



Ethiopian Ministry
of Trade & Industry

KAIZEN Newsletter

Quality and Productivity Improvement



Japan International
Cooperation Agency

Contents:

KAIZEN: An im-
plementation in-
strument for the
GTP

1

The 2nd Phase of
the KAIZEN Pilot
Project launched

3

KAIZEN Project is
making the leap
to improving
Quality and Pro-
ductivity

4

Pictorial Presenta-
tion of some of
the achievements
obtained in the
first phase pilot
companies

6

Enjoy Reading

KAIZEN : An Implementation Instrument for the GTP

Ethiopia's vision in the economic sector stated in the government's Growth and Transformation Plan (GTP) is to: build an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy; sustain economic development and secure social justice; and increase per capita income of citizens so that it reaches at the level of those in middle-income countries. GTP is directed towards achieving this vision and sustaining the rapid and broad-based growth path witnessed during the past several years and eventually ends poverty. Creating favorable conditions for the industry to play a key role in the economy is one of the central pillars strategies of GTP set forth for the coming five years.

The GTP's industry growth objectives include transformation of the competitiveness of local industry and their value-adding capacity, enabling all industries to utilize their full capacity in order to increase production, improve industrial outputs and productivity, development of the attitude and skills of entrepreneurship in realizing the sector not only meant for job creation but also a place of expanding modern management systems and strengthen the foreign exchange earning

capacity of the industry. Industrial expansion will be promoted based on both export oriented and import substituting industries. The industry is expected to show average annual growth of 20 percent to contribute its share to the 11.2 percent annual growth rate of the country's GDP. In the industry sector, special emphasis will be given particularly to two major sub-sectors. Concerted efforts will be exerted to vastly develop the micro and small enterprises sector, which is the most important sub-sector towards employment generation. Due attention will also be given to the development of medium and large scale industries as well.

Though progress has been made, there are still challenges in the realm of changes in attitudes and cultural values conducive to industrialization, which inherently take time to evolve. The government is committed to speeding up these changes by expanding human capital and improving human development outcomes which is still a central pillar strategy of GTP that is essential for the implementation of government policies, strategies and programs. In order to be successful in the current competitive world market place as most Japanese corporations are, a culture of continuous evaluation and

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improvement is seen by many organizations as an essential tool to realize sustained advancement. Kaizen is one of the main tools to develop such a culture. It is with this evidence that the kaizen project was designed to enable the country to progress towards proper and sustainable improvement of the manufacturing industries thereby contributing to poverty alleviation and food security.

Kaizen is a Japanese word meaning “change for the better”. When used in the industrial management context, it means workplace-based continuous improvement and it focuses on human elements and advocates people’s process-oriented efforts for improvement involving the entire work force. The Kaizen business strategy approaches quality and productivity improvement with an emphasis on standardization of workplace environment and operation as the starting point. Standardization is indeed an enabler for quality and productivity improvement, allowing us to pursue improvements, for instance, to focus on eliminating waste or non-value-adding and unnecessary activities and articles in the systems and processes of an organization. Through practicing Kaizen we learn also how to perform our jobs to the best of our abilities. Its workplace focus leads to changes to maximize efficiency in existing resources allowing low cost improvements to accumulate for significant contribution to the organization’s goals.

The Kaizen project under way in Ethiopia at selected pilot manufacturing companies is achieving progress. There are ‘early wins’ being reported in terms of im-

proved workplace efficiencies. With respect to changes in people’s attitudes and mindset, we have been witnessing people at the workplaces pleasantly surprised at the changes they were able to make on their own initiative. With participation, collaboration and self-initiative, practicing of Kaizen that delivers results is a satisfying, even self-fulfilling, experience, which is the basis for the self-motivated workforce and management that work together towards satisfying customers. To implement the GTP, such changes in the organizational culture are needed during the next five years; kaizen is a planned intervention considered as internalizing instrument for these changes.

The problem of quality and productivity is recognized as national in scale. Hence, extending and disseminating achievements of those pilot companies to others and development of productivity and quality movement at national level are of paramount importance. Formulation of the national plan is one of the kaizen project components that will be prepared based on the signed agreement on expert assistance by Ministry of Industry, JICA and Kaizen Unit. To realize this and make it to continue, the scaling up and replicating of the kaizen project to speed up the development process of the country through GTP should be given special emphasis over the coming five years.

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The 2nd Phase of the KAIZEN Pilot Project Launched

The 2nd phase implementation of Quality and Productivity Improvement (KAIZEN) pilot project started on October 19th, 2010. It is known as the KAIZEN pilot project, which has now become one of the main aspects in the bilateral relationship of Ethiopian and Japanese governments, has been under way since October 2009. The project encompasses 30 selected manufacturing companies from five sectors and its execution is divided into two phases.

