

Study of Social Entrepreneurship and Innovation Ecosystems in South East and East Asian Countries

Case Study: Care Center Yawaragi, Japan

The Japan Research Institute

Office of the Multilateral
Investment Fund

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CASE STUDY

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- Harue Ishikawa, Founder of Care Center Yawaragi
- Kunio Okura, Assistant Professor of Hirosaki University
- Tomohiro Hamakawa, Co-Founder of Earth Company

1. Introduction

Name: Care Center Yawaragi	
Description	Care Center Yawaragi is the pioneer in realizing around-the-clock, 24-7-365 home-based care services for seniors and disabled in Japan. It has continuously implemented initiatives to support marginalized segments over the past 30 years.
Founded	1987 (Tokyo, Japan)
Legal format/ certification	Specified nonprofit corporation ISO 9001 certifications for four business processes
Num. employees/volunteers	213 (FY2012)
Geographical reach	Various parts of Tokyo Prefecture especially in the western outskirts.
Recognitions & awards	Its case management information system received the Information Promotion Consortium Chairman's Award by the Japanese government.
Social innovation variables	
1. Innovation type	Yawaragi shared its senior care service management system with the government and contributed to developing the nation's long-term care insurance system.
2. Social impact	Yawaragi indirectly contributed to the increase of other home-based care service providers under the long-term care insurance system.
3. Financial sustainability	The annual revenue in 2012 reached USD 6.6 million ¹ . Yawaragi does not seek profits beyond covering necessary expenses.
4. Key partners and support ecosystem players	There was no supportive ecosystem for social enterprises when Yawaragi established itself. The government was a key supporter offering commissioned work and subsidies.
5. Scalability and replicability	Yawaragi's business is highly replicable under the long-term care insurance system. As of 2014, the number of home-based service providers reached 33,911.
References	http://www.yawaragi.or.jp/index.html

¹ Unless otherwise stated, the exchange rate of JPY100=USD\$1 is applied throughout this report and all the years refer to fiscal years (from April 1st to March 31st in the following year)

governments could not swiftly respond to these requests to extend home-based care service to middle class families.

Against this backdrop, Yawaragi was established first as a voluntary organization to provide home-based care services to its members in the local communities. Along with the increase in the number of elderly people requiring nursing care and domestic help and the spread of normalization principles in the general public, needs for home-based care for seniors and disabled became apparent. On the contrary, family members' capacity to provide care was reducing due to the growing trend of nuclear families and women's participation in workforce. Under these circumstances, the community-level mutual support system was losing its once-useful functionality. The establishment of Yawaragi thus marked a new era in which citizens came together and took initiatives to deliver welfare services.

Yawaragi was launched in 1987 as a trailblazer of home-based care services with a unique proposition to provide around-the-clock service available 24 hours a day, 7 days a week, and 365 days a year. It was precisely such a 24-7-365 home-based model that neither local governments nor other business operators could deliver. Yawaragi managed to offer this service based on its standardization of services. At the time, no proper recording of care services was made in the industry, and contents of services varied depending on the care provider. Thus, standardization of services not only increased staff efficiency, but also improved pricing transparency, which resulted in deeper trust from customers. Furthermore, it generated some other unintended side-effects including a tighter feedback loop to better understand areas of improvement.

In 1989 – several years prior to the birth of the long-term care insurance in Japan – the government enacted the so-called Gold Plan, a 10-year strategy to promote health care and welfare for the aged, clearly holding up its policy to promote local governments to build special nursing homes for the elderly and facilities to provide day services and short-stay services, as well as to train home-based helpers to promote home-based welfare. In 1994, the Gold Plan was revised in the form of the New Gold Plan with higher goals in establishing care services³. In 1995, the Advisory Council on Social Security (currently the Social Security

³ Ministry of Health, Labor and Welfare (2005). "Annual Health, Labor and Welfare Report"

Council) submitted a report⁴ to the Prime Minister containing specific recommendations to transform the overall social security system. In the report, the Advisory Council advocated for the introduction of a nursing care system based on a social insurance mechanism in order to provide safe and secure care in response to increasing needs for nursing care. In 1997, this seminal report triggered the birth of the long-term care insurance system, which Yawaragi had significant impact on its designing.

The launch of the long-term care insurance system represented a major paradigm shift from services provided through the government system to care delivered by private service providers. Until then, the system required users to apply for care services at a local government office and the relevant government department determined the appropriate service to be provided. After the commencement of the long-term care insurance, users now had the option of selecting the type and provider of the services on their own. In order to facilitate healthy competition among service providers and increase the quality of services, the range of service providers expanded from governmental bodies and social welfare organizations to for-profit companies and nonprofits certified by the government.

Japan's long-term care insurance system is a scheme that supports growing demands of elderly care services. Long-term care providers receive insurance benefits defined by the Long-term Care Insurance Law. The Long-term Care Insurance Law was passed by the National Diet in 1997 and became effective from April 1, 2000. The long-term care insurance covers Japanese citizens 40 years old and above; the services available for people between 40 to 64 years are different from those for 65 and above. In terms of finance, care services once fully paid by government tax changed to a hybrid model in which insurance premium and service fees become part of the mix: national and local governmental tax (45%), insurance premium paid by citizens (45%), and out-of-pocket expenses of service users (10%)⁵. Japan's long-term care insurance service system is quite unique since it is financed by both tax and insurance premium. In many other countries, elderly care services are supported by either insurance premium, such as in Germany and Holland, or tax revenues, such as Britain and

⁴ The report is titled "The Reconstruction of Social Security System – Toward a Society Assuring Safety and Security in the 21st Century (1995 Recommendations)"

⁵ From August 1, 2015, the self-pay rate was raised from 10% to 20% for the insured with a certain level of income to use care service

(http://www.mhlw.go.jp/seisakunitsuite/bunya/hukushi_kaigo/kaigo_koureisha/gaiyo/dl/hoken.pdf.) [Accessed 8 April 2016] (in Japanese))

Sweden. As such, the Japanese government managed to establish a universal insurance framework that mutually supports the increasing needs of nursing care for seniors and gives options to users to select their own preferred services and providers.

In order to be eligible for receiving long-term care insurance benefits, an insured person must apply the municipal government to assess and certify his/her long-term care needs. The process is described as below.

- (1) An insured person or his/her family applies the municipal government to assess the level of his/her long-term care needs when the person decides to start using the long-term care services. Staff from the municipal government visits the person and his/her family at home to conduct some interviews to determine the level of the person's long-term care needs. It takes about 30 minutes for the municipal government to issue the assessment result.
- (2) A care manager, commissioned by the municipal government, visits the person and his/her family at home and develops a long-term care service plan, which describes types of services and frequency of usage, based on their needs as well as physical and mental conditions.
- (3) The person starts using the long-term care services based on the plan.

There are mainly prevention benefits and care benefits. Prevention benefits are for the people with low long-term care needs. On the other hand, care benefits, which are similar to the ones in Germany, Holland, Britain and Sweden, are for the people with high long-term care needs and mainly cover home and facility based services.

Despite this achievement, the rapid expansion of the elderly population is causing various social challenges. For instance, a consequence of the long-term care insurance is that children and grandchildren have fewer opportunities to take care of seniors than before. For this reason, the issues of elderly-elderly care (an elderly taking care of another senior) and live-alone seniors have become increasingly prominent. Dementia among seniors is another challenge. To address such issues, the Japanese government has endeavored in recent years to realize an integrated community care system in which medical, nursing care, preventive, and life support services can be provided for elderly people in their own residence.

