

The Ventures

Shuichi Matsuda, a professor at Waseda University, explains the current circumstances surrounding business ventures as a driving force for Japan and its mature economy.

Japan embarked on full support for business ventures when the Act on Temporary Measures for the Promotion of the Creative Business Activities of Small and Medium Enterprises was established in 1995. When the economy bottomed out after the 1991 collapse of the bubble economy, a law for supporting business ventures was created through collaboration among the industrial, academic and governmental sectors for the objective of backing rising businesses.

Business ventures that have since emerged are classified into three types, the first of which is those launched by top researchers or business leaders. From around age forty, these human resources played central roles in their companies and are well aware of the global trends and speed of change in their research disciplines. For fear of their expertise becoming obsolete if they stay in their organizations they decide to spin themselves off. Such entrepreneurs include Tetsuya Iizuka, who once worked for a general electronics manufacturer and is now president of THine Electronics, Inc., and Shinjiro Yamada, who worked for a major non-ferrous metal manufacturer and is now president of Incs Inc.

The second type is those set up as a secondary effect of corporate restructuring. New entrepreneurs emerged as a result of an increase in mobility of employment following massive changes in industrial structure aimed at keeping up with global changes since the late 1990s. They have been fully trained through corporate education. This implies that the business sector is their greatest incubator. One example is Yoshiro Chikaki, who runs NPC Incorporated, which manufactures photovoltaic module equipment. His company

transacts with 160 of the 180 photovoltaic power generation companies around the world.

The third type is those integrated by a cluster of business ventures. A typical example is Recruit Co. Its operations are a conglomerate of different projects and it has now grown into a major communication business. Many listed companies have been thrown up from the company.

A Change in the Weather

In Entrepreneur of the Year (EOY), a worldwide contest for business ventures, two companies have represented Japan; NPC in 2008 and, in 2009, Weathernews Inc., which provides weather forecasts within a radius of one kilometer.

This company's revenue model is neither B2B nor B2C but B2S. The "S" stands for supporters. Today, cell phones are used in every corner of society. Users who have signed up with the company send current weather conditions from their local areas by e-mail on their cell phones.

Successes like this would not have existed were it not for the 1996 financial deregulation, a national policy aimed at stimulating innovations in Japan by adding human resources to a pair of elements important to the industry—technology and finance. Business ventures have gradually emerged like buds from this mechanism.

Japanese industry must consider its survival in view of recent global trends in mergers and acquisitions, the state of the U.S. economy and the rise of China and other Asian economies. Now in the phase of demographic decline, Japan expects to see its market shrinking. Yet another industrial restructuring will come within the next ten years. However, this will not downgrade any technology. This change is

expected to bring about a major tide of business ventures.

On the other hand, the greatest concern in Japan is raised by the fact that the average age of employees in small- to medium-sized enterprises (SMEs) is high, at around fifty. These businesses cannot be handed down to the next generation without securing young successors. If technology exists, human resources need not be Japanese nationals. In fact, large companies leave the country according to the principle of locating themselves in the most suitable place. Business ventures also leave the country without hesitation if their market is located overseas. The problem is whether or not Japan's strength in manufacturing will stay in the country. A system must be developed to help companies to successively emerge from among the SMEs, which will strengthen the footing of Japanese industry.

In this sense, now is the time to use financial power to revive superior technology-based businesses. This is the aim of financial deregulation.

Entrepreneurial Education

The range of business ventures cannot be broadened without enhancing the environments for both the players and their supporters. Human resources are supplied by universities and companies. As mentioned, businesses basically act as incubators. A desirable model should ensure that corporate restructuring induces mobility of human resources.

Fifteen years ago, the Waseda University Entrepreneur Study Group was launched for the purpose of entrepreneurial education. At that time, there were around three universities offering such education. During the following ten years, the number of universities providing entrepreneurial education increased to 100, and that number now stands at 250.

Students' perception of work is also changing. Nowadays, they are more conscious of how to build their own careers and less interested in staying with a single employer until reaching retirement age. What was apparently a hunger for physical satisfaction in the past is now a hunger for

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—Professor Shuichi Matsuda



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mental satisfaction. This is the case not only with students but with the younger generation already working in society.

Organizations of angel investors began to emerge to provide support for potential entrepreneurs. The number of such groups has jumped dramatically since 1995. At close hand is an increase in entrepreneurial coordinators, who help prospective entrepreneurs sort out problems such as what they lack in function, what their potential sales targets are, and from where they should raise funds for business launch and operation. A cycle is beginning to operate in which forerunning business ventures build capital to foster later-comers.

The Great Experiment

In Japan, the demographic structure changes as the population ages. For instance, it is not surprising to see a decline in purchasing power. From this perspective, it can be said that Japan is now in an experiment. Both the public and private sectors must think seriously about rebuilding the country and creating business ventures as well as SMEs in accordance with the change. Development of a service system befitting the aging society is urgently needed, but costs tend to be high in Japan. A start must be made by cultivating solid domestic businesses centered on SMEs and then forging a cycle for their expan-

sion to overseas markets. The government must work out a policy to build up the brand power of products and systems that SMEs possess and to capitalize on Japan's business resources. South Korea, China and other Asian nations clearly will also transform into more aged societies with lower birthrates. Undergoing this experiment earlier than others, Japan must step up adaptation to an aging society. The country needs to determine what businesses should be assisted in jumping into overseas markets and establish a large-scale systematic framework for industries. [□](#)

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