Executive Summary on 12 Slides
The 'LEAN-RADAR' measures the strengths of a company.

During our 'Japan Seminars' we visit companies in Japan, and these are then discussed in terms of the lean production concept. The characteristics and strengths of each manufacturing system are determined and entered on the 'LEAN-RADAR'. As we visit 'lean flagship companies', the ratings are often very high.
HOW DO COMPANIES ACHIEVE OPERATIONAL EXCELLENCE?

Executive Summary on 12 Slides
Manufacturing excellence often goes hand in hand with a capacity for change.

Lean Production

QUALITY / JIDOKA

KAIZEN

JIT / JIS

VALUE STREAM

STANDARDISATION

MACHINE

PEOPLE

PERPECTIVES

SUSTAINABILITY

STABILITY

MOTIVATION

COMMUNICATION

INVOVLEMENT

LEADERSHIP

A uniformly high rating indicates: Operational Excellence achieved.

LEAN-RADAR: © AKKA Consulting GmbH
HOW DO COMPANIES ACHIEVE OPERATIONAL EXCELLENCE?

Executive Summary on 12 Slides
The pathway to Operational Excellence goes via KAIZEN.

These companies have spent many years creating their production system and striving to improve it. Such improvement activities are crucial when establishing a production system. These enterprises have become flagship companies because they have improved their own methods, processes and organization. This is the result of a continuous effort to improve processes, and herein lies the strength of the flagship companies in Japan. They all share the same aptitude for continuous and long-term improvement.
HOW DO COMPANIES ACHIEVE OPERATIONAL EXCELLENCE?

Executive Summary on 12Slides
This KAIZEN strength leads to Operational Excellence.

Lean Production

KAIZEN

QUALITY / JIDOKA

JIT / JIS

VALUE STREAM

STANDARDISATION

MACHINE

PEOPLE

Change Management

Sustainability

Stability

Motivation

Communication

Involvement

Leadership

Perspectives

LEAN-RADAR: © AKKA Consulting GmbH
Executive Summary on 12 Slides

However: They are only strong in KAIZEN because they are good at changing.
Executive Summary on 12 Slides
How can companies achieve Operational Excellence?

Finding 1: Operational Excellence cannot be achieved without the soft factors.

Finding 2: Managers / Executives play a decisive role in this respect.

Finding 3: Managers / Executives in Japan improve and lead differently to us:
Executive Summary on 12 Slides

Lean managers in Japan place their focus on the right side.

HOW DO COMPANIES ACHIEVE OPERATIONAL EXCELLENCE?

Management
steer improvement

Leadership
motivate staff for KAIZEN

Production System
design processes

Corporate Culture
communicate KAIZEN behaviours

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RDinterlogue
Executive Summary on 12 Slides

By contrast, we utilise only a portion of our potential ...

'KAIZEN with the left brain hemisphere'

'KAIZEN with the right brain hemisphere'

Leadership
- Lean-Vision
- Role of Managers
- Communication
- Employee Guidance
- Autonomous Improvement Activities
- KAIZEN Competitions …

Role Model
- KAIZEN Mottos
- Codified Corporate Culture
- Visualised Rules
- Discipline …

Corporate Culture
Executive Summary on 12 Slides
Moreover: Compared to us, Japanese companies place great importance on a bottom-up approach. This is another reason for their KAIZEN strength.

Surprising, but nonetheless true: Japanese companies are known for their rigid hierarchies, but lean flagship companies 'empower' their employees and give them enough freedom for KAIZEN.
Executive Summary on 12 Slides
The KAIZEN Balance MATRIX illustrates the differences.

HOW DO COMPANIES ACHIEVE OPERATIONAL EXCELLENCE?

Typical German / European companies

Lean flagship companies in Japan

The closer to the centre the more balanced is the approach = KAIZEN WORKS EVEN BETTER
Finding 4 – with regard to KAIZEN:
The right mixture is key – between top-down / bottom-up, and right / left brain hemispheres.

Finding 5 – with regard to leadership and organisation:
Excellence in value CREATION comes from APPRECIATION.
'Lean Production and Leadership
Operational Excellence of Companies in Japan'

Nothing is more inspirational than successful role models.

Illustration: R. Ditzer 2013
The KAIZEN BALANCE MATRIX – Operational Excellence Through an Even Balance of Management and Leadership

Detailed explanations of the Executive Summary
During our 'Japan Seminars' we visit companies in Japan; these are then discussed in terms of the lean production concept. The characteristics and strengths of each manufacturing system are determined and entered on the 'LEAN-RADAR'. We visit 'lean flagship companies', and so the ratings are often very high.

