

New Methodology and Applied Example for Identification of Issues to Enable Action on Societal Challenges

With the emergence of societal challenges including global warming and the attention they have drawn, solving these societal challenges has become one of the main objectives for companies along with the pursuit of profits. In addition to focusing on issues such as productivity and efficiency improvement, it has become necessary to address societal challenges with a new business development methodology. This article describes the process of developing businesses that address societal challenges and creating new demand by utilizing near-future social change scenarios called “green-field opportunities.” As an example of its application, this article will present a project implemented in fiscal 2021 at Asset Management One Co., Ltd.

Ippei Numata
Maiko Kaneda
Shoichi Kanzaki
Kaoru Kato

1. Introduction

The era in which companies only need to pursue their own profits is about to become a thing of the past. With the emergence of various societal challenges such as global warming and an aging society with a declining birthrate, companies are being strongly urged to fulfill their responsibilities as members of society. Responding to social responsibility has become one of the main objectives of corporate initiatives, along with the pursuit of profit.

Under these circumstances, in the business development process, it is becoming increasingly important to consider macro trends, such as societal challenges, and to respond to newly emerging demands and issues, or to stimulate new demands, rather than focusing only on the current onsite issues that the business is facing. This article describes a new business development process that focuses on future societal challenges.

2. Issues with Past Business Development Processes

In the past, business development processes have mainly taken a business problem-driven approach, in which the issues faced by the current business are identified using onsite survey methods such as ethnography, followed by improvement initiatives that repeat the plan, do, check, act (PDCA) cycle or that attempt creative problem solving in the design thinking style. Such an approach had the advantage of targeting individual and specific issues in the field, making it easier to forecast concrete results, such as improved productivity and efficiency. On the other hand, this approach makes it difficult to formulate future-oriented questions including demand creation and problem solving with a medium- to long-term future in mind. In addition, because issues were formulated based on the existing operations of profit-making businesses, the resolution of societal challenges was often left out of the main objectives.

This led Hitachi to research an approach called “greenfield opportunities,” in which businesses are developed from the perspective of future change scenarios that capture macro trends in society. Greenfield opportunities are future narratives that extend beyond the bounds of business-as-usual, taking place in a future where society and markets are different from what they are now⁽¹⁾. They are created by crossing quantitatively predictable statistical data, such as demographic changes, with qualitative survey data, such as interviews with extreme users who may anticipate future changes in values and lifestyles⁽²⁾.

In the past, greenfield opportunities have often been used as a catalyst for discussions with stakeholders, but issues had not yet been established from which new businesses could be seeded. Hitachi has developed a new method, based on its belief that if new issues can be identified based on greenfield opportunities created on the premise of issues that will become more serious or more apparent in the future, it will be possible to develop businesses that not only improve productivity and profits in the immediate future, but also solve societal challenges and lead to the creation of future demand.

3. Issues when Developing Businesses Starting from Greenfield Opportunities

However, with greenfield opportunities, it is difficult to identify issues simply by reading completed future scenarios. There are two reasons for this.

First, there is a large gap between the information known by the producer and the information obtained by the receiver in the greenfield opportunity. A vast amount of information is gathered to develop greenfield opportunities, but much of it is omitted after completion, leaving only representative findings and data in most cases. As a result, only superficial findings are conveyed, and when used for business development, it tends to generate proposals that merely go with the flow, such as simply converting the description of a greenfield opportunity to a current business. For example, “From ownership to usership,” Sign 6 of Hitachi’s 25 Future Signs (hereinafter “Sign 6”), published by Hitachi in 2012, points out that people are beginning to place more emphasis on experience value and its sharing⁽³⁾. However, trying to use this greenfield opportunity as-is for a new business would result in a business plan that converted a one-time fee business into a sharing service, regardless of the characteristics of the product and the issues faced by customers. Therefore, to avoid superficial use of greenfield opportunities, it is necessary to have a deep understanding of their background and context, and to have a process that encourages the identification of issues that customers will truly face in the future.

Second, the content of the greenfield opportunities is

difficult to personalize. A sense of mission and sense of ownership have been pointed out as two of the most important factors in implementing new businesses⁽⁴⁾. Greenfield opportunities that capture the signs of change are, by their nature, unknown worlds that have not yet arrived for many people, making it difficult to empathize with them and difficult to find topics and issues to be enthusiastic about. Sign 6, with which most people today would agree, was a new idea to many at the time.

In other words, the greenfield opportunities are too brief and too abstract as they are, and for most people they are too distant from their current businesses and their current values. Simply defining the greenfield opportunity does not automatically generate business, and the process after defining the greenfield opportunity is as important as its content.

