Future Center Initiatives in Japan
Innovation Acceleration through “ba” (place)

Noboru Konno, FCAJ, TGS

Information and Knowledge for All: Towards an Inclusive Innovation

The World Conference on Intellectual Capital for Communities

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About Future Center Alliance Japan (FCAJ)

FCAJ is an alliance/platform for corporations, government ministries/municipalities, universities, NPOs, etc. to generate and accelerate open innovation/pre-competitive collaboration, utilizing "ba" (place) for innovation: Future Centers, the Innovation Centers, the Living Labs.
Tokyu Railway: Catalyst Ba

Fujitsu Learning Media: CO* PIT

Fuji Xerox KDI Future Center

Fujitsu FSAS Innovation & Future Center

Nikken Sekkei NAD

Development Bank of Japan: iHub

Dai Kin Technology Innovation Center

Kokuyo EcoLive Office
Future Center® as Catalyst to Activate Social/Organizational Knowledge Assets

- "At the center is the "value creation space" where IC leadership faces the challenge of leveraging these longitudinal resources and to create economic value adding. This is the **dialectic space or kinetics for knowledge entrepreneurship**. It might lead to growth of capital on the balance sheet as well as impairment of the balance sheet. In such a situation value destruction will occur. A critical question here will emerge: What is the knowledge navigation and leadership of today doing to avoid erosion and leverage the idle intellectual capital in waiting and how do we know about this from the reporting maps?"

- "**Value, or intellectual capital is created in the interaction between people (human capital) and the organizational structural capital such as R&D processes.** Nonaka (1994) is referring to this as **knowledge creating dialectics or kinetics**. He also referred to them as Ba, which literally is said to mean a space for appreciation in Japanese. In Skandia's case they were labelled **Future Center**. The Skandia Future Centre, established in 1996, focused on the value creation by experiential knowledge exploration. It became an arena where employees could enter into the future and then return to the present with new insights and Aha's for a more intelligent dialogue and knowledge sharing."

Firms with “ba” or Internal Ecosystem tend to experience tangible changes

- People tend to avoid risk fearing failures
- Sick people such as overwork and nervous disorder have increased
- The sense of being blocked increased
- People are more irritated and gloomy
- Walls/barriers of organizations get lower and ventilation gets better
- The more opportunities to challenge new tasks and projects
- Employees are working more lively than before
- Employees are more taking risks to breakthrough the situation

<table>
<thead>
<tr>
<th></th>
<th>Firms with “ba”</th>
<th>Without “ba”</th>
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<tbody>
<tr>
<td>People tend to avoid risk</td>
<td>37.8</td>
<td>37.3</td>
</tr>
<tr>
<td>Sick people</td>
<td>37.3</td>
<td>37.8</td>
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<tr>
<td>The sense of being blocked</td>
<td>35.1</td>
<td>35.0</td>
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<tr>
<td>People are more irritated</td>
<td>16.9</td>
<td>18.4</td>
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<tr>
<td>The more opportunities</td>
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<tr>
<td>Employees are working</td>
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<tr>
<td>Employees are more</td>
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</tbody>
</table>

TOTAL: N=113
Firms with “ba” N=51
Without “ba” N=62

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“Wiseplace®” (Innovation Accelerating Environments) to Mobilize “Static” Knowledge Assets to “Dynamic”

WP1

The Guide to Innovation Accelerating Environment Design

WP1E

The Guide to Innovation Accelerating Environment Design at WORK

WP2

WP3

People-Public-Private FC (ba)

https://www.dropbox.com/s/jyxmp5k8op739be/wiseplace_00%28EN%29.pdf?dl=0

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The Open/Participatory Policy/Strategy Design
The More Equal Society, the Higher Innovation Potential

Social Innovation is the engine of the society and economy:

Lower Gini Coefficinet → social equality/social capital.

Social capital nurtures societal innovation---European and Japanese model of innovation (not military innovation model)
Japan in Turmoil

GDP(USD)

Missing Triangle: Play back again? Or fundamental shift?
Japan in Turmoil

GDP (USD)

- Kobe Earthquake
- Niigata Earthquake
- Tohoku Earthquake
Knowledge Creation (SECI) Model

Socialization
Capturing hidden, unspoken needs and gap, i.e. tacit knowledge of customers and markets

Externalization
Articulating (discovering) hidden, unspoken needs and meaning through dialogue and conceptualization

Internalization
Making flesh and blood of concepts, embodying them through sharing (by narrative) and experimenting at real sites of customers and the society

Combination
Creating prototypes and combination by making relationships between a newly discovered and known concepts/ experiences

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Future Center
Co-experiencing People/Market’s Emotions

Living Lab
Co-experimenting New business models

Innovation Center
Co-creating/discovering New Viewpoints

Co-developing Prototypes/ Tech Solutions
Evolution of Knowledge Creation Theory (Nonaka Theory)

Leadership

Society/Community Economy

Enterprise/Management/Industry/Innovations

NPD Projects/Firms (business divisions)

Knowledge Creating Theory

Knowledge Workplace

Methodology of Knowledge Creation

Innovation and KCM (ex. agile scrum)

KCM as managerial theory of New Capitalism

KCM for Communities Design

Place/environments Community Making

The Concept of "Ba" (place)

Virtue-based Management

KCM and Phronetic Leadership (Practical Wisdom)

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Living Lab (for industrial transformation)
Eisai: Resident-led Community Innovation

- The Japanese leading pharma known by “Aricept” for dementia pursues its social role (“human health care”) and transforms a business model beyond the traditional pharmaceutical industry.

