap in Life Expectancies through Collective Impact

**A Vacant Building Becomes a Health Hub**

Jeffrey found a former grocery store that had been closed for a while. He purchased the land and the building and invited supermarkets to become a tenant. In the end, one of the high-end supermarkets, Whole Foods, agreed to be a tenant.

Having a high-end supermarket in a poor area sounds like a mismatch. However, Whole Foods was experiencing difficulties in growth due to market saturation in wealthy communities and was planning to expand their market with stores that offer produce at affordable prices. The company’s strategy matched Jeffrey’s goals and they decided to open an affordable version of Whole Foods market.

Then Jeffrey looked for a cooking school, and secured the Goldring Center for Culinary Medicine as a tenant. The Center is supported by Tulane University, one of the best universities in the area. The Center usually offers courses to medical students and doctors but agreed to offer inexpensive workshops to residents. Following the Center, Liberty Kitchen, which offers vocational training programs to youth, moved in.

In February 2014, the Center opened on Broad Street. When we visited, it has been two years since its opening and it was possible to see its impact in the neighborhood.

Seven trainees, who finished the four-month training program at Liberty Kitchen, were employed at Whole Foods. Whole Foods sales were three times higher than their initial projections.

If BCC had tried to offer all the services on its own, it would have taken a longer time and cost more to start everything. BCC could have started out as a small organic supermarket. However, Jeffrey decided to attract the best services available and not to limit himself to things that he could do on his own. He designed a system to solve the challenges the community faced by engaging private companies, educational institutions, and local non-profits. When it was time to raise funds, he had countless discussions with the local government, foundations and banks.

For collective impact to work, it is essential to have an engaging coordinator like Jeffery who can engender empathy and engage the local community.
ReFresh Project: Combating a Gap in Life Expectancies through Collective Impact
ReFresh Project: Combating a Gap in Life Expectancies through Collective Impact
The Revival of Wilmington, Ohio:
A Town Loses One-Third of Jobs When a Major Corporation Pulls Out
The Revival of Wilmington, Ohio: A Town Loses One-Third of Jobs When a Major Corporation Pulls Out

Severe Job Loss in a Town of 10,000

Wilmington in Clinton County, Ohio, is a small town of 10,000 people that was named one of the best small towns in the country by Time magazine. The city has a huge air park, which was used by the Air Force in the past and later became a domestic distribution hub. In 2005, the global shipping company DHL purchased the land and invested nearly $300 million to create a global hub.

When the financial crisis hit in 2008, DHL decided to close down the air park and announced their withdrawal in November. The withdrawal came as a big shock in Wilmington as more than one-third of the local economy relied on DHL and its affiliated companies. The unemployment rate suddenly shot up from 5% to 20%. The fate of Wilmington was even featured on network television.

When the town was hit by the crisis, two young men, Taylor Stuckert and Mark Rembert, started an organization called Energize Clinton County. Taylor said, "The area was completely dependent on DHL. It brought in wealth to the community but it was done by a non-local company and ended up hollowing out local industry and tourism. In exchange for employment with a global company, which seemed stable, people forgot how to be creative. It triggered brain drain and the city lost its vision, which had been passed down in the community over the years."

Promoting Projects that Engage the Local Area

After the sudden economic crisis, Taylor and Mark developed programs, one after the other, to address the challenges the community faced. They started a buy local campaign. Their research showed that if residents spent $100 in the local area, $68 out of the $100 spent would benefit the local economy. If the residents spent the same amount at national chains, only $43 would circulate back into the local economy.

The duo came up with one idea after another. They started a farmers’ market to promote local produce. Despite the fact that Clinton County is in an agricultural area, residents were purchasing food from outside the area. They applied the same thought process to energy consumption and promoted renewal energy. They started to help renovate historic landmarks.

To engage young people from the local area, they launched a 10-week internship program for university students who were spending their summer vacations at home. In four years, 17 students participated in the program.

ECC keeps five areas in mind when they look at their local area: business, food, energy, visioning, and people. Taylor stressed, "Keeping these five areas in mind, we are doing our best to nurture resiliency and vibrancy in our community."
The Revival of Wilmington, Ohio:
A Town Loses One-Third of Jobs When a Major Corporation Pulls Out
The Rise and Fall of a Big City: Entrepreneurs Revitalize Detroit

Motor City a Driver in the U.S. Economy

Detroit, which is located in the Great Lakes area, is referred to as “Motor City” and is known as the birthplace of the U.S. auto industry. In 1903, Ford opened a factory, followed by General Motors and Chrysler, and they all became mega-companies. Detroit transformed itself into the world’s largest industrial city.