EMPIRICAL FINDINGS

The 'LEAN-RADAR'
measures the strengths of a company
The MATRIX of KAIZEN-BALANCE – Operational Excellence based on a balanced KAIZEN approach

Change Management

Lean Production

Sustainability

Quality / Jidoka

Stability

Kaizen

Motivation

JIT / JIS

Communication

Value Stream

Involvement

Standardisation

Leadership

Machine

Perspectives

People

LEAN-RADAR: © AKKA Consulting GmbH
EMPIRICAL FINDINGS

Lean flagship companies in Japan: KSK plant in Kanuma
Operational Excellence can be seen on the 'LEAN-RADAR'

Grading on the radar from 1 to 5, the further out, the better; top grade = 5.
EMPIRICAL FINDINGS

Lean flagship companies in Japan: BOSCH TgP (Tochigi plant)
Operational Excellence can be seen on the 'LEAN-RADAR'

Grading on the radar from 1 to 5, the further out, the better; top grade = 5.
Lean flagship companies in Japan: [Company X Plant Y]
Operational Excellence can be seen on the 'LEAN-RADAR'

Grading on the radar from 1 to 5, the further out, the better; top grade = 5.
LEAN-RADAR: © AKKA Consulting GmbH
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EMPIRICAL FINDINGS

Lean flagship companies in Japan: AVEX plant Tado
Operational Excellence can be seen on the 'LEAN-RADAR'

Date: 2014/09/16
Company: AVEX

Grading on the radar from 1 to 5, the further out, the better; top grade = 5.
Manufacturing excellence is shown on the right side. As you can see: The companies are equally effective in change management.
In other words: The lean flagship companies are effective in both hard and soft factors.

A uniformly high rating indicates: Operational Excellence achieved.
Lean flagship companies in Japan
A question ...

Just what makes the lean flagship companies in Japan so good?
'Lean flagship companies' have all reached a high level of Quality, Cost, Delivery (Operational Excellence). But this is just one result.

These companies have a vision of an ideal production process; they have defined the necessary principles and have introduced a **manufacturing concept**, i.e. a **production system**. The Toyota Production System is a world famous example, consisting of the following pillars:

- **Jidoka** (autonomation)
- Just-in-Time (flow, takt time, pull)
- Standardisation and **KAIZEN**

The specific terms and content can vary depending on the company, but such a **system** is used to determine the desired state (target state), and this is used to provide orientation. The staff are also well-acquainted with this manufacturing concept.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Because they have a manufacturing concept.

- **Customer First**
  - High Quality
  - Short and fixed delivery times
  - High Productivity

- **Jidoka**
  - 'Quality is a result of the process'

- **Just-in-Time**
  - Flow
  - Takt time
  - Pull

- **Kaizen**
  - Elimination
    - Muda
    - Muri
    - Mura
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Answer 2:
They have practiced continuous improvement for many years.

These companies have spent many years creating their production system and striving to improve it. Improvement activities are crucial when establishing the production system. They have become flagship companies because they have improved their own methods, processes and organization. This is the result of a continuous effort to improve processes, and herein lies the strength of the Japanese flagship companies. They all share the same **aptitude for continuous and long-term improvement**.
The mechanism of lean production, according to Professor Metternich:
The result is that the processes improve and the employees develop.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The relationship between KAIZEN and OPERATIONAL EXCELLENCE

The mechanism depicted on the 'LEAN-RADAR'

LEAN-RADAR: © AKKA Consulting GmbH
Lean flagship companies in Japan
Why are these companies so good?

Finding 1:
Because they rigorously conduct *KAIZEN* activities, they have reached a high level of Quality, Cost, Delivery (Operational Excellence).
However: There is no **KAIZEN** without the contribution of the staff.

Next question ...

How do they encourage their staff to continuously participate in these efforts?
Here it’s all about management and leadership: First you need to understand the lean improvement system in a holistic way.

WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Management
steer improvement

Leadership
motivate staff for KAIZEN

Production System
design processes

Corporate Culture
communicate KAIZEN behaviours

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Each circle contains tasks for executives / managers. Improving the company entails a variety of challenges.

**Management**
- Strategy (Policy Deployment)
- KPIs
- Shopfloor Management
- Visual Management
- Standardised Improvement Process (PDCA)
- Suggestion Scheme …

**Leadership**
- Lean-Vision
- Role of Managers
- Communication
- Employee Guidance
- Autonomous Improvement Activities
- *KAIZEN* Competitions …

**Production System**
- Lean Processes
- Flawless Products
- *TAKT*, FLOW, PULL
- Just-in-Time
- *KAIZEN*-capable Facilities
- TPM, 5S …

**Corporate Culture**
- Role Model
- *KAIZEN* Mottos
- Codified Corporate Culture
- Visualised Rules
- Discipline …
Lean leaders in Japan place greater emphasis on the right side of this system.
If the company is to improve, it is essential that the staff make a contribution. It is the job of the managers to motivate them to do their part. How can they succeed?

