

Way to leadership and competitiveness with Kaizen

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Abstract

This article describes the experience in crisis new models of enterprises activity, management of changes, relations with personnel are always looked for. One of the most efficient concepts of production and human relations is the concept of Kaizen. It is necessary to introduce modern management tools and principles of corporate management in the public sector. In conditions of WTO the Kaizen system, which is aimed at improving of efficiency and optimization of business processes, is a necessity for enterprises. Kaizen requires a systematic approach and considerable financial investments.

Keywords:

Kaizen system
concept
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1 Introduction

One of the most efficient concepts of production and human relations is the concept of Kaizen. It is necessary to introduce modern management tools and principles of corporate management in the public sector.

In the coming years, Kaizen will be introduced into oilfield service, because now this requires optimization of business processes in order to compete properly with foreign partners. Kaizen must be seen not as an original management system, but as a method or program, for example, implemented as a part of a quality management program.

2 Overview of the study area

In crisis new models of enterprises activity, management of changes, relations with personnel are always looked for. One of the most efficient concepts of production and human relations is the concept of Kaizen. It is necessary to introduce modern management tools and principles of corporate management in the public sector.

In conditions of WTO the Kaizen system, which is aimed at improving of efficiency and optimization of business processes, is a necessity for enterprises. Kaizen requires a systematic approach and considerable financial investments. For example, the head will need to pay daily about \$1 000 and more in order to introduce Kaizen into the enterprise. However, they are reasonable investments, a sort of "refreshing shower" for a dying business or organization. Unfortunately, in the CIS countries Kaizen has not received such popularity as in European countries, but in the future it must become not a luxury but a necessity.

In the coming years, Kaizen will be introduced into oilfield service, because now this requires optimization of business processes in order to compete properly with foreign partners. Kaizen must be seen not as an original management system, but as a method or program, for example, implemented as a part of a quality management program. For instance, Kaizen can be very useful in quality management systems based on ISO 9001 international

standard. As it is well known, this standard has become extremely popular all over the world (more than one million companies have introduced it) and passed several reissues. Given that the requirement of ISO 9001 standard for continual improvement causes the greatest difficulties for users, the choice of Kaizen as a tool for improvement can be the best solution. It is not surprising, since Kaizen can be translated from Japanese language as "continual improvement."

The principles of Kaizen are focus on customers, continuous changes in all spheres of production management, an honest admission of problems, promotion of transparency between company departments, creation of working teams, development of self-discipline of employees and self-improvement of each of them. The companies, following the Kaizen philosophy, and their staff show impressive results in their work. In business development for entrepreneurs it is important not only to have state financial support in the form of loan subsidies, pledge guarantees and preferential loans, but also to improve the competence of entrepreneurs. Japanese philosophy affects very simple things that are used to optimize the production process. But as a result, Kaizen gives a significant effect of improvement in productivity.

The basic point of Kaizen is to work on eliminating of seven types of losses, shown in Figure 1, that arise in the production process and do not have any value for a customer, but leads to an increase in product cost.

As a result of introduction of a lean production companies will have productivity improving, improvement of services and goods quality, reduction of cost, safety improving in the enterprise. In particular, for start-up companies 5S tool from Kaizen can be very helpful, also it is known as the method of ordering. Notable improvements can be achieved through establishing a simple order in the workplace. The ISO 9001 standard also requires that. The order in the workplace reduces the level of defects, number of incidents, loss of time and raw materials, etc., and also improves manageability.

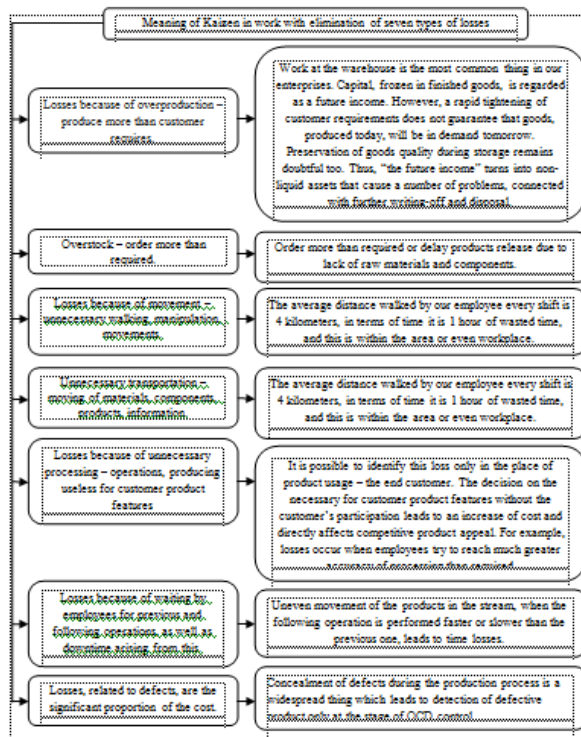


FIGURE 1 Meaning of Kaizen in work with elimination of seven types of losses

The implementation of these steps allows to take a fresh look at the situation in the workplace and throughout the organization which has become habitual. For successful change of the situation in our enterprises and preparation for use of Kaizen tools we need to learn to see production with customer's eyes and treat these losses as what we really lose, and not to look for excuses in technology, mentality, economic situation. All this reflects only a small part of the Kaizen philosophy. Only understanding of essence through the implementation of tools, changing attitudes, thinking and approaches to creating of value for the consumer can help us to understand that there are unlimited opportunities for improvement and development. The main advantage of 5S is that the order provides the basis for creating labor discipline and involvement of all employees in improvement programs.

