Global Winds, Local

Winds of innovation from a 200-year-old Kagoshima

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Born in 1959. Graduated from Tsurumaru High School in Kagoshima Prefecture in 1978, and from the Faculty of Commerce and Management, Hitotsubashi University in 1983. Received his MBA from the University of Hartford's Barney School of Business in Connecticut, USA in 1986. Employed at Nippon Shoji Co. (now Alfresa Holdings) from October 1986 to September 1989, before becoming managing director of Sakamoto Yakuhin K.K. and Sakamoto Kurozu, Inc., in October 1989. Became vice-president of Sakamoto Kurozu in May 1998 and president in May 2003.

Why a "pharmacist's son" set his sights on Hitotsubashi University

Back when I was thinking about where to go to college, my father, Akio Sakamoto, was a pharmacist operating his own pharmacy chain, so I was known in the community as "the pharmacist's son." But my grandfather Kaizo, who was in his 80s, was still running the family business, brewing *kurozu* artisanal rice vinegar using traditional methods. Watching him at work, I'd think to myself, "Someday, I want to carry on that tradition."

Kurozu is a traditional amber-colored rice vinegar made with steamed rice, rice *koji* (starter), and well water, which are placed in large ceramic jars and left outside to ferment. Once the ingredients are in the jars, four microorganisms—*Aspergillus oryzae*, lactic acid bacteria, yeast, and acetic acid bacteria—set about making vinegar, working together in perfect balance until fermentation is complete. In a single container, anaerobic bacteria are converting

← *Kurozu* is brewed in "vinegar fields" in ceramic jars arranged for optimum exposure to sunlight. Twice a year, in spring and autumn, brewers fill the jars with steamed rice, well water, and rice *koji* (starter).

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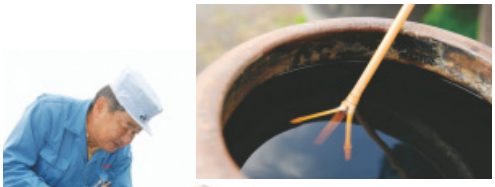

"Every jar of vinegar is like a child to me," says Plant Manager Tadaaki Kuramoto. "I have to nurture each one individually, paying close attention to changes in their complexion." Every day the brewers remove the lids and use bamboo sticks to check on the "complexion" of the contents. The progress of fermentation is assessed by the color and smell of the liquid, as well as the sound it makes when one presses one's ear to the jar. "It's like checking on a child's health using all of your senses."

→ It takes five to six years to become a competent brewer. The stones on the lids identify jars that have reached key benchmarks of fermentation. They serve as a learning aid for the younger brewers, as well as a means of keeping tabs on the production process.

Winds

brewing tradition

sugar to alcohol at the same time that aerobic bacteria are converting the alcohol to acetic acid.

This is completely different from the conventional vinegar-brewing process, which uses separate containers for alcohol fermentation and acetic acid fermentation. A buyer from overseas who toured the brewery said, "I've been all over the world, but I've never seen vinegar made this way before."

During World War II, it was very hard to keep up production of *kurozu* because it's made from rice, and rice was in short supply. But my grandfather was afraid that if he stopped, the traditional brewing technique would be lost forever, so he substituted sweet potatoes for rice and kept going. That's how important the family business was, and I suppose I inherited that attitude. And I think that feeling naturally steered me toward Hitotsubashi University, as a place where I could learn business management. Of course, there's also the fact that Hitotsubashi's entrance exam at the time emphasized mathematics and English, which were my strong suits.

As a college student, I'm afraid my main passion was mah-jongg, though I did serve on the Hitotsubashi Festival steering committee. The only classes I can claim I attended with any regularity were my seminar classes. I found Professor Kiyonori Sakakibara's seminar stimulating in so many ways. In his seminar there were many hard-working students who had unique ideas. Even now the group gets together once a year to reconnect, and I always find our reunions stimulating. By the way, one of my former classmates is Professor Tsuyoshi Numagami of the School of Commerce and Management.

An American sojourn and the inspiration of Kikkoman

I traveled to the United States several times during my undergraduate years, and one thing that really surprised me was how fully Americans had embraced Kikkoman soy sauce, a quintessentially Japanese seasoning. That gave me all kinds of ideas. After all, vinegar is used everywhere in the world, even though the raw ingredients differ. Maybe with *kurozu*, I could launch a global business.

When I went home to Kagoshima as a third-year student, I began to develop more concrete ideas about what needed to be done to promote sales of *kurozu* nationwide and overseas. As I saw it, what soy sauce could do, *kurozu* could do too. To organize my ideas, I decided to write my graduation thesis on "Kikkoman's overseas strategy."

