

# Tokushima Satellite Office Project

Regional Revitalization Promotion Division,  
General Policy Formation Department, Tokushima prefecture

## 1. Introduction

A wave of venture and creator companies have been flooding into sparsely populated villages in the mountains of Tokushima Prefecture on the island of Shikoku, and converting old abandoned homes into trendy updated satellite offices.

The term *satellite office* refers to a smaller office that is located some distance from the corporate headquarters or the main office that is fully equipped for employees to do exactly the same kind of work as at the main office as a form of telework much like telecommuting from home or mobile work. Remarkable innovations in ICT technology (information and communication technology) such as web conferencing and cloud computing services have opened up a vastly more flexible way of working that is no longer bound by the constraints of time and space. Virtually anyone today can opt for a very cost-effective environment where one can share information with colleagues and clients in real time via stress-free communications without setting foot in the main office downtown. And living in the countryside has a whole range of benefits: it enables employees to really focus on their work in a quiet relaxing atmosphere, while at the same time giving them immediate access to the full range of outdoor activities, farming, or other pursuits surrounded by a rich natural environment in their off hours. In pursuit of an ideal lifestyle offering people the best of both urban and rural worlds, companies in the Tokyo metropolitan area are boldly trying to create a new style of working in a rural setting by establishing satellite offices in five cities and towns in Tokushima Prefecture on the eastern end of Shikoku Island.

Here we will briefly review the history and future prospects of the *Tokushima Satellite Office Project* that has attracted nationwide interest as a great success story in the government's quest to encourage more people to move from the cities to the countryside to promote *rural revitalization*.

### ■ Photo 1: Engawa Office / Plat-Ease Corporation



## 2. Project rollout: background and history

The project was first conceived and motivated by the Great East Japan Earthquake of March 11, 2011. The earthquake served as a wakeup call, for the rolling blackouts and paralysis of public transport and other vital services that left tens of thousands of commuters stranded in the city really highlighted the risks of concentrating too many businesses and people in the Tokyo metropolitan area, and underscored the importance of business continuity planning (BCP) measures to manage corporate risk.

One solution is the “decentralization of company operations,” and indeed migrating business systems and corporate data to the cloud and building backup offices have become a very important aspect of corporate management.

Another solution that we will focus on here is an innovative trend to evolve a new way of working. There are too many companies that impose exceedingly poor work conditions on their employees—long commutes on packed trains and working long hours into the night in a concrete urban jungle—while seeking to inculcate new values and squeeze creativity from their workers. When employees get home too exhausted to enjoy leisure time with friends and family, we have to question the rationality of this work arrangement. Now we have begun to search for a more advanced type of company that involves a totally different way of working and provides a vibrant atmosphere where employees can realize their full potential and have fulfilling careers. Indeed, we are now seeing a paradigm shift that reflects a fundamental rethinking of how companies should be structured and how employees can lead meaningful lives.

Among the depopulated areas in Tokushima Prefecture, the *Tokushima Village Restoration Project* is focusing on a so-called *marginal village* (a village that has lost population to the point that more than half the locals living there are over the age of 65), with the goal of revitalizing the village while making best use of local resources.

Analyzing these sparsely populated districts in the prefecture, we find that compared to Japan's national average population gain of 35.8% over the 50-year period from 1960 to 2010, the population of Tokushima Prefecture fell by 7.3%, and the more sparsely populated parts of the prefecture actually plummeted by 53.8%<sup>[1]</sup>. We also observe that Tokushima has an extraordinarily high ratio of marginal villages where more than half village residents are older than 65. Compared to the national average of 15.5% of village, approximately 35.5% of Tokushima's hamlets are classified as marginal villages, some 2.3 times higher than the national average<sup>[2]</sup>. By other measures as well, Tokushima is

in serious trouble: the prefecture is 5<sup>th</sup> worst in terms of vacant or abandoned houses at 14.9% [3], the worst in the nation in terms of decommissioned or closed schools with 65 schools no longer in use [4], and the shuddering or idling of public facilities as the population continues to shrink is becoming a serious problem.

This paper will focus on a number of companies and employees who seized the opportunity to move from Tokyo back to this marginal sparsely populated community to inaugurate the *Tokushima Satellite Office Project*. Essentially, the project was an attempt by the Tokyo companies to try out an ideal working style by exploiting several strengths of the prefecture: the availability of valuable vacant homes and abandoned school buildings in the village that could be repurposed for the project in combination with very-high-speed broadband services deployed all thorough the mountainous prefecture providing ten times the throughput available in Tokyo.

