



Book Gemba Kaizen

A Common Sense, Low-Cost Approach to Management

Masaaki Imai
McGraw-Hill, 1997

Recommendation

Author Masaaki Imai argues that companies can become more profitable by constantly looking for efficiencies instead of seeking huge leaps, as is the Western custom. The Japanese philosophy of *kaizen* says businesses must mercilessly cut waste by eliminating anything that's even remotely inefficient. These strategies will lead to more profitable companies and better employee morale. Imai makes compelling arguments, and supports them with a number of case studies and real-world examples that show *kaizen* in action. *BooksInShort* recommends this book to managers, particularly executives of manufacturing companies.

Take-Aways

- Kaizen is a Japanese word that refers to common sense, low-cost approaches to boosting productivity.
- Japanese managers are partial to the slow pace of kaizen, while Western managers often look for the monumental changes brought by innovation.
- Gemba is the Japanese word for workplace and refers to the place where a business makes its products or services, and comes in contact with customers.
- Many managers make the mistake of ignoring gemba and instead staying at their desks.
- Muda is the Japanese word for waste and refers to anything that doesn't contribute to profitable processes.
- Muda can be found in overproduction, too much inventory, and inefficient assembly lines.
- Employees can help eliminate muda by suggesting better processes.
- Standards define the safest, easiest way to do a job.
- The rule of thumb says a manager should ask "Why?" five times to find the root of a problem.
- Walt Disney World is an example of gemba kaizen because of its standardization and employee empowerment.

Summary

Deliberate Consideration

Managers can choose from two approaches when they tackle problems. The typical Western approach hinges on innovation, which requires costly technology, fancy computers, and lots of money. The Japanese approach known as kaizen, on the other hand, uses common sense, checklists, and other inexpensive techniques. Kaizen is a strategy that is practiced by everyone in a company, from the chairman to the janitor. In this process of constant improvement, advances are incremental. However, kaizen's small steps ultimately lead to significant change. Western managers prefer the dramatic forward leaps that come with innovation. But innovation often results in problems of its own. Kaizen encompasses several strategies, including total quality control, total productive maintenance, just-in-time production, quality circles, and suggestion systems.

Going to Gemba

Gemba literally means the workplace, and more specifically, the place where a company makes its product and comes into contact with customers. However, gemba does not refer to a manager's desk. In a manufacturing company, gemba often refers to the entire manufacturing plant. At a hotel, gemba encompasses the lobby, restaurant, guestrooms, and check-in desk. In a bank, tellers, loan officers, and back-office workers are in the gemba. At a supermarket, gemba is the sales floor, warehouse, and checkout counter. Good managers are familiar with all parts of their firm's gemba. This helps front-office managers understand where a company's money really comes from. These executives, or non-money earners, often mistakenly believe that they are better qualified than the front-line workers, or money earners, because they have more education and fancier titles. But effective managers realize that gemba workers are the keys to success.

“Because of their fascination with innovation, Western managers tend to be impatient and overlook the long-term benefits kaizen can bring to a company.”

Placing gemba first has a number of positive effects. Gemba workers spot the company's needs more quickly. Front line workers are always thinking about problems and solutions. Gemba-centered companies find employees less resistant to change and more willing to adjust continually. Solutions are grounded in reality, focus on low-cost approaches, and do not always require upper management's approval.

“Kaizen signifies small improvements as a result of ongoing efforts. Innovation involves a drastic improvement as a result of a large investment of resources in new technology or equipment.”

Many executives have embraced this approach. For instance, Fuji Xerox President Akira Miyahara began his career as a cost accountant. Because he wanted to understand the processes behind the numbers, Miyahara spent so much time on the production line that he had a special desk there. Honda founder Soichiro Honda was a mechanic and didn't have a president's office. He constantly tuned and adjusted engines. He took pride in the scars on his hands from cuts he got in the shop. Toyota's company philosophy says gemba is the primary place in the company. At Giorgi Foods in Pennsylvania, administrators' offices used to be on the second floor, while gemba was downstairs. Walls separated the sales, marketing, and human resources workers. Chairman Fred Giorgi decided to move everyone to gemba, to work in a big room without walls. The employees protested, worrying about noise, morale, and confidentiality. Today, even Giorgi sits in the midst of his employees. He believes the change boosted teamwork and morale.

Three Keys to Gemba Kaizen

Putting gemba kaizen to work has three main components: housekeeping, cutting muda, or waste, and standardization.

Housekeeping

Housekeeping is key to effective management and employee self-discipline. You can describe this process with the "Five Ss."

1. Sort - Separate everything unnecessary and get rid of it. Put a red tag on unnecessary items (for example, unused machines), then remove them.
2. Straighten - Put key items in order so they can be found readily. Straighten logically, so items can be located with a minimum of

wasted effort.

3. Scrub - Tools and workplaces should be clean. Dirt and foreign particles can cause machinery to malfunction.
4. Systematize - Make a schedule for cleaning and for checking that all is in order. This ensures that housekeeping is maintained constantly.
5. Standardize - Make the preceding steps part of a regular process.

“When Western management combines kaizen with its innovative ingenuity, it will greatly improve its competitive strength.”

You can also describe housekeeping with the "Five Cs." Clear out anything unnecessary; configure a convenient place for everything; clean and check work areas; conform to standardized practices; and create a custom that make routine maintenance habitual.

Cutting Muda

The second component centers on muda, or waste, a term that refers to anything that doesn't add value to an organization's product or service. Cutting waste is a cost-effective way to boost productivity and reduce costs. For example, if workers on an assembly line must turn around to pick up a part, that movement adds a few seconds to the process. Simply moving the parts to a more convenient place would boost productivity. Purchasing new equipment to increase productivity costs money, but eliminating waste is free. Just be sure that your muda-cutting steps don't inconvenience or delay customers, such as eliminating airline counter personnel and creating a back up at peak periods.