3. Solution and Social Impact

Yawaragi is a nursing care service provider established in 1987 as an unincorporated nonprofit welfare organization by Ms. Harue Ishikawa for the purpose of providing home-based care to the elderly and disabled. The social enterprise obtained the legal status of specified nonprofit cooperation in 2000 under the non-profitable activities promotion law, which was enacted in December 1998. In the field of home-based care, Yawaragi pioneered the around-the-clock 24-7-365 services and developed various innovative systems pertaining to the standardization and visualization of nursing care. The main businesses of Yawaragi include (1) care for seniors, (2) care for the disabled, (3) government-commissioned work, and (4) training of care-providers. Its annual income in FY2012 reached over USD 6.6 million, while its number of employees was 213 as of 2013.

4. The Social Entrepreneur



(Photo by Yawaragi)

Harue Ishikawa, Founder and Director

While running a Japanese style bar in the 1970s, Ms. Ishikawa was invited by her friend to visit a vocational center for the disabled. She was shocked to see the situation of persons with severe disabilities, which formed the basis of her desire to provide care services. At the vocational center, she also learned that disabled persons were not able to casually go out due to limitations of wheelchairs, and many people with disabilities wanted to live in their home towns that they grew up in and in their own private homes. Learning about the situation at the vocational center, Ishikawa felt anger toward the living conditions of the disabled people, and she began to wish that her society would be adaptable enough for disabled people to select

their houses on their own accord and to be able to go out freely and casually. This desire became the starting point of her resolution to provide 24-7-365 home-based care services.

Along with Mr. Osamu Takahashi, a disabled person she came to be acquainted with at the vocational center, Ishikawa started to deeply engage in volunteer activities to assist disabled persons since 1978. Back then, there were no elevators installed at the Tachikawa train station in the outskirts of Tokyo, so the station posed an inconvenience for persons with mobility disabilities. To address this issue, Ishikawa and Takahashi formed a group to advocate for the installation of elevators at the station. Such experiences in social activism impacted her work later in the provision of home care services.

5. Business Model

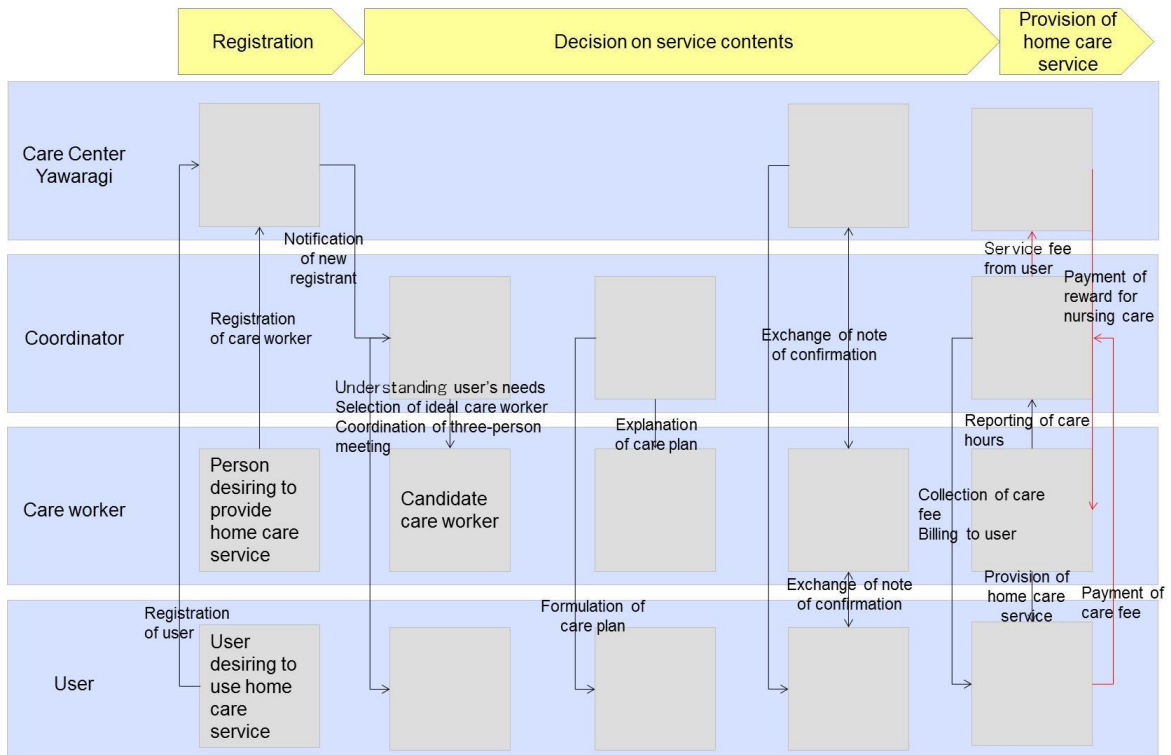
5.1 The Model's Main Characteristics

Yawaragi's original model of home-based care service, prior to the launch of the government-led long-term care insurance system (which Yawaragi made significant contribution in its designing), involved delivering housekeeping support (laundry, cleaning, and cooking), general home-based care, and more intensive home-based nursing services through registered care workers and coordinators. As described in Chapter 6, Yawaragi managed volunteers as its major workforce at the very beginning, but eventually the limits of volunteer activities became apparent. Consequently, it decided to train professional staff. Yawaragi essentially played the mediator role between care workers/coordinators and users of long-term care. The business model described here was developed when Yawaragi transformed into a professional group a volunteer group.

Yawaragi's business has four key characteristics:

- (a) Provision of around-the-clock services 24 hours a day, 7 days a week, 365 days a year;
- (b) Complete recording of care services;
- (c) Thorough training of coordinators who link care workers and person requiring care; and,
- (d) Development of materials including manuals on providing care services.

Figure 1 Yawaragi's original model of home-based care service
(Prior to the launch of the long-term care insurance system)



In Yawaragi's original model, the coordinator played a critical role. When initiating services, a coordinator spoke to a user or his/her family to formulate a care plan. The care plan was presented in a weekly table, detailing the type and duration of service for each day of the week.

Once a care plan was formulated, service provision commenced. Coordinators were responsible for calculating service fees and transportation costs as well as visiting users to collect the fees and grasping their needs every month. The coordinators were also expected to listen to and understand the details of cases from the assigned nurses and care workers when they came to the Yawaragi office to collect their remuneration including service fees and transportation costs.

Through grasping users' needs and understanding each case, Yawaragi evaluated its services periodically. When issues were identified, coordinators spoke to the assigned nurses and care workers and revised the care plan.

In the original model, Yawaragi focused on obtaining agreements with users on the services to be provided. It endeavored to write in detail in the note of confirmation, for instance, the content, duration, and frequency of services provided, as well as accident liability, service fee, and scope to modify care plans. Practically, it was a process in which a coordinator provides explanations for the user, and the user makes a decision after listening to the explanations.

The business model of Yawaragi remained essentially the same even after the enforcement of the Long-Term Care Insurance Act, except for two things: 1) coverage of service fees by users from 100% to 10% and 2) the names of care activities listed in care plans to conform to those in the long-term care insurance system. This may have been due to the fact that the business model of Yawaragi was referred to as a prime example in designing the long-term care insurance system.

5.2 Fee Structure

5.2.1 Yawaragi's Original Model

The income and expenditure structure of Yawaragi in its original model was based on the allocation of income from service fees to the payment of care workers who provided the services. While membership fees from members and subsidies from local governments contributed to covering the operating cost of the office (e.g., office rent, utilities), Ishikawa had to invest her own money in order to fill the gap.

