JICA KAIZEN Knowledge Sharing Seminar

Learning from Productivity Movement and Its Network in Asia for KAIZEN Dissemination and Network in Africa

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Self-Introduction

- Graduated from Univ. (1989)
- Socio-Economic Congress of Japan (1990-1994)
  - A think tank, sister organization of JPC
  - Research on the issues related to information society and enterprise management
- Japan Productivity Center (1994- )
  - Secretariat of JICA Productivity Improvement Project (Brazil, Costa Rica, Thailand, Paraguay, etc)
  - Plan and Management of APO related projects
  - Expert in JICA Productivity, KAIZEN related projects
    - Institutional Building / Promotion in 1st Phase of Tunisia QPI Project
    - Chief / Organization Building in Kenya Productivity Improvement Project
    - Vice Chief Advisor / Institution Development in 2nd Phase of Ethiopia KAIZEN Project
    - Leader / Collaboration Promotion / General Business Skill in HRD for Industrial Development in Kenya
Contents
1. What is Productivity Movement?
2. Development of Productivity Movement (cases in Japan and Singapore)
4. Lessons Learnt
1. What is Productivity Movement?
What is Productivity?

Productivity = \frac{Output \ (products, \ services, \ etc.\ )}{Input \ (raw \ materials, \ energy, \ workers, \ etc.\ )}
How can we measure productivity?

- Company level
  - Physical productivity ➔ Physical amounts
  - Value added productivity ➔ Money value

- National level
  - GDP per capita
  - GDP per person employed
Value Added Productivity

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>Value Added</th>
<th>Cost of Supplied Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>Personal Cost</td>
<td>Tax</td>
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</table>

- VA is the indicator to measure productivity improvement activities.
- To increase VA is the common interest of both managers and workers.
GDP (Gross Domestic Product)

- The sum of value added of all final goods & services within a county in a given period of time

Diagram:

- **Sales of all the goods & service**
- **GDP**
- **Intermediate Goods**
  - Private Consumption
  - Gross Investment
  - Government Spending
  - Export-Import
Comparison of Productivity (1) (GDP per capita)

PPP (constant 2011 international $) Source: WB Data Bank
Comparison of Productivity (2) (GDP per person employed)

PPP (constant 1990 PPP $) Source: WB Data Bank
Data of Botswana and Rep. of Congo was not available.
Productivity Improvement - From the Company to the Nation

(GDP)

(Industries)
- Textile
- Chemical
- Electrical
- Automobile
- Others

(Enterprises)
- A
- B
- C
- D
- E
- ...

(Industries)

(Enterprises)
KAIZEN and Productivity Movement

Employers

↑↑↑

Cooperation

Mutual trust

↓↓↓

Employees

↓
Defected products
↓
Cost
↑
Machine Utilization
↓
Delivery time
↑
Sales promotion
↑
New product dev.

KAIZEN (Narrow Definition)

↑

Competitiveness
↑

Value Added
↑

Productivity gains

Fair distribution of Productivity gains

Services Provided by National Productivity Organization (NPOs)

Training
Seminars

Training

Consultation

Productivity Research
2. Development of Productivity Movement (cases in Japan and Singapore)
History of Productivity Movement in Asia (Early Stage)

1948

- Establishment of NPOs in Europe
- Learning from PM in Europe

1955

- Est-NPO (Japan)
- Est-NPO (Rep. China)
- Est-NPO (Korea)
- Est-NPO (India)

1961

- Establishment of APO (Japan, India, Philippines, Rep-China, Korea, Pakistan, Nepal, Thailand)
- Expansion of Member Countries of APO
- Est-NPOs (Pakistan, Thailand, Nepal, Philippines)
- Est-NPOs
Productivity Movement in Europe

- Aiming at sustainable development of the economy after the World War II
- Assistance of US’s Marshall Plan
- Starting from UK in 1948, 16 National Productivity Centers were established.
- European Productivity Agency was established in 1953.
- Main focus went to ‘modernization of business management’, and ‘improvement of labor-management relation’.
Philosophy of Productivity Movement in Europe

"Productivity is, above all, a state of mind. It is an attitude that seeks the continuous improvement of what exists. It is a conviction that one can do better today than yesterday, and that tomorrow will be better than today. Furthermore, it requires constant efforts to adapt economic activities to ever-changing conditions, and the application of new theories and methods. It is a firm belief in the progress of humanity”

(Declaration of European Productivity Agency in Rome Conference)
Case in Japan
Background of Productivity Movement in Japan

Characteristics of Japan:
- Small Land, Only 380,000Km²
- Lack of Natural Resources

Economic Condition after World War II:
- GDP Per Capita US$ 270 in 1955 (US$ 46,720 in 2012) *Nominal
- Poor Production Facilities & Technologies
- Lack of Scientific Management System
- Lack of Foreign Exchanges
- Poor Labor -Management Relations

To reconstruct and achieve “Self-Sustainable Economy”
Establishment of Japan Productivity Center