In the 1st phase implementation, Kaizen Unit (KU) members and JICA consultants visited the 15 first group companies five times after a four-day seminar was given to the companies' people for basic concepts of Kaizen. During the visits the companies were given intensive guidance how to implement 5S, i.e., standardization of workplace environment, as well as standardization of operation. The guidance for many companies, then, progressed into how to run Quality Control Circles (QCC). In the middle of the visits there was also a two-day experience work shop given by Yuko Yabe, a senior Japanese management consultant from Toyota Engineering Corporation. Having gone through various exercises under the guidance, many of the 1st group companies are now starting their own Kaizen activities. Though Kaizen is long term and, indeed, practicing of Kaizen has no end, very early outputs from Kaizen activities are already being reported by the companies.

At the end of the 1st phase, an intensive evaluation of the implementation was done by discussion among KU members, KU members and Companies and among JICA consultants. Thus, the 2nd phase was launched with a slightly modified guidance programme and more

clarity in the methods employed. Before this phase launched, the Kaizen Unit and the 2nd group companies' owners and top management thoroughly discussed on the subjects of the company management's commitment and preparation for the project activities.

The pilot project activities with the companies are designed to guide them through their self-organizing process of Kaizen. The guidance is given in 6 steps of total 12 sessions. There are total six sessions of group training, and six sessions of company-site guidance. Between the company-site guidance sessions, there are in-company Kaizen activities (self-exercise assignments). This process is to build a platform for self-practicing of Kaizen on the company-wide scale within each of the companies.

List of 2nd Phase Pilot Project Companies

1. Akaki Spare Parts & Hand Tools S.C.
2. Mesfin Industrial Engineering P.L.C.
3. Gatepro Metal Engineering P.L.C.
4. Maru Metal Industry P.L.C.
5. Kadisco Chemical Industry P.L.C.
6. Zenith Gebes Eshet Ethiopia Ltd.
7. East African Group P.L.C.
8. Walia Leather and Leather Products P.L.C
9. Ethio-Leather Industry P.L.C.
10. Seka Business Group P.L.C.
11. Nas Foods P.L.C.
12. Kaliti Food S.C
13. Adama Spinning Factory(Already Started)
14. Ethio-Japan Synthetic Textile S.C. (Already Started)
15. Amabasader Garment P.L.C. (Already Started)

By: Yigedeb Abay and Sientayehu Gashaw

Kaizen Unit Members

KAIZEN Project is making the leap to improving Quality and Productivity

The 15 first group pilot companies are now graduating from the Kaizen Pilot Project Guidance programme. The Guidance included group training sessions, company-site guidance sessions and self-exercise assignments between sessions, through which most of the companies have done their best to internalize and self-organize the Kaizen approach in their organizations. The Guidance is to assist the companies' self-organizing process of Kaizen, which lays the groundwork to start out to the self-practicing phase of Kaizen. Of the basic methods the Guidance helped the companies to learn and exercise, 5S (standardization of workplace environment), standardization of operation and organizing QCC, as well as initial exercise of elimination of 'Muda'-Waste are prominent. Among the foundation elements supporting these activities are commitment of the management and genuine participation of the front-line workers.

During the course of the kaizen project intervention working together with the first group pilot companies, there have been 'early wins' of qualitative changes and quantified results attained by the companies from their model workplace exercise. To mention a few of the qualitative results: clean working environment created, team work and motivation of workers developed, health and occupational safety of workers improved, lower level workers accustomed to suggesting improvement ideas to management decisions, knowledge obtained on how to meet timely delivery and to reduce costs. Some of the quantified results include reducing costs by Birr 10,000 per month and Birr 78, 000 per annum, generating additional income of Birr 1.2 million per year and Birr 204, 000 per day by just decreasing down time and increasing labor productivity, reducing time loss for searching tools from in the range of 50

to 100 percent with some of the preeminent kaizen performer companies. These encouraging outcomes and benefits have been attained through the execution of creative and ambitious activities of the kaizen core teams and QCC (Quality Control circles) members of the pilot companies. Moreover, the mind-set of managers and workers has been changing in terms of their self-initiative, collaboration and challenge for change, which are the basis of an organization that can pursue continuously improving quality and productivity.

It is of paramount importance to capitalize on the experiences gained from the model workplaces to scale-up kaizen implementation at company level so that each of the companies can start self-practicing of Kaizen on an ongoing basis. Depending on their performances and recorded achievements, five companies: Techtra Engineering Plc & Sintec Ethiopia Plc from Metal sector, Mathador Addis Tyre S.C & Ethiopian Pulp and Paper S.C from Chemical, Universal Food Complex Plc from Agro processing and G-7 Trading and Industry Plc from Textile have been recognized as early achievers of self-organization of Kaizen, hence, they will have bonus guidance sessions from the Kaizen project team for self-practicing and scaling-up of kaizen implementation in a company-wide scope. Other companies will be supported and followed up through designed means to steadily develop and expand kaizen activities. If kaizen is not practiced continuously, it is not kaizen.

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Pictorial Presentation of some of the achievements obtained in the first phase pilot companies



Before Kaizen



After Kaizen

Fig.1 Sort, Set-in-order & Shine are implemented to standardize the



Before Kaizen



After Kaizen

Fig. 2 In-process stock is repositioned to avoid Muda of transportation

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Fig.3 The walking way and the working area are separated to avoid traffic and for employee safety

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