Membership in the original model consisted of three types – regular members, individual supporting members, and organization supporting members – each with its own fee level as summarized in the table below. All of the users became members. Care workers could select whether or not to become regular members at their own will. Yawaragi's membership system was developed under the idea that community members, including service users and care providers, should support each other as equal partners.

Table 1 Membership and annual fee

	Regular members	Supporting members	
		Individuals	Organizations
Description	Users (mandatory) and care workers (optional)	Individuals, who are not users or care givers	Corporations and other types of organizations
Annual membership fee	USD 30	USD 50	USD 100

Regarding the service fee, in the original model users paid USD 6.5 per hour to Yawaragi, which in turn compensated care workers at a rate of USD 5.5 per hour. Yawaragi took the difference of USD 1 as management cost. However, such collection of management fee was seen as potentially violating the Temporary Staffing Law. As a result, Yawaragi discontinued charging the management fee in 1989 and, since then, has been operating a system in which it channels all service fees to care workers while the operational costs were covered by the founder.

5.2.2 The Yawaragi model under the long-term care insurance

After the introduction of the long-term care insurance system, Yawaragi's model was changed to obtain care insurance revenue. Revenue from out-of-pocket expenses was reduced to 10% of the service fee. As a result, the number of people able to receive care services was drastically increased, and the amount of income per user also surged. Accordingly, Yawaragi was able to improve its overall income-expenditure structure.

5.3 Target Beneficiaries

Yawaragi's current business model includes the following four components:

- (1) Care for seniors, e.g. daily care for dementia patients, short-term care, home-based care;
- (2) Care for disabled, e.g. home-based care, visits persons with severe disabilities;
- (3) Government-commissioned work, e.g. health promotion campaigns; and
- (4) Personnel training, e.g. training of new care workers.

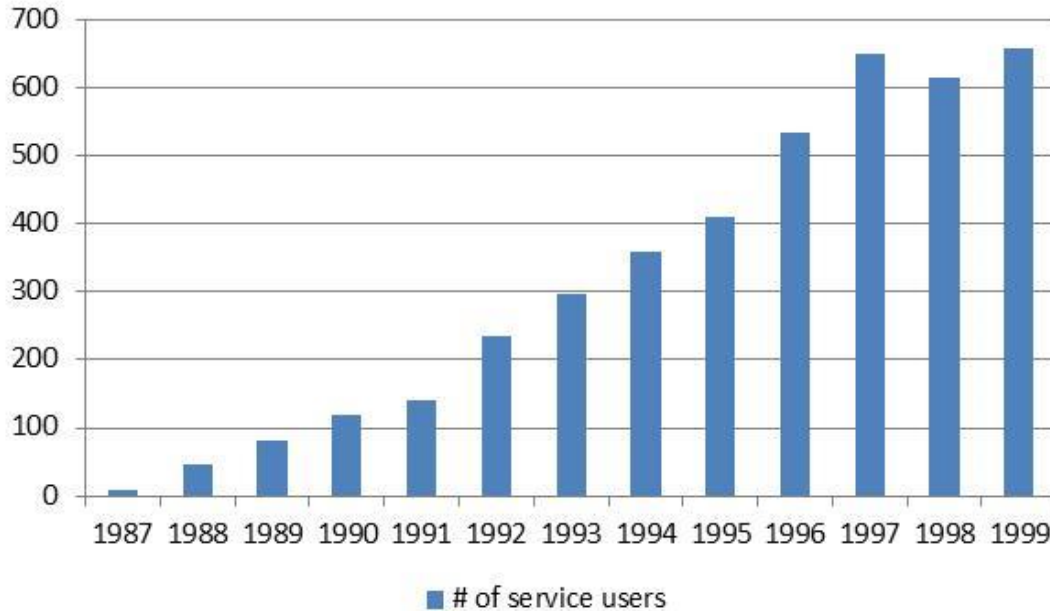
6. Social and Financial Performances

6.1 Social Impact Performance

6.1.1 Social Impact Achieved

(a) Direct beneficiaries

Figure 2 Number of home-based help service users from 1987 to 1999⁶



The above chart shows the growing trend in the number of users of home-based help services prior to the enforcement of the Long-Term Care Insurance Act. The number of users of the services provided by Yawaragi steadily increased from 9 in the founding year to 658 in 1999. The chart indicates that the number of users increased particularly after expanding its business, such as commencement of services in a new part of Tokyo called Kokubunji in 1991, commencement of day services at the Kokubunji office in 1995, and commencement of services in another part of Tokyo called Hino in 1996. User volume experienced a dip in 1998, because a social welfare organization called *Ninjin no Kai* was established in 1997 that absorbed some business components of Yawaragi.

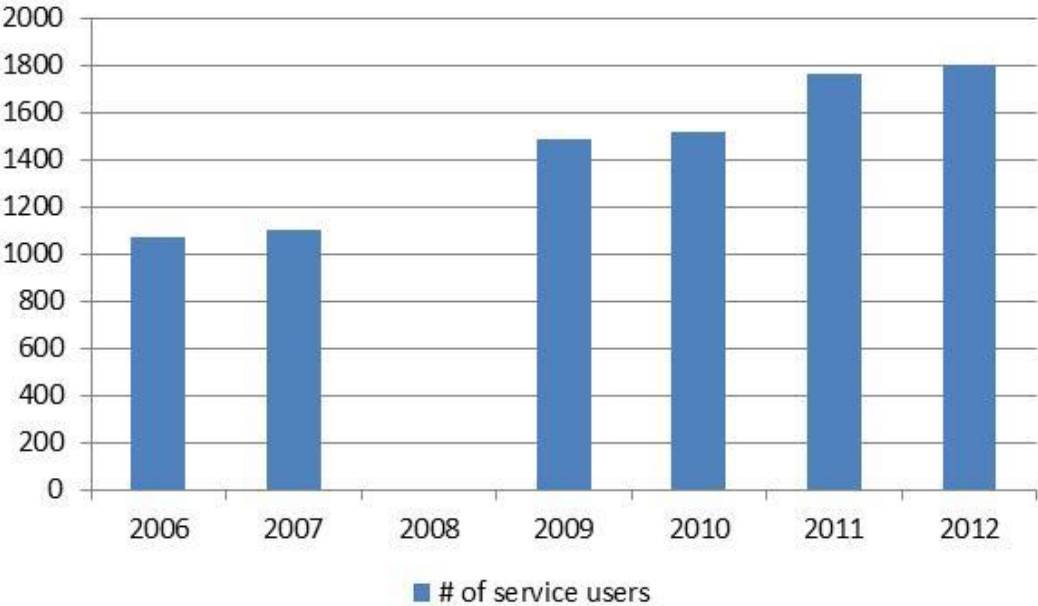
Ninjin no Kai was registered as a social welfare organization. A social welfare organization is a public-interest corporation defined by the Social Welfare Act Article 22. Its mission is to deliver social welfare services to the people. Social welfare organizations can operate facilities for elderlies and people with disabilities, nurseries as well as medical institutions including

⁶ This includes housekeeping support, home-based care, home-based nursing, etc.

hospitals and clinics. A social welfare organization captures tax benefits for its not-for-profit businesses: free corporate income tax, corporate resident tax, business tax, consumption tax and fixed asset tax.

Yawaragi needed the legal status of a social welfare organization in addition to its unincorporated nonprofit welfare organization to expand its business to facility-based care services as well as to raise capital from the government and financial institutions.