Also, because my visits to the US had such an impact on me, I wanted the experience of actually living there. That was my rather simplistic reason for deciding to study abroad. On paper, of course, my purpose was to develop a strategy for promoting *kurozu* overseas. That was how I ended up getting my MBA from the University of Hartford in Connecticut.

The time I spent studying in America gave me a better sense of how Japan and the Japanese people stand in comparison to the rest of the world. I gained a new appreciation for Japanese culture and above all for our culinary culture. I realized that the spread of rich culinary traditions to every corner of society could open up huge business opportunities.

When I came back to Japan, I took a job with a pharmaceutical wholesaler in Osaka, but I never abandoned my dream of promoting *kurozu* around the world. So, after three years as an Osaka "salaryman," I went back home to Kagoshima.

The secret of Sakamoto *kurozu*: A marriage of old and new

To explain why I feel so strongly about Sakamoto *kurozu*, I need to provide a little background.

People were brewing vinegar in Fukuyama (present-day Fukuyama-cho in Kirishima City, Kagoshima Prefecture) as far back as 1800. Why did vinegar flourish there? Well, it seems that the environment of Fukuyama combines all the optimum conditions. It has a warm climate suited to vinegar fermentation, with a mean annual temperature of 18.7°C. Also, the location offered convenient access to the highest quality ingredients: the aquifers of the Aira Caldera supplied pure well water, and premium rice was easily obtained from the Port of Fukuyama, which had long been a major rice distribution center. In addition, the region was known for the production of pottery known as Satsuma ware, and that was used for the jars that have become the trademark of *kurozu*.

Before World War II broke out, there were 24 *kurozu* makers in the area. But during the war and the postwar era, due to rice shortages and the rise of cheap, synthetically produced vinegar, almost every one of them was forced out of business. My grandfather, however, refused to let the tradition die out. He kept making *kurozu* through the war, substituting sweet potatoes for rice. You can actually make very good vinegar out of sweet potatoes, although it's more laborious. The limited batches of sweet potato *kurozu* we've brewed have sold out in no time.

Even with all my grandfather's efforts, though, the future of *kurozu* remained very uncertain, so my grandfather told my father that there was no need for him to take over the family business. That's why my father became a pharmacist and opened his own pharmacy. But the pharmacy was right next door to Kagoshima National Hospital, and that ended up having a big impact on the family vinegar business. My father knew some of the medical staff there from high school and college, and he was able to work with them to test the health benefits

of *kurozu* on patients with various symptoms. They found evidence that it was effective for frozen shoulder, diabetes, and a number of other conditions. That expanded the market for kurozu, since it wasn't just a seasoning any more but a health food as well.

My father also had *kurozu* analyzed by a university professor, and they found that it contained 10 to 20 times the amino acids and organic acids contained in conventional rice vinegar. It was also found that it improved the metabolism of cholesterol and other lipids, increased red blood cell deformability to help purify the blood, and helped control blood glucose. This encouraged my father to turn vinegar brewing into a full-fledged business operation. Since then the number of fermenting jars has risen to 52,000; that's compared with 700 jars before World War II.

The product name *kurozu* (dark vinegar) was adopted in 1975. Until then, rice vinegar brewed according to traditional methods was simply called "natural rice vinegar." It was actually Sakamoto that coined the term *kurozu*, but we didn't register it as a trademark, so now *kurozu* is used as a generic name. That's probably a good thing from the standpoint of expanding recognition of the product.

Sakamoto Kurozu, Inc. was established as a joint-stock corporation in 1977, and that was when my father began beefing up the production system in earnest. In 1991 our *kurozu* became the first product to be designated a "certified regional food product" (3E mark) by the Japanese Ministry of Agriculture, Forestry, and Fisheries. In 2003, a JAS registered certification organization gave us the stamp of approval for manufacture of processed foods as organic agricultural products (JAS organics). In 2006, Sakamoto *kurozu* became one of the first products to be certified by the Japan Food Industry Center (JAFIC) as "an authentic regional product." The Fukuyama plant has also received ISO 9001:2000 certification for quality management systems.

Hurdles to expansion: The quest for 52,000 vinegar jars

One of the major challenges my father had to overcome in order to ramp up production was getting hold of enough 54-liter ceramic jars. For 200 years the business had used Satsuma ware for fermenting and aging the *kurozu*. But the Satsuma kilns nowadays can't produce jars like that in large enough numbers. So, my father took one of his jars to Korea—which is where Japanese Satsuma ware has its origins—and asked them to make another one like it. He

坂元のくろず

Shigaraki ware accounts for the largest number of jars. The rest consists of Satsuma ware, in use for more than 200 years (left, with ears), and jars made in Korea and Taiwan (right, ochre colored). The dimensions have remained unchanged for 200 years: each 54-liter jar is 62 cm in height, 40 cm in diameter at its widest point, and 14 cm wide at the mouth.

