



## Implementation of kaizen system for organizational excellence

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### Abstract

To explore the maximum potential available in small improvements, the modern Japanese technique called 'Kaizen' has proved to be producing dramatic results, provided implemented in properly guided manner and duly supported by the top management. There is a vast difference in the approach of Kaizen theory as compared to our Indian traditional organizations.

**Keywords:** competitive business environment, continuous improvement, cost reduction, kaizen system, organizational excellence

### Introduction

Organizational excellence is never achieved through a one-time effort. It is always the process of continuous involvement across a number of area of operation. In the competitive business environment, the companies have to learn how to cut cost through continuous improvement. To explore the maximum potential available in small improvements, the modern Japanese technique called 'Kaizen' has proved to be producing dramatic results, provided implemented in properly guided manner and duly supported by the top management. Kaizen is the Japanese word consists of two separate words namely 'Kai' and 'Zen'. Kai means change while Zen stands for better. Thus, Kaizen means nothing else but 'change for better' i.e. continuous improvement. Though here Kaizen is referred to as a Japanese technique, it has, however, origin in India, which conveys the message 'Small drops of water together, ultimately result in a lake.'

### Philosophy of Kaizen

There is a vast different in the approach of Kaizen theory as compared to our Indian traditional organizations. The major differences in the approach are highlighted in the following table:

**Table 1**

	Approach to	Traditional Organization	Kaizen Environment
1.	Attitude	Let it go	Continuous improvement
2.	Employees	Cost	Asset
3.	Information	Restricted	Shared
4.	Interpersonal relationship	Commercial	Human
5.	Management belief	Routine	Change
6.	Management culture	Bureaucratic	Participative
7.	Management function	Control	Supportive
8.	Management stress	Functional	Cross functional

### Procedure for Implementation of Kaizen

While implementing Kaizen System in the organization, the following procedures may be followed:

- Form small groups from generally the equal level of the personnel within the organization. The group size should be

between 6 to 10 numbers. Allot the numbers to all Kaizen Groups viz, Kaizen No. 1, Kaizen No. 2 etc.

- Appoint a senior level person, above the level of participants in the Kaizen Group, as an Evaluator to each group.
- Arrange Group's meeting at least once in a week; preferably having a fixed schedule for next 6 to 12 months' time.
- Submit the progress of improvement in writing in a Kaizen Form, as clearly as possible, and distribute the copies of same to every member of the group, at least one day in advance of the scheduled meeting.
- Let everybody speak out about his own improvement. If no improvement made, let him say so to all participants and then sit in his chair. Allow about 3 to 5 minutes to each speaker, who has either made or has attempted to make some improvement during the last week.
- While a member is speaking, all other group members including and Evaluator should only listen to him carefully. No comments should be passed. However, a clarification, if necessary, may be sought instantly.

### Evaluation

Evaluation is key role an Evaluator has to perform so as to appreciate the efforts of every speaker and should assign marks according to his best judgement. The suggested range of marks is as follows:

0 Marks for no improvement made

1 to 30 Marks depending on the improvement tried but failed

31 to 50 Marks for small to moderate improvement

51 to 75 Marks for extraordinary improvement

> 75 Marks for highly extraordinary improvement

For evaluating the quality of improvement into the above suggested range in any Kaizen, the following factors should be given due weightage viz., ASTEM:

- Attitude - A
- Safety - S
- Productivity - T
- Energy Saving - E
- Money saving - M

Thus, in short, the above order necessary should be followed where maximum marks are to be allotted for 'change in attitude' while only a reasonable marks are to be allotted for direct savings in terms of money. Here you will notice that in Kaizen the top priority is always to be given for change in attitude then followed by safety and productivity instead of direct savings in terms of money. Instead of fixing one evaluator for a group, 4 to 5 evaluators should be rotated to have a free and fair rating of all Kaizen participants. One of the most important points to be kept in the mind here is that proper intrinsic motivation from the management to all Kaizen participants is absolutely necessary for successful implementation.

