Kaizen is a management strategy that focuses on constant, process-oriented improvement (Imai, 1986).

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Introduction

The challenge of rebuilding Japanese businesses from scratch after World War II, the oil crises of the 1970s and the resultant economic challenges that ensued in the '80s and '90s (for example, increases in the cost of raw materials and labour, increased international competition, changing consumer values and shorter product lifecycles) collectively provided the impetus for the rise of process-oriented management (and manufacturing) strategy of Kaizen. Various tools were introduced to Japan in the 1950s and '60s by American experts such as W.E. Deming and J.M. Duran, such as quality control, but these were subsequently developed in a very Japanese way so that Kaizen is now an umbrella term encompassing many management practices such as total quality control/circles, productivity improvement, zero defects, just-in-time and so on.

Today, Kaizen is seen as a people-oriented management strategy that focuses on constant, process-oriented improvement involving all levels of the organisation through a concerted effort at cooperation and involvement - particularly through the generation and consideration of suggestions by employees (Imai, 1986). Various writers emphasise different key features of the Kaizen concept, but many focus on three key notions: (1) Kaizen is continuous – which signifies both the embedded nature of the practice and the permanent, working towards quality and efficiency; (2) Kaizen is usually incremental in nature, in contrast to major management-initiated reorganisations or technological innovation (e.g. the installation of new technology or machinery); and (3) Kaizen is participative, entailing the involvement and intelligence of the workforce, and thus generating intrinsic psychological satisfaction and quality of work-life benefits for employees (Brunet and New, 2003).

In Japanese manufacturing firms the Kaizen concept is often applied directly to Management Accounting and Control Systems as well; this is called “Kaizen Costing”. For example, in the Japanese automobile industry an annual budgeted profit target is allocated to each plant. Each automobile has a predetermined cost base that is equal to the actual cost of that automobile in the previous year. All cost reductions use this cost base as their starting point (Atkinson et al., 2007).

Definition

Kaizen, as a philosophy, is defined as the spirit of improvement based on the spirit of cooperation and commitment; equally relevant in personal, home, social and working life (Brunet, 2000). The specific application of Kaizen to the workplace means continuing (and relatively inexpensive) improvement involving everyone: top management, managers and workers alike (Imai, 1986).
Successful Application

The implementation of Kaizen involves everyone - managers and workers - and requires a permanent commitment to the Kaizen principles. It is not meant to be implemented as a process, but rather to be lived at all levels of an organisation as a philosophy. In order to achieve this, management must nevertheless master a set of core elements and systems to realise the Kaizen strategy such as: plan-do-check-act cycles (PDCA), process versus result, putting quality first, speak with data and the principle that the next process is the customer (Imai, 1997). Implementation of particular improvement projects usually passes three stages: identification of problems (matters for improvement) by employees and formation of a habit to tackle them; conceptualisation of new ideas to improve the process; and formal submitting of improvement suggestions. Further there are five principles that must be implemented for a successful application of the Kaizen concept the so-called “5S”. The term “5S” comes from the five Japanese words that translate as: selection, systemic, cleaning, standardisation and self-discipline (Karkoszka and Honorowicz, 2009).

Steps to Successful Application

- Select a project, understand the current situation and set objectives.
- Analyse data to identify the root causes of problems, or inefficiencies.
- Establish and implement counter measures.

Imai (1997)
Hints and Tips

- Team action orientation, or the extent to which the team focuses on implementation rather than analysis. Published Kaizen event accounts suggest that events that emphasise “hands-on” activities (such as moving equipment to a future stage) will be more effective than events that focus on planning and analysis (Farris et al., 2009).
- Tool appropriateness: the selection and the quality of the tools used (Farris et al., 2009).
- Internal processes: Team research has typically suggested that internal team coordination is related to attitudinal outcomes and to team perceptions of team effectiveness (Farris et al., 2009).

Potential Advantages

- Kaizen, by encouraging the development of smaller, self-managing groups, consolidates team-working, increases on-the-job training potential and leads to a greater understanding of change and cooperation in the workplace (Brunet, 2000).
- The employee suggestion system is an integral part of the Kaizen management framework that helps to formally recognise employee efforts, offers workers a worthwhile role in company development and ultimately improves involvement in work (Imai, 1986).
- Kaizen, as a lean thinking approach, involves identifying human activities that absorb resources but add no value (muda, or waste, see Lean Production) ultimately facilitating the correction of problems in the workplace and adding value (Womack and Jones, 1996).

Potential Disadvantages

- Kaizen signals a permanent change of management system. Once implemented it is hard to return to previous management systems should the need or desire arise. Also, since Kaizen is intertwined with Japanese culture, it may be difficult to apply in other cultural contexts (Brunet, 2000).
- Kaizen can increase the burden on lower level management as they not only have to spend time on the shopfloor (the front line) facilitating the implementation of the approach, but they may also have to work after hours to complete their routine administration tasks (Brunet, 2000).
- Kaizen can lead to diminishing returns. The continuous improvement approach leads to a focus on smaller and smaller details with lower potential returns, without a concurrent reduction in effort (Brunet, 2000).

Performance Monitoring

- Lead-time (Doolen et al., 2008).
- Floor space (Doolen et al., 2008).
- Work-in-process (WIP) (Doolen et al., 2008).

Case Evidence

- Siemens brought Kaizen to their Belgian plant in 1993 by forming self-managed work teams emphasising teamwork and participation. Several problems were tackled: The storage area was reduced by 10% between 1993 and 1994, the ratio of indirect labour reduced from
25.1% in 1992 to 24.8% in 1995 and delivery reliability improved from 78% to 83% by 1995 (Imai, 1997).

- Canon, manufacturers of cameras, sought to manufacture better quality products at lower costs with faster delivery by using Kaizen. Canon’s management asked its employees to become problem conscious. 100 managers were asked to think of more than 200 tasks for improvement, and foremen 100, which were used to plan monthly activities (Imai, 1986).
- Kubota is a Japanese machinery manufacturer. Due to the rapid rise of the yen in the 1980s, Kubota was forced to cut its fixed and general costs. When the firm started using the Kaizen approach, it relied heavily on the involvement of the foremen in the management of production operations. The foremen would move workers during slack periods to other operating groups to improve their skills and introduce them to new processes and techniques. This way Kubota has achieved a continuous improvement environment in which each problem can be tackled by the individuals responsible (Matsumura, 1989).

Further Reading/Reference

Web Resources

- Conditions for successful implementation [http://smallbusiness.chron.com/7-conditions-successful-implementation-kaizen-strategy-17802.html](http://smallbusiness.chron.com/7-conditions-successful-implementation-kaizen-strategy-17802.html)
- The Kaizen Institute, founded by Masaaki Imai, the “lean guru” [http://www.uk.kaizen.com/](http://www.uk.kaizen.com/)

Books

- Kaizen: The Key to Japan’s Competitive Success, Masaaki Imai, ISBN 978-0075543329

References


Video

Video showing the implementation of Kaizen in a real-life plant.
https://www.youtube.com/watch?feature=player_embedded&v=bZnqWZVEpzs