



How have Japanese SMEs become competitive?



Creation Co., Ltd.

President Masayoshi Utsumi

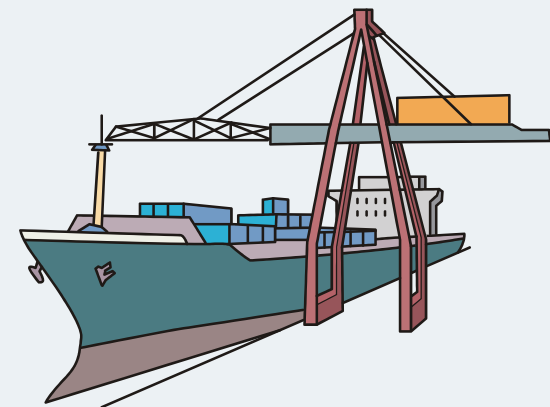


How have Japanese SMEs become competitive?

- 1 . Management of Japanese SMEs**
 - #1 Management, focusing on Corporate Philosophy
 - #2 Management, foreseeing the future
 - #3 Continuous Kaizen activities
 - #4 Management, taking advantage of ownership
- 2 . Strategy of Japanese SMEs**
 - #5 Differentiations in niche market
 - #6 High level quality control
- 3 . Human resource development of Japanese SMEs**
 - #7 Long term development
 - #8 Developing and handing down by the company



1 . Management of Japanese SMEs





Management, focusing on Corporate Philosophy

- Corporate Philosophy represents why the company exists
- Understanding from top management to the bottom employees
- Regular meeting opportunity reminds its employees of the importance
- Top management and employees make decision in accordance with the philosophy

Corporate philosophy of a company

- ◆ We shall satisfy customer, flourish, and make our dreams come true
- ◆ We shall always challenge advanced technologies, and manufacture products which does match the up-to-date market requirement
- ◆ We shall make ourselves valuable to the society

Corporate philosophy of a company

- ◆ Cooperation and progress
- ◆ Creating technology
- ◆ Social responsibility



Management overlooking the future

Establishing mid-term management vision and its penetration to employees

Mid-term management vision is...