As the industry grew, workers came to Detroit from all over the U.S. to find employment. In the 1950s, the population of Detroit was 1.8 million and half of them worked in the auto industry. However, the industry’s decline started in 1970s as cheaper yet high performance Japanese cars became popular. In addition to that, racial tension and a high crime rate accelerated the depopulation of the city. By 2012, the population had dropped to 700,000, about 40% of its peak population.

Depopulation and a High Crime Rate Kills the City

Today, Detroit is known for its high crime rate. Unfortunately, according to Forbes magazine, Detroit has been ranked as the most dangerous city in the country for many years. Because of the high crime rate and the financial crisis, it can take about one hour for the police to arrive at a crime scene after receiving a report, which is much longer than the national average of 11 minutes. The crime clearance rate is about 10% on average, which is nowhere near the national average of 30%.

Former Automobile Factories in Ruins

“Devil’s Night” epitomizes the lack of safety and security in Detroit. Around Halloween, there are many acts of arson, and in the 70s, there were more than 500 arsons. Due to depopulation, the number of vacant homes has increased.

Depopulation and the financial crisis led Detroit to file for bankruptcy in 2013. The city had a debt of $18 billion. Basic public services were no longer being provided for residents. Public buses serving low income neighborhoods decreased services along with the number of garbage pick-ups. It took half a century for Detroit to become prosperous and it took the same amount of time to go from that prosperity in its heyday to bankruptcy.
Food Startups in Detroit

Today, Detroit is showing signs of recovery. The main players are entrepreneurs working on small-to-large businesses. One of them is Brian Rudolf, who launched a food startup called Banza. He moved to Detroit after finishing college. “All I could think of to do was to become an entrepreneur. To learn what it’s like to work for a startup, I worked for an IT startup.” Brian went to Detroit as part of an internship program organized by Venture for America, which connects young people to entrepreneurs. For a home, he pooled money with other interns to purchase a vacant house and they renovated it together.

After working for the IT startup and gaining experience, Brian came up with the idea of making a gluten free pasta with chick peas, his favorite food. He created pasta that is higher in protein than pasta made from flour. His chick pea pasta was well-received and he turned it into a business.

“In Detroit, there are a higher number of poor families with unhealthy food habits. I hope they can improve their lifestyle by eating chick pea pasta.” Brian wants to sell his pasta internationally and currently employs 25 people.

Ponyride: Maker Space for Entrepreneurs

Phil Cooley, a former model who travelled all over the world, bought a large, dilapidated building, renovated it and turned it into the creative maker space Ponyride. Phil said, “There was a need to create a space for the community, where residents can come together and turn their ideas into something new.”

Ponyride now houses a college student who is learning how to develop a wireless speaker, a former sales person who launched a jeans brand, and a non-profit that manufactures a coat that can transform into a sleeping bag for the homeless and then a shoulder bag when not in use. This organization employs single parents, many of whom are formerly homeless, and unemployed young people and trains them to make the coats. Children in the community can also drop by to learn welding and soldering from other tenants.

Ponyride has become a space for a diverse group of people from the community to use and start their own businesses.
The Rise and Fall of a Big City: Entrepreneurs Revitalize Detroit

The Renovation of the Dilapidated Downtown

Young people are not the only ones who are contributing to the revitalization of Detroit. Dan Gilbert, a nationally-recognized entrepreneur who started a successful mortgage company, invests heavily in Detroit. He owns professional sports teams in Michigan and has extensive personal wealth. He has purchased and renovated a number of vacant office buildings in downtown Detroit and is pushing the revitalization of the area.

In addition to real estate development, Dan invests in a security company to improve safety in the downtown area. He set up a call center so that security guards can be deployed quickly when there is need. The company also installed a number of security cameras in the area as a crime prevention measure.

A private company supplementing the police was a controversial matter. However, the plan moved forward in the end as people understood that if the local government was unable to provide security to the local community, the only choice was to count on a private company that could respond quickly. Additionally, the private security company was able to track down those who sprayed graffiti on the walls by putting a security camera image on SNS. They are implementing strict measures to maintain order and safety in the downtown area.

Dan moved a call center and other companies he owns to downtown Detroit to create employment in the area, and employs more than 8,000 people. Following in his footsteps, General Motors decided to move its customer service center to downtown Detroit as well.