4. Process of Creating a Business from a Greenfield Opportunity

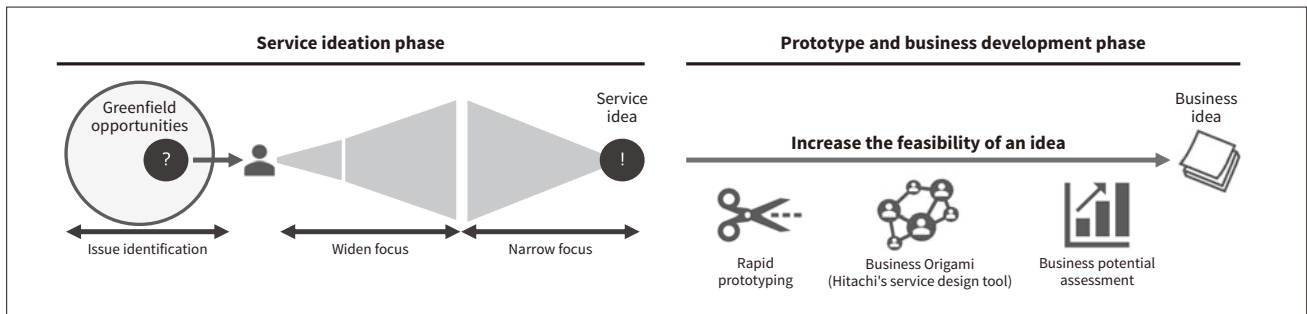
This process can be divided into three steps: understanding the greenfield opportunity, personalization, and issue identification.

Step 1 is gaining a deep understanding by reliving the defining of the greenfield opportunity. By collecting articles and statistics related to the greenfield opportunity and sharing and discussing them within the team, it is possible to deepen understanding of the extent to which the changes indicated by the greenfield opportunity will expand and continue. For example, Sign 6 provides an example of the change in the number of car-sharing vehicles in Japan. In this step, the team discusses the essence of the greenfield opportunity by citing similar examples such as new communication among young people on social media, housing, and furniture sharing services. This will deepen the team’s understanding of whether the changes indicated are fundamental and irreversible value changes or transient fads.

In step 2, personalization, team members write down as many experiences as they can think of about themselves or someone close to them related to the greenfield opportunity, and share them with the team. This allows them to understand greenfield opportunities that seemed distant and unconnected to them as relevant. Since the greenfield opportunities depict advanced examples of the world and the possibility of future change, it may be difficult to find a perfectly applicable experience, but if the selected greenfield opportunity adequately captures the changes in the world, all team members should be able to think of one experience in which they felt the signs of such changes. It is important to mention as many experiences as possible without worrying about strict agreement. For example, in the case of Sign 6, it can be an experience other than the exact experience of using a sharing service, such as borrowing and lending comic books or games as a child. In this step, it is important to realize that the greenfield opportunity is not a topic about

Figure 1 — Image of Actions in AM-One New Business Development Project

Based on the greenfield opportunities developed by AM-One in FY2020, issues and personas were identified, and service ideas were developed. In the second half of the process, the business model and the monetary aspects and structural elements of the service were examined.



something far away, but something that is relevant to them, and to deepen their imagination until they can empathize with the involved characters when it comes to fruition.

The third and final step is to identify issues and needs from the experiences. Based on each of the team members' experiences shared in step 2, or by imagining a world in which the greenfield opportunity is realized, the members prepare lists of the issues and needs that would exist in this world. If they can understand the greenfield opportunity deeply at this step and can personalize and imagine the feelings and actions of the people who appear in it, they can uncover a number of issues and needs. For example, in the case of Sign 6, they could see new societal challenges caused by excessive sharing of experience value, called "social media fatigue," which is currently a problem among young people.

5. Application Example for Asset Management One

The following is a case study of the application of this methodology to a project with Asset Management One Co., Ltd. (hereinafter AM-One). AM-One is one of the largest asset management companies in Asia, with approximately JPY60 trillion under management as of March 31, 2022.

However, the business environment is rapidly changing with the rise of online brokerage firms and the increase of people with new values such as Generation Z. The number of individual shareholders by age according to the Japan Securities Dealers Association (JSDA) has remained stagnant at around 13 million from 2014 to 2019. The age breakdown has remained almost unchanged, with those ages 60 and above accounting for nearly half of the total, or about 6 million people⁽⁵⁾, and the Japan domestic investment market is expected to shrink in the future.

AM-One has therefore initiated a new project to stay ahead of these changes. The goal of this project was to create a customer-oriented service that communicates the value of investment to the approximately 80% of consumers (in 2020, AM-One survey) who do not engage in investment activities and encourages optimal investment for each individual.

AM-One has developed its own greenfield opportunity

as a starting point for its own business development. The company explored the possibility of future changes in people's values through a survey of megatrends, which are changing trends in society, and interviews with users who are seen as practicing new values and lifestyles.

From FY2021, Hitachi has supported the design and operation of the project, and developed new businesses using greenfield opportunities. An image of how the project was conducted is shown in **Figure 1**.

First, workshops were designed by both companies, actually utilizing the methodology presented in the previous section. Workshops were held on a weekly basis and were attended by AM-One employees who responded to an open invitation.