- Established in 1955
- Initiated by Economic Organizations
- Approved by Cabinet Meeting
- As a Part of US Technical Aid Program
- Non Profit Private Organization supported by Companies, Trade Unions, Academics
- Difficulty in Promoting Participation of Trade Unions

‘Productivity Movement is the exploitation by the capitalist’. 
Three Guiding Principles of Productivity Movement

1. In the long run, improvement in productivity will increase employment.

2. Labor and management must cooperate.

3. The fruits of improved productivity must be distributed fairly among management, labor, and consumer.
## Transition of JPC’s Activities

### 1955-1970 Learning Stage
- Study mission to USA and Europe for learning modern management methods (management strategy, IE, QC, cost control, marketing, etc).
- Disseminating the knowledge through seminars, training & consultations
- Establishment of the system for sound labor-management relation

### 1970-1985 Application Stage
- Modification of management methods suitable to Japan (development of managers’ skills program, management functional training programs, Productivity Cruise, etc)
- Technical cooperation to Asian Countries.

### 1985-1995 Harmonization Stage
- Studies on socio-economic issues related to productivity, such as environmental issues, energy issues, the issues related to development of information society, etc.

### 1995-Now Innovation Stage
- Supporting innovation (Japan Quality Award, service sector productivity, development of future top executives / leaders in next generations, etc)
- Supporting career management and work-life balance
Services

Now JPC has 10 departments with 260 permanent staff
2,000 members, 72% from companies. Its 34% is SMEs.
7 regional centers and 9 prefectural centers

Top Management Seminar
Productivity Statistics
Management Consultant Training & Consultancy
KAIZEN Training for Managers
Conference of Japan Quality Award
Key Factors of Success – PM in Japan

- Strong initiatives of management side (private sector)
- Timely assistance from Japanese Government
- Utilization of academia for conceptualization
- Striving for survival as a private organization
Case in Singapore
History of Productivity Movement in Singapore

- **1965**: Learning from APO & JPC
- **1965**: Productivity Unit in Economic Development Board (1965)
- **1972**: National Productivity Center (1967)
- **1983**: National Productivity Board (1972)
- **1983-1990**: JICA Singapore Productivity Development Project
- **2002**: SPRING Singapore (2002)
Message from the Head of the Nation on Productivity Movement

The fruits of Productivity or of doing something efficiently and effectively are manifold. These may range from simple benefits like better job satisfaction due to improved work procedures. Or they may involve large-scale profits, which help maintain a nation’s balance of payments. Whatever these benefits may be, they directly or indirectly contribute to the well-being of an individual, a family, a community or a nation. **PRODUCTIVITY PAYS.**

(at National Day Rally in 1981)
Guiding Principles of Productivity Movement in Singapore

1. Higher productivity means producing better quality goods/services at competitive prices.
2. Improvements in productivity will increase the number of jobs in Singapore.
3. Management and labour must co-operate.
4. The gains from higher productivity must be shared among investors, shareholders, employers, workers and consumers.

“Teamy the Bee” Mascot of Productivity Movement in Singapore
Transition of Productivity Movement in Singapore

Early Stage
1965-1981
• Training & Management Consultancy
• Industrial Relations
• Various technical transfers from APO projects.

Awareness Stage
1982-1985
• JICA SPDP
• PM Sensitization
• Promotion of GMPs, LMJC, QCC
• National PM campaign
• National Productivity Council

Action Stage
1986-1988
• Skill upgrading of managers & workers
• Consultancy for operational efficiency
• Introduction of Productivity Linked Wage System

Ownership Stage
1989-1999
• Development of PM champions (companies & individuals)
• Private Sector Lead Annual PM Campaign
• Business excellence award

Innovation Stage
2000- Now
• Promotion of vibrant SMEs
• Local champions in key sectors
• Standard & Commerce Infrastructure
• Service sector productivity
Key Factors of Success – PM in Singapore

- Focus on creating productivity mindset among people with various tools & programs
- Strong commitment and initiative of the Head of the Nation.
- Technical transfer from APO and JICA projects.
- SPRING Singapore, as an agency under the ministry, formulates the policies and programs. It also organizes service providers.
Productivity Movement – Asian Model

- Committee on PI policy
  - Policy Support
    - Collection/analysis of statistical data on productivity
    - Sensitization of PI
    - Award/qualification for PI
    - Creating Demand
      - Implementation of PI Service
        - Training of company’s managers/staff/workers
        - Company assistance (consultation)
- Training of trainers/consultants for all industrial sectors
  - Creating Suppliers

Productivity Improvement of the companies (especially SMEs)
What is the APO?