Many Highrises Were in Ruins

Gabe Karp, a partner with Detroit Venture Partners, a company started by Dan Gilbert, provides funding to local entrepreneurs. Gabe said, “The city is safe enough to an extent that you see people jogging along the river. When Dan started to engage in revitalizing downtown Detroit, people thought he was crazy. However, people will eventually see that he did the right thing.”

Dan bet on revitalizing the crime-ridden downtown area and poured in investments. He has improved safety with a new security company, renovated old buildings, increased employment, and supports next generation entrepreneurs.

An NPO that supports the homeless and is located at Ponyride, mentioned previously, receives support from Dan as well. He is clearly building a new business ecosystem in Detroit.

Detroit, after hitting rock bottom, is now going through a revival with the help of entrepreneurs who have a frontier spirit. They all said, “Opportunity lies in Detroit because of the decline it went through,” and they are contributing to the revitalization of the city through their hard work and a strong sense of self-reliance. There is something to be learned from their can-do spirit.
The Rise and Fall of a Big City: Entrepreneurs Revitalize Detroit

Population (K)

Based on U.S. Census data.
Christchurch Now: A Town Struck by a Disaster in February 2011
Christchurch was Devastated by an Earthquake

On February 22, 2011, a 6.3 magnitude earthquake hit Christchurch, the second largest city in New Zealand. The epicenter was only 3.1 miles deep and caused extensive damage, including the collapse of tall buildings. One hundred and eighty-five people lost their lives.

Most buildings in the city center were damaged and many residents needed to evacuate to the suburbs. As a result, more than 10,000 out of 360,000 residents ended up leaving Christchurch in the six months after the earthquake.

Five years later, recovery isn’t complete. The town’s famous church still lies in ruins and the renovation plan remains up in the air. There are many vacant buildings waiting to be dismantled. In the eastern part of the city, one area became off-limits to residents due to soil liquefaction. More than 100,000 houses were affected and residents are still settling their insurance claims.

The recovery process along the coast of Tohoku is expected to take several decades. The same thing can be said for Christchurch.

In this city, the government and the residents live by the slogan, “Leverage the disaster and build back better” and are engaging in a wide range of recovery projects. One of their initiatives was to create a temporary shopping mall called "Re:START," using shipping containers.

After the evacuation order was lifted, there was a sense of urgency to stop further decay of the city center. A decision was made to find ways to bring back the shop owners who had left and create foot traffic and vibrancy in the area. Funded by the Christchurch Earthquake Support Fund and ASB Bank, a shopping mall was constructed in the city center.

In the beginning, the shopping mall was only going to stay open for half a year. However, after it opened, more and more stores followed, and its popularity grew. Christchurch was featured in the popular travel guide *Lonely Planet* in 2013 as one of the top 10 recommended cities to visit and the shopping mall was noted as a must-visit place for a unique experience. Thanks to that, its popularity has exploded due to tourism.

Re:START remained open longer than expected but will move to a new building before the end of 2016. Its efforts have been highly appreciated by residents as the mall provided a place where residents could get together.
Gap Filler Fills Vacant Lots

When you walk around Christchurch, you can see abandoned, open lots used as open market spaces or dance stages. The group responsible for turning vacant lots into useful spaces is the non-profit organization Gap Filler. A co-founder of the group, Ryan Reynolds, started the activities after an earthquake in 2010. He said, "After the earthquake, there were many deserted open lots in the city. We started to fill those vacant lots by working with artists and restaurants. That's how our activities started."

The damage after the 2011 earthquake was much bigger. Gap Filler started to receive ideas from residents on how they wanted the vacant lots to be used. They executed guerilla-like projects in the vacant lots in collaboration with the local government and landowners.

As decisions are made on how the vacant lots are to be used on a permanent basis, the staff at Gap Filler say that their role is changing. "Lately, efforts are being made to include residents' opinions on large-scale development projects led by corporations and local government. We are often asked to serve as a facilitator for the stakeholders."

Gap Fillers’ activities are highly valued and they are often asked to be members of committees related to community revitalization.

"A town is not made of buildings. It’s made of people. Going forward, we will see the start of large-scale redevelopment projects. At that same time, I think it is important to create spaces with the participation of residents," said Ryan.

Gap Fillers has filled the physical gap, and is now playing a role to fill the relationship gap between local government and residents and is contributing to private/public collaboration.
When the Ministry of Awesome Supports Entrepreneurs

Eric Austin, staff at the Ministry of Awesome (MoA), said that “There was an increase in the number of young people who started their own businesses in Christchurch after the earthquake.”

