

December 18, 2014

Kyoto Social Innovation Cluster Concept Innovation from Kyoto to Japan and the world at large

In recent years there has been an increase in companies that engage in forms of social enterprise that resolve a variety of social issues through a business approach. These businesses include farming support for young people who aspire to become farmers, promoting accessible tourism for people with disabilities, and the development and sale of traditional products for children.

The City of Kyoto has been striving since 2011 to support the creation of these companies.

Beginning in fiscal 2015, we will promote the “Kyoto Social Innovation Cluster Concept” to bring together companies that engage in social business and people who support them in order to pioneer a future for Japan. We’re happy to announce the nation's first effort to exemplify “regional innovation” in Japan.

1. Previous efforts and progress

Kyoto City has implemented a variety of initiatives in order to broaden the understanding of social business among its citizens and companies.

In the three years since fiscal 2011, we have held seminars, consultations, and study tours of progressive regions. A total of 120 projects have been run with more than 6,000 participants. As a result, the number of companies starting social businesses in Kyoto is increasing.

Breakdown of seminar participants

Total participants: 6,137 (as of Dec. 18, 2014)

1 – Seminars (since fiscal 2011): 1,180

2 – Forums (fiscal 2011–2012): 1,700

3 – Consultations (since fiscal 2011): 122

4 – Study tours (since fiscal 2011): 169

5 – “RELEASE;” business learning program (since fiscal 2013; refer to section 3-(4) below for details of the program): 2,966

2. Goals of “Kyoto Social Innovation Cluster Concept”

Based on the achievements from previous years, we are launching the “Kyoto Social Innovation Cluster Concept” in 2015 as a full-scale deployment of efforts to support the launch of social businesses.

This initiative aims to set Kyoto—a city cultivated over 1,200 years of history—as the stage for a wide variety of citizens, companies, non-profits, and universities to tackle social issues and spread a new value system that replaces excessive efficiency and competition principles in Japan and around the world.

3. “Kyoto Social Innovation Cluster Concept” Initiatives

(1) Establishing a social-business enterprise-certification system

By certifying companies that work on solving social issues and thereby providing social credibility for the companies, we aim to support company growth and development.

Certified companies, regardless of their location, will receive support such as low-interest loans and preferential rent for the head office.

A panel of judges appointed to implement the certification system will be executives of social-business enterprises that represent Japan, supporters of social-business enterprise, and pioneering academics in the social-business field.

Main certification requirements

1 – Social Innovation

Creating an innovative business approach to solve social issues

2 – Sustainability

Executing sustainable management as a business

3 – Shiho-yoshi (The Four Good Principles)

Realizing the “Shiho-yoshi” principles, adapted from the business morality of Omi merchants (from the ancient Shiga area): “good for the seller,” “good for customers,” and “good for the locals,” by adding “good for the future” (inheritance by the next generation).

In Kyoto, we already operate the following three certification systems and have made great achievements. A social-business enterprise-certification system is the fourth certification system, based on entirely new evaluation criteria.

Existing certification systems

1 – Oscar certification

- A certification for companies more than 10 years old that addresses innovation of management with an excellent business plan.

- Established in 2002; 142 companies certified.

2 – Kyoto City Venture Companies Connoisseur Committee

- A certification for the business plan of entrepreneurs and venture companies within 10 years of founding.

- Established in 1997; 110 companies certified.

3 – “Wisdom Creation ‘Spark in the Eye’” company certification

- A certification for companies that achieve product development and commercialization through the “fusion of traditional techniques and advanced technology” and “new discoveries”

- Established in 2013; 8 companies certified.

(2) Management support to foster social enterprise as a whole

We provide a variety of management support from supporters of social-business enterprise for anyone from young people starting a business to mid-sized companies to those who wish to tackle social challenges.

Main targets and content of management support

1– Fostering social entrepreneurs

By holding business-plan contests, we foster college students and young people who aim to start a business in order to tackle social issues.

2– Training young entrepreneurs

Supporting young entrepreneurs to learn management and business skills to realize a sustainable business by providing various courses

3 – Secondary-business support of small- and medium-sized enterprises

Support existing enterprises by holding exchange meetings with different industries in order for existing businesses to tackle social challenges that allow horizontal expansion

(3) Development of curators

A curator is a new form of consultant who considers social significance in corporate management and advises from a medium- to long-term perspective in order for social activities to continue as a business. By fostering the “curator,” we aim to produce and grow more social-business enterprises.

*Curators sift through the vast sea of information based on their own values and world view, giving new meaning to what they select and sharing this with many others.

(4) Enhancement of business learning program “RELEASE;”

This is a joint program of college students and young people interested in social issues and motivated to “do something,” as well as government officials seeking new methods and companies that aim to expand business development from the perspective of social contribution. During the program, participants gather, exchange opinions, perform local surveys, and collectively come up with new business ideas.

In the two years since 2013, a total of more than 40 opinion-exchange meetings were conducted with more than 3,000 people and 19 organization participants, and resulted in attracting local branches of participating companies to Kyoto.

In the future, we will strive to enhance our content by further increasing the number of participants and participating companies and improving the feasibility of business ideas.

(5) Establishment of Kyoto Social Innovation Center (tentative name)

As the driving force of the Kyoto Social Innovation Cluster Concept, we will set up a “Kyoto Social Innovation Center” (tentative name) in the Advanced Scientific Technology & Management Research Institute of Kyoto.

In addition to providing overall vision coordination, the Center aims to form a network that involves the government, corporations, non-profits, universities, and intermediate support groups, and aims to serve as a public coordinator to match companies and public institutions.

(6) Hosting of a Social Innovation Summit

In order to spread the ideas and project content of the Kyoto Social Innovation Cluster Concept across the country and to widen the circle of action from Kyoto, we have a plan to host a Social Innovation Summit. Through this summit, social enterprises and local governments interested in social business will gather in Kyoto, share a variety of best practices, and spread them across the country.

* Social Business (Three requirements listed by the Ministry of Economy, Trade and Industry's Social Business Studies Board)

1 – Social: Its mission is to address the social issues still lacking solutions.

2 – Business: The mission is represented in the form of the business and continually promotes business activities.

3 – Innovation: Developing and using new social products and services and developing the mechanisms to provide them. In addition, through the spread of this activity in society, a new social value is created.

* Social Innovation

This refers to methods, products or services to innovative solutions to social problems and is required to be more effective, efficient, and sustainable than existing solutions, with the created value provided to society as a whole.

* Cluster

In the context of the economy as represented in Silicon Valley, it refers to the state of creating added value when companies, universities, and public organizations are geographically integrated and mutually cooperative.

*Basic attitude of the City of Kyoto towards social-business support

The City of Kyoto intends to “support the social-business efforts of small- and medium-sized enterprises that sustain industry in Kyoto.” This attitude is unique even in comparison with the social-business support of other cities that focus on the support of non-profit and community organizations.