To answer this question, I use the term ‘KAIZEN with the right brain hemisphere’. The underlying principle is that KAIZEN managers not only address the traits and functions of the left brain, they also consider the right brain hemisphere.
If you layer and overlap the left, right brain hemispheres and the lean improvement system ...

**KAIZEN with the left brain hemisphere**
- Management
  - steer improvement

**KAIZEN with the right brain hemisphere**
- Leadership
  - motivate staff for KAIZEN
- Corporate Culture
  - communicate KAIZEN behaviours

**Production System**
- design processes

© Roman Ditzer, 2019
Left hemisphere: There are many principles and instruments to carry out lean and KAIZEN in a rational and systematic way.

Management
steer improvement:
• Policy Deployment
• Shopfloor Management
• PDCA
• ...

Production System
design processes:
• Just-in-Time
• 0 Defects
• 0 Stocks
• Kanban Guidance
• Andon, Pokayoke
• ...

KAIZEN with the right brain hemisphere

WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?
So what is 'KAIZEN with the right brain hemisphere'?
What exactly do managers in lean flagship companies do regarding *KAIZEN with the right brain hemisphere*?

**Humans**

Humans are not robots that work in a strictly rational way. In order to increase the motivation for *KAIZEN*, you also have to engage the right brain of your employees. There is a pro-*KAIZEN* attitude and behaviour. However, a *KAIZEN* culture must first be communicated to the employees. And this is the task of managers.

See here for further information on *KAIZEN with the right brain hemisphere*:
https://rdinterlogue.com/de/beratung#ppt
You will get further insights and specific ‘HOW TO’ tips at our Japan Seminars.

- Japan-Seminars: See how it works
- HOW TO: Workshops, Presentations, Consultation

Info and dates at: https://rdinterlogue.com/de/japan_seminar
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Lean flagship companies operate a balanced *KAIZEN* approach with both the left and right brain hemisphere.

*KAIZEN* with left and right brain hemisphere!

© Roman Ditzer, 2019
In Europe, on the other hand, we often only use part of our potential ...

WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

'KAIZEN with the left brain hemisphere'

Leadership
- Lean-Vision
- Role of Managers
- Communication
- Employee Guidance
- Autonomous Improvement Activities
- KAIZEN Competitions …

'KAIZEN with the right brain hemisphere'

- Role Model
- KAIZEN Mottos
- Codified Corporate Culture
- Visualised Rules
- Discipline …

Corporate Culture
In the original 'LEAN-RADAR', the elements on the left are part of the right brain hemisphere, and so this is why it is rotated here.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The mechanism depicted in the 'LEAN-RADAR'

They're good at change management (soft), so they’re strong in KAIZEN.

LEAN-RADAR: © AKKA Consulting GmbH

The MATRIX of KAIZEN-BALANCE – Operational Excellence based on a balanced KAIZEN approach
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The mechanism depicted in the 'LEAN-RADAR'
KAIZEN strength leads to excellence in manufacturing (hard).

LEAN-RADAR: © AKKA Consulting GmbH
Lean flagship companies in Japan
Why are these companies so good??

Finding 2: Operational Excellence cannot be achieved without the soft factors.

Finding 3: This is where managers / executives play a decisive role.

Finding 4: Lean leaders work evenly on KAIZEN with left and right brain hemispheres, thus enabling their staff to contribute consistently.
"When I come to a factory for the first time, I pay attention to the eyes of the employees – i.e. whether or not they sparkle."

This was said by a former top manager at Toyota. The sparkle in the eyes is a reflection of the motivation. This is also a measure of the management's performance.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

When the eyes light up, it is a statement about the abilities …

… from the shop floor and plant: If the motivation of the workforce is high, it is easier to drive improvements. However, as the former top manager at Toyota points out:

Building an organization and corporate culture like this takes a lot of time and effort!
Lean flagship companies in Japan
Why are these companies so good??

Finding 5:
Excellence in value CREATION comes from APPRECIATION.

Appreciation doesn’t only entail guidance and coaching on the part of managers, but also empowerment on the part of the organisation.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

There is another special feature of Lean flagship companies in Japan which cannot be represented on the 'LEAN-RADAR'.

*KAIZEN* follows a top-down approach as well as a bottom-up approach. This balanced strategy is another reason for the superiority of the lean flagship companies.

**top-down**
*KAIZEN* approach

**bottom-up**
*KAIZEN* approach
KSK’s *Kaizen* top-down and bottom-up activities

- **TOP DOWN**
  - TPS special mission by president
  - Quality improvement project (4 teams)
  - TPM sectional meeting (8 teams)
  - TPM small circle activity (31 quality circles)
  - *Kaizen* suggestion & award system (all employees)

- **BOTTOM UP**

© KEIHIN SEIMITSU KOGYO (KSK), Use of the graphic with kind permission of KSK
Unlike many Western firms, Japanese companies place great value on bottom-up: This is the reason for their KAIZEN success.

Lean flagship companies 'empower' their staff, giving them the freedom to develop KAIZEN. The autonomous KAIZEN activities carried out by Quality Circles in Japan are rarely seen in Western companies. Other examples include KAIZEN competitions and suggestion schemes (with incentives other than cash bonuses).
A company's *KAIZEN* approach can be visualized in a MATRIX: the 'KAIZEN Balance MATRIX'.

WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The closer to the centre, the more balanced the approach.

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The MATRIX of KAIZEN-BALANCE – Operational Excellence based on a balanced KAIZEN approach
Where are the Lean flagship companies in Japan positioned on this 'KAIZEN Balance MATRIX'?

Lean flagship companies in Japan

• systematically operate KAIZEN with the left brain hemisphere, while also placing great value on KAIZEN with the right brain hemisphere: You practise 'KAIZEN with left and right brain hemispheres'.

• have a good balance between top-down and bottom-up KAIZEN approaches.

So a position close to the centre of the MATRIX can be assumed.
And what is the relationship between 'LEAN-RADAR' and the 'KAIZEN Balance MATRIX'?
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The relationship between 'LEAN-RADAR' and 'KAIZEN Balance MATRIX' using the example of: KSK plant in Kanuma

Companies that are rated uniformly high in LEAN-RADAR are close to the centre of the MATRIX (Ø from 8 ratings in LEAN-RADAR, 4 in the MATRIX).

LEAN-RADAR: © AKKA Consulting GmbH; MATRIX: © Roman Ditzer, 2019
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WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

The relationship between 'LEAN-RADAR' and 'KAIZEN Balance MATRIX' using the example of: BOSCH TgP (Tochigi plant)

Companies that are rated uniformly high in LEAN-RADAR are close to the centre of the MATRIX (Ø from 5 ratings in LEAN-RADAR, 3 in the MATRIX).

LEAN-RADAR: © AKKA Consulting GmbH; MATRIX: © Roman Ditzer, 2019
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Lean flagship companies in Japan
Why are these companies so good??

The interrelation is actually the other way round: because they operate KAIZEN with a balanced approach, their rating on the LEAN-RADAR is high (Operational Excellence).

Finding 6:
The right mixture is key – between top-down / bottom-up, and right / left brain hemisphere.
Results from two years of using the MATRIX

Relationship between 'KAIZEN-MATRIX' and 'LEAN-RADAR'

Previous findings

Our Japan seminars make use of both instruments: the KAIZEN balance MATRIX and the LEAN-RADAR. Judging by the results to date, the lean flagship companies in Japan are indeed located close to the centre. The best companies also have a high and uniform rating on the LEAN-RADAR.

By way of comparison, the participants also rank their own companies on the MATRIX. The results show that many companies in Germany and Europe have a strong approach when it comes to 'KAIZEN with the left brain hemisphere', but have weaknesses with 'KAIZEN with the right brain hemisphere'. Moreover, the top-down approach is dominant, which ultimately leads to a position at the top left of the MATRIX.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Results from two years of using the MATRIX

Typical distribution in the 'KAIZEN Balance MATRIX'

Typical German / European companies

Lean flagship companies in Japan

The closer to the centre, the more balanced the approach =

KAIZEN WORKS EVEN BETTER

The MATRIX of KAIZEN-BALANCE – Operational Excellence based on a balanced KAIZEN approach
Derived from deviations from the centre of the MATRIX: Measures for strengthening *KAIZEN* and manufacturing

In case of a position at the top left of the MATRIX:

**Possible measures at the organisational level:**
- Introduction of Quality Circles (as an opportunity for independent *KAIZEN* training)
- Reinforcing the *KAIZEN* qualification (methodological competence for improvement)
- Executive training: ' *KAIZEN* with the right brain hemisphere' (coaching, communication ...)
- Holistic approach to decisions
- ...

**Possible measures at the managerial / executive level:**
- More time and commitment to *KAIZEN*
- Increased presence on the shopfloor (*genba*)
- More social interaction with employees
- Developing your own lean vision
- ...
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

A change in focus is also conceivable when introducing a reform or activating KAIZEN.

Recommended by Masaaki Matsuo, former plant manager at BOSCH, with reference to his manufacturing reforms.
WHAT MAKES THE LEAN FLAGSHIP COMPANIES IN JAPAN SO GOOD?

Locate yourself: Where is your company / organisation on the MATRIX? Are there any conclusions that can be drawn?

The MATRIX of KAIZEN-BALANCE – Operational Excellence based on a balanced KAIZEN approach

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Many Thanks!

Roman Ditzer