

R oundtable on Social Innovation in an Aging Society Through Government & Business Collaboration

By Japan SPOTLIGHT

This issue's main topic is to ask how we can live a proactive life in an uncharted era where individuals are anxious and government at a standstill, prompted by the Japanese Ministry of Economy, Trade and Industry (METI) report issued in May 2017 introducing its collaboration project between METI's vice-minister and young officials, an exploratory and intellectually stimulating paper on a variety of challenges and new perspectives to tackle them. As the report indicates, not only Japanese but also people all over the world are entering a transition period in which we cannot live through a number of social, economic and political challenges without thinking innovatively. An aging society is one of those challenges encouraging us to be more creative in forging a new social system where the old and the young can share well-being and happiness.

We will need leaders who can help produce such social innovation. Chiaki Hayashi, co-founder of Loftwork Inc., and Daisuke Asano, director of the Education Service Industries Office of METI, are among those who can show us a new path to a happy and innovative aging society. *Japan SPOTLIGHT* held a dialogue with them in Loftwork's Tokyo office.

(Roundtable on March 14, 2018)

Introduction

JS: Could you please briefly introduce your company, Loftwork Inc.? In particular, could you tell us how you joined METI's project for a new design for an aging society?

Hayashi: Our company is working on developing new business, new services and new products. As our social system and values are significantly changing with the emergence of the Internet, I believe we will need a fundamental overhaul of all kinds of social systems. We produce new means of promoting health or new offices supporting new working styles. We sometimes do this independently and sometimes in collaboration with the government or a large company. In doing this, we are always trying to design "a trend for the next two decades" by starting a revolutionary change in our society.

METI has an advisory committee studying the feasibility of open innovation in Japan of which I am a member. In our discussions, the question emerged as to what will be the most crucial issue among the various challenges our global society is facing and that would need to be resolved by open innovation under Japanese leadership.



Chiaki Hayashi, Co-founder of Loftwork Inc.



Daisuke Asano, Director, Education Service Industries Office of METI

I said that it would absolutely be the task of meeting the needs of an aging society. Since then I have been trying to initiate such a project for designing open innovation in our society. I was recommended by METI to merge our efforts with METI's efforts called "Vintage Society Laboratory", an attempt to design a new social system enhancing well-being in an aging society. Thus I met Mr. Asano, a leader of this project, and since then we have been working together.

Asano: METI's vice-minister and young officials' collaboration project report issued in May 2017 titled "Anxious Individuals & Governments at a Standstill" has two important messages, I believe. One is to redesign a social system in fitting with a "super aging society" and the other is to spend more money and resources for investment in education. In responding to the well-considered views of the report's authors, we began an activity running what we call "Vintage Society Labo". Some of the young authors of the report joined this activity and we have been pursuing open innovation to achieve an ideal aging society.

As Ms. Hayashi said, I also believe that the issues of an aging

society will need open innovation most. But I have never seen a success case in Japan, frankly speaking. These past six months we have been working on this “living labo” and trying to find exactly where we are in our current aging society in terms of open innovation.

Open Innovation & Living Labo

JS: Could you please tell us more specifically about “open innovation” and “living labo”? How are these two connected?

Hayashi: In METI’s advisory committee, we define “open innovation” as a term largely consisting of three concepts. One is to discover a new business opportunity from a stranger’s perspective. We cannot discover the authentic merits of our own business easily by ourselves, but a stranger having nothing to do with our business could discover them more easily. The second is to produce a good or service not only by our own firm but by collaboration with other companies. The third is to allow others to join a production process on a platform instead of completing our own product just by ourselves. For example, the Apple watch is produced by Apple Inc. but there are more than 1,000 companies producing its watch band outside Apple Inc. This is a good example of open innovation in which the main company produces only the central part of the product and the rest is produced by many other firms.

Thus, the common denominator of those three concepts of “open innovation” is not to work in a closed system of your own company.

Asano: Though “living labo” has many types, in most cases the companies producing a good or service use it as a venue for hearing consumers’ views on the product or service even at the stage of product design. However, in our case, we have been trying to find an issue in our specific existing working venues, like a nursing care facility or a hot spring inn, and not in venues arranged in advance, such as a meeting between producers and consumers as mentioned above.

Hayashi: Yes. That would be close to the first concept of open innovation. You are trying to find your agenda items in the living spots by discussion and not to test what you produced.

Asano: Exactly. That is what we would like to achieve. In Japan, we have never seen a “living labo” where we search for issues to address and elaborate on them. We want to create such new “labos” in Japan and we eventually started four types.