Figure 3 Number of home-based care users from 2006 to 2012⁷



While Yawaragi has been expanding its business beyond home-based care to operation of nursing homes for dementia patients, facility-based short-term care, and facility-based daily care, this section focused on the home-based care, the core business of Yawaragi. In the above chart, the number of users of home-based care provided by Yawaragi’s head office made a significant jump compared to prior to the enforcement of the Long-Term Care Insurance Act, indicating that the long-term care insurance system had a major impact on the business expansion of Yawaragi. The number of users steadily increased, reaching over 1,800 in 2012.

⁷ Data from 2000 to 2005 and of 2008 are excluded given the lack of data. Also due to the lack of data, these numbers only include the users of home-based care provided by the Yawaragi’s head office and do not include the users of home-based care provided by its Kokubunji Office.

(b) Mid to long term outcomes

The business model of Yawaragi had a significant impact on the design of Japan's long-term care insurance system. Additionally, after the advent of the long-term care insurance system, the number of home-based care service providers following the example of Yawaragi increased.

6.1.2 Social Impact Measurement

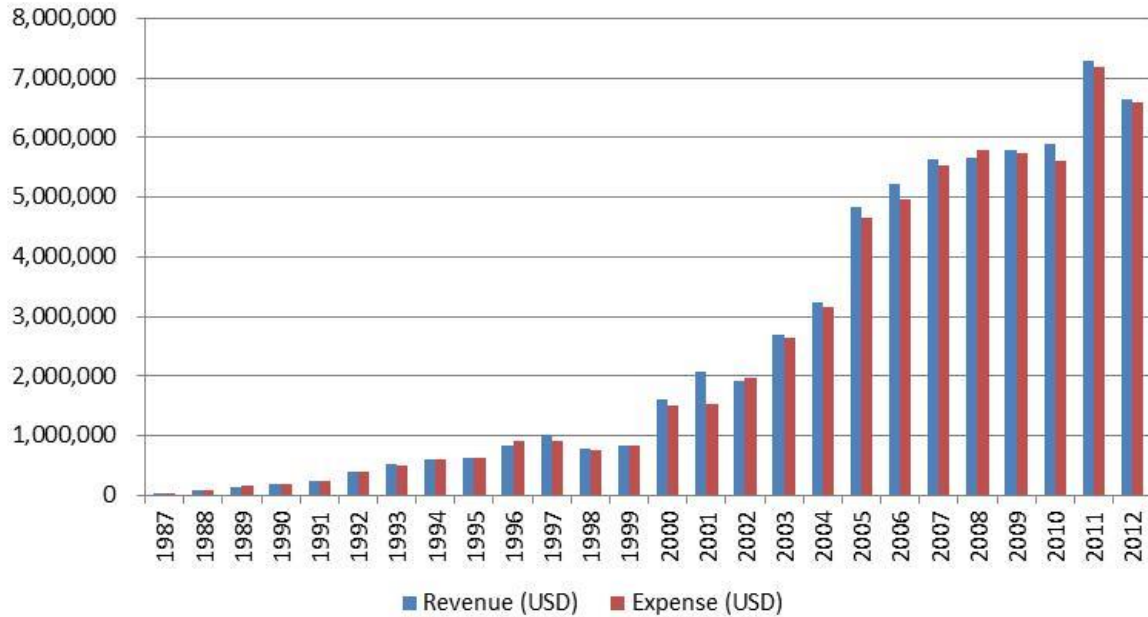
Yawaragi conducts surveys with its users on a period basis and asks the following key questions:

- Sense of trust, sense of safety/security, and general impression of Yawaragi
- Quality of services
- Content and descriptions of care plan
- Satisfaction with care manager, home helper, and coordinator

6.2 Financial Performance

6.2.1 Revenue and Expenses

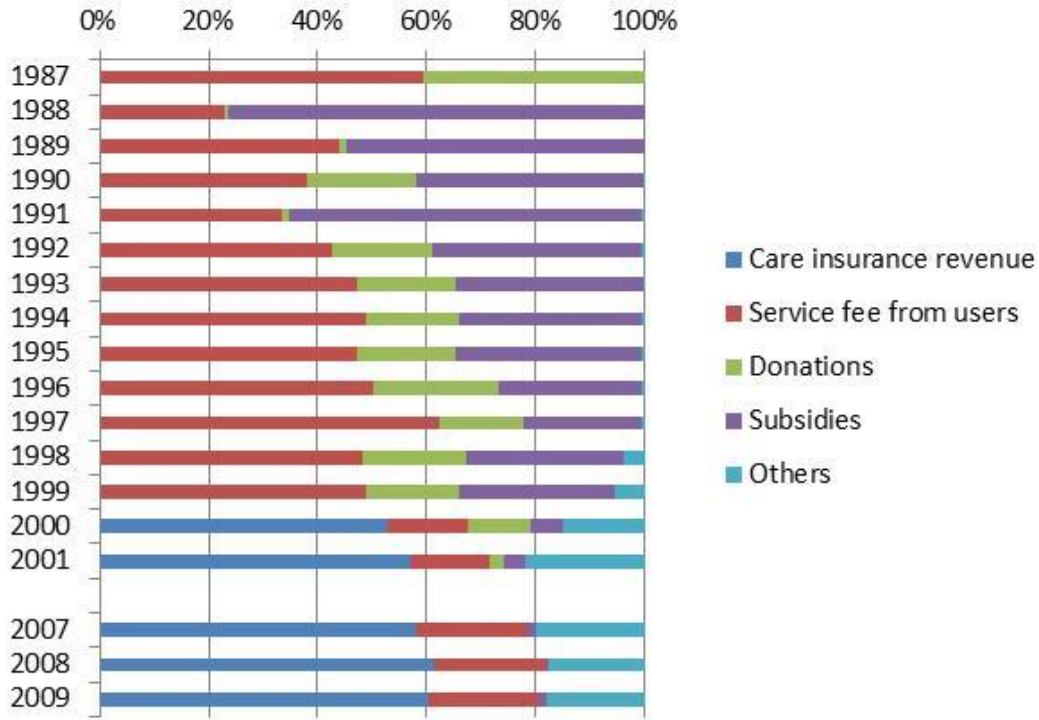
Figure 4 Revenue and Expenses (USD, 1987-2012)



The above chart shows the ordinary revenue and expense of Yawaragi (excluding balance carried forward and new loans). As observed in previous charts, the introduction of the long-term care insurance system resulted in an increase in the number of users and unit revenue, thereby impacting the ordinary revenue and expenses. As a nonprofit entity, Yawaragi's policy is not to seek profits beyond covering necessary expenses such as personnel.

6.2.2 Proportion of Income from Sales

Figure 5 Proportion of Income from Sales (% , 1987-2009⁸)



Before the long-term care insurance system was introduced (during the period from 1987 to 1999), about 50% of the revenue of Yawaragi came from service fee from users, with subsidies playing a key role in filling up the remainder. Subsidies include those from the government as well as those from governmental-affiliated funds and government-funded social welfare councils. After the introduction of the long-term care insurance system (from 2000 onward), the revenue structure of Yawaragi changed substantially, with about 60% derived from care insurance revenue and 20% from service fees from users. Since 2000, "others" described in the above graph include registration fees from care workers and administrative fees for the paperwork related with long-term care insurance system. An important achievement to note is, given the steady income from care insurance, Yawaragi no longer relies on subsidies. The above chart also clearly shows that the long-term care insurance system greatly reduced the financial burden of users.

⁸ FY2002-2006 and FY 2010- data were not available.