In September 2011, ten companies from Tokyo moved into the prefecture and set up trial satellite offices in five different locations to explore the feasibility of the concept, and found that this arrangement did support stress-free continuous operations. The participating offices themselves were very enthusiastic about the project—“this work environment is like a dream come true,” “the move to Tokushima put new energy into our employees,” etc.—so the next year we moved on to full-scale deployment of the project in March 2012.

### 3. Satellite offices exceed expectations, evolve in diverse ways

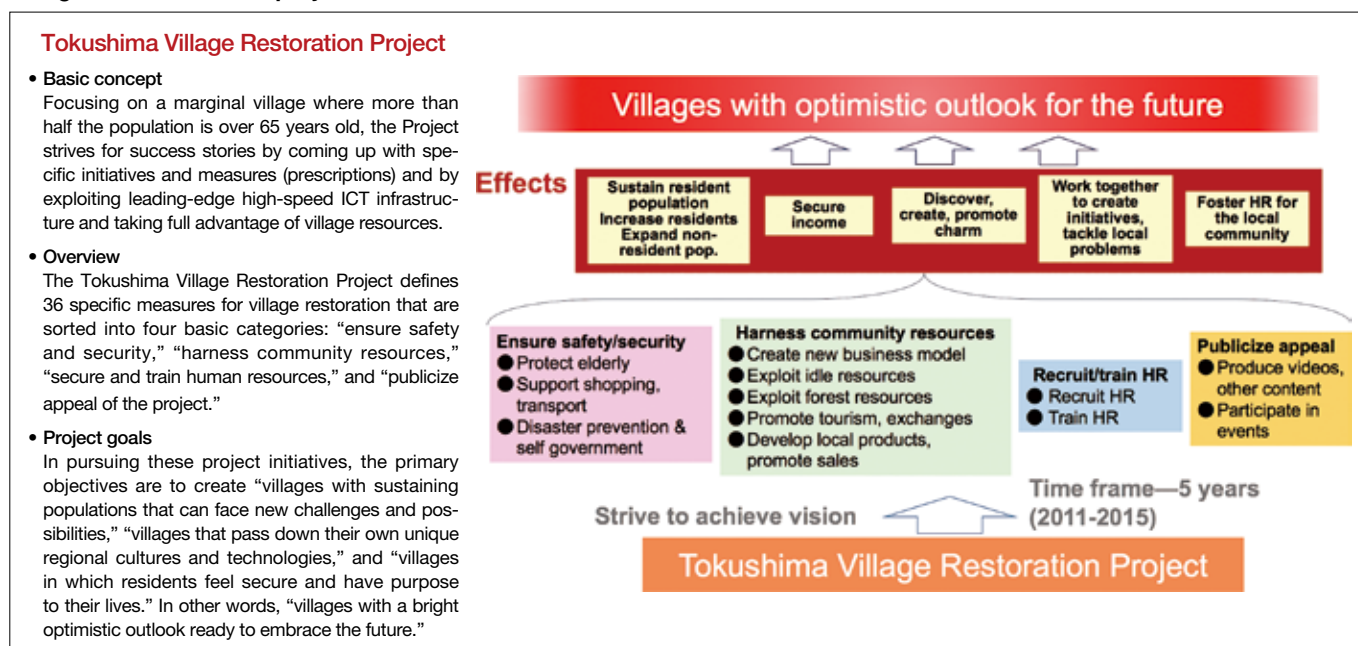
The first satellite offices were set up as a kind of residential retreat where employees would be sent out for relatively short periods of time to figure out the optimum length of stay or service at a satellite office and also to figure out which employees would be best suited to work in rural communities. Next, we moved into a trial-and-error phase where the various companies tried all sorts of schemes, some of which they hadn’t even considered at first

when they were trying to lure employees to sign onto the project. For example, one company set up a *long-stay office* where local hires and transplants from Tokyo would commit for a prolonged period, another company established a *free office* system where employees could choose where they wanted to work during each season of the year, yet another company moved their headquarters to Tokushima and set up a satellite office in Tokyo, while yet another company spun off a new start-up firm that pursued a totally different line of work from the main office, and there were other permutations.

Many of the companies setting up in Tokushima are in the IT sector—software and system development, web design, and so on—but more recently, the satellite office trend has continued to expand to other types of businesses. An old sewing factory owned by the town of Kamiyama was refurbished and converted to the *Kamiyama Valley Satellite Office Complex*, a shared workspace and central facility for satellite offices from within and outside the prefecture. This complex attracted a very diverse range of businesses including IT companies, a 3D modeling engineering firm, an international patent office that deals mostly with intellectual property, an incubation consultant that helps entrepreneurs establish start-up ventures, a corporate manager from the U.S. has set up shop in the complex, and many more. The University of Tokushima and Meiji University have set up offices in the complex for their students to conduct field work, and an after-school club, the *Kamiyama Electronics Club*, sprang into existence for the children of people who work at offices in the complex. The complex has become a symbol of a new cosmopolitan Kamiyama; it provides a central meeting place where the increasingly diverse population of Kamiyama across all ages and vocations can get together and exchange ideas.

