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# sustainable japan

## Seino delivers happiness for workers and customers

### Unraveling Japanese companies

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What makes Seino Holdings Co. more competitive than many other companies owned and run by their founding families is its strong belief in its roots.

"Our basic business concept is based on the founder's management philosophy: 'Making the company thrive leads to employees' happiness,'" said President and Chief Executive Officer Yoshitaka Taguchi.

On top of the founder's philosophy, Seino has its corporate purpose: "Providing customers with extra wealth for their prosperity."

The trucking business was launched in 1930 by Rihachi Taguchi, the grandfather of Yoshitaka Taguchi. He eventually expanded the company to become the largest land transportation firm in Japan, with more than 6,000 trucks (Seino now has 25,000).

"The factors that make our workers happy is their economic fulfillment, a sense of pride in their jobs, and our business potential



Seino Holdings president and Chief Executive Officer, Yoshitaka Taguchi HIROMICHI MATONO

that can make them view the future from a bright perspective," Taguchi said.

But making customers and workers happy was not what many Japanese corporations aimed for in the early 1900s, when many workers were forced to do long hours of hard work at low pay in labor-intensive industries.

Where Rihachi Taguchi differed from other business owners was that he himself worked as a delivery driver, meaning he knew how heavy packages were and how the work made the body ache. The experience led him to care about his employees, Taguchi said. Another reason the founder emphasized the importance of workers' happiness was his experience in war. Having joined the military to fight in China before he started the company, he knew how precious human life is because he saw many of his comrades die during the war, Taguchi said.

When the trucking company was founded in 1930, the transportation industry was not yet mature. For instance, out of 10 rolls of kimono cloth that clients asked to be delivered, only nine arrived. Some of the excuses that deliverers made were that they had had lost it somewhere, or accidentally stained it — a thing that often happened in the early years of truck deliveries. Trucks were targets of theft as well. If a truck driver stopped at a red light, someone would sometimes open the tarp at the back and steal some of the packages piled up inside.

To gain customers' trust, Rihachi Taguchi's approach was to create additional value through information communication by letting senders know when their packages will arrive.

Beginning with the idea of how create value to make their customers happy, is what keeps Seino ahead of its competitors.

His company was also ahead of others because his actions changed the rules for the postwar transportation industry. Originally, only the national railway company was licensed for long-distance package deliveries.



HIROMICHI MATONO

But wartime bombings cut some rail lines, which encouraged him to go to the transportation ministry and ask that Seino be licensed for door-to-door deliveries by truck. He persuaded the ministry that this business model was necessary for the Japanese economy to grow in the postwar era.

"We always think about our contribution to our society and employees. At the same time, we make progress by creating value. It is in our DNA to have respect for workers, encourage self-growth and contribute to other people," Taguchi said.

Another concept that Taguchi depends upon to keep on managing the three-generation business is the family ethic. His grandfather, who pursued the growth of his company, often told his children and grandchildren to be frugal. Taguchi said he remembers his grandfather often told them at dinner, "Eating a whole saury makes a family ruined." Sauteed Pacific saury is a common dish for dinner in Japan, but seafood was so

precious in mountainous Gifu Prefecture, where the elder Taguchi launched his business, that he thought eating a whole piece for dinner was not what they should do. Therefore, he told his family to eat just a half piece and leave the rest for the next day.

This ethic was passed on to his oldest son, Toshio, who became Seino's second president. Never having played golf, he once had a chance to play with an acquaintance. The next day, he declared that he was placing a ban on playing golf for business. The reason? He said the sport was so exciting that it could ruin his company.

Always understanding the client's perspective led to a wider range of business — not just deliveries but also sales. Responding to customers' needs, Toshio Taguchi announced 35 years ago that Seino would become a "total-service distributor" or "logistics company," providing customers with information about their needs and selling them the products they needed. Today, sales

of products are a significant part of Seino's overall sales.

Taking the customer's perspective also led to a new business model, Open Public Platform, which Seino and other transportation companies share for customers' benefit. For example, Seino and the drone developer Aeronext Inc. jointly set up a new service model, SkyHub, in 2021. The purpose of this platform is to deliver daily necessities safely and efficiently to sparsely populated mountain communities. In cooperation with other trucking companies, they started the drone delivery service for such areas, where delivery otherwise would take time or be done much less frequently.

The service not only benefits local communities where the population is rapidly declining. It also has side benefits for transportation companies, Taguchi said. "This service has a huge impact on carbon offsets. Not only that, we can cut down on hidden costs," he said. Before using the platform, trucking companies needed to deliver packages separately. But by using the platform, a drone can deliver multiple parcels from different companies at the same time.

Another example of the Open Public Platform is Hacobell, a logistics-sharing platform that was launched earlier this year through a joint venture between Seino and Raksul, a provider of printing and logistics services.