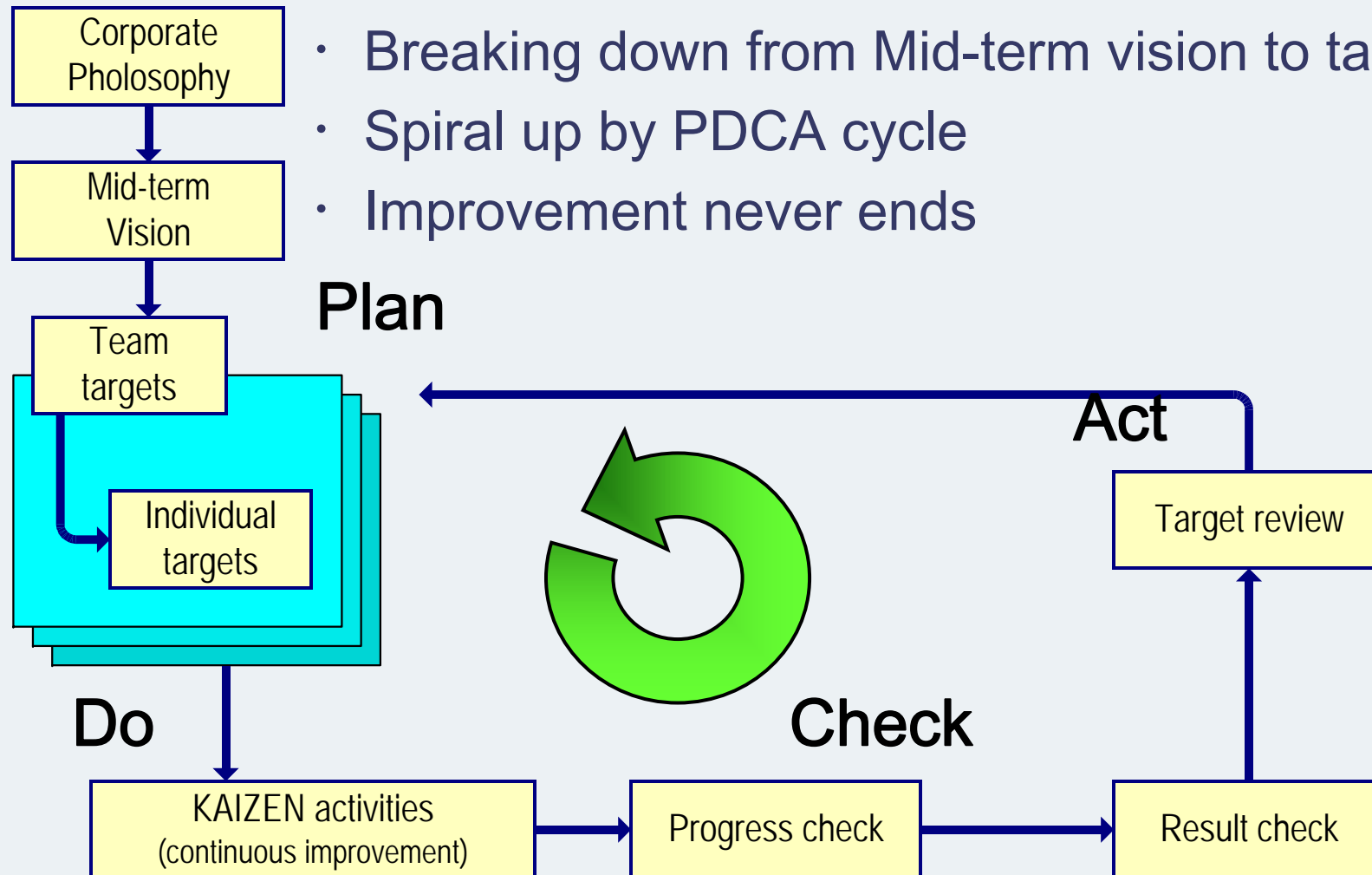
what top management images its company of a few years later thoroughly and verbalizes so that employees will easily imagine as well

Mid-term management vision of a company

- ◆ To develop new “delicious” and “healthy” products with our meat processing techniques and selected ingredients
- ◆ To be an organization where employees keep higher motivation and carry out spontaneous Kaizen activities
- ◆ To position ourselves as marketing-oriented food manufacture
- ◆ To be an integrated manufactures from production to retailing, to seek effective management



Continuous KAIZEN activities



- Breaking down from Mid-term vision to targets
- Spiral up by PDCA cycle
- Improvement never ends

Plan

Act

Do

Check



“Three Actuals” in KAIZEN activities

☆ What is “Three Actuals”?

Actual place, Actual stuff, Actual situation

1 . Seeing Actual place

1. To go and see the actual place where defect takes place
2. To go and see the actual place for sales

2 . Seeing Actual stuff

1. To see what the defect is like
2. To understand what is being sold well

3 . Understanding Actual situation

1. To understand why defect takes place, and take necessary corrective action
2. To analyze why the product is being sold well

KAIZEN always begins with precise understanding



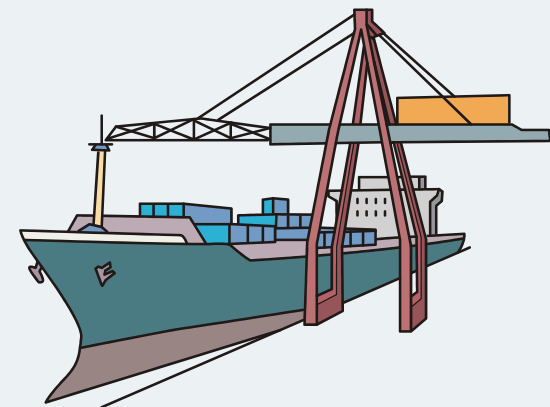
Management, taking advantage of ownership

