From an Evangelist of *Kaizen*
A Japanese Way of Managing an Organization

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Kaizen: Key to Japanese Business Success

"Japanese Management After the Lost Decade," written by Dr. Parissa Haghirian for the July/August 2009 issue of *Japan SPOTLIGHT,* pointed out that Japanese management has been progressing even after the collapse of the bubble economy around the 1990s. I was impressed to know that a Western expert saw Japanese management in the same way as I do as a whole. I was steeped in *Kaizen* (a Japanese word meaning "improvement") for a long time in the Japanese manufacturing industry during its miracle growth, and then have been engaged in the introduction of *Kaizen* to foreign countries as an evangelist. In this article I'd like to introduce to you how I, as a Japanese expert, see *Kaizen.* The essential base of *Kaizen* is (1) teamwork, (2) harmonization of theory and practice, (3) survival through competition and (4) so-called *wakon-yosai* which means "use even Western techniques positively in a Japanese way." This is well-known worldwide as a Japanese way of managing an organization.

Kaizen is written with two Chinese characters meaning "a change for the better." The word and concept of *Kaizen* in Japanese have been familiar in every workplace in Japan for a very long time, meaning a kind of so-called voluntary activity in workplaces. Such methods as the 5S* or a suggestion system have been developed out of these activities under the concept of "a change for the better." *Kaizen* written in English became known when *"KAIZEN – The Key to Japan's Competitive Success"* by Masaaki Imai (McGraw-Hill, International Edition, 1986) was published during the last period of the miracle growth of the Japanese manufacturing industry. (*5S represents five Japanese words concerning methodology of organizing a shared workplace; namely *Seiri* <sorting>, *Seiton* <setting in order>, *Seiso* <cleaning>, *Seiketsu* <standardizing> and *Shitsuke* <sustaining discipline>).

How Japanese Transform QC into *Kaizen*

It has been well recognized worldwide that the Japanese way is superior in production management. As a result there are many seminars on Japanese production management, quality and productivity improvement, or *Kaizen.* I've given many lectures on this subject. Once in a seminar a participant commented that she understood Japanese quality excellence is not limited to the manufacturing sector, and she recognized quality excellence in many types of businesses. She wanted me to discuss how quality excellence in Japan has been developed as a whole.

The usual lecture on quality and productivity improvement consists of stories about manufacturing industries. It begins with the end of World War II in 1945 and ends with the introduction of US and EU countermeasures in business competition against Japan around the 1990s. Japan produced low-quality goods at first and worked hard later to improve the quality. In 1950, Dr. William Edward Deming, who was invited by the Japanese Union of Scientists and Engineers (JUSE), gave a series of very influential lectures on statistical quality control to highly knowledgeable people in Japan. Dr. Deming's lecture had such a heavy impact that it was followed by the various developments of systems and tools such as 5S, QC circle activity and QC Seven Tools, created by such pioneering leaders as Dr. Kaoru Ishikawa, resulting in improvements in the quality of every manufacturing product in a short period of time. Around the 1980s this success story became well-known worldwide. Then the United States responded with substantial measures, which were symbolized by the Malcolm Bodridge National Quality Award established in 1988, and the EU established the ISO Quality Management System (QMS) in 1987. As the seminar participant pointed out, the developments achieved in various nonmanufacturing industries were not contained in my lecture.

The Japanese pioneers learned statistical QC from Dr. Deming and applied the knowledge successfully to improve the competitiveness of the manufacturing sector, and they in fact tried to apply it to the nonmanufacturing sector as well. However, their challenges were not as successful as in the manufacturing sector due to some differences in the nature of the business process.

Quality and productivity improvements aim at survival in a competitive environment. The will to survive is the source of driving corporate activity. Organizations whose efforts are not sufficient enough inevitably disappear, and the quality of the remaining organizations becomes higher. In Japan, from the beginning, the manufacturing sector has been facing a severely competitive environment. On the other hand, many nonmanufacturing industries started to face competitive environments after the 1990s, resulting from such measures as liberalization, deregulation and privatization brought on by the so-called outer pressure of globalization. The competition enhanced *Kaizen* activity, and as a result the quality of service has been remarkably improved in such nonmanufacturing industries as financial institutions and other service businesses, schools, and local government offices. In the process such measures as 5S and QC were helpful as fundamental factors underpinning quality improvements, but several new approaches rather than statistics have been developed instead to realize the improvements. It is essential to find an effective measure to solve new problems. The *Kaizen* tool box becomes richer and richer every time a problem is solved through *Kaizen* activity.