7. Business Development and Ecosystem Evolution

Table 2 Summary of Yawaragi's business development milestones

Stage	Year	Care Center Yawaragi	Ninjin no Kai (Association of Carrots)
Start-up	1978	With a disabled person (Mr. Osamu Takahashi), Ms. Harue Ishikawa started activities to install elevators at a train station and volunteer activities to support daily life of the disabled in Tachikawa, Tokyo pref.	
Early	1987	Established an unincorporated nonprofit welfare organization called Care Center Yawaragi and started providing 24/7/365 home-based welfare services without setting restrictions on the service area	
	1988	Changed the name to Care Center Yawaragi. Received USD 37,500 of grant money from the Tokyo Community Welfare Promotion Fund	
	1989	Started providing home-based nursing services	
	1991	Expanded its home-based care service business to Kokubunji city, Tokyo pref.	
	1994	Developed the case management information system (so-called <i>ichigo</i> system)	
	1995	Started Day Service at Kokubunji Office	
	1996	Opened a day service center in Hino City, Tokyo pref.	
Growth	1997	Five elevators installed in the Tachikawa train station	Established the social welfare organization Ninjin no Kai. Commissioned by Tachikawa City, started home helper dispatching business
	1997	Contributed to enactment of Long-Term Care Insurance Act by providing data and know-how to the Ministry of Health, Labour and Welfare	
	1998	The <i>ichigo</i> system received the Chairman Award by the Information Promotion Consortium	Commissioned by Hino City, started day service business targeting the elderly with dementia
	1998		Commissioned by Tachikawa City, started a senior care support center
	2000	Obtained the legal status of "specified nonprofit corporation" from the Cabinet Office	
	2000	In line with the enforcement of the Long-Term Care Insurance Act, designated as a long-term care insurance service provider	
	2001	Certified for ISO 9001 in 4 businesses to improve the quality of care services	

		(home-based care, home-based nursing, day service, care planning)
2002		Started day service center and home-based senior care services at Minamidaira, Hino City
		Commissioned by Tachikawa City, started “life support & preventive long-term care” service
		Started day service center and home-based senior care at Uenohara, Yamanashi pref.
2003	Along with the implementation of the support benefit system for people with disabilities ⁹ , started the home-based care for persons with mental diseases, intractable diseases, and disabilities	Along with the implementation of the support benefit system for people with disabilities, started the home-based care for persons with disabilities, etc.
	Started Day Service Center Yawaragi Tachikawa	Started day service and home-based senior care services at Saiwaicho, Tachikawa City
	Transferred the Hino Office’s business to Ninjin no Kai	
2005	Opened Day Service Center Yawaragi Higashikoigakubo in Kokubunji City	Opened an elderly care welfare facility in Kokubunji City
	Opened a composite welfare facility Yawaragi Home Nishitachikawa in Tachikawa	
	Commissioned by Tachikawa to implement the “Iki-Iki Health Promotion Project”	
	Commissioned by Ministry of Health, Labour and Welfare to implement a project to evaluate preventive long-term care in oral functions associated with revision of the long-term care insurance system	
2007		Started day service center and home-based senior care services in Suginami-ward, Tokyo
2011		Opened an aged care health facility in Kokubunji City
		Opened a group home for the elderly with dementia in Uenohara
		Opened a group home for the elderly with dementia in Manganji, Hino City

Yawaragi’s business development process can be categorized into start-up, early and growth stages¹⁰.

⁹ Support benefit system for people with disabilities was initiated in 2003. Under this system, people with disabilities can select their service providers, sign contracts with them and receive benefits from the government.

¹⁰ **Start-up stage:** a preparation period for setting up a business. The entrepreneur team develops a business idea and a business model. In some cases, the team may have product/service prototypes that are not fully developed or tested. **Early stage:** A period from business initiation until business scale-up. The entrepreneur team may first

7.1 Start-up stage (1978 - October 1987)

(a) Milestones

This stage refers to the cradle period prior to the commencement of 24-7-365 home-based care service business in 1987, during which Ishikawa developed her basic stance on social issues in her mind.

As described above in the Social Entrepreneur section, Ishikawa became involved in and passionate about care and nursing for the marginalized based on her experiences at a vocational center for the disabled in the 1970s.

While getting involved in the hosting of workshops and meetings to support the disabled, Ishikawa started to gain experience in home-based care as a volunteer. During the period from the late 1970s to the early 1980s, the only support for the disabled provided by the government was housekeeping service for up to 18 hours per week. All day services for home-based care, body care, toilet assistance, etc. were not available. Moreover, Tachikawa city government only had nine registered helpers. Ishikawa attempted to supplement the limited public services of the government with volunteer activities.

However, during her eight years of volunteer activities, Ishikawa faced the limits of volunteer activities. She became particularly concerned about the following four issues:

- (1) the imbalance between the available manpower and demand, e.g. volunteers wanted to help only in their free times; on many occasions volunteers suddenly cancelled their appointments for personal reasons or their schedule did not fit with the requested times,
- (2) the challenges in improving the expertise of care providers, e.g. volunteers are unable to go beyond a certain level of expertise, many troubles with care receivers occurred, some volunteers even developed mental illnesses;

deliver its products/services in a test market to examine its business model. Also, the team may file patents or obtain licenses, if necessary. Once the business model is consolidated, business operations commence. However, the business remains quite small due to a lack of capacity and resources. It may reach a breakeven point at the end of this period. **Growth stage:** A period after scaling up the business. The business moved beyond the breakeven point and increases its sales, number of beneficiaries and market share. The team revises the business model in order to sustain and/or expand the business, if necessary. In some cases, the team starts to investigate new products/services.

- (3) the necessity to have coordinators to organize volunteers; and
- (4) the necessity to record and standardize care services.

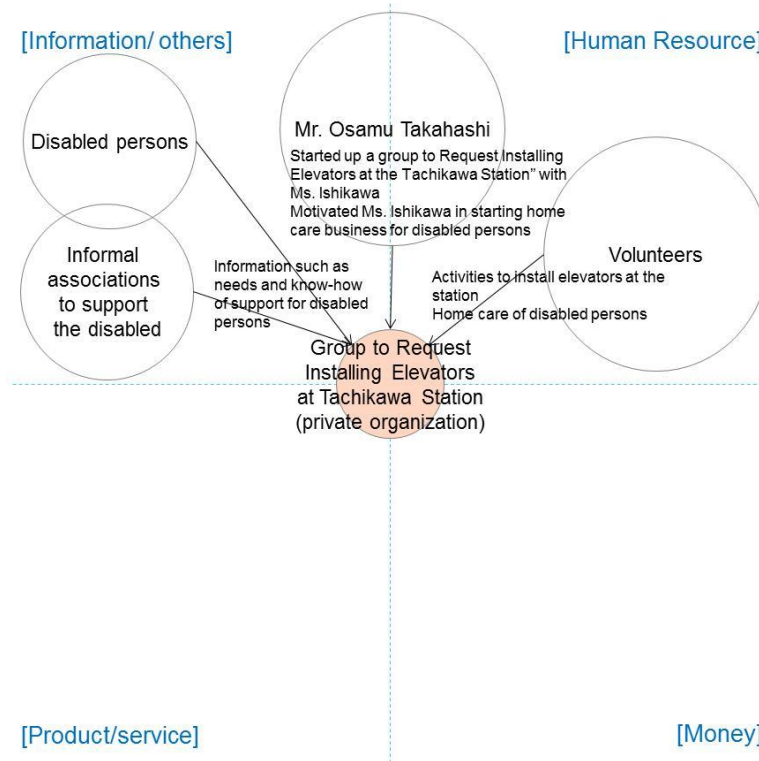
Through her experiences, Ishikawa came to the conclusion that sustained provision of support requires incentives and remuneration. In 1987, upon receiving the information that the Tokyo Metropolitan government would establish a USD 300 million Community Welfare Promotion Fund to support businesses involved in the promotion of community welfare, Ishikawa decided to apply for this grant to establish her organization to create a paid, non-volunteer system to provide proper services needed by people with disabilities.

