

# STUDENTS' ECONOMIC FORUM

*To kindle interest in economic affairs...  
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Theme 245

## KAIZEN

A monthly publication from South Indian Bank

# SIB JUNIOR

*An exclusive SB account for students*



Experience Next Generation Banking

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Experience Next Generation Banking

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## SIB STUDENTS' ECONOMIC FORUM

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### Theme No. 245 : **KAIZEN**

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A well informed customer will make the policy makers as well as organisations which produce goods and services more responsive to the customer needs. This will also result in healthy competition among organisations and improve the quality of goods and services produced.

The "SIB Students' Economic Forum" is designed to kindle interest in economic affairs in the minds of our younger generation. We highlight one theme in every monthly meeting of the "Forum". This month, we discuss on a system of continuous improvement in quality, technology, process, productivity, safety, leadership and organisational culture. "Kaizen" concept seems to be the best suited in Indian context, for value addition in the services sector.

#### **What is the meaning of the word "Kaizen"?**

The system has originated in Japan following World War II. The word "Kaizen" comes from the Japanese words Kai" meaning "change" and "Zen" meaning "good". Hence the word Kaizen suggests "Continuous Improvement".

#### **What is Kaizen?**

Kaizen is a system that involves every employee – from the top management to the last order subordinate, to come up with ideas on continuous improvement. There is no time frame like once in a month or once in a year which means the process is not time bound but continuous. The system mainly targets improvement in quality, technology, process, productivity, safety, leadership and company culture. Japanese companies such as Toyota and Canon have adopted Kaizen as a base for making minor changes on a regular basis. These companies receive 60 to 70 suggestions from each employee every year. The management of the company makes it a point to write down, share and implement these suggestions for continuous improvement in the above areas.

#### **How does the system work?**

The system is popular in Japan as an effective model for improvement that includes both family and business environments. Kaizen explores all the major areas and entertains valuable suggestions for improving business by lowering waste of resources and controlling expenses. The Japanese philosophy is to "Do it better, make it better, improve it, even if it is not broken". But the Western philosophy suggests "if it is not broken, don't

fix it". The Kaizen system follows the Japanese philosophy to do things in a better way, bring in improvement, even if it is not broken. The Japanese believe that an individual or an organisation can compete with their counterparts only if they follow the philosophy of "Continuous Improvement". The concept resembles to the old saying "A stitch in time saves nine". The concept suggests, leaving no stone unturned at each stage, be however insignificant each, so that the whole process goes on smoothly reducing waste. As such the Japanese upholds the concept as the most resourceful in achieving the higher standards and maintaining their ability to meet those standards on an on-going basis. Kaizen involves setting standards and continually improving the same by providing the training and supervisory skills needed for the employees. The Kaizen system of running a business includes quality circles, automation, suggestion systems, just –in – time delivery and 5S standards.

### **What do you know about the 5S standards?**

Canon has implemented the 5 S programme on an on-going basis as part of their Kaizen initiative to identify problem areas and for recommending standard practices for improvement.

1. Seiri means Sort:  
The first step in making things cleaned up by eliminating unnecessary items from the workplace.
2. Seiton means Set in order:  
Put things in order specifying location for each by designating each location by name, number, code, colour and so on.
3. Seiso means Shine :  
Regular cleaning and up keep following the strict procedures.
4. Seiketsu means Standardise:  
Keep the work place neat and tidy ,simplify and standardise procedures.
5. Shitsuke means Sustain:  
Learn correct practices and maintain what has been accomplished.

### **How does Kaizen help in continuous improvement?**

Kaizen focuses on small improvements in work places by receiving feedback from a team who meet in quality circles to discuss on all aspects of an organisation. The team comprising of the employees and the management meet at regular intervals to discuss on the minimum standards at all levels to achieve maximum efficiency and improved productivity. The success of the programme depends mainly on the strong morale amongst the employees and in empowering each one of them to maintain personal discipline through self motivation. The concept is to identify a problem at the starting point itself, suggest changes in standards, and arrive at a solution within a short period. There are instances reported from Japanese companies where almost 90 % of the

suggestions from employees have been implemented successfully. Toyota, the leader in Kaizen standards reports that in one of their US plants, the workforce of almost 7000 submitted over 75000 suggestions in a year and almost 99% of the same got implemented.

