

# Encouraging “Entrepreneurship Cool Tokyo” through Collective Impact Executive Summary

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## Challenges and Opportunities for Tokyo’s Innovation Driven Entrepreneurship (IDE) Ecosystem

- Tokyo (so does Japan) has a high innovation capacity, a long tradition of entrepreneurship (only since the 1960s large companies have been dominating Japan’s innovation system), and the pieces to support entrepreneurship appear to exist, but are not working as a vibrant ecosystem.
- An overarching theme is that we have “silos” of various stakeholders in Tokyo/Japan.
- Governmental support for start-ups is on the top of Japan’s political agenda, and part of the *Abenomics program*. But it is not clear how effective the various stimulus programs are in accelerating growth of high potential IDEs.
- Changes in demographic patterns, fundamental shifts in the economic workforce (e.g. broader participation by women), changes in hiring patterns are crucial factors in Tokyo’s innovation system. Nevertheless, an unfavorable recognition of entrepreneurship as career choice exists.
- Labor market rigidities and tax regimes are hindering the growth potential of IDE (aspiration of “high risk & low return”).
- Japan’s start-up scene is mobilizing and, in the process, shifting the balance of power within the country’s innovation system, which has been dominated by large companies. This is further triggered by independent VCs which are taking a more active role in Japan’s startup ecosystem.
- Over the past two decades, large corporations have increasingly struggled to keep-up with the pace of innovation or to embrace new paradigms of technological innovation. As a consequence, new concepts are now coming out of Japan’s large companies (especially by IT companies), such as “open innovation” and “corporate entrepreneurship/intrapreneurship” which further promote dynamism.
- The role of universities within the innovation system in Japan, and in Tokyo, has been evolving rapidly over the past two decades. By developing spin-offs (although the ratio of IDEs is not clear!) and offering entrepreneurship training (most times embedded in business faculties), universities have taken a new role in the Japanese innovation system. In this process, traditional “silos” are opening up, indicating a drastic change in Japan. Yet, the role of universities within the innovation economy in Tokyo remains rather fragile and the gap between academia and the corporate environment remains large.

## Guidelines for Our Engagement

- Based on the above analysis of challenges and opportunities of the Tokyo IDE Ecosystem, we concluded that our collective engagement shall be guided by:
  - ✧ Undertaking a fresh and more in-depth look at the Japanese IDE ecosystem
  - ✧ Investigating how we can link i-cap and e-cap, how we can overcome existing silos, and thus support economic growth.
  - ✧ Getting a better understanding on how young people (especially university students) in Tokyo perceive the position of an entrepreneur as vocation, and thus continuously encourage entrepreneurial mindsets through effective (educational and other) means.
  - ✧ Getting a better understanding for the specific needs of entrepreneurs and startups in Tokyo through an intensive and continuous dialogue with the startup scene and with SMEs.
  - ✧ Investigating open innovation/ intrapreneurship models of large corporations to better understand opportunities for the local innovation economy.
  - ✧ Establishing an effective backbone organization

## The MIT REAP Tokyo Team Initiative

- In order to investigate how to further encourage entrepreneurship in Tokyo, a team from Tokyo (<http://reap.mit.edu/cohort/tokyo-japan/>), consisting of five stakeholder groups (entrepreneurs, risk capital, corporations, government and universities), participated in the two-years Regional Entrepreneurship Acceleration Programme (REAP) of the Massachusetts Institute of Technology (MIT).
- MIT REAP with its four multinational residential workshops (three taking place in Boston, one in Tokyo) provided a framework for analysis of Tokyo's IDE Ecosystem and support to develop a strategic action plan for improvement.
- Based on lessons learnt during MIT REAP, and based on our above analysis, intense discussions among the team and with various stakeholders of the broader Tokyo ecosystem, we concluded to focus on the investigation of
  - ✧ [How can universities in Tokyo today participate more actively in the regional innovation system through various means, ranging from research, education and training to university spin-off companies, and through fostering open innovation and thus overcoming silos?](#)
- As starting point for our investigations, we decided to establish a "Tokyo Open Center for Entrepreneurship and Innovation" (TEIC) at the Tokyo University of Science (TUS) as our initial backbone organization. TUS was chosen, because it is the largest private university for science in Japan, and as such offers a wide range of faculties/ departments in science and technology and moreover has a school of management.

## Our Must-Win-Battle(s) & Visions to Encourage “Entrepreneurship Cool Tokyo”

- We identified the following four main issues which have to be tackled through a collective effort of all five stakeholder groups in order to have an impact and eventually encourage “e-cool Tokyo”:
  1. Better Understanding of Entrepreneurship in Tokyo/ Japan
  2. Changing Mindsets, Skill-Up & Praising Culture of Entrepreneurship
  3. Linking i-cap with e-cap & Supporting Open Innovation
  4. Venture Acceleration & Matching Japan-specifics
- In December 2016, we established TEIC – located at the center of Tokyo at the Kagurazaka Campus of the TUS – as initial backbone organization for our activities.
- From the beginning, our vision for TEIC was to function as an open platform which runs a series of complementary activities in order to support “e-cool Tokyo”. The activities are organized within 4 hubs – Research, Education, Networking and Nurturing – which correspond to the above mentioned four main issues to be tackled (details of TEIC are elaborated in a separate document). TEIC was meant to be a startup in itself and act as such in a flexible way with fast track possibilities. In this sense, and to foster open innovation, we dedicate ourselves to choose aspiring topics (e.g. “Space Colony Project”, “Vegetable Factory”) which have a great potential to match university seeds with other stakeholder needs.
- With the successful initial launch, staffing and execution of TEIC, the Tokyo Team will seek funding from the ecosystem to ensure continuity and growth of TEIC after a validation period of 6 months or more. Funding will be sought from the private and public sectors and TEIC will evolve from a University-centric activity to an open-platform oriented activity encompassing the University and other parts of the ecosystem. To maximize effectiveness, our collective approach will require the coordination by an independent organization (e.g. foundation or NPO) in the future which will function as our backbone organization to work across all stakeholders, to ensure ongoing alignment of our vision, delivery of mutually re-enforcing actions, continuous communications and an agreed monitoring framework.

**We ask for the endorsement, participation and support of all stakeholders of the Tokyo Innovation and Entrepreneurship Ecosystem and hope to work collectively to stimulate “Entrepreneurship Cool Tokyo”.**

**The MIT REAP Tokyo Team**

<http://reap.mit.edu/cohort/tokyo-japan/>