One of the conditions for this grant was to conduct support activities for the elderly. For that reason, she decided to include elderly people in the target audience of the home-based care service in addition to disabled people.¹¹

¹¹ Tanimoto K, et al. (2015):“Social Business Casebook. Chapter 5” Chuo Keizai.

(b) Key supporters

Figure 6 Yawaragi's key supporter mapping in its Start-up stage (1978 - October 1987)¹²



When Ishikawa started volunteer activities to support disabled people, there was absolutely no external assistance to support such activities. Human resources including disabled persons and volunteers propped up the activities led by Ishikawa.

Human resources

- Mr. Osamu Takahashi: As explained above in the Social Entrepreneur section, Takahashi was an influential figure in Ishikawa's formative years.

Confined to a facility for disabled people, Takahashi wished to move his residence from the facility to the local community. Practically speaking, the then facilities for people with

¹² How to look at this key supporter map:

- The name inside the circle represents the key supporters.
- Depending on the kind of support they provide (HR, Product/ services, money, information), the circles are located in respective zones.
- The brief descriptions of the support are written on the arrows.
- The size of the circle expresses the level of impact (high, medium, low).

disabilities were nothing but an extension of hospitals. He was shocked by and felt unjust about such facilities. His thoughts and anger were shared with Ishikawa, which led them to start their activities.

- Disabled persons: There was no external support back then. “If anything, disabled persons were my teachers and instructors”, Ishikawa said.
- Volunteers: Students from the Hitotsubashi University and other universities served as volunteers to hand out fliers to passersby in front of stations. There were two types of fliers: one to recruit volunteers to support the disabled and the other to advocate for installing elevators at the Tachikawa Station. A large majority of volunteers back then were students and housewives. As housewives usually had limited time available, Ishikawa decided to gather student volunteers for longer service. Once employed for work they would stop participating in volunteer activities, but student volunteers were more reliable in securing manpower systematically.

Information, political support, and other

- An informal association to support the disabled: Ishikawa held workshops on supporting people with disabilities. While undertaking activities to install elevators at Tachikawa Station, she built connections with supporters and with organizations of disabled people.

7.2 Early stage (October 1987 - 1996)

(a) Milestones

This stage refers to the care service business start-up period from the establishment of Yawaragi and commencement of 24-7-365 home-based care service for seniors and disabled in 1987 to 1996, just before the establishment of the social welfare organization Ninjin no Kai in 1997.

The volunteer activities aimed to realize the self-reliance of people with disabilities that started in 1978 ran out of steam over eight and a half years. Simply put, volunteers alone could not sustain the operations. When Ishikawa implemented a model with the principle of transferring care service from facility-based to home-based, an increasing number of disabled people wished to migrate out of sheltered care facilities into local communities, which then resulted in a situation in which the number of volunteers became insufficient. This was also the period of higher frequency of complaints and troubles between volunteers and disabled

persons. To that end, pressed by the need to thoroughly systematize the activities, Ishikawa founded a voluntary organization called Yawaragi.

Back then, the working hour of disability-assistance helpers dispatched by the government was limited to 18 hours per week, that is, about three hours per day. However, needless to say, disabled people were in need of support day and night. Given this situation, some maid-service agencies supported by government subsidies were able to offer housekeeping services to families with disabilities, but their services excluded physical contact such as bathing support and body care that the disabled require. Clear unmet needs existed in this disability-assistance sector.

Meanwhile, Ishikawa faced a difficult time in securing funding for her organization. She rented an office near the City Hall not leased for the purpose of being able to access the barrier-free bathrooms in the City Hall. Remodeling of the office to have a toilet required an extra USD 10,000-20,000, and she rented a place near the City Hall as a cost-saving measure. There were few opportunities to monetize the services or secure funding, and all the then management committee members admitted that they didn't think the business would last more than 6 months due to financial challenges. She was told that her organization could only run for half a year at most if it were to continue relying on her own savings.

Nevertheless, the number of the supporters of her activities continued to increase. Ishikawa stated that, along with the increasing number of supporters, expansion of her own experience served as a major driving force. This was when Ishikawa made up her mind to systematizing the 24-hour care service, finally admitting that the work would not be able to continue without thorough analysis and planning. As a starter, she established templates and flowcharts, which completely changed the business processes. Through systemization, the sustainability of her activities continuously improved.

In 1994, Ishikawa undertook the development of the case management information system, the so-called ichigo system. The workflow of care services, which had been categorized into four stages with each stage structured with templates, now underwent modifications to become seven stages. Additionally, codification of service, development of case maps, and recording of care contents were completed in this period.

In creating this system, she constantly asked herself the very essence of care, especially home-based care. Borrowing the words of Ishikawa, she paid attention to the nuances of the words used:

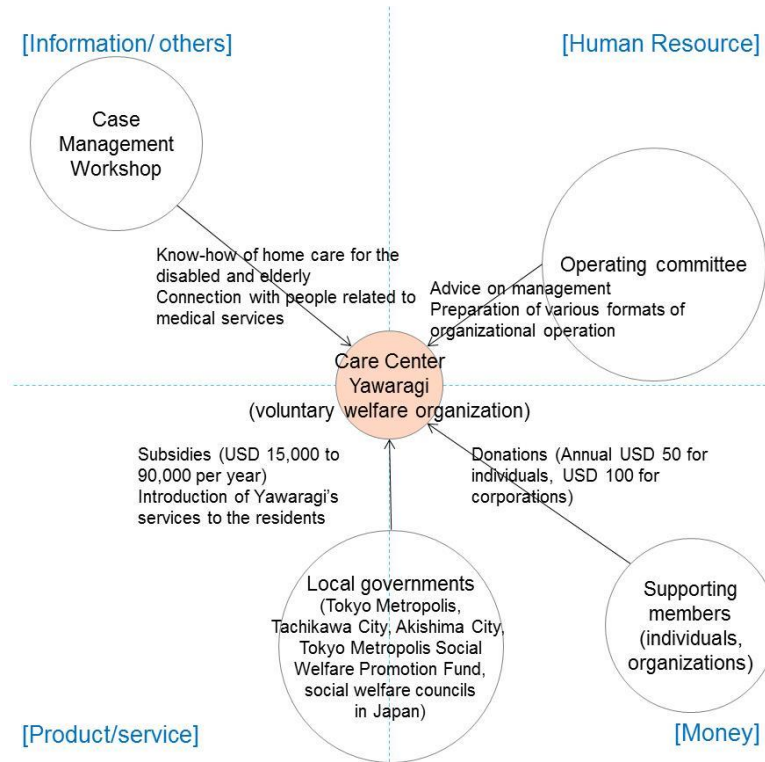
It didn't feel right to use words such as supporting or assisting. These terms wear air of patronage. I don't think it's right to say 'I help you'. Only when we can create a system that rids of these patronizing nuances, then society at large could start to change.

Once its care service business began to gain traction, Yawaragi's methodology and performance started to become influential. Since Yawaragi was the only organization in Japan that provided 24-hour home-based care based on contracts with each household back then, the social enterprise was regularly featured in the media. Many local councilors and members of social welfare councils visited Yawaragi to study from the model. Some expressed skepticism seeing that the Yawaragi office was located in a shut-down bar, furnished by second-hand furniture. They weren't convinced by the business until Ishikawa brought them to the sites of overnight home-based care and nighttime care for disabled people.