- In the process of discovering/developing/accumulating knowledge assets through dementia products (goods), now the company tries to create a community where dementia hardly occurs or where people can live even in (events). Their driving objective is to build “an independent, autonomous regional comprehensive health care” through community making.

- They focus on LL (Living Lab) as its catalytic means, and furthermore propose its own scheme combining LLC (Limited Liability Company) with residents as a means to reinforce their social and economic ground.

- The foundation of this kinetics is the knowledge creation (SECI) – Socialization (S): Community-based dialogue to share tacit needs, Externalization (E): Conceptualize at living lab, Combination (C): Match with resources of the corporates, Internalization (I): Examine the hypothesis and monitors.

- By spiraling up such knowledge creation activities, they create the "new life (community)" "new industry (market)" "new regional capital (society)" based on regional resources.

Source: Eisai

hhc (human healthcare)
Example: People-Public-Private Future Center
Importance of **Purpose Engineering**

Example: “Socio-economic System for 100 Years Life”

**Big Purpose:** What to Be Done (Common Good)

- **Societal Purpose**
- **Economic Purpose**

**Mid-Purpose (driving objective):**

- Direct Participation as Citizens/Whole Persons

**Interest of the Ministry**

Policy Making for the Next Era Society

**Interest of the Industry**

Social Innovation beyond CSR/CSV

**Policy Requirement**

- Pre-competitive Collaboration for New Markets
- Policy Requirement

**Common Themes**

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Example:
“The New Ways of Alliance for Basic Research”

“No technology is viable without social acceptance.”

“Business model aka R&D has gotten obsolete.”

“Innovation and R&D should have a new relationship”

“Without reasonable technology, business models can be easily copied.

“Our society is collaborative but not companies in the industries”
Example:
“The New Ways of Alliance for Basic Research”

The idea of fundamental research is being questioned (R&D Business Model getting obsolete)

“Reducing fundamental research funds to universities
Low productivity”

“Weak cooperation between universities and companies”

“Innovation and research and development are different but confused”

“University-initiated startups are popular, but real numbers are decreasing”

“The importance of basic research is beginning to be called out worldwide again”

“Obsolescence of traditional research and development (long-term R → short-term D: waterfall type step for marketing)”

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A Program for Open Dialogue

FCAJ 2017 April Meeting Tokyo
(Thematic Owner: MET, Hitachi)
Example: “The New Ways of Alliance for Basic Research”

- **FC**: Co-dialoging Good Purpose
  - More Funding
  - Nation

- **IC**: Co-development Participatory Design
  - More Investing
  - Open Innovation Models
  - Users/Customer

- **Universities**
  - S&T Research
  - National Research Institutions

- **Enterprises**
  - R&D
  - Application Engineering
  - New Business/Product Development Ecosystem

- **Market Place**
  - Basic Research

- **Basic Research Policy (MEXT)**
  - More Funding

- **Focusing Regions**
  - Co-Implementing Actual Changes
  - Social Experimenting

- **LL**
  - \( \text{Co-}\text{Implementing Actual Changes} \)
  - \( \text{Social Experimenting} \)
Purpose Technology (Engineering): Orchestrating and Synthesizing Purposes for Innovation

Individual Purpose & means

Deep Desire
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Purpose-driven Distributed Entrepreneurship
(mid-purpose) Driving objective, mission

Management Of Purposes

Management On (good) Purpose

Individual Purpose & means

Big (meta) Purpose

Social Requirement (Common Good)

Things that got be done by companies and organizations
About Japan Innovation Network (JIN)

- A general incorporated association (non/for-profit) to “create 100 innovative companies through global collaboration”
“The Innovation 100 Committee”

In order to overcome the paradigm that “large companies cannot be innovative,” the **innovation 100 committee** was established under the Venture Business Creation Council on 2015. Its members are corporate executives from large Japanese companies who are pioneering efforts to promote innovation in their organizations.

Japan Innovation Network(JIN), the Ministry of Economy, Industry and Trade, and Word Innovation Lab(WiL) have served as the executive office of the Innovation 100 Committee.

**Current members: 32 companies** (May, 2017)
About SHIP

SHIP was developed in response to the Sustainable Development Goals (SDGs) being adopted by the UN General Assembly in September 2015. It is an open innovation platform hosted by Japan Innovation Network (JIN) and United Nations Development Programme (UNDP), aiming at achieving SDGs through innovative business models.

SHIP reaches out domestic and international stakeholders, and builds its own SHIP Ecosystem. By utilizing resources of this ecosystem, SHIP promotes innovation via various programs designed to build innovative business models which address the SGDs.
Students from Africa X SDGs Discovery Program
Thank You