### **What are the benefits resulting from Kaizen?**

#### **1. Reduction in waste:**

In any industry, the major concern for the management is lack of commitment, low motivational level and indiscipline among the employees. As such Kaizen programme acts as a stimulant in empowering each cadre by actively involving them in every aspect of production. Each employee shows commitment with personal discipline to keep the team strong. They start viewing the job as easier and enjoyable with a sense of belongingness, resulting in higher employee morale and job satisfaction. When each employee starts working within a high motivational level, the company can very well expect better results. No doubt, Kaizen reduces waste in areas such as inventory, waiting time, transportation and so on.

#### **2. Improves efficiency in utilisation:**

Kaizen provides maximum utilisation of space, product quality, capital, man power and so on. With each step in Kaizen, the motivational level of the work force improves and they feel a sense of recognition which leads to overall efficiency at all levels.

#### **3. Provides immediate results:**

Kaizen aims at making small improvements on a continuous basis, which means instead of focusing on large problems, keep on solving large numbers of small problems. Even though Kaizen provides solutions for large problems, its real power is visible in making small improvements, within a short span, at the operational level.

#### **4. Improves the efficiency in capital projects process also:**

The real power of Kaizen is visible mostly in the ongoing process by making small improvements in different stages continually which increases efficiency and reduces waste. But the concept has proved to be effective in capital projects process also.

#### **5. Ensures a more people-centric view by management:**

Kaizen aims at providing a more realistic approach in problem solving for the management. The concept makes the management much more oriented towards the well being of its employees which in turn creates a sense of belongingness in them leading to overall improvement. It is beyond doubt that productivity improves when the employees feel that they are an integral part of the organisation

#### **6. Proves that happy employee is a productive employee:**

Generally the western style of management uses the technique of providing numbers to each employee and claims maximum efficiency and increased productivity. But Kaizen takes the opposite outlook and always believes that a happy employee is a productive employee.

### **How does the concept get implemented?**

1. The first step in Kaizen is to create the awareness among employees that it is beneficial to them and their company too.
2. The success of implementation depends more on the efforts taken by management to train their staff and in effectively communicating its benefits. The management has a bigger role in creating a platform for better interaction and ensure active participation and direct involvement at each step of implementation.
3. The most important aspect is to take each employee into confidence by ensuring that the suggestion received has been acted up on immediately. The management has to take the initiative to convince that their suggestions reach the appropriate forum, are discussed and get implemented.
4. The best way to implement the concept is to share the expertise with people who have already adopted the technique. The experts can identify the problem areas at each stage and suggest solutions with continuous evaluation. The expertise serves as a “seed” to instil confidence in employees and provide them an opportunity to see how the concept works. Once the employees start enjoying the “fruits”, they come up with suggestions for further improvements.
5. The success of implementation depends on identifying, reporting and rectifying a problem. Each problem is viewed as an opportunity to improve. Kaizen keeps the employees internally motivated and induces the management to acknowledge the good work and reward them.
6. Kaizen insists on continuous evaluation at each stage by supervisors. The basis of evaluation is the number of suggestions they receive from each employee. As such the employees feel proud of their contribution and keep on performing better and better.
7. The role of “team work” is the most crucial in implementation. The managers can form teams consisting of five to twelve people depending on the size of each Department. Each team should have a separate identity and a definite role to play. The management has to encourage each team to increase the number of suggestions in areas like quality, productivity, time management, raw material availability, cost management and so on.
8. The most difficult part in the implementation of Kaizen technique is in ensuring its continuity. The top management has a big role to play by showing commitment to the idea of Kaizen. The top executives should always support every move by the subordinates and keep on rewarding them for the enthusiasm. Kaizen can do wonders enabling the management to save tidy sums all through the tough times. It works as a perfect solution to an organisation to hold its head high even through the lean periods.

Kaizen proves that each rupee saved today decides what you earn tomorrow. It upholds “employee involvement” and seems to be the best solution to avert pay cuts, lay – offs strikes and employee unrest in our organisations.



# 5 S MODEL

SEIRI : Cleaning up.

SEITON : Set in order

SEISO : Shine

SEIKETSU : Standardise.

SHITSUKE : Sustain.

- ✦ Teamwork
- ✦ Personal discipline
- ✦ Improved morale
- ✦ Quality circles
- ✦ Suggestions for improvement

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