- ▶ Taking advantage of ownership
 - Inimitable affection and responsibility to its business
 - Fast decision making and strong authority
 - Setting clear vision and targets
 - Strong leadership to achieve the targets

- ▶ Involving employees into management
 - Taking part in decision making of vision and target setting
 - Setting Vision and targets
 - Empowerment
 - Take well care of employees' opinion and independence



2 . Strategy of Japanese SMEs





Differentiations in niche market

Enjoy competitiveness, by focusing on a specific small customer segment

- ▶ Focusing on niche market
 - Not nation-wide, but local
 - Considering geographical aspect (age, gender, income, occupation etc)
 - Considering physiological aspect (lifestyle, value, characteristics, interest etc)

- ▶ One and only Differentiating points of products (functions and/or benefits)
 - Quality, Technology, Price, Style
 - Quality assurance, Maintenance
 - Customer care, Speed, Delivery



Case study: A lunch box manufacturer

Has become \$ 60 mio enterprise from a small lunch box delivery shop

<Company overview>

Business domain: Manufacture and sales of lunch box

Revenue: 60 million USD/y (approx. 4.7 billion JPY/y)

of employees: 400 (regular employees approx. 30)





What the lunch shop did?

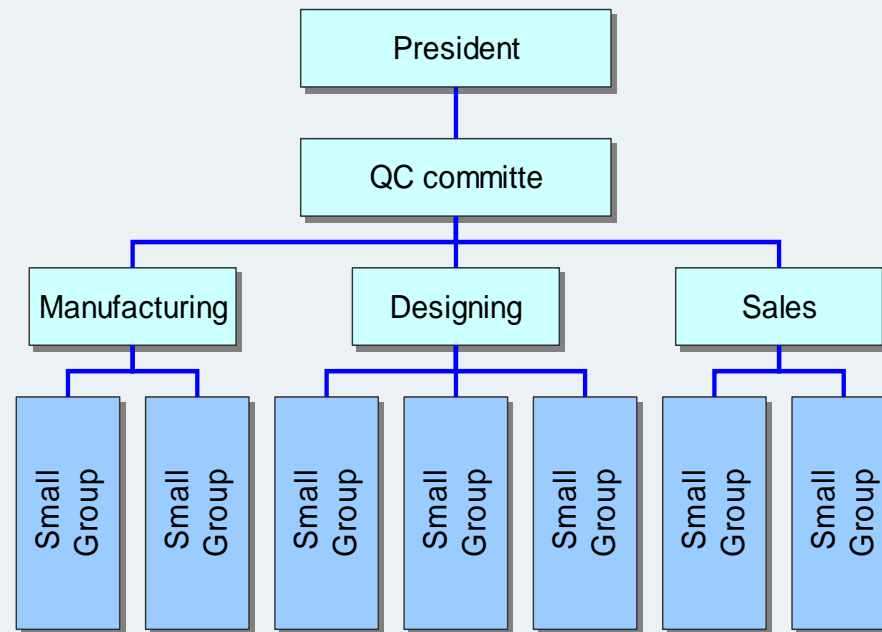
- 1 . Targetting at blue-collar labors such as truck drivers
- 2 . Pursuing “Delicious, cost performance, and fast”
 - Cost performance versus taste, volume and health
 - Serving in seconds
- 3 . Market limited to Hyogo prefecture
- 4 . Store making
 - Less decoration, less function and less budget
 - Atmosphere for ease of access
- 5 . Site location limited to road side





High level quality control

- ▶ **Company-wide Quality Control Activity**
 - Spontaneous quality improvement meeting by small group
 - Company-wide activity from manufacturing, designing, production, procurement, and sales





Implementation of Quality Control Activity

<Step for improvement>

Step 1 : Pick up the QC theme, along with Quality Policy

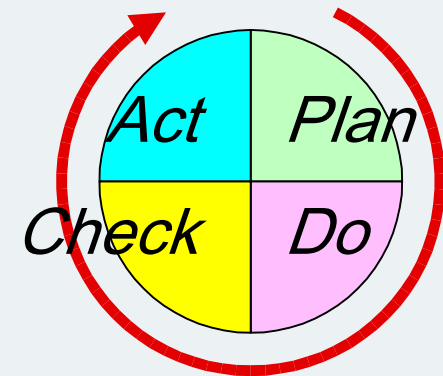
Step 2 : Understand the actual situation and set targets