In the 45th general election on August 30, 2009, the Democratic Party of Japan (DPJ) won a sweeping victory over the Liberal Democratic Party, which had run the government for almost the whole period since the end of World War II. There will be a competi-

tive environment for governing the country for the first time. The DPJ promised in its election manifesto that it is going to restructure the relationship among the bureaucracy, government and lawmakers in the National Diet, which implies that a new competitive environment might be created in the political community as mentioned above. This is really a big change, and may be the start of a new *Kaizen* activity that may create another measure to further enrich the *Kaizen* tool box. Finally, it should be recognized that the change occurred from pressure within Japan.

What Is "*Kaizen* DNA"?

What management method was effective in improving the quality of nonmanufacturing industries after the 1990s? How did 5S and QC circle activity contribute to the progress of the nonmanufacturing sector? What new element in management drove the progress after the 1990s? Are there any common factors in the QC activities before the 1990s and those after 2000?

When Mr. Shoichiro Toyoda attended a shareholders meeting on June 23, 2009, for the last time as a member of Toyota Motor Corp.'s board of directors, he reportedly told shareholders that it is essential for Toyota to keep its "*Kaizen* DNA" forever. What exactly is *Kaizen* DNA? And what should be taken into consideration when trying to transfer *Kaizen* DNA effectively to another corporate culture?

It is not appropriate to introduce *Kaizen* in the same way as is implemented successfully in Japan because it is not any particular technical method, but, rather, it includes ways of thinking, behaving, communicating and cooperating with other people in the organization. Therefore it is necessary to introduce *Kaizen* in a way so as to fit the culture of the recipient. As an evangelist of *Kaizen,* I always desire to successfully introduce it to the recipients and enjoy a practical outcome after they work with us to run a pilot *Kaizen* project. In this connection, we need to prepare the following two points. One is that we need to show a clear concept. The other is to show a positive outcome as a result of pilot projects.

In my view, the four major elements of *Kaizen* are (1) teamwork as a guiding principle, (2) harmonization of theory and practical observation as a basic way of thinking, (3) strengthening organizational competitiveness as a common target, and (4) using Western techniques in a Japanese way as a strategy.

To maintain teamwork is the most important principle. Teamwork is established when individualism and group orientation are balanced. Take the 400m relay in the Beijing Olympics for example. Japanese athletes got the bronze medal although they were ranked 10th in terms of time records for the 100m race. The reason why they defeated other teams consisting of superior runners was the better baton-passing technique of the Japanese team. There are many similar cases in team sports, and also in the business world. For example, we see sales clerks at a checkout counter work in good combination so as to shorten the waiting time of customers. The clerks continually observe customers and their work appropriately. The principle is the same both in team sports and business. The clerks do more than their job description.

How to harmonize individualism and group-oriented thinking depends on culture, value and custom, and the actual situation of those involved in each country. These factors must be sufficiently taken into consideration to determine how to accomplish a successful transfer of a *Kaizen* technique. After watching a video on a factory restructuring case in Japan, a participant commented, "In the video there were many arguments on the restructuring of the production line, but they finally cooperated in the restructuring work. In our country, in a similar situation, such arguments would result in riots and restructuring would not be accomplished." On another occasion, I introduced an example of labor saving by restructuring a production line, and then I was asked what the destiny of the new excess personnel would be. I said it is the top management's duty to prepare a strategy in which such personnel should be utilized effectively for future growth.

"5S" in Arabic: The author shakes hands with a senior company officer in charge of quality control in front of a signboard depicting 5S in Arabic (written from right to left) at a steel pipe plant in Tunisia.

I'm afraid that my statement might not be acceptable among the economists who think maximizing shareholders' interests is the top management priority. However, it is vital to keep harmony among stakeholders, including shareholders, management and employees. Teamwork is an important tradition in this country since ancient times as shown by the provision "Harmony is to be cherished" stipulated in Article 1 of the first Japanese Constitution decreed in 607 by Prince Shotoku. Even if it takes a longer time and effort to bring about good teamwork, we should keep it in mind that it is worth it.

As for the way of thinking, both theory and fact are taken into consideration to solve problems. There is a belief that problems exist in every site, and if any of the problems are solved, then the situation will be improved. Another belief is that employees perform their best when they do things on their own initiative, and therefore it is beneficial for a company to provide its employees with a working stage where they can show their initiative. If well-trained employees with common targets work actively, they will find and solve even hidden problems faster. Of course thoughtful management is important.

It is not necessary to discuss why a company aims to improve its competitiveness, but there are some issues concerning how well it concentrates on the goal. For example, the relationship among politics, society and the economy must be in a stable condition, and a cooperative manner between employers and employees must be maintained. The capability to manage cooperation between public and private interests is indispensable.

Wakon-yosai means that any method that is useful should be applied in a way that fits your characteristics. When a useful technology such as information communication technology (ICT) emerges, it should be utilized as early as possible. Statistical quality control was

introduced from the United States and was immediately applied in Japan, while "Just in time" was developed by Toyota and disseminated rather gradually first in Toyota workplaces and then in the nation. Some methods, like 5S, QC circles, QC Seven Tools and other activities related to workplace improvements, were created by Japanese, but many other ideas and methods were imported from abroad. *Kaizen* is never limited by methods, and therefore it must evolve over time.