The town has drawn a lot of interest among companies that are thinking of setting up satellite offices, over 2,500 visitors a year come to Kamiyama to check out things for themselves, and the movement is picking up momentum as apparent from two new

■ Figure: Outline of the project



offices that opened up in quick succession in July 2015. Recently, a service center was established where companies can bring in some employees and try out their operations on location before they actually commit to resettle. Targeting companies that have shown interest by visiting Kamiyama, the trial service center provides a place where companies can set up shop for a while, conduct their normal business or work, and forge relationships with people in the local community. In other words, this provides a way for companies to experience what it would be like to establish a satellite office in Kamiyama without going through the hassle of negotiating with a homeowner or thinking about how much it would cost to remodel a building. Focusing on new corporations set up by managers of companies that recently moved into the area, the service center provides a full range of technical support ranging from telework expertise to building bridges with the local community.

■ Photo 2: Kamiyama Valley Satellite Office Complex / Green Valley Corporation



■ Photo 3: WEEK Kamiyama / Kamiyama Jinryo Co., Ltd.



Moreover, companies have more to gain than a sound business continuity planning strategy or mellow stress-free place for employees to work. CypherTec Inc. developed a line of encryption-based digital right protection products, but they had trouble recruiting enough good people in Tokyo because they were overshadowed by a major high-profile company that was draining of the human resources, and this was wreaking havoc with their growth and their bottom line. CypherTec then came up with a novel approach of setting up a satellite office—*Minami Lab*—in the town of Minami in Tokushima Prefecture in the hopes that this would prove attractive to younger job applicants who wanted

to get back to nature and to rural living. They worked out an arrangement reconciling work and individual privacy—*half X half IT* (where X signifies the individual's private pursuits)—which quickly drew the attention of younger creative recruits who were interested in surfing, fishing, and other outdoor activities. CypherTec's recruitment problem vanished as more and more applicants who identified with these values were drawn to the company, and within two years after launching *Minami Lab*, the company's workforce had increased three-fold. Company sales and profits have been in the black year after year, and the company's shrewd example motivated 12 other companies to set up satellite offices in Minami, and we expect to see even more companies move to Minami in the years ahead. The population of Minami continued to decline, but in 2014 something remarkable happened; for the first time since the village was formed through annexation of two smaller hamlets in 2006, more people moved into Minami than moved out, and Minami saw an increase in population.

And CypherTec is not alone. We have seen quite a few competent mid-career veteran engineers who reach a point in their lives where they want less stress in their work and apply to work in a satellite office which emphasizes sound balance between life and work. In fact, there have been cases where new satellite offices have been set up in a particular area because that's where valuable personnel live that the company wants to tap. Clearly Japan will require greater work flexibility in the years ahead that respects more diverse values, that prevents women from dropping out of the workforce when they have a baby, or to take care of children, or provide nursing care to someone in the household, and to provide women with greater job opportunities.

#### 4. Make the most of cooperative partnership

Close collaboration among local residents, companies moving into the community, and government has made this project a tremendous success. Certainly the biggest factor is the natural charm and charisma of the local people. Kamiyama folk are good natured, they go out of their way to show hospitality to pilgrims on the Shikoku Pilgrimage, and they don't just dismiss ideas out of hand no matter how bizarre they may sound. Rather, they are always willing to jump on board and at least give the idea a hearing. They show tolerance, broad-mindedness, and comfortable flexibility toward new people, and it is these very qualities that have brought a diverse range of newcomers into Kamiyama to stay and to live.

Companies coming into the area convey the appeal of satellite offices through their unique activities, advanced information transmission capacities, and extensive personal networks. And the ability of these companies to attract more people into the area has helped promote the growth and prosperity of the community at large.

Finally, government serves as a moderate backup. They listen to opinions and issues raised by community stakeholders, then come up with a variety of reform measures: review of a car-sharing scheme, support for a subsidized program, and so on. By promoting a spirit of cooperation while giving full play to the natural abilities of all the stakeholders, this has helped ensure the success of the project.

## 5. Conclusions

Bringing satellite offices into the community is not going to generate the tax revenues nor the jobs that opening up a larger plant or factory might produce. But the goal here is not simply the economic impacts, but rather to attract the right kind of people into the community needed to sustain and rejuvenate the village into the future. Sensitivity to cutting-edge developments, personal networks that rarely penetrate to rural areas, imagination and action that transcend the stultifying atmosphere of rural backcountry areas are absolutely invaluable in their impact on the rural depopulated communities of Japan.