Step 3 : Analyze the reason of bad quality

Step 4 : Come up with action(s) and execute

Step 5 : Check the result of the action(s)

Step 6 : Corrective action by standardization





Examples of targets for quality improvement

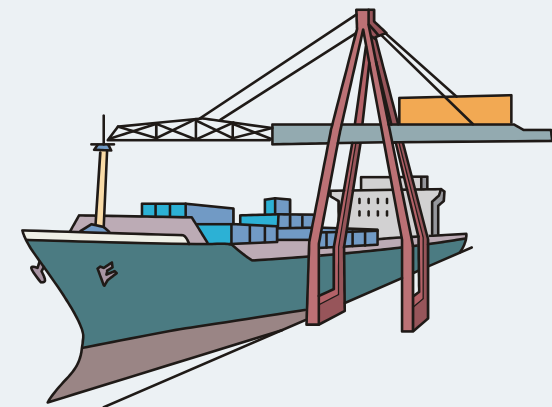
	Manufacturer
Design Manufacturing Sales	<ul style="list-style-type: none"> ■ # of defection in designing train components... 10/month to 5/month ■ Defection rate of train components... 3.0% to 1.0% ■ # of complaints due to miss delivery... 5/month to 2/month

	Supermarket
Store	<ul style="list-style-type: none"> ■ Improvement of staff's attitude toward customer ■ Improvement of freshness of vegetables, meat and fish

	Restaurant
Planning Kitchen	<ul style="list-style-type: none"> ■ Development of healthy menu ■ Shortening serving time



3 . Human resource development of Japanese SMEs





Long term development

- ▶ Planned internal training
 - Training by rank and/or function
- ▶ Planned Job rotation
 - Developing future manager, by experiencing horizontal functions (such as Manufacturing and Quality Control)
- ▶ Delopment by KAIZEN activities
 - Experience in leading KAIZEN small group will make the leader a future manager





Developing Morals by Corporate Philosophy

- ▶ Let employee well understand Corporate Philosophy
 - Corporate Philosophy will be Code of Conduct for employee
 - Corporate Philosophy will tell employee how important Quality control, Cost control, technology development, customer satisfaction, teamwork etc
 - Explaining why Corporate Philosophy was made and exists from top management to managers
 - Each managers will tell towards its subordinates
 - Speaking out loud at meeting and/or ceremony etc
 - Carrying as a philosophy card, exhibiting in the office



Penetrating to employees



Developing and handing down by the company

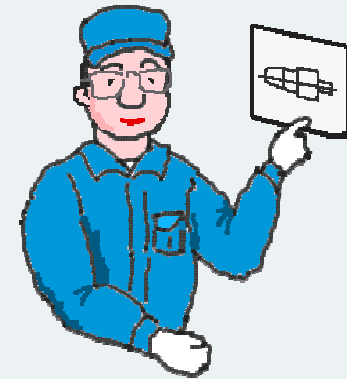
- ▶ Developing and handing down the core technology by the company itself
 - Core technology is usually difficult to be imitated
 - Company can expect competitiveness by differentiation

1. Standardization

- Creating work standard
- Take full advantage of the standard

2. Handing down the techniques and skills

- Onsite workshop by skilled employee
- Show it! And let them do it!



3. Cross-trained worker

- Cross-trained → higher operating rate and load leveling
- Training based on cross-trained worker development plan



Summary

- 1 . What-is-called “Japanese style management” is basically aimed for big enterprise
- 2 . Arrangements is necessary when you introduce it into SMEs
- 3 . SMEs need to steer itself, in accordance with the change of the environment
- 4 . The characteristics and strength of competitive SMEs
 - 1) Management
 - 2) Strategy
 - 3) Development of human resource