In the future, Seino aims to deal with the production management business through making alliances with companies that have expertise in that field. "What I want to do is work for customers' value chain — marketing, purchasing and logistics. The ultimate goal is resolve our customers' worries. We want to be a part of our customers' value and continue to provide value."

*This section highlights the environment and a sustainable society. For more information please visit <https://sustainable.japantimes.com>*



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Seino Holdings upholds the founder's strong feeling that making the company thrive and its workers happy at the same time must be the core management philosophy. It also has the belief that developing the business leads to customers' happiness. With these concepts, I found that all the company's business activities and corporate culture head in the same direction of creating values that bring it closer to its customers.

One of the pillars of supporting its employees' happiness is creating pride in their jobs. This pride comes from seeing the gratitude of customers, expressed with a "thank you," which increases motivation among workers. The driving force of the founder, Rihachi Taguchi, who developed a new business model in the still-immature distribution market and caused it to evolve by taking the initiative in rule-making, was adopting the perfect client perspective and the pursuit of rationality. This perspective has an impact on today's business. For instance, as President Yoshitaka Taguchi told us, Seino launched a business platform shared with other companies in the logistics industry to respond to societal changes such as decreasing population in remote rural areas.

The president also has a new business idea that goes beyond logistics. I could see an image of the company's future, continuing to evolve and get closer to its customers, in the eyes of Taguchi, who strongly said in our interview that every business decision depends on whether the business benefits customers or not.

## ‘Learn locally, think globally’ at two unique universities

### Satoyama ~ Authentic Japan

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The 24th Satoyama Cafe, held on July 1 by The Japan Times' Sustainable Japan Network, featured two unique universities, Satonova University and Co-Innovation University, that have partnered with more than 20 locations where students can learn through community-based projects and communication with regional stakeholders, staying in one region on a long-term basis.

Ryosuke Nobuoka, the founder of Satonova University, has referred to Co-Innovation University as "the first university in Japan we see as an official competitor." The schools have more similarities than differences, but this also means there are various possibilities for collaboration between them in the future.

The first similarity is that they are both very new. Satonova University was launched in 2018, and Co-Innovation University is currently in the planning stages and plans to open in 2024. Both founders were born in the 1980s and have a shared sense of crisis over urban centralization.

Nobuoka worked as a web director in startups in Tokyo after graduating from a university in Osaka but began to struggle to picture a happy future beyond excessive economic growth. Thinking that a meaning to work and a sustainable future could be found in a small economy, he moved to the town of Ama in Nakanoshima, the second-smallest inhabited island in the Okinawa Islands in Shimane Prefecture.

"Some people said things like 'Are you dropping out of modern society?' when I decided to leave Tokyo, but actually my



A concept image shows the tentative design for the Co-Innovation University. HIDA TAKAYAMA UNIVERSITY

world expanded in Ama. Because it is a small community, you meet every constituent — farmers, local government officials, business owners and people who are moving in from other areas — without even trying," he said. "It is a perfect environment to think about how to address regional issues and create a prototype of a new society."

Hironari Inoue, representative director of the foundation to establish Co-Innovation University, was born in the city of Takayama in Gifu Prefecture. Takayama is one of the largest cities in Japan, nearly as big as Tokyo, and more than 90% of its total area is forest. "The challenges of the region have always been the unutilized forest resources and having no universities in the locality. I wanted to address both," he said. Becoming a bureaucrat and then a lawmaker was his initial plan, which he thought would be the quickest way to create a university in the area. But the Great East Japan Earthquake and the subsequent nuclear accident changed his mind. "I keenly felt the importance of bottom-up and autonomous action and management of regions," he said. He returned to his hometown and started working on the first challenge, the utilization of local natural resources, by establishing new local businesses, including a small hydroelectric power generation company, a timber trading company and a trust company, using the knowledge gained through his research on natural energy and finance. Now his plan to establish a university is taking shape.

Another similarity is that both universities do not make students stay on a campus. Co-Innovation University aims to nurture talented people who have the ability to solve issues and transform society. "This can be done by integrating achievements in various academic fields and by strengthening bonds with others across the borders of regions, organizations and positions through the process of repeating the cycle of theory, practice and communication," Inoue said. To achieve that, students need places where they can practice what they are learning and engage other people, which is why the university has partnered with 13 regions across Japan where students can stay after finishing their first year at its campus in Hida Takayama.

Satonova University calls itself a traveling university. Students pick from among the 10 available locations every year, so each student can experience living and working on



An event planned and operated by a student as a personal project in Nishiawakura village, Okayama SATONOVA UNIVERSITY

their own projects in four different regions before they graduate. "They learn from their hands-on experience that what can be done to solve regional issues varies greatly depending on what resources the region has," Nobuoka said.