The first workshop was devoted to basic understanding, such as receiving explanations from the members who developed the greenfield opportunities, asking questions, and discussing their impressions. Also, homework was assigned to prepare for steps 1 and 2 for the next week's workshop. In other words, each participant prepared in advance at least three articles or statistics related to a greenfield opportunity, as well as at least three of his/her own experiences, and presented them to each other during the next workshop. As the articles and statistics were explained, team members listening to the explanations wrote their own ideas on sticky notes to deepen their understanding of how irreversible or serious the changes and societal challenges presented in the greenfield opportunity were, and discussed them among themselves. Next, when sharing their experiences, members imagined what issues, anxieties, and frustrations existed in their experiences, or what issues would arise when such experiences increased in the future, and wrote down as many issues as possible (see **Figures 2** and **Figure 3**).

As a result of the above application, it became clear that, in addition to the above-mentioned deep understanding and personalization of the greenfield opportunities, this process has the advantage of facilitating understanding among team members. By sharing their own experiences and talking about the distance between multiple greenfield opportunities and themselves, team members were able to share their interests and backgrounds quickly and

Figure 2 — Example of Step 1 Homework

For example, in the case of greenfield opportunities related to side jobs, statistics on the main occupation income of current Japanese side-job holders are examined. The content of the research should be entered in the “Facts” field, and the hypothesis developed from the facts should be entered in the “Speculation” field.

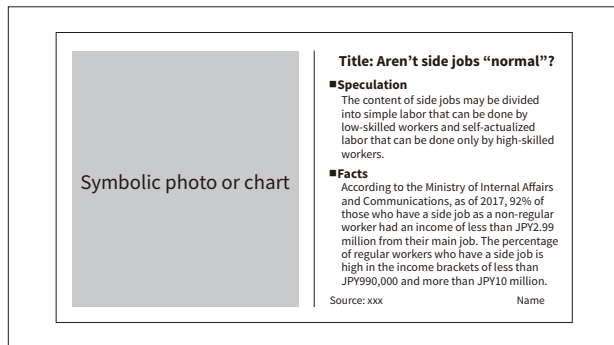
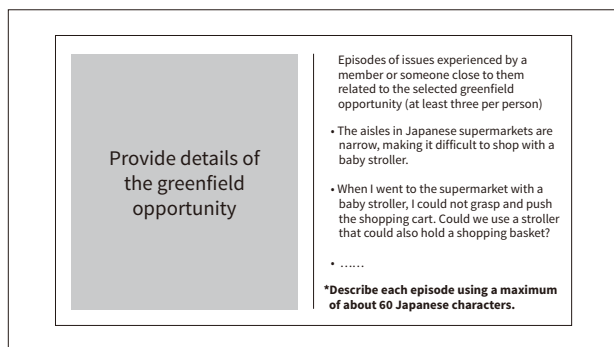


Figure 3 — Example of Step 2 Homework

For example, in one assignment, the issues faced by households balancing work and child rearing are described as concisely as possible in about 60 Japanese characters, based on actual experiences. The process of writing only a brief summary of the main points is an exercise for the subsequent workshop where sticky notes are used.



efficiently. For example, one member opened up about her concern about not being able to talk to her family about their nursing care. When greenfield opportunities were used as a starting point, team members found it easier to talk about topics that would be difficult to talk about when no discussion topic was provided.

The team was then reorganized according to the interests that were identified and delved deeper into issues that all team members were enthusiastic about. The best issues were selected from the three perspectives of importance, versatility, and the proposer’s passion, and the process then proceeded to service creation, including persona design and idea generation.

The developed idea was highly evaluated by AM-One executives as one that would lead to the creation of new investment demand and solve societal challenges, and successfully advanced to the development process.

6. Conclusions

This article introduced the process of utilizing greenfield opportunities and identifying new issues.

As new and urgent societal challenges are emerging every day in various countries and regions, it will become increasingly important for many companies and societies to anticipate the emergence and seriousness of these issues and to propose solutions in advance. Going forward, Hitachi will further increase the number of cases applying this methodology and research more effective methods than ever before.

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Authors



Ippei Numata

Digital Economy Research Department, Service Systems Innovation Center, Research & Development Group, Hitachi, Ltd. *Current work and research:* Customer co-creation and new business creation mainly in the financial sector utilizing design thinking.



Maiko Kaneda

Service and Vision Design Department, Service Innovation Co-creation Center, Research & Development Group, Hitachi, Ltd. *Current work and research:* Implementation of vision-driven backcasting method, citizen-participatory regional cooperative creation project.



Shoichi Kanzaki

Service and Vision Design Department, Service Innovation Co-creation Center, Research & Development Group, Hitachi, Ltd. *Current work and research:* Citizen participatory regional co-creation project, research on SF prototyping methodology starting with queries.



Kaoru Kato

Product Design Department, Service Innovation Co-creation Center, Research & Development Group, Hitachi, Ltd. *Current work and research:* Creation of IoT home appliance services, exhibition planning of Hitachi business and solutions.