During this period, the Ministry of Health and Welfare (today the Ministry of Health, Labor and Welfare) began drawing up a plan for the long-term care insurance system. As part of this process, Ishikawa delivered a presentation on Yawaragi's ichigo system and provided all the relevant documents. She believed such contribution was meaningful for the society at large and decided to actively assist the establishment of the long-term care insurance system by openly sharing the inner workings of the ichigo system. This strategic decision led to the expansion of Yawaragi's social impact in the upcoming Growth Stage, including its contribution to the formulation of the long-term care insurance system and an increase in the number of other home-based care service providers following the example of Yawaragi. Yawaragi's materials and know-how that were of particular relevance to the establishment of the government-led system included: (1) contracts with individual households, (2) work flow, and (3) overall management system. Meanwhile, relevant personnel frequently visited Ishikawa, and in response she openly disclosed information that may prove useful.

(b) Key supporters

Figure 7 Yawaragi's key supporter mapping in its early stage



Once Yawaragi was established as a voluntary organization, human resources played an important role in systemizing the care services so that the organization can become a professional entity in nursing care. From this stage onward, services were provided in exchange of service fees, but Yawaragi continued to rely on subsidies for covering costs beyond the direct remuneration of nursing care.

(a) Human resources

- Care Center Yawaragi Management Committee: The management committee functioned effectively to provide advice on Yawaragi's operations at the general meetings held periodically. A large majority of the committee members were longtime supporters of Ishikawa such as regular customers of her former bar and volunteers from her early days of social activism.
- Mr. Shigeru Aida, Chair of Yawaragi's Management Committee: A Tokyo Metropolitan

government official, Aida supported Ishikawa in structuring the organizational operations and largely contributed to the preparation of confirmation notes with households and creation of templates related to legal procedures.

(b) Funds

- Ishikawa: As start-up capital, Ishikawa invested USD 20,000 out of her own savings in 1987.
- Tokyo Metropolitan government: Awarded a grant of USD 37,500 from the Community Welfare Promotion Fund in 1988.
- Tachikawa City government: Awarded a grant of USD 34,000 in 1988, then on an annual basis thereafter.

(c) Information, political support, and other

- Government: Governmental offices introduced Yawaragi's services to residents
- Case management workshops: Yawaragi organized case management workshops to share information with medical personnel such as physicians and nurses. These gatherings helped to facilitate cooperation among healthcare, welfare, and medical institutions in later occasions.

7.3 Growth Stage (1997-present)

(a) Milestones

This stage refers to the period from the establishment of the social welfare organization Ninjin no Kai in 1997 to the present. Yawaragi's obtainment of the specified nonprofit corporation status and designation as a long-term care insurance service provider enabled the organization managed to take on commissioned work from local governments, hence securing a stable revenue source.

A social welfare organization is defined by the Social Welfare Act as an organization that runs social welfare services in order to benefit the public. Local governments can entrust social welfare organizations to administer parts of their social welfare services. The government also allows social welfare organizations to establish facilities such as elderly care facilities, nursery schools and hospitals. Social welfare organizations do not need to pay corporate income tax, corporate residential tax, business tax, consumption tax and fixed asset tax for their not-for-profit businesses. Yawaragi was unincorporated and not qualified to receive

government-commissioned work or to run facility-based elderly care services. Thus, establishing a social welfare organization Ninjin no Kai was a strategic decision for Yawaragi to achieve financial sustainability through government commissioned work and facility-based care services, which they witnessed unmet demand. While a social welfare organization enjoys great tax benefits and government support, it has little freedom to do anything outside of businesses strictly defined under the Social Welfare Act. Therefore, Ishikawa and the board members decided to keep Yawaragi as an arm to do businesses more freely. In 2000, Yawaragi obtained the Specified Nonprofit Organization status following the enactment of new NPO Law (Non-profitable activities promotion Law) in December 1998. The NPO Law's primary goal was to enable unincorporated civil organizations to easily acquire nonprofit corporation status ("Specified Nonprofit Organization"). Although, a Specified Nonprofit Organization is eligible for less tax benefits and government support compared to a social welfare organization, it enjoys more freedom for their activities.

Also, while Ishikawa and her team had experience in construction projects such as establishing a daycare facility, they decided to take out a significant loan from financial institutions to finance and manage the development of a special nursing home for seniors. Such a big loan was not available for a Specified Nonprofit Organization like Care Center Yawaragi. Thus, having a social welfare organization also helped Ishikawa and her team to improve their accessibility to finance.

This loan experience brought positive change to the organization and further strengthened its management. Ishikawa describes the change in the following way: "When I thought about the impending repayment, I could no longer count on people who were involved as mere cronies. I completely reviewed the style of management. Several people left us including those that had strong emotional ties." This also marked a departure point for scale-up for Yawaragi as well: "Once I took out that loan, my mind was made up. We built facilities one after another."¹³

Meanwhile, the long-term care insurance law was passed by the National Diet in 1997 and became effective in 2000. Before the game-changing care insurance system, users of Yawaragi's services paid for the entire service fees. With the social insurance, however, users

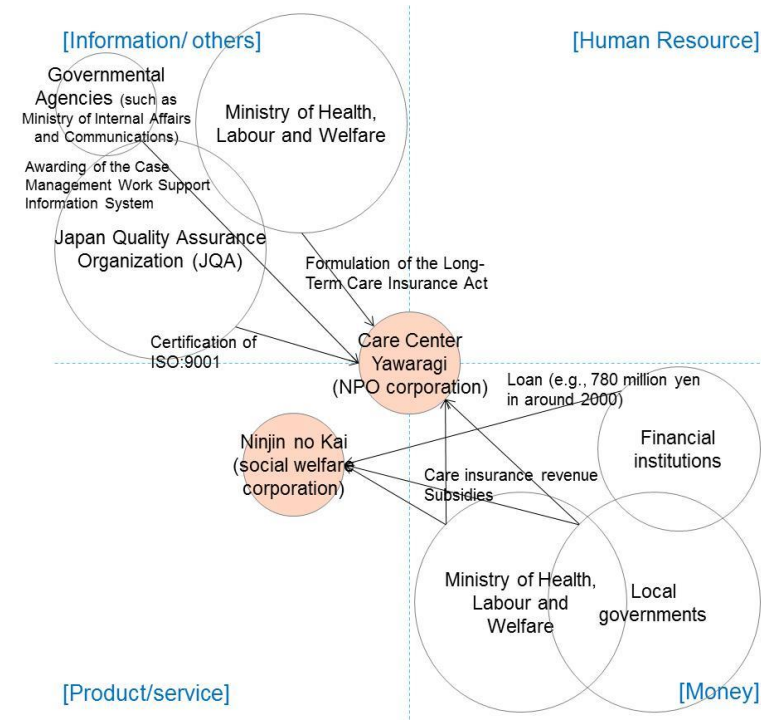
¹³ Currently, social welfare organization Ninjin no Kai runs elderly care welfare facilities, nursing facilities, home-based care services, day services, etc. It operates in Kokubunji city, Tachikawa city, Hino city, Suginami ward in Tokyo prefecture and Uenohara city in Yamanashi prefecture. There are 458 staff members as of March 2013.

can access care services by covering only 10% of the fees once they are acknowledged as people requiring help or care. Such a drastic change in the legal environment and financial mechanism catapulted the growth of Yawaragi's user base and revenue stream. Ishikawa openly admits the profoundness of the social insurance scheme on her work: "Without the long-term care insurance system, it would have been difficult to achieve the current business scale."