The major difference between the two universities is whether they have a campus or not. Co-Innovation University is building a spacious campus that will also serve as a new landmark and a center for interaction for the people of Takayama. Having a university in the region is an old dream for Takayama, and having a physical campus is one of the requirements for approval by the Education, Science and Technology Ministry. Satonova University, on the other hand, does not have a campus, and it currently positions itself as a citizens college, allowing collaboration with various other universities. Last year, Satonova University started collaborating with the online degree course of Niigata Sangyo University, called Managara, and created the Satomana Program, which allows students to use Managara to take subjects that are required for a university degree while they live and carry out projects in their chosen locations.

The session ended with an open possibility for Satonova University and Co-Innovation University to work together, such as through students collaborating in regional projects because some of the regions that the two universities have partnered with overlap.

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### ESG/SDGs

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Gathering 320 female participants in four locations connected online — Omotesando and Shibuya in Tokyo, Sapporo and Kobe — a four-day program for female entrepreneurs was held from July 22 to 25. The event was organized by Amelias, a project launched in Japan by Women's Startup Lab Impact Foundation Japan. The foundation is headed by Ari Horie, who started Women's Startup Lab, an accelerator for female entrepreneurs, initially in Silicon Valley in California in 2013. "The loss of my own mother was one of the reasons why I started supporting female entrepreneurs. I felt that we will all be gone, and all we can do is to leave something behind — hopefully something that is impactful," Horie said in the opening talk of the second day.

She went on to say that women are connected with many different people and it is such a waste that the power of women is not fully utilized in the world of business. She has seen startups accelerate their growth by becoming part of the vibrant community of Silicon Valley. "We can do that in Japan too. Just say that you need help, you want to do it together. Fly away, not on your own, but hand in hand with someone," Horie said encouragingly to begin the day's sessions.

Aiming to bring global connection and showcase women's leadership to inspire more women in Japan, the two sessions in the morning featured two women who started their own businesses. One of them, a 25-year-old young entrepreneur Shayanne Wright from U.S., who founded the software technology company Office Otter, spoke about her experience of planning



Shayanne Wright, founder of Office Otter joined from the venue in Omotesando ERIKO OKADA

and launching a new business.

Office Otter is not her first business. She started her first company while she was in university. "I did not know how to code yet, I had not finished my degree yet, and I did not have any family connections in the tech industry," she said. She learned as she built her first business, called Left, a service that helps companies manage their employees' travel. Horie's Women's Startup Lab in Silicon Valley was one of the things that accelerated her learning. Her being conscious that she did not have everything from the beginning helped her absorb more and faster. "You need to be humble enough to know that your first idea is not the best idea," she said, stressing the importance of being open to learning.

That was the attitude that helped her when the COVID-19 pandemic hit the global economy. She was forced to pivot and start something that could survive through the pandemic. She got opinions from various people and decided to make something she had always been thinking about into a product.

"People underestimate assistants. I disagree," she said. She explained that many of them are skillful and capable people who support CEOs and managers closely, which was found to be true through her extensive interviews with 100 people who work as assistants. She asked them the same questions to find consistent patterns and common pain points to create a product that would really be useful for them. That is how she and her team created Office Otter, a tool for workflow task management and performance tracking. The product raised \$16 million in funding and is currently used by 5,000 companies.

She stressed that it is an asset that female entrepreneurs' perspectives are different from those of men, who are dominant in the entrepreneurial landscape, and ended her speech by encouraging female entrepreneurs to be a courageous minority instead of feeling disadvantaged.

The second session featured Kathy Matsui, general partner of MPower Partners, Japan's first ESG-focused global venture capital fund, and the former vice chair of Goldman Sachs Japan.

Matsui's parents were entrepreneurs as well. They moved from Japan to the United States to learn and perform cutting-edge



Kathy Matsui, general partner of MPower (right) spoke about the startup ecosystem in Japan ERIKO OKADA

agricultural technology decades ago and established their own chrysanthemum farm in 1967, which was later converted to a rose farm. Now Matsui Nursery is a renowned grower of orchids.

Matsui started MPower Partners with two other female co-founders who share the same month and year of birth, have experience and expertise in fields related to finance, and whose parents were also entrepreneurs. MPower Partners helps startups incorporate ESG factors into their business. "Entrepreneurs, especially those who are aiming to go public, will be asked about the absence of female board members or lack of environmental awareness," Matsui said.

She also pointed out that the Japanese startup ecosystem itself lacks diversity, but she sees this as an opportunity because society is changing and there are venture capital funds that are becoming increasingly diversity-conscious.

Another piece of advice Matsui gave to the participants was to do thorough research on venture capital firms. She compared finding a venture capital fund to finding a marriage partner and said: "You should conduct due diligence on venture capitals, just like they do it on you. Ask their existing investees what added values their venture capitals provided, or if the venture capitals were helpful when their investees had to pivot."

*Aiming to highlight issues related to a sustainable society, The Japan Times gave its support to this event by becoming a Media Sponsor.*