In 1992, Sakamoto Kurozu built a laboratory inside the Fukuyama plant. There technicians analyze the chemical makeup of the *kurozu*, such as acidity and nitrogen content, and work on developing new *kurozu* products.

did the same thing in Taiwan, as well as at various kilns around Japan. After a long process of trial and error, they finally determined that the best pottery for the job was Shigaraki ware. Out of the 52,000 jars we use today, about 2,000 are Satsuma ware, and most are Shigaraki ware. In addition, there are about 10,000 made in Korea, and around the same number from Taiwan.

The jars mellow and improve with use. In fact, we have to season new jars by filling them with partially fermented *kurozu*, and it takes several years before they can be used for fermentation. This means that no matter how quickly demand rises, we can't immediately crank out more *kurozu* to meet it.

Another challenge in terms of expansion has been finding the land to expand our "vinegar fields" (*tsubobatake*). Fukuyama has the ideal environment for brewing *kurozu*, not only because of the warm climate and excellent water but also because of the microorganisms in the soil. So, the only thing we could do was to wait for a plot of land in the area to became available and buy it.

Step-by-step globalization and a three-star restaurant debut

Each batch of *kurozu* takes a minimum of one year to brew. Acquiring new land for expansion takes time, and brewers take time to train. For a long time, these production constraints made it pointless to pursue overseas distribution. The truth is that whenever the Japanese media did a story on *kurozu*, we would be flooded by orders and sell out in no time. The shortage was especially acute about five years ago. We couldn't even think about selling overseas.

Then, about two years ago, we finally acquired the capacity to start exporting. We began by exporting to Hawaii, Taiwan, Singapore, and Hong Kong. Then, last year, we exhibited at a food products trade fair in New York, and that exposure seems to have paid off, because recently we were contacted by a three-star New York restaurant that wants to use Sakamoto *kurozu* in some recipes. Real quality transcends nationality. People all over the world recognize a good product when they see it.

We are not aiming to establish ourselves in the gourmet market as the balsamic vinegars of Italy have done. Rather we're trying to appeal to the health-conscious. Ultimately, the United States has to be our prime target, given the size of the market and the strong demand for health foods.

The most important word I learned in college: "Innovation"

There are things I would never have realized if I'd spent all my time in Kagoshima. Studying in Tokyo and in America opened my eyes in a number of ways. There are some potentially competitive products all around us, not just *kurozu*. But we have to recognize what we've got, or it will go to waste. By discovering these products and developing our business with the wider world in mind, we can help revitalize the regional economy.

I was in Professor Sakakibara's seminar for three years, until he left to take a position at the Massachusetts Institute of Technology, and then Professor Ikujiro Nonaka became my advisor. The most important word I learned in those seminars, and in my business experience as well, was *innovation*.

In Japan we tend to associate the word *innovation* with advanced technology, but innovation is vital in every field. I would like to see Hitotsubashi University place more emphasis on innovation in businesses that relate directly with consumers. I would like to see more scholars and researchers working on projects focused on culinary culture and on revitalizing regional economies.

By the way, the Kagoshima Prefecture Chapter of the Josuikai (the Hitotsubashi alumni association) has about 100 members. Roughly 10 percent are people who were transferred to Kagoshima on business, but the rest are natives like me. Thanks to the Internet and new trends in logistics, outlying areas like Kagoshima can now reach the rest of the world without going through Tokyo. Quite a few of the Kagoshima-born members of the Josuikai are people who have inherited family businesses or launched their own enterprises, so I think it's fair to say that this group is playing a pivotal role in promoting local innovation and reaching out from our region to the wider world.

The Japanese people should take more pride in their own culinary culture and take it with them overseas. I, for one, intend to keep my eyes open to more possibilities for culinary innovation.

In recent years there's been a surge of interest in the concept of "industrial tourism." The idea is to make tourism resources out of historically or culturally important industrial sites and production facilities. In 1998, Sakamoto Kurozu opened the Kurozu Information Center "Amanya," which was expanded, renovated, and reopened as Kurozu Information Center "Tsubobatake" in 2006. Each year more than 100,000 visitors come by tour bus or car, so we like to think we're contributing in our own way to the vitality of the region.

Kurozu Information Center "Tsubobatake"

Sakamoto in front of Kurozu Information Center "Tsubobatake"