Another Kaizen tool – PDCA cycle ("Plan-Do-Check-Act on improvement") is also in ISO 9001 and can be applied to almost any activity. This tool focuses on a continuous sequential accomplishment of stages, from planning to accomplishment of what was planned, then from checking of effectiveness and plans implementation problems to introduction of improvements through the elimination of causes for identified problems. It is expected that the accomplishment of the PDCA cycle never stops because problems will always be.

The most difficult part in the PDCA cycle is identification of the causes of the problems. For this purpose, Kaizen proposes to apply 5W and 5M methods. 5W method received its name from capital letters of interrogative prepositions in English language: What?, Who?, When?, Where?, Why?. It is sometimes suggested to add another preposition: How?. It is assumed that it is possible to reach the true cause of the problem by asking these questions consistently, approximately five times.

Another 5M method received its name from five (5) possible sources of problems: Machine, Men, Material, Method, Measurement.

It is necessary to analyze consistently all components of 5M, then almost all possible sources of the causes for the problems will be considered. Neither the PDCA cycle nor 5S method nor any other method of improvements cannot be implemented without all employees involved. Therefore, Kaizen, as well as ISO 9001, requires to make teams for improvements with employees, for example, Kaizen teams, quality circles or working groups on quality. At the stated time, the members of the team gather specially for searching of solution of problems or issue in the quality sphere. As a result, recommendations and proposals are made for senior management regarding improvements for organization activity. Kaizen, ISO 9001 and "Six Sigma" suggest a widespread use of tools for constant improvement implementation program. Start-up companies are first recommended to introduce seven simple tools of quality:

- Control chart (Shewhart);
- Bar chart;
- Pareto chart;
- Cause-and-effect diagram;
- Checklist;
- Process flow chart;
- Scatter diagram.

The top of Kaizen is considered to be JIT (just in time) and Lean (lean production) methods. In fact we are not dealing with two, but one method of lean production, the highlight of which is to eliminate any stocks both inside and outside the production cycle. Both undeveloped delivery system and non-optimized business processes prevent achievement of this goal. The most difficult part of lean production refers to arrangement of timely and accurate deliveries due to existing unsustainable logistics system. But non-optimized business processes within the organization are fully associated with lack of knowledge and skills in process management.

The concept of Kaizen is an integral part of Japanese everyday life. Focus on constant improvement permeates every activity of the inhabitants of the Land of the rising sun, both at work and at home, small improvements every day lead to significant changes in the future. This work has generalized many years' experience of Japanese management into a single concept which is understandable in the West. However, the Kaizen philosophy has not received proper development, limiting to mainly cursory tools usage. Even despite this, Western companies keep on obtaining impressive results from Kaizen.

The simplicity of Kaizen tools has the inevitable efficiency of their usage. Due to their simplicity these tools can be used by all employees at all levels of the enterprise. One of these simple tools is 5S, which is nevertheless a fundamental and universally applicable. The essence of the tool is to implement five steps which are aimed at maintaining an order. The implementation of these steps allows to take a fresh look at the situation in the workplace and throughout the organization which has become habitual.

All this reflects only a small part of the Kaizen philosophy. Only understanding of essence through the implementation of tools, changing attitudes, thinking and approaches to creating of value for the consumer can help

us to understand that there are unlimited opportunities for improvement and development.

We have a formed desire to get everything at once, here and now which is the most significant barrier to implementation of Kaizen by enterprises. Hope for an instant result and the attitude to Kaizen as another "pill of happiness" contradict the essence of philosophy.

In a market economy any business strives to improve its activities and maximize profits. Therefore, they must analyze their costs and look for ways to reduce them, and also organize the production system so that it works effectively. The effectiveness of the system is achieved by implementing of programs on improving of all business functions, from production to senior management.

For successful development of the enterprise under conditions of competition which becomes only harder every day, it is necessary to start from simple things and move in small



steps, leading to long-term and sustainable effect. Then it is possible that the Kaizen philosophy will become for us as natural and commonplace as for the Japanese.

3 Conclusions

Kaizen must be seen not as an original management system, but as a method or program, for example, implemented as a part of a quality management program. The principles of Kaizen are focus on customers, continuous changes in all spheres of production management, an honest admission of problems, promotion of transparency between company departments, creation of working teams, development of self-discipline of employees and self-improvement of each of them.

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