MoA is a non-profit that supports entrepreneurs in Christchurch. The Ministry has three full-time staff who organize networking events and offer various services, including a co-working space.

Sharing Ideas and Empathizing with Others

After the earthquake, MoA was launched in response to people’s needs as part of the recovery process. In looking back, Eric said “So many people wanted to start something after the earthquake. We started a networking event, which enabled people to present their ideas to others. That was the beginning of MoA. When developing an idea, the most important thing is to have someone listen and empathize with your vision. We created a space to make that happen.”

In addition to the networking events, MoA runs a co-working space called Awesome HQ. It renovated a building that was damaged by the earthquake and turned it into a place that provides space to entrepreneurs. Entrepreneurs who came to networking events often end up joining the co-working space. Since Christchurch is surrounded by nature, you’ll find entrepreneurs engaged in environmental protection using technology.

MoA has hosted over 150 networking events called “Coffee and Jam.” During the week, you can find 50 people at the two-hour event. While having coffee, participants talk to each other to develop their ideas or to recruit new staff.

One participant said “When I come here, I always manage to meet someone I want to meet or receive the support I need. At the same time, I also feel that I am not alone.”

MoA is offering vital support to entrepreneurs and provides them with a place where they can feel empowered.
A Dying Village Transforms into a Prominent Ecovillage

Struck by a Major Earthquake

After an earthquake in Taiwan 17 years ago, Taomi Village rebuilt itself as an “ecovillage.” On September 21, 1999, a large earthquake in central Taiwan destroyed over 100,000 houses and 2,415 people lost their lives. Rural villages in the mountains near the epicenter were heavily damaged, which accelerated the depopulation of the area. One of the villages in Puli Township, Taomi (population 1,100), did not lose any lives, but over half the houses were destroyed.

The man who spearheaded the revitalization of the region is Liao Chia-Chan. Liao, who was born in 1962, worked as a journalist in an urban area and returned to Taomi in January 1999 to establish the New Homeland Foundation, an organization that focuses on regional revitalization.

Although he was also affected by the earthquake, Liao started his work by listening to the voices of the people, and identifying the worries and problems they were facing. “What I heard was that young people weren’t able to come back to Taomi because there weren’t any jobs to come back to. They said this was how things were before the earthquake, and that there was no future in the region. The area was known for bamboo craftwork created by family owned businesses. After the democratization of Taiwan, all of these businesses went overseas and the industry fell into decline.”

Embracing Nature, Transforming into an Eco Village

During this time, the government sent a research team into the area. Liao read the report and something caught his eye. “While Taomi is a small area, I learned that 23 out of 29 frogs native to Taiwan lived in the area. When I saw that, I thought I could start a new industry that would protect nature while also revitalizing the area.”

Liao started with forest preservation, which was neglected. He engaged local residents and paid them for their work. He then asked for volunteers who were interested in becoming ecotourism guides, and started a training course for them. “In addition to creating a new industry, it was important that the residents learn about their own region and have a sense of pride. I wanted residents to have confidence. They probably never imagined Taomi as an attractive place.”
A Dying Village Transforms into a Prominent Ecovillage

Two Years after the Disaster

Two years after the disaster, the community trained nine nationally certified ecotourism guides. In order to nurture business owners who opened inns and restaurants, they started a training program. Everything was looking good, but Liao admitted that it was initially hard to have buy-in from the residents. The idea was too far-fetched for them and some would say “Who would come all the way to a rural area?” Liao steadfastly laid the groundwork to turn the area into a tourist destination. Corporations and universities started to notice the work that was being done in the area. “After the disaster, people in Taiwan started to understand the notion of corporate social responsibility.” Liao added.

Taomi Became A Model for the Rest of Taiwan

As the area became known as an ecovillage, the number of visitors started to increase. Initially the visitors came to look at the area affected by the disaster. Then the number of tourists slowly increased. This led to media coverage in magazines and on television. The residents regained their pride. Young people started to return to the area as new jobs as ecotourism guides or openings in restaurants and inns became available.

Liao said, “Two hundred new jobs were created, and the number of ecotourism guides have increased by 30. Thirty-two inns were built after the disaster. Ten restaurants opened. More than 600,000 tourists come here.”

For a community of 1,000, this was incredibly significant. The story of Taomi is now in textbooks as a model case for regional revitalization. This is a story that everyone in Taiwan knows.

The residents of Taomi rose up against the challenges caused by the disaster, and with grit, reemerged as a new, successful region. Many other regions are trying to follow in their footsteps.