“When a company in the service industry conducts its business inefficiently, the company is not only wasting its own resources but also stealing the valued customer's time.”

Reducing muda doesn't necessarily mean cutting costs; it might mean better cost management. Quality improvement is a first step. A better work process leads to fewer mistakes and rejects, although improving productivity also lowers costs. You can improve productivity by putting fewer people on the production line, which reduces the possibility for mistakes. However, the displaced workers should not be fired; rather, they should be put into other roles.

“Most managers prefer their desk as their workplace and wish to distance themselves from the events taking place in gemba.”

Inventory is a source of muda, because it takes up space, adds to production lead-time, must be stored and transported, and deteriorates in quality as it sits in a warehouse. Managers should reduce inventory and cut equipment downtime. Most manufacturing companies have too many employees, too much space, and over-long lead times. Managers can free space by incorporating separate workspaces into the main production line, and by reducing inventory. Lead-time can be reduced by filling customer orders more quickly and by improving communication with suppliers. The gemba must make its procedures flexible, efficient, and error-free to reduce inventories and deliver products promptly.

“Most managers come into contact with reality only through their daily, weekly, or even monthly reports and meetings.”

Muda takes many forms. The muda of overproducing comes from a line supervisor who wants to boost production to stay ahead of schedule in case of equipment failure or worker absences. Overproduction consumes materials before they are needed and masks problems in the production process. The muda of inventory refers to products that must be stored before delivery. Their quality deteriorates and a natural disaster or fire might destroy them. The muda of rejects refers to the waste that accompanies faulty products. Workers must dispose of the rejects and determine what caused the problem. The muda of motion describes wasteful walking by employees. An employee walking around is a sign that the workplace is inefficiently organized. The muda of waiting happens when a worker isn't doing anything because he is waiting for the next piece of work to arrive. The muda of transport occurs when forklifts and conveyer belts are working. No value is added during transport, and damage is a possibility. Shop floors should be redesigned to minimize wasteful transport.

Standardization

The third component is standardization, defined as documenting the best way to do a job. Enforcing standards maintains quality and

reduces waste. The four-step, plan-do-check-act cycle is a first step in implementing kaizen:

1. Plan - Set a goal for improvement and formulating a strategy.
2. Do - Put the plan in motion.
3. Check - Determine if the plan is working.
4. Act - Standardize the new procedures.

“One place that is definitely not gemba is the manager’s desk. When a manager makes a decision at his or her desk based on data, the manager is not in gemba, and the source of the original information must be questioned carefully.”

This cycle continually evolves, and its effect is that employees keep striving to find better methods. Standards define the safest, most efficient way to do a job. Standards preserve knowledge and provide a way to measure performance. They describe the cause-effect relationship. They provide a starting point for maintenance and improvement, establish goals and a starting point for training, prevent errors, and encourage consistency.

Kaizen systems

Kaizen requires the following systems:

- Total quality control - Also known as total quality management, this system focuses on achieving better quality, cost control, and delivery by involving everyone in the organization and by constantly improving procedures.
- Just-in-time production - Just-in-time production cuts waste by making systems conform to changes in customer demand. Popularized by Toyota Motors, just-in-time management lets companies cut costs, deliver products on time, and improve profits.
- Total productive maintenance - This approach aims to put equipment through exhaustive maintenance, making equipment more efficient and lengthening its useful life.
- Employee suggestions - A suggestion system encourages employee participation and boosts morale by asking workers to talk to their bosses about how to cut waste and improve processes.
- Small group activities - Voluntary, informal group discussions can help improve quality and productivity.

Ask "Why" Five Times

A rule of kaizen suggests that a manager can discern the root cause of a problem by asking five times why it occurred. Once a manager notices the symptom of a problem, asking "why?" the first time earns an answer that describes the symptom. Asking "why?" several more times peels back layers of symptoms and comes closer to the root cause of the problem. In kaizen, management’s two major roles are maintenance, that is enabling employees to follow standard procedures, and improvement, which is trying to elevate existing standards.

Gemba Kaizen Case Studies

Walt Disney World offers a good example of kaizen principles. Workers sit at the top of the organization. Garbage cans are placed so that customers have to walk no more than 25 steps to throw out trash, and the garbage cans are frequently emptied. Employees have specific job descriptions. All employees are told to make eye contact and smile, greet each guest, seek contact with customers, and thank each guest. Employee appearance is standardized through specific rules about hair coloring, tattoos, facial hair, fingernails, jewelry, cosmetics, and skirt length. Employees who transgress are corrected in private, away from customers.

“Many Western managers tend to choose not to visit gemba. They may take pride in not going to the site and not knowing much about it.”

La Buenos Aires, an Argentinian insurance company, decided that its goal would be serving customers, not selling insurance. Its "24-Hour Service" provides firefighters, guards, medical care, and other assistance to customers. The agency made each employee his or her own inspector. Charts showing feedback, such as customer complaints, were put on display in employee areas. Its "Jet-Claim" program pays up to seventy percent of the total amount of an insurance claim on the day that the claim is filed. This client-centered

approach was illustrated after an Argentine building was destroyed in 1984, resulting in nearly 100 deaths. La Buenos Aires owed money on 22 claims. The company set up a temporary office at the disaster site and made payments the day claims were filed.

About the Author

Masaaki Imai is a lecturer and consultant. He chairs the Kaizen Institute of Japan. His first book, *Kaizen: The Key to Japan's Competitive Success*, sold more than 179,000 copies and was translated into fourteen languages.
