

Tuesday, September 15, 16 : 00-17 : 00

Tripartite talk: Corporations and Cultures

Soichiro Fukutake, Representative Director, Chairman & CEO, Benesse Corporation

Seiichiro Yonekura, Director, Professor, Institute of Innovation Research, Hitotsubashi University

Nobuyuki Idei, Founder & CEO, Quantum Leaps Corporation

This session first began with a speech by Soichiro Fukutake, representative director, chairman & CEO of Benesse Corporation on his company's efforts in the areas of regional revitalization, cultural promotion and the environment, among others. Afterwards, it was followed by a three-way discussion between Mr. Fukutake, Mr. Seiichiro Yonekura, director and professor of the Institute of Innovation Research at Hitotsubashi University and Nobuyuki Idei, founder and CEO of Quantum Leaps Corporation.

<Speech by Mr. Soichiro Fukutake >

The creation of wealth can only be achieved through corporate activities and companies that create wealth are fundamentally free. Therefore, while pursuing revenues, profits, recognition and such is a given, from now on, companies will be put to the task of seriously considering how they use those profits and what role their shareholders will play, and striving to be a respected member of society and the world.

Economic activity is not an end, but a means. The end is to make future generations of people happy. I believe we are at a transition point. The era where we mass produce and mass market products is now over, and we must move to the new era where we “use what we have and make what we don't have.”. Also, I believe that it is important to deal with the serious issue of global warming, and to move from a capitalist system to a public-good capitalist system that pursues a common profit. As specific examples of the types of activities Benesse is involved in, Mr. Fukutake talked

about the regional development of Naoshima, Benesse's sponsorship of an art event, Echigo-Tsumari Art Triennial, and its investment in SIM-Drive, a company trying to develop businesses harmonious with nature in the field of electric automobiles. With the support of architect Tadao Ando, Benesse has been developing the Naoshima area since some 20 years ago. At the time, the area was run down and deserted, but with modern art, it has become revitalized. While many people think modern art is more suited to young people and cities, I did not think so. Not just in terms of preservation, but through art objects and architecture, we recreated an initiative that conveys Japan's strengths, which has won us high regard worldwide.

Tokamachi City in Niigata Prefecture, where the Echigo-Tsumari Art Triennial is held, now attracts more than 400,000 visitors during the event. With the involvement of many artists, modern art has helped revitalize the city and spurred the renovation of many old houses. I think Andrew Maslow's hierarchy of needs is missing something. This thinking is built on the assumption that one's own satisfaction is a sufficient condition. I think there is something more than this, namely "community development." An individual's happiness is built on a foundation of a "good region." A good region is one where the elderly, who are the experts of life, are happy. I have tried to create such a region by attracting young people through modern art. The Echigo Tsumari support site (<http://www.echigo-tsumari.net>) is asking for contributions through its "hometown tax system." The support of interested people would be most welcome.

In August 2009, I established SIM-Drive, an electric car company. To protect our children's future and resolve problems related to global warming, this company is trying to develop technologies on an open source rather than proprietary basis for the rapid popularization of electric cars. With electric cars, it is possible to achieve new trials, such as using interiors and exteriors of existing premium cars. Our company's concept is to provide at a low cost the best technology and the latest information on electric cars to all organizations and individuals who are interested in this field.

Related to the move from a capitalist to a public-good capitalist system, since 1985, four company-affiliated foundations own more than 6% of our shares and are involved in the promotion of academia, education, culture and regional development as well as the management of an art museum. I think corporations and listed companies should aggressively pursue such activities. It is important to place value in investing in the world's future, and with this basic thinking, we can do many new things.

< Tripartite discussion between Mr. Fukutake, Mr. Yonekura and Mr. Idei >

Mr. Yonekura began by mentioning that on a trip to Naoshima, he realized once again how capitalism can take many different forms. He continued by saying that there was no need to be confined to the narrow Anglo Saxon definition of capitalism. Capitalism has existed for a long time even in Japan, and initiatives like Grameen Bank, Bangladesh's micro-finance related institute, are examples of capitalism. While capitalism is an important mechanism to secure wealth, it exists in a diverse range of forms. It is extremely important that Japan creates and spreads worldwide a new form of capitalism.