Five years have passed since the disaster in Tohoku. In the next 10 years, it would be great if we could see something equivalent to Taomi happen in Tohoku, which would be an inspiring model for the future.
A Dying Village Transforms into a Prominent Ecovillage

Number of Tourists and Tourism Revenue from 2001 to 2011

Source: Wakoh created the graph based on data provided by a committee managing the promotion of leisure and farming in Taomi Village.
A Dying Village Transforms into a Prominent Eco Village

Number of Ecotourism Guides, Inns and Restaurants 2001–2011

Source: Wakoh created the graph based on data provided by a committee managing the promotion of leisure and farming in Taomi Village.

Mai Wakoh, "Roles of the Intermediary Organization Played During the Industrial Structure Transformation in Taomi Eco-village, TAIWAN: 'A Policy Developed for 'Community Empowerment Program' in the Earthquake Disaster Restoration Model and Changes in the Community."
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters

Iceland, an Island with Only 320,000 Citizens

Iceland is a small island country—a quarter of the size of Japan—located about 500 miles from the Scandinavian Peninsula. About 200,000 of the 320,000 Icelanders (around 70% of the population) live in or near the capital, Reykjavik. As a result, the rest of the country is enveloped in nature.

Iceland and Japan have a lot of similarities. Both are island countries situated in places where warm and cold currents collide, resulting in the development of a large fishing industry. Fishing has long been the key industry in Iceland. It is said that people initially moved to Iceland to supply cod to European countries, and much of the cod imported to the European continent today comes from Iceland. Iceland even got into a war with England over fishing rights.

Iceland is a land mass located at the juncture of the North American and Eurasian tectonic plates, resulting in a rift that runs across the island. There are many volcanos, and residents often experience volcanic activity and earthquakes.

Reactivizing Heimaey Island: All Residents Evacuated

In 1973, a volcano in the southern part of Heimaey Island erupted and volcanic ash covered the central part of the island. Heimaey produces among the highest fish catches in Iceland and about 5,000 residents lived there. Fortunately no lives were lost but all island residents were evacuated except those who were part of the disaster relief team. The island became a ghost town and the population decreased to 300.
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters

Protecting the Fishery Port, the Key Industry

Remarkably, local residents were able to protect the fishery port, which was indispensable to the fisheries. As lava was closing in on the port, a fire brigade managed to intercept the lava flow with water, and the port survived. The residents, who returned to the island later said, “If the port had been damaged, we wouldn’t see what we see on the island today.” Since the key industry was protected, recovery happened quickly and more than 2,000 residents, about half of the evacuees, returned to the island within a year of the eruption.

As of 2014, there were about 4,200 residents living on the island. In addition to fisheries, the tourism industry is growing due to the abundance of nature.

The Poorest Nation in Europe Becomes One of Its Richest

By 2000, Iceland had grown from the poorest nation in Europe to one of the most prosperous. It was once a country that focused on fishing, but expanded to refining aluminum using its abundant geothermal energy. In the 2000s, it shifted to finance and attracted foreign investment because of its high interest monetary policy. As a result, Iceland’s GDP per person grew close to $70,000—twice that of Japan’s. Iceland became one of the wealthiest countries in Europe.

Rising from the Financial Crisis

However, Iceland’s economy, which had a strong focus on the financial industry, almost collapsed as a result of the global financial crisis, which started with the subprime mortgage crisis in the U.S. Iceland’s currency was devalued by 30% and the top three banks were nationalized. Iceland also relies on imported goods, particularly for groceries and daily necessities. When the price of bread doubled, people were suddenly thrown into dire circumstances. People who had bought homes and cars with mortgages when the economy was booming woke up with huge debt. The country has begun to revive. An unemployment rate that peaked at 8% is back to a healthy 4%, and economic growth, which was negative, is back to 4%. All of this was initially triggered by the devaluation of the currency.

Looking back, there was a silver lining. The currency devaluation worked favorably for the import industry and helped the fishing industry recover. It also created a tourism boom and Iceland became a destination known for its splendid natural resources. The government promotes tourism and even succeeded in increasing the number of tourists in 2010 and 2011 during a series of volcanic eruptions by marketing Iceland as “Volcano Country.” There is so much to learn from Iceland’s ability to bounce back.
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters
Icelandic Startups Nurture an Entrepreneurial Ecosystem

Nurturing New Industries for the Next Generation

Along with the key industries of tourism and fishing, Iceland is focusing on startups. In a country with a population of only 320,000, what kind of entrepreneurs can you find? We visited Icelandic Startups, an intermediary organization that provides support to startups.

