

## **Kaizen: Imperative Characteristic for Indian Entrepreneur, an Overview**

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### **ABSTRACT**

In today's competitive globalized market a 'quantum leap' in value creation is required to be taken to combat with world-class manufacturers from across the globe invading Indian market. Indian entrepreneurs need an imperative characteristic like 'Kaizen', to improve the value creation and customer satisfaction, resulting in improved market share and higher rate of returns on the investments. Kaizen is an improvement and ongoing improvement in all systems, processes and activities involving everyone in the organization – all level managers, supervisors and workers. Kaizen has an emphasis on process-oriented way of thinking and management system that supports and acknowledges people's process-oriented efforts. It is single most important concept in Japanese management, which played major role in competitive success of Japan. Its time for Indian Entrepreneurs to embrace Kaizen and make it an important tool for successful Entrepreneurship. This paper is a descriptive discussion of Kaizen in depth. Also in the later part strategical importance of Kaizen, as a tool for success of Indian entrepreneurs, has been discussed.

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**Keywords** – World-class manufacturers, Kaizen, Indian Entrepreneurs

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### **Introduction**

This is 21<sup>st</sup> century of LPG – Liberalization, Privatization and Globalization. There is a ruthless competition between Multi National Company's and Domestic companies as well Domestic to Domestic companies. In such tempestuous environments if Indian Enterprises and Entrepreneurs desire to stay alive, they must be equipped with various tools and techniques which will enable them to compete with Global giants.

In today's competitive globalised market a 'quantum leap' in value creation is required to be taken to combat with world-class manufacturers from across the globe invading Indian market. Indian entrepreneurs need an imperative characteristic like 'Kaizen', to improve the value creation and customer satisfaction, resulting in improved market share and higher rate of returns on the investments. Kaizen is improvement and ongoing improvement in all systems, processes

and activities involving everyone in the organization – all level managers, supervisors and workers. Kaizen has an emphasis on process-oriented way of thinking and management system that supports and acknowledges people's process-oriented efforts. It is single most important concept in Japanese management, which played major role in competitive success of Japan.

Though Kaizen has enabled Japanese companies to compete internationally and establish a clear competitive edge over companies world-wide, to the Kaizen concept and practice has been ignored by experts and hardly any efforts have been made to popularize Kaizen strategy at international level and especially in Indian organization.

It is time for Indian Entrepreneurs to embrace Kaizen and make it an important tool and technique for durable, profitable and successful Entrepreneurship. Kaizen can be very helpful in implementing Total Quality management (TQM) in Indian Organizations and the latter must learn the tactics of applying it in an effective way.

This paper is an effort of descriptive discussion of Kaizen in depth. Also in the later part Strategic importance of “Kaizen”, as a tool for success of Indian entrepreneurs, has been discussed.

### **Objectives**

The primary objective of this study was to understand the concept of Kaizen thoroughly. Also to understand how Kaizen will be helpful to Indian Entrepreneurs to overcome the cutthroat competition given by MNC's.

### **Background of study**

#### *KAIZEN – The Concept*

The Kaizen movement originated and flourished in Japan. After WWII most Japanese companies had to resurrect. Every morning brought new challenges, and rising to those challenges resulted in progress. Simply staying in business required a step forward everyday, and this made Kaizen a way of life.

KAI - 'change' or 'the action to correct'.

ZEN - 'good'

It can be said that, Kaizen has its roots in Deming's 14 management points. The fifth point says: “Improve constantly and forever the system of production and service” (Deming, 1982). It is commonly expressed as “continuous improvement.” Deming represented continuous

improvement as the repeated application of the cycle of Plan, Do, Study, Act (PDSA) to all business activities in the pursuit of making them ever better in delivering value to customers.

Masaaki Imai is the man who is known for development and popularity of Kaizen. As stated by Imai Kaizen is “everyday improvement by every person, everywhere” (Imai, 2010). The term kaizen umbrellas many other concepts and tools such as customer orientation, total quality control, QC circles, suggestion systems, standardization of work, cooperative employee management relationships, total productive maintenance (Imai, 1986)

According to Kaizen philosophy, when you identify a problem, you must solve that problem. Once you solve a problem, you surpass a previously set standard. This results in the need to set a new, higher standard and is the basis for the Kaizen concept.

Basically kaizen is small incremental changes made for improving productivity and minimizing waste. Kaizen is small change resulting in big advantage. It is philosophy which gives emphasis on continuous improvement of processes in manufacturing, engineering and business management. It has been applied in healthcare, government, banking, and other industries. It also applies to various processes like purchasing and logistics that cross organizational boundaries into the supply chain management.

#### *Features of Kaizen*

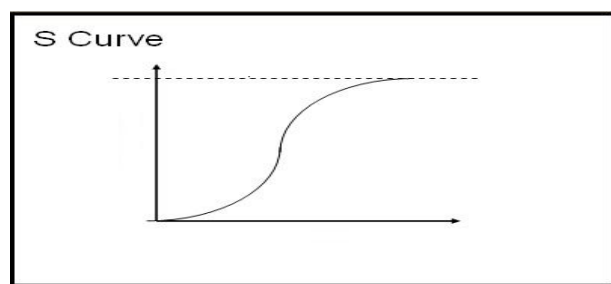
1. Applicability – It is widely applicable and can be used in both manufacturing and non-manufacturing environments
2. Effectiveness & results orientation - Kaizen events produce quick and measurable results.
3. A Learning Experience – For every member of a Kaizen Team it is learning experience
4. Team based & cross functional – Team members can be from various functions of the business. Top management participation is encouraged.

#### *Why Kaizen?/Benefits of Kaizen*

Kaizen helps to delight the customers either internal