### Benefits of Kaizen System

Due to proper implementation of Kaizen Procedure, the following tangible and intangible benefits can be made available to the organizations:

**Tangible Benefits:** Sum total of small improvement contributed by all levels of employees can result in a big pile of improvements viz. reduced time/ rejection/energy consumption etc. along with improved quality.

**Intangible Benefits:** There are many intangible benefits that go a long way in developing participative culture. These are:

- As the stress is on number (of small step improvements) it can be a single motivating factor for individual employees. They take pride in increasing this number.
- As these are small step improvements calling for very negligible investment, it is virtually risk-free.
- It results in better team work due to certain principles of spiral thinking involved in basic philosophy.
- With increased emphasis on waste elimination it gives the employees a sense of belonging towards organization while building a culture of loyalty.
- With emphasis on energy savings it helps the society as a whole in conserving improvement resources like electricity, fuel etc.
- It results in change in attitude of work force from hostile to loyal, from destructive to constructive.

### Reasons for Failure

While in most of the organizations Kaizen system has produced dramatic results/substantial improvements, still it was surprised to notice that the same had failed. While analyzing the causes of the failure of the established Kaizen system, the following major reasons have been found contributed to it:

- Lack of interest and support from top management.
- Lack of proper motivation by management.
- Lack of proper training of listening skills, presentation skills, communication skills etc. to the participants.
- Criticizing the efforts of failure by the group members.
- Ignoring the basic concept 'improvements is a part of daily routine' by all concerned.
- Lot of work pressure on the participants, especially at the time of year end/handling the crisis situation, resulting side lining the Kaizen at all.

### Kaizen Costing

Daihatsu defines Kaizen costing activities as those activities that sustain the current level of the existing car production costs, and further reduce it to expected level based on the company plan.

Kaizen costing, a critical means of ensuring continuous improvement activities used by Japanese auto makers, supports the cost reduction process, supports the cost reduction process in the manufacturing phase. Employed together helps Japanese manufactures achieves their goal of cost reduction in the entire product design, development, production cycle. Kaizen costing, functioning in a similar fashion as a budgetary control system operates outside the standard costing system. It aims at reducing the actual costs below the standard costs. Kaizen costing calls for the establishment of a cost reduction target amount and its accomplishment through Kaizen activities- continuous improvement in operations. When related to the stage of product development, design and manufacturing, Kaizen costing follows target costing when time flow is considered. Kaizen costing as compared to standard costing aims at reducing costs in a very aggressive manner. The cost sustainment system allows for the learning process to take place before the goals of target costing and Kaizen costing are imposed upon the organizational units. The strength of Kaizen costing comes from its close like with the profit planning process of the whole company. The consistent connection with the overall planning and budgeting process ensures that company can monitor its progress towards the long-term goals without being confined to the tasks of meeting cost standards and investigating variances in conventional cost control system. Kaizen costing is a modification of standard costing which is essential to realize the planned cost reductions in continuous time. Kaizen costing is a Japanese contribution to cost accounting. Kaizen costing is continuous improvement applied to cost reduction in the manufacturing stage of a product's life. Like that of standard costing program, the aim of Kaizen costing is to remove inefficiencies from production processes. Kaizen costing tracks the cost reduction plans on a monthly basis. The Kaizen costing targets are expressed in the physical resources terms. If the head of a group fails to achieve the Kaizen costing target by 1 percent, review by senior will start. Resources consumption is so tightly controlled in many Japanese firms. Thus, the planned cost reductions are planned and monitored through Kaizen cost targets in terms of physical resources.

### Conclusion

Kaizen is an approach of constantly introducing small incremental changes in a business in order to improve quality and/or efficiency. This approach assumes that employees are the best people to identify room for improvement, since they see the processes in action all the time. A firm that uses this approach therefore has to have a culture that encourages and rewards employees for their contribution to the process. Kaizen can operate at the level of an individual, or through Kaizen Groups or Quality Circles which are groups specifically brought together to identify potential improvements. This approach would also be compatible with Team Working or Cell Production, as improvements could form an important part of the team's aim. For Kaizen to be effective there has to be a culture of trust between staff and managers, supported by a democratic structure and a Theory Y view of employees.

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