Giving shares to a foundation with a clear mission so that a company's profit leads to distribution of that profit to the foundation is by no means a preposterous idea when it comes to the type of public-good capitalism that Mr. Fukutake is considering. While some may think that this system will reduce the shareholders' portion of the profits, only those people who agree with the company and the foundation's thinking should buy shares. In addition, this is far better than ad hoc contributions that lack a mission or making donations where it is unclear how they will ultimately be used. To begin with, a "company" originally means a buddy with whom you share a piece of bread. You work together toward a goal, distributing the risk while taking on a business adventure. If you do not want to participate, you are free to do so by not buying shares.

In response to this, Mr. Fukutake introduced his company's efforts to build a school in Australia for Japanese children. He remarked, "While the world is moving toward globalization, the Japanese educational system has yet to reach that point." Mr. Fukutake opined that there are patterns in education and that historically speaking, higher education has been built on specific goals, with Europe emphasizing governance, the US on economics and Japan on bringing together top-caliber people to better Japan. On the other hand, Australia is a relatively young country with a short history, and perhaps because of this, its education has emphasized developing occupational skills. Simply going abroad on some language immersion program is meaningless. The true purpose of education would be to try to acquire a skill, and through that, acquire language ability.

Mr. Idei asked, "Are you trying to spread the concept of public-good capitalism?" and Mr. Fukutake responded, "Even ordinary companies can do the type of things that were done in Naoshima. In 1986, after visiting the Seto Inland Sea area, I began to have doubts about city life, with all its stimulation, competition, tension and entertainment. I really felt the importance of nature, of soil, sun and light and this became the motivating factor for development. Japan has long had a culture of making use of the surrounding landscape in the design of gardens, and by working with Tadao Ando, an architect who incorporates nature, we have been able to do things differently than others."

Mr. Yonekura asked, "During its period of rapid economic growth, Japan destroyed the Seto Inland Sea and other world-class beautiful locations. Rather than simple reconstruction, why did you think of revitalization through modern art?" Mr. Fukutake replied, "Part of the reason is that my father was an art collector. The idea came upon me suddenly as a sort of inspiration after I started visiting Naoshima. There is a bit of knack behind getting that bolt of inspiration – in those moments of drowsiness before going to bed and after waking up, you have to set your imagination free. Books and logic do not produce good ideas."

Mr. Fukutake went on to talk about the current and future situation at SIM-Drive. “To popularize electric cars, we are considering new ways to handle development and promotion. We want to create a specification book and a system to procure capital from partner companies.” Mr. Idei interjected, “I have great hopes that SIM-Drive will redefine the automobile industry,” to which Mr. Yonekura said, “Traditional automobiles are very inefficient and perform the difficult task of converting vertical piston movement into horizontal movement but with electric motors, you can install them so that rotary movement becomes rotary movement. It is a technology that fundamentally changes what we long believed in the 20th century.”

In conclusion, Mr. Fukutake said, “I have long defined transition points as those times when the main characters become supporting characters and the supporting characters become main characters. In the 20th century, men and young people were the main players. Now the time has come for women, senior citizens, children and rural areas to become the main players. I would like to provide support to help make this a reality.”

< Q&A session >

Atsuki Ishida, president, CEO and representative director, FreeBit Co., Ltd.:

In the world of venture companies and the Internet where the speed of change has become faster, do you believe that the main players will always fall?

Mr. Fukutake: Yes, I do. That is precisely why it is so important that the main players divide their organizational structure along specialties to avoid becoming supporting characters. From October 2009, Benesse will become a holding company. It is important that some parts of this dispersed organization grow large, and this requires that we aggressively decentralize operations. Mr. Idei echoed this with his assertion that any large organization must divide along specialties to survive.

Mr. Yonekura ended the session with his remarks that Japan needs to create a new form

of capitalism and a new pattern of innovation for knowledge creation.