APO’s Mission

To contribute to the sustainable socioeconomic development of Asia and the Pacific through enhancing productivity

- Established on 11 May 1961 as a regional intergovernmental organization to serve the Asia-Pacific
- 8 Asian nations as original members = Japan, Republic of China, India, Korea, Nepal, Pakistan, Philippines and Thailand
- A nonpolitical, nonprofit, and a nondiscriminatory body
Membership

- Japan (1961)
- Republic of China (1961)
- India (1961)
- Republic of Korea (1961)
- Nepal (1961)
- Pakistan (1961)
- Philippines (1961)
- Thailand (1961)
- Hong Kong (1963)
- Islamic Republic of Iran (1965)
- Sri Lanka (1966)
- Indonesia (1968)
- Singapore (1969)
- Bangladesh (1982)
- Malaysia (1983)
- Fiji (1984)
- Mongolia (1992)
- Vietnam (1996)
- Lao PDR (2002)
- Cambodia (2004)

20 Countries and regions
1. Strengthen NPOs and promote the development of small and medium enterprises (SMEs) and communities.
2. Catalyze innovation-led productivity growth
3. Promote Green Productivity
APO Programs and Activities

**Multi-country projects**
- Research
- Conference/Forums
- Multi-country Observational Study Missions
- Workshops
- Training Courses
- E-Learning

**Individual-country projects**
- Individual-country Observational Study Missions
- Technical Expert Services
- Development of Demonstration Companies
- Bilateral Cooperation Between NPOs
- Institutional Strengthening of NPOs

Provided by APO
The APO Community

Ministries, agencies in charge of productivity promotion

Other Government Officials

APO Directors/Alternate Directors

Other NPO Officials

Governing Body

APO Liaison Officers

National Productivity Organizations (NPOs)

Secretary-General and Staff

NPO Heads

Member Countries

Secretariat

Provided by APO
Governance of APO

Governing Body Meeting (GBM)

- Review activity results based on annual report and financial report
- Determine APO annual budget, policy, strategy, direction, and membership

Workshop Meeting of Heads of NPOs (WSM)

- Plan annual programs prior to budget endorsement by the GBM
- Form strategic plan based on the needs of the member countries
## Financial Sources

<table>
<thead>
<tr>
<th>Total Budget</th>
<th>Membership Contribution (85%)</th>
<th>Project Implementation Grants (15%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Amount of contribution of each member country is set according to its Gross National Income (GNI).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Minimum contribution is set (15,000 USD in 2015-2016).</td>
<td>• Each member country is requested for covering the local cost which is incurred when each country hosts the programs (accommodation, meeting room, honorarium, local transportation, etc).</td>
</tr>
</tbody>
</table>

Total Budget = About 14 Million USD (2013 FY)
APO’s Assistance on Dissemination of PM in Africa

Pan African Productivity Association (PAPA)

[Objectives]

• Assist with the establishment of NPOs in Africa
• Act as a forum for dissemination & sharing information on productivity
• Provide support to existing NPOs
• Strengthening productivity movement regionally and around the continent.

[Members]

NPOs in Botswana, Burkina Faso, Kenya, Maturities, Namibia, Nigeria, South Africa, Zambia

(PAPA Secretariat) Productivity South Africa
[ Assistance to PAPA from APO ]

Roundtable Conference on the Productivity Movement in Africa (2006)  (see Photo)
Basic Training Course for Productivity Practitioners (4 times in 2007-2010)
Advanced Training Course for Productivity Practitioners (2 times in 2008 and 2010)
4. Lessons Learnt
Benefit of Having PM Network in Asia – From the Viewpoint of an NPO

Enhanced mutual collaboration
- Mutual learning- strategy and activity
- Technical transfer to the developing NPOs
- Bilateral and multilateral collaboration
  - Business Excellence Program (National Quality Award)
  - Customer Satisfaction Index
  - Management Consultant Training Program

Development of common programs
- Productivity Practitioners Scheme
- Productivity Database
- Green Productivity – Eco Products Related
Challenges of Maintaining PM Network in Asia – From the Viewpoint of an NPO

- Securing the budget from the government
  - To clearly show the results and the impact of the activities implemented in PM network

- Continuously enhancing service quality of each NPO
  - If each NPO had failed, the network might have failed. Credibility of the network stands on the credibility of each NPO.
  - Each NPO needs to make the efforts to enhance improve quality of the services (training, consultancy, etc), in order to satisfy the clients. It should be ‘value for money’ and ‘competitive comparing with private service providers’.
Key Factors of Success – PM in Asia

- Shared common goal in PM
- Existence of Regional Network (APO) – for mutual learning and technical transfer among the member nations
- Assistance from the governments of member countries
- All NPOs’ efforts for strengthening own competences in their own environment.
Goal and Indicators of Productivity Movement (Image)

[Goal]
 Improvement of Economic Wealth

[Output]
 Productivity Improvement of National Economy and Industries

[Main Activities]
1. Promotion of Productivity Concepts
2. Improvement of Labor – Management Relation
3. Application of modern business management methodologies
   • Human resource development (Training)
   • Making good examples of business management (model companies through consultancy)

[Indicator]
Economic growth
Increase in employment

[Indicator]
Value added productivity (per industry / per company)
Thank you very much for your attention!