One is a trial in Kawasaki city, southwest of Tokyo, to start a major innovation in a caregiving facility. The second is to create a new

business model by adding socially diversified roles at a hot spring inn in Tsuruoka city in Yamagata Prefecture, northern Japan, where depopulation is occurring. The third is a trial in Sayama city in Saitama Prefecture, just north of Tokyo, in which residents and businesses voluntarily look for challenges facing the city and discover solutions by themselves. And the last one is to work on creating a model of recurrent education in a super aging society where people can enjoy an average 100-year lifespan at Tokyo Kasei University, specializing in education for experts on infant education and caregivers.

These all deal with diverse themes and aim to achieve a relevant social model for an aging society. Having run these “labos”, I gained some invaluable insights.

For example, I think the case of Kawasaki is very challenging. Our caregiving facility only accommodates the elderly in need of more than nursing care level 3, meaning need of permanent care. We tried to create a way to achieve caregiving innovation to be initiated by a social welfare service corporation. It is to be noted that it is not a nursing care equipment maker but a caregiver who would think about a design for the daily routine life of the elderly in need of high-level care as well as necessary nursing care equipment or service. In continuing discussion among caregivers, we found the four key terms to the well-being of those aged people, namely “self-dependence”, “freedom”, “productivity” and “continuing to work”. We then set a goal of “consistency in raising productivity of caregiving staff and the caregiving service users’ freedom”. At the next stage, we involved a wide range of nursing care equipment makers ranging from large companies to ventures in our discussion. We saw differences in views between caregivers and those companies. For example, wheelchair makers focus on preventing the elderly in a wheelchair from collapsing, if that assumption is the only goal, but there is also a wheelchair for rehabilitation for young patients enabling them to improve their physical strength. Wheelchair makers are not aware that the elderly occasionally feel the need to improve their physical strength. Thus we needed to mitigate the gap in views between the elderly in wheelchairs and the wheelchair producers.

Hayashi: I think we always need to be attentive to the users’ views about a product. The producers’ preoccupation with their goods would lead to the wrong approach.

Asano: All the care workers in the caregiving facility found in their dialogue with those care equipment makers that those makers were not aware of nursing care being part of our daily life. Their thoughts were not directed towards increasing the capacities of the elderly people being cared for. So we asked Loftwork to design a presentation on a caregiving facility in order to introduce their



thoughts to the makers. Twelve care equipment makers joined the presentation.

JS: You have just started this project now, so will you see its outcome in the future?

Asano: Yes. We are still at Phase 1 of the project where we are aiming to raise the productivity of a caregiving facility by more efficient use of the existing nursing care equipment and accordingly raise the salaries of the working caregivers. Unless we achieve this, we will not have sustainable care giving in Japan. The outcome of our project will be seen some years later.

As you see, in this “living labo” in the caregiving facility in Kawasaki we are working on innovation in a caregiving service. In another “living labo”, we are working on responding to the question of how elderly people who are wealthy and in good health as well as with plenty of free time would live a proactive life. This is another aspect of our aging society and we call it “Vintage Society” where such elderly people can lead a proactive life through self-realization by joining a wide range of social activities. We tried to discover the specific proactive lifestyles of those active elderly people in collaboration with Loftwork.

Hayashi: In this “Vintage Society” project, Loftwork mainly worked on clarifying what such elderly people were thinking about their life, and what gave them cause for pain and hope. We produced a report focusing on the significance of work and their motivation to work for others in their 60s and 70s, namely why they would work and what they would do with their earnings.

We found a commonality in the hearts of these elderly people from a variety of “living labos”. We can see from our interviews with them

that they badly want to contribute to others’ well-being and help them instead of being helped by others. No matter how old they may be, they want to be appreciated by other people for their contribution and not be always helped by others. However, we have been focusing only on designing a social system where such elderly people would get help from others. We found this is the wrong approach. We should devise an aging society where elderly people could do whatever is necessary for their routine life on their own and even feel themselves to be of use to others. This will be very relevant in enabling them to feel happy about their long life. All the elderly people among a variety of “living labos” have this common view about the future they desire. That is, they would like to live in a society where until their last moment of life they can do anything on their own and work for any other person’s interest.

JS: Could you please tell us what you are doing in Tsuruoka?