The office is located on the campus of Iceland University. Svava Björk Ólafsdóttir, who is in charge of the program that supports entrepreneurs, says, “After the financial crisis, we saw a surge in people starting their own businesses. People from Iceland are known for a strong work ethic to an extent that they have several jobs. I think it was natural that they would create a new business when they couldn’t find employment. Students today see startups as one of their career options.”

Icelandic Startups offers a wide range of support and invests funds raised from companies and banks into startups. If startups are in an ideation stage, they will provide several thousand dollars for prototyping. Once they enter the growth phase, they work with banks to provide funding.

Experienced Entrepreneurs Serve as Mentors

Svana added, “Funding and investments are important. However, the most effective approach is the mentoring that is provided by more than 100 entrepreneurs from Iceland and other Northern European countries. It’s important to nurture an ecosystem that supports next generation entrepreneurs.”

The office includes a co-working space for entrepreneurs, and is filled with young people. Icelandic Startups provides the entrepreneurs with mentors who come from domestic and international companies. There is a strong commitment to improve Iceland’s economy, and as a result, mentors help create a rich ecosystem with strong networks. This model could be effective in regional areas in Japan, which have unique, small-to-mid-size enterprises. There is much that regional areas in Japan can learn from this national example.
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters
Icelandic Startup Jungle Bar Makes Bars with Insect Protein

Solving the Food Crisis with Insect-Based Food

One of the startups at the Icelandic Startups co-working space is Jungle Bar, a company that makes protein bars from crickets. The company was started by Stefan Thoroddsen and Bui Adalsteinsson in 2014, and has three employees.

Bui came up with the novel idea of manufacturing the cricket bars. Initially Bui was studying to become a product designer but he was not completely satisfied with the design industry.

Bui said, “I was interested in design that minimizes the use of material. Design today emphasizes appearance. When I was searching for answers, I came up with the idea of sustainable food production. Initially, I researched how to produce fly larvae efficiently. However, people were not receptive to using fly larvae for food. I explored different kinds of ingredients.”

In the end, Bui produced high-protein bars using crickets. Cricket powder can be used as an alternative to flour and is also gluten-free.

Stefan said, “Westerners are not used to eating insects. We are marketing Jungle Bars as high-end health food. I hope it helps people get used to the idea of eating insects. Once we started to sell the bars, we got orders from Europe. Then, we started to receive more orders than we expected from Japan and Korea. It was a surprise.”

Bui and Stephan said that the mentoring and networking provided by Icelandic Startups was the most useful support they received. When you start something in a small country like Iceland, the tightly-knit network works in your favor and people offer all kinds of support. Iceland traditionally focused on markets outside of the country, but despite clannish tendencies, the focus is shifting to domestic markets and strong support for entrepreneurs.

As for the Jungle Bar, the author tasted it. It has a unique flavor and was quite delicious.
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters
Icelandic Ocean Cluster—An Innovation Hub that Connects Fisheries to Startups

Spark Innovation to Secure the Future
While there is interest in supporting new businesses, including insect-based food, it is also necessary to have innovation in traditional industries like fisheries. Iceland Ocean Cluster is a popular fishing startup that supports the development of new businesses in the fishing industry.

Iceland Ocean Cluster’s co-working space is located in the port district of Reykjavik. The building, which was formerly a warehouse, has been renovated and now houses many entrepreneurs.

According to Thor Sigfusso, the Founder and CEO, “People seem to think that fishery is an insular industry, but, in fact, it is a gold mine of innovation. In order to protect Iceland’s natural resources, we decided to limit the total catch. Since we knew that we were going to allow ourselves to fish a certain amount, we decided to reduce the cost as much as we could by figuring out how to minimize disposing of any fish parts to maximize revenue. In light of that, we came up with new freezing techniques and use traditionally discarded parts of the fish for medicine and beauty products.”

The elderly union worker who was in charge of the policy recommendation for the catch limit said, “It was not easy to reach consensus on the catch limit. At the same time, we all knew that there would be no future without imposing the limit.”

The public and private sectors are working together to create an environment where innovation can thrive. Their efforts are bearing fruit. In 2011, the co-working space started with seven tenants and currently has 64. Their work is reaching the U.S. They also receive fishery groups from Japan, who are keen on looking at Iceland’s high-quality technology.

Fisheries and startups can sound like a mismatch but there is tremendous potential in combining traditional industries with new technology and human resources.