It is roughly true that the Japanese mindset makes it easy for them to adapt to the four key elements of *Kaizen.* But it is also true that some elements of their way of thinking and doing things were changed during the introduction of new ideas and methods from abroad. For example, Japanese who used to hate to treat things numerically came to grasp phenomena with numbers so that they could participate in QC activity. Or even people who like the saying "Action speaks louder than words" have to speak out at a QC circle meeting. "Careful observation and consideration" and "monochronological diligence," which are required in *Kaizen,* might originate from the Japanese. These elements have been created in a particular environment, including landscape and climate, over a long period. The difference in culture should be taken into consideration whenever we are engaged in the transfer of *Kaizen.*

Transfer of *Kaizen*

In the practice of transferring *Kaizen,* it is necessary to show and make the recipient understand a successful case clearly. An evangelist has to find an appropriate problem and show an effective solution taken from the *Kaizen* tool box so that the recipient will be able to understand the effectiveness of *Kaizen.* It is not easy to achieve results in a given circumstance and the outcome depends upon the talent of the evangelist. We are often able to offer an effective solution to the problems of a certain company when we study and understand its value chain. Once a positive outcome is obtained, it is easy to explain how the solution used relates to the *Kaizen* concept. Otherwise the concept would be just an empty theory. In a QC problem-solving story, we have to properly carry out the collection and analysis of information on a certain company, the selection of a certain problem for the model case, and cause and effect analysis on the problem, followed by the selection of appropriate tools to solve the problem. In many cases, the deadline date comes while such tools as 5S or QC Seven Tools are introduced, without accomplishing a clear outcome that impresses the management of the company. It is not enough to show some part of the tool box. It is more important to make them really understand how to make the problems around them clear.

In the case of a success story of QC circles, JUSE organized a network of activity for dissemination, targeting frontline operation chiefs at every factory nationwide. This strategy was very successful in Japan indeed. However, situations are not the same in every country.

The QC Seven Tools were designed by pioneering leaders including Dr. Ishikawa so as to be a useful tool to disseminate QC circle activity nationwide. But it should be understood that the QC Seven Tools are rarely used directly in practical problem solving. More basic ways and tools for observation and analysis are necessary. Some participants in my seminars commented that approaches other than the statistical approach could be useful to improve quality, especially in the nonmanufacturing sector. They argued that statistical methods are not efficient in many cases. In fact, statistical methods are very useful in solving problems in the manufacturing sector because there usually are accumulated data already available. On the other hand it is costly to collect data for solving problems in the nonmanufacturing sector where systems are more complicated.

When quality control based on statistics was introduced from the United States to Japan in the 1940s, it was translated into a Japanese word meaning "quality control." But around the 1980s when Japan's remarkable economic progress drew worldwide attention, the nature of activities being conducted in Japan, such as the QC circle, was not regarded as "control" but as "management" by the West. Therefore Japan started to use the word "quality management" while "quality control" was defined as a part of "quality management." When the ISO established the QMS in 1987, quality was defined for products and services so that the QMS deals with not only manufactured products but also with all services in the nonmanufacturing sector. It might be said that Japan failed in creating a broad concept of quality, although they once went far ahead of others in terms of the quality of manufacturing industries using QC tools based on statistics.

They say the QMS of the ISO is fully documented in a standard and easy-to-understand manner. However, *Kaizen* is not satisfactorily documented to illustrate its concept, and is difficult to comprehend. I understand the reason for this claim. The purpose of the ISO is to assure the relevance of the process on behalf of its clients by auditing the process against the standard, which includes necessary steps for healthy management. Therefore the ISO QMS is very helpful for organizations starting *Kaizen* activity. As the purpose of *Kaizen* is survival in a competitive environment, some additional activities aiming at strengthening competitiveness must be added to the requirements defined in the ISO QMS standard. For *Kaizen* to be effective, the organization needs faster action, more mutual trust and understanding beyond words.

Japan, in accordance with Article 1 of its first Constitution that placed top priority on harmony, has been improving the quality of not only manufactured goods but also all kinds of services through *Kaizen.* Japan has learned a lot of lessons from Western success stories. If Japanese success stories could provide other countries with helpful lessons, it would be beneficial for all of us. In order to realize this, it will be necessary to study the needs and solutions and how to accomplish cross-culture transfer of techniques.

In terms of media appeal, attention increases when an organization performs remarkably better than others. But it is essential for a company to continue *Kaizen* to prevent it from falling into a period of poor performance.

Finally, I would like to express my appreciation to Dr. Haghirian for the inspiration I got from her article to write this. **JS**

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