Asano: The “living labo” in Tsuruoka is a trial to take full advantage of diversified functions of a hot spring inn. This is a typical regional Japanese town suffering from depopulation, where 40% of the inhabitants are elderly people who have difficulty going shopping by themselves. Meanwhile, the inns and hotels, a staple industry of the region, are increasingly losing customers. But we came up with an innovative idea by taking advantage of these negative factors. We can create jobs for those elderly people who are wealthy and in good health, even though they may need care in the future, and thereby resolve the question of the shortage of workers in the region due to depopulation. There are a variety of jobs at a hot spring inn and none of them would keep workers busy all day long. So elderly workers could work at the busiest moments and enjoy exercise or bathing in the hot spring during their rest time. Furthermore, if we can renovate the closed inns, elderly people could live there. Aged people living in mountainous regions with a risk of being in weakening health and in need of care in the near future would find it attractive to live in an area where hot spring inns and hotels are concentrated and work for those inns and hotels instead of staying in their own places. If we can make an evidence-based program of health promotion by physical exercise and bathing, it would be an excellent one-week stay program for elderly people to promote their health. Our inn’s owner in Tsuruoka is active in expanding this idea with a long-term vision, and so our “living labo” trial could be expanded by his widespread human connections.

Thus, I believe we can apply this model to other Japanese hot spring towns like Beppu or Atami. In our Tsuruoka model, as we employ elderly people there would be increased social welfare programs for these workers at a hot spring inn. In the final stage, we are planning to collaborate with a bio venture started by the Institute

for Advanced Biosciences at Keio University. In this collaboration, with detailed data on physical exercise, temperatures and ingredients of a hot spring and nutrition of the meals provided by an inn, we could provide a good program for health recovery in any hot spring region and thus create tourism for health recovery.

Hayashi: Japanese hot springs could attract tourists from all over the world interested in health recovery by taking advantage of this program. Since the quality of each hot spring differs and the soil environment for bacteria varies, there could be a variety of portfolios for health recovery. Above all, Japan is one of the countries with the longest life span, so a trip to a hot spring in Japan for health recovery could be an attractive project and could be even more convincing with detailed scientific data on the utility of each hot spring.

While Tsuruoka's "living labo" is to promote physical health, our "living labos" in Tokorozawa and Sayama are to promote mental health and maintain brain function in order to enable elderly people to be permanently useful to and needed by society.

Asano: Our "living labo" in Tokorozawa is very different from either Kawasaki or Tsuruoka. Elderly people who have worked in Tokyo and reached retirement age often have nothing to do at home but find it difficult to get along with the local community. Some even feel ill at home if they have communication difficulties with their family, who had been so used to the absence of the husband or father at home. We asked some of these people to join our neighborhood chats to discover the issues and challenges facing their local community. They are very eager to talk about their ideas to improve the quality of life or well-being of their community and naturally these talks have led to a discussion platform. Local offices of department stores or security companies are also joining this platform and so many creative ideas have been born, such as measurement of data on health at a local sports gym, meetings in a bookstore, and setting up venues for self-learning at research institutes or universities. The neighborhood chats, though still at a primitive stage, have been successful in clarifying the agenda for enhancing local elderly people's well-being.

JS: With such efforts, elderly people could find opportunities for self-realization.

Asano: Yes, that is true. I hope in this process there will be some who start businesses. Our "living labo" in Sayama highlights a discussion platform for job creation and human resources development. Tokyo Kasei University in Sayama has a long life education program for nursery school teachers and caregivers. Waseda University has a School of Human Sciences and School of

Sports Sciences in Sayama, and Sayama also has Meiji Pharmaceutical University. Those universities have so many academic courses about health and food. There is also land for agriculture available in this region, which is running short of agricultural workers. Thus after having studied about food and health in those schools, there would be a venue for retired people to practice what they have learned. We are now looking at taking advantage of the universities specializing in food, agriculture and health as a venue for entrepreneurship in agribusiness. We are thinking about creating venues for raising senior entrepreneurs.

Conclusion

JS: These projects seem to take long time to see fruitful outcomes.

Asano: Yes, but I believe that without this process we cannot produce anything new.

Hayashi: "Living labo" can learn from each other and this mutual learning could speed up the process.

JS: This can be mentioned as "service innovation" but at the same time it is "social innovation".

Asano: Yes, this is service innovation making it possible to reach social innovation. This process is an education process, since we are trying to change the thinking patterns of the "living labo" participants and this change would change communication among people and this would provoke innovation. This is the same as education for children. We will need to be one of the best countries in resolving challenges through this education process, instead of being only one of the countries with the largest number of challenges.

Hayashi: It will certainly take a long time for our project to materialize, but the business side has started to change people's thinking in our direction more rapidly than I imagined.

Asano: We are planning to increase our "living labos" hereafter. We will keep the existing four and create another three or four soon. Some could be hosted by regional autonomies and some hosted by corporations.

JS

Written with the cooperation of Naoko Sakai who is a freelance writer.