By enticing a few good people into the community who accomplish interesting things, this effectively opens the flood gates and brings in a lot more people. And this influx of new blood can have remarkable ripple effects in sparsely populated areas: organic food restaurants appear that could never gain a toehold before, suddenly there's support for guesthouses and a service industry, and the need to provide groceries and produce jumpstarts local agriculture. As leaders of the local community, things are really starting to happen around here that are turning around the problems of depopulation: farming is coming back as abandoned farmland is leased and put back into cultivation, community-supported agriculture is set up to harvest and

distribute crops to city-dwellers, opportunities open up for local children to get hands-on work experience and classes on demand, companies contribute to make local education more engaging and interesting, tree farms have been nurtured back to health after long neglect due to the downturn in timber prices, and clever new design ideas that exploit forest thinnings have been developed, and a host of other innovative new ventures have sprouted up.

The project has now been up and running for about four years. From an outside perspective, one can see that we have rediscovered the charm and beauty of this place, and interaction between the newcomers and former residents has breathed new life into community. The combination of new and old wisdom and experience has really broken through the sense of futility and stagnation that pervaded this region until recently, and we have come up with truly innovative solutions that no one could have foreseen. Well, now we can envision such a future!

### References

- [1] Ministry of Internal Affairs and Communications Statistics Bureau, 2010 Census.
- [2] Ministry of Internal Affairs and Communications and Ministry of Land, Infrastructure, Transport and Tourism, "Survey on the state of villages in depopulated areas," 2010.
- [3] Ministry of Internal Affairs and Communications Statistics Bureau, "Housing and Land Survey," 2008.
- [4] Ministry of Education, Culture, Sports, Science and Technology, "Survey on the utilization of closed schools and other facilities," 2010.

■ Table: Project overview

Feasibility study, 2011	Ten firms in the Tokyo metropolitan area conducted a study to determine the feasibility of setting up satellite offices in depopulated areas of Tokushima Prefecture: towns of Miyoshi, Kamiyama, Minami, etc.
Satellite office inspection tour, 2011 -	Tokyo firms conducted a satellite office inspection tour focusing on towns of Miyoshi, Kamiyama, Minami.
Organized <i>Tokushima Satellite Office Promotion Team</i> , March 2012	Organized the <i>Tokushima Satellite Office Promotion Team</i> consisting of representatives from the prefecture, the towns involved, NPOs, and the companies planning to set up offices. Discussed "how to upgrade system of acceptance" and "strategic dissemination of information." Launched a website to handle interest and inquires, and a PR booth at Tokushima Business Challenge Messe, and at various events in Tokyo and Osaka.
Established <i>Kamiyama Valley Satellite Office Complex</i> , January 2013	The prefecture, Kamiyama, and NPOs remodeled old sewing plant, and converted it into the Satellite Office Complex. ICT people, creators, and others got together and figured out how to exploit the space as a base for generating new business while upgrading and revitalizing the region.
Earned the 1 <sup>st</sup> <i>Platinum Award</i> for excellence, July 2013	In the 1 <sup>st</sup> Platinum Awards competition, took second place to win the Grand Prize out of 124 entries for all around best solution for difficult regional issues.
Developed shared concept of Tokushima (vs. Tokyo), September 2014	Based on fresh concept of new values from the perspective of Tokushima rather than Tokyo, made a strong appeal to the virtues and qualities of Tokushima throughout Japan and abroad.
Dispatch satellite personnel from Cabinet Secretariat Headquarters for Overcoming Population Decline and Vitalizing Local Economy, November 2014	Dispatch staff to Kamiyama to promote <i>regional revitalization</i> by encouraging influx of new people to the region. (1) Try performing office work over telework terminals (2) Conduct on-site surveys of satellite offices, immigrants, permanent residents (3) Promote understanding by bringing business owners and others to visit the town
Various activities to strengthen ties with the community	(1) Provide local volunteer guides and tablet computers with tourism apps. (2) Host intern camp for students from other prefectures, events of local middle and high school students to develop applications, live-talk events, and other activities to enlighten people to the possibilities of other modes of work. (3) Collaboration among satellite offices to design local business logo, product packaging, and help establish stores. (4) Develop projects in cooperation with local companies to promote use of forest thinnings to ensure verdant forestlands are left for future generations to enjoy. (5) Local housewives cooperated in offering tempting local specialty food products, and opened a cafe that brought people together. (6) Provide system for managing visitor data from the time they submit applications to a local NPO.
Monitor establishment of satellite offices, May 2016 to present	Many companies have moved into the prefecture including 13 to Kamiyama, 13 to Minami, 1 to Tokushima, 5 to Miyoshi, 1 to Anan, and 1 to Mugi. This has created employment for over 60 people.