A government official pointed out the strengths of Iceland: “The majority of people speak English and use the Internet. Social participation of women in Iceland is advanced. All of these factors support the Icelandic economy. In addition to that, people are attached to the land and have strong family ties. This leads to solidarity. We also have volcanic eruptions and are prone to disaster. However, we are not easily defeated and quickly get back on our feet.”

There are insights that regional cities can gain from Iceland. Like Iceland, Japan is an island country, prone to disaster and abundant in nature. How do you create a local economy using local resources? How do you nurture entrepreneurs who can undertake new ventures? By digging deeper into Iceland’s work, there will be many hints for the Japanese on how to nurture an ecosystem that is unique to regions in Japan.
Iceland: A Resilient Country Bounces Back from Financial and Natural Disasters

Based on World Bank data.
CHAPTER 1: Human Resource Issues in Disaster-Affected Areas in Tohoku
The post-disaster situation in Tohoku and the history of the Right Arm Fellowship

CHAPTER 2: Right Arm Fellowship in Data
Achievements and impact of the Fellowship

CHAPTER 3: Stories from Tohoku
Major innovation models that emerged from the Fellowship program

CHAPTER 4: Examples outside of Japan
Global examples of turning adversity into action

➤ CHAPTER 5: Conclusion
Conclusion: The Key to Recovery is an Ecosystem that Nurtures Entrepreneurs

ETIC staff traveled to different places in the world to learn about the decline and recovery of communities after a major disaster. Although communities cannot control their growth or decline, it was impressive to learn that it is always the entrepreneurs who contribute to the first signs of recovery. In conclusion, we want to recap the role of entrepreneurs in recovery, and the ecosystem needed to support them.

Communities Rise & Fall

Any once prosperous region can find itself in decline. Detroit is a perfect example. The industrial city’s population increased from 500,000 to 1.8 million in about 50 years and in the same amount of time, the crime rate grew to one of the highest in the country. More recently, the population declined to 700,000 and the skyscrapers emptied out.

This is not a phenomenon limited to large cities. Wilmington, Ohio, with a population of just 10,000 people, faced an unprecedented crisis after DHL, which employed one-third of the residents, pulled out. In Japan, the city of Yubari doesn’t show any trace of the wealth gained from the coal mines that closed in the 1980s.

Once thriving communities decline, they don’t necessarily recover. We see countless examples in and outside of Japan. However, some communities succeed in recovering. After Detroit declared bankruptcy, major foundations, large scale private investments, and cutting-edge entrepreneurs started moving in.

In New Orleans, which was greatly damaged by Hurricane Katrina, many new initiatives were created pushing the envelope on traditional public-private partnerships. An urban revitalization consultant in the U.S. said, “Cutting-edge pioneers come to depressed cities lured by their cheap rent and cool environment. We saw that in SoHo in the 1960s. In the long run, cities go through the cycle of boom and bust.”

Entrepreneurship Sets the Mood for Recovery

What enables communities to recover while others continue to decline? One of the key factors is entrepreneurs. They don’t necessarily have to be business owners who start their own businesses. Being an entrepreneur is not about having a job title. Entrepreneurial people offer new value to the community. They can be artists or government officials. What they have in common is that they create value that didn’t exist in the community before.

For instance, in Iceland, a small country with a population of 320,000, entrepreneurs are the ones who stood up to rebuild the economy without relying on the finance industry. Renowned entrepreneurs, banks, and the government worked together to nurture next generation entrepreneurs. As a result, new industries are popping up.

In the fishing industry, Iceland’s traditional industry, entrepreneurs are contributing to the creation of a fishing startup cluster and challenging the status quo. This is happening in the capital city of Reykjavik that has a population of only 130,000 and is 1,000 miles from Oslo, the closest largest city—proof that despite remoteness and size, it is possible to build an entrepreneurial ecosystem.
Conclusion: The Key to Recovery is an Ecosystem that Nurtures Entrepreneurs

Entrepreneurs have a role to play in smaller communities. Taomi Village in Taiwan was severely damaged after an earthquake in 1999. Home to 1,000 residents at the time, it suffered devastating damage. The mountain region, which was once known for quality bamboo products, was in decline after democratization, and the earthquake came close to finishing it off.

Yet, Taomi Village recovered thanks to entrepreneurial residents. As a result of persistence for more than 10 years, the village is now a pioneer in ecotourism and has helped to revitalize the entire region. Residents now share their recovery know-how with other disaster-affected places in East Asia.

Entrepreneurs Reconstruct Communities

The reason entrepreneurs are a key factor in community revitalization is not necessarily because they contribute to the local economy. Of course, it’s important to increase the GDP in the region and create jobs. But we must remember that, more importantly, entrepreneurs create value for the community. This is clear when you look at the projects that emerged after the Great East Japan Earthquake. Startups had the same goal, which was to improve the quality of life of local residents. Just as the Great Hanshin Earthquake (1995) changed the tide in society and sparked unprecedented volunteerism and non-profit initiatives in Japan, if we could look into the future, we might be able to say that post-disaster Tohoku provided an opportunity for social businesses to flourish. Here are two examples:

The Kesennuma Regional Energy Development Corp., established after the disaster, is a renewable energy company that uses resources from the large local forest. Local production and consumption of energy promotes the circulation of the economy within the community, but their business has more value than that. By increasing the demand for local timber, more forestry jobs became available. Due to the aging of forestry workers, the company organizes a cram school to identify and nurture new forestry workers. New industries look at local assets and existing industries from different perspectives. As a result, this fresh thinking can have a ripple effect that is not limited to a single industry.

Another example is Replus, which offers healthcare and rehabilitation services in Ishinomaki, Miyagi. Replus is developing a collaborative healthcare delivery structure that includes its competitors to better serve local residents.

Further, Replus holds seminars for citizens to train them on how to live healthy lives, for themselves and their families. As with any social business, it is focused on its impact, and offers opportunities for citizen participation. When citizens are involved in their community, it nurtures a culture of self-governance. In this regard, research conducted in Kamaishi, Iwate, which was heavily damaged by the Great East Japan Earthquake, had interesting results. According to research by Open City Kamaishi, when residents were involved in local functions and civic activities, they had a stronger desire to stay in the area and bring outsiders into the city. It’s a chicken and the egg question—what comes first, community participation or love for the community. It’s intertwined. This suggests that you can’t create a community that residents will love by expanding needed services alone.
Conclusion: The Key to Recovery is an Ecosystem that Nurtures Entrepreneurs

If public services such as healthcare and education are improved, and shopping environments improve, the number of consumption-oriented residents might increase, but it doesn’t mean that the level of the residents’ happiness goes up. It is important that the residents have a sense of ownership over the fate of the community and community leaders need to identify opportunities for residents to participate. In order to revive communities, designing a way to make these things happen is more important than economic indicators.

Cultivate the Soil to Nurture Entrepreneurs

As we have seen, entrepreneurs can play an important role in reviving declining communities. Not only do they create a new economy, but they also address local issues and create the foundation for citizen participation through the work they do, which leads to active community revitalization. Yet, how can we create a community in which entrepreneurs flourish? The key is to design an ecosystem that nurtures entrepreneurs.

A necessary first is to change the mindset on supporting entrepreneurs. Entrepreneurs, who take risks when starting new business, aren’t part of the majority in a community. They can be outsiders and young, and can even be regarded as someone who has little common sense. Communities that accept them can have their tolerance tested. When communities hammer down the nails that stick up, it prevents them from growing. These communities will undoubtedly decline in the long run.

In addition to tolerance, proactive support is needed. Startups are fragile, and need nurturing. Entrepreneurs have will and vision, but often lack funding and skills. Young people and outsiders have additional hurdles as they also lack networks in new communities.

Some say that entrepreneurs should start businesses at their own risk since they are trying to make money. However, many entrepreneurs have a strong desire to contribute to the public good. The major reason entrepreneurs give up is not because their business model failed or they lacked sufficient funding, as generally believed, but because of solitude. To create the right environment, we need experienced entrepreneurs in the region who have good networks, and intermediary organizations that can coordinate diverse resources and can supply talent as needed.

Startups are the same as seedlings. Instead of just throwing seeds into the ground, they need to be protected until they are seedlings, and gain a certain resilience. Rural communities in Japan are the forerunners to the national situation where the population is in decline and the economy is expected to continue to shrink.

The history of the growth and decline of communities tells us that adverse circumstances can also be the best opportunity for revitalization. And entrepreneurs, by their nature, love challenging environments. How can we attract entrepreneurs and offer them a place to thrive? We should learn from the successes in Tohoku and the world, and act now.
Local Innovators Data Book 2016
The Creation of Resilient Local Communities and the Role of Entrepreneurship

Created by: ETIC.

Special Support: JAPAN SOCIETY

Sponsors: Mitsubishi Corporation KPMG

Publication Date: 2017.3.11

THINK TOHOKU 2011-2021
Looking Back 5 Years & Looking Forward 5 Years

Local Innovators Data Book 2016 was created as a part of "THINK TOHOKU 2011-2021"