As part of strengthening management, Yawaragi also acquired the certification for ISO 9001 in 2001 – international standards to establish, document, implement and maintain quality management systems. Yawaragi's flagship ichigo system underwent many revisions in this period. Through numerous discussions, the care menu was reduced from the initial 780 items to about 130 items, in order to put them on the system. Staff thoroughly worked on realizing the ideas of Ishikawa. They mastered the system through practical experience and took their own initiatives to acquire the ISO 9001 certificate. Yawaragi was the very first nonprofit in the Japanese nursing care industry that acquired this certificate that promoted stricter protocols and resulted in the development a stronger organizational foundation. It also led to improved quality of services, realization of more customer-friendly services, and increased staff motivation through fostering of incentives. Reflecting on this achievement, Ishikawa commented, "The backbone of the organization of Yawaragi has become steadfast thanks to ISO. Staff members who worked on acquiring the certificate are now growing stronger."

(b) Key supporters

Figure 8 Yawaragi's key supporter mapping in its growth stage



(a) Funds

- Financial institutions: Loaned USD 7.8 million for building a special nursing home for seniors in 2000.
- Tachikawa City government: Commissioned a home helper business to Ninjin no Kai in 1997.
- Tachikawa City government: Commissioned a health promotion campaign in 2005.
- Ministry of Health, Labour and Welfare: Commissioned a project to evaluate preventive long-term care in oral functions associated with the revision of the long-term care insurance system in 2006.

(b) Information, political support, and other

- Yawaragi's flagship ichigo system received the Chairman's Award by the Information Promotion Consortium in 1998.
- ISO 9001: Acquired certificates for four businesses in 2001.

8 Scalability and Replicability

(a) Scalability

The staggering growth in the number of service users and revenue from the Early Stage (1987-1997) to the Growth Stage (1998-present) demonstrates the scalability of Yawaragi's model. While these impressive figures during this period can largely be attributed to the advent of the long-term care insurance system, it is worth emphasizing Yawaragi's ability to promote the adoption of its know-how by various aspects of the long-term care insurance system.

With regards to its future scalability, the key lies in Yawaragi's agility and flexibility to adapt its business model in accordance with changes to the long-term care insurance system or related issues. Ishikawa explains two key focus areas:

- "What I would like us to focus on in the future is prevention of dementia. Preventive exercises have been promoted and conducted throughout Japan by local governments, but the incidence rate of dementia has not reduced."
- "We need home meal support services by dieticians. We are seeing increasing cases in which seniors move to elderly care welfare facilities mainly because they cannot prepare nutritious meals at home. We are piloting to promote home-visit rehabilitation that enables collaboration by dieticians, helpers, and care assistants."

(b) Replicability

Under the long-term care insurance system, the cost of insurance paid to the beneficiaries of home-based services amounted to USD 43.3 million as of the end of FY2013.¹⁴ Additionally, as of October 1, 2014, the number of preventive care service providers and home-based care service providers 33,060 and 33,911, respectively.¹⁵ These figures demonstrate the replicability of the Yawaragi's model considering the fact that Yawaragi's know-how was adopted into various aspects of the long-term care insurance system.

¹⁴ FY2013 Report on the Status of Long-term Care Insurance Services, Ministry of Health, Labour and Welfare. (<http://www.mhlw.go.jp/topics/kaigo/osirase/jigyo/13/>) [Accessed 8 April 2016]

¹⁵ FY2014 Survey of Institutions and Establishments for Long-term Care, Ministry of Health, Labour and Welfare. (<http://www.mhlw.go.jp/toukei/saikin/hw/kaigo/service14/dl/tyosa.pdf>) [Accessed 8 April 2016]

9 Final Reflections

(a) Key milestones and supporters

The first key factor behind Yawaragi's success lies in the clear vision of Ishikawa. As she explains, "There are elderly people in need of care who wish to live in their home if possible. I would like to be of help to such people." This vision stems from her early-day first-hand encounters with the challenges faced by people living with disabilities. Her clear vision plays an important role in motivating supporters and staff.

The second key factor involves Ishikawa's belief in the role of care. "The best way to avoid destruction of family relationships is to separate [elderly or disability] care from the family and to provide quality long-term care services using the nursing workforce", states Ishikawa. This belief completely overturns the preconceived, cultural notion of the familial duty to take care of seniors and handicapped. She goes even further to claim, "there is absolutely no need to think it is family member's duty to provide care. Family ties and care are two completely different matters. No matter what one may think, care is an activity separate from feelings among family members". Such conviction motivates staff and gains empathy from service users.

Related to the second, the third key factor is Ishikawa's belief to provide home-based care in a reliable professional manner based on the idea that care shall be left to professionals. This belief led to her principle of comprehensive systemization of home-based care services. Given her humble beginnings in delivering highly challenging business services with extremely limited human resources at hand, her efforts gradually bore fruit in preparation of care plans, arrangement of support process, creation of various formats including manuals of care services, and development of Yawaragi's case management information system.

The fourth key factor is Yawaragi's involvement in the designing of the long-term care insurance system and its business expansion triggered by the insurance system. Yawaragi's involvement was neither calculated nor driven by the potential for scale, as Ishikawa explains, "I never thought of it as a business opportunity. If I wanted to make money, I could do so by other means." However, in the end, the launch of the long-term care insurance system presented an opportunity to realize major expansion for Yawaragi.

There was no supportive ecosystem for social enterprises when Yawaragi established itself in the 1980s. Ishikawa and her team developed Japan's first around-the-clock home-based care service model from scratch through trials and errors. The Management Committee of Yawaragi. These supporters provided advices on the management of Yawaragi at general meetings held periodically.

Nevertheless, a key supporter group worth mentioning would be the government. From the early days, local governments exhibited interest in the uniqueness and innovativeness of Yawaragi's model and thus offered commissioned work opportunities and awarded subsidies. Furthermore, it is likely the Ministry of Health and Welfare was aware of the work of Yawaragi and therefore actively tried to learn from the Yawaragi model while formulating plans for the long-term care insurance system.

(b) Key challenges for growth

As described above, before the introduction of the care insurance system, users of Yawaragi covered 100% of the service fees, naturally filtering out those who could not afford such fees. The revenue from service fees was directly allocated to cover personnel expenses of staff, but Ishikawa had to personally cover other costs such as operational and equipment cost. In fact, even after ten years after establishment, the revenue level fell short of USD 1 million. As Ishikawa emphasized, "nothing can be achieved without initial funds and operating funds secured", fundraising seemed to have been a major barrier hindering the expansion of the business. What saved Yawaragi in overcoming these financial issues was the launch of the government-led care insurance system. By becoming a specified service provider under the new system ahead of others, Yawaragi's service users and revenue rapidly soared.

This case is particularly unique as a social enterprise realizing scale through the establishment of a social insurance system that is supported by public funds and premiums paid by beneficiaries. The case of Yawaragi demonstrates that public intervention can contribute to the creation of a social enterprise market.

(c) Contribution to social innovation and systemic change

Yawaragi's key contribution to social innovation involves building the system of long-term care service, including preparation of care plans, organizing support processes, creation of various templates including care service manuals, and development of the case management

information system. This stemmed from a simple observation about people not asking for receipts after receiving care service, even though it is common practice to do so in any other transactions. Similarly, the senior care industry lacked warranty documents for nursing services. By addressing these systematic issues, “what I wanted to make was a system of long-term care,” as Ishikawa stated.

In summary, a system of long-term care once developed by a single organization eventually transformed into a nationwide social insurance framework . This point is Yawaragi’s second and greatest social contribution that the social enterprise managed to achieve. While Ishikawa preaches the importance of understanding the system and local contexts, this case demonstrates the possibility of social enterprises influencing the overall system, bringing major benefits to society at large, thereby realizing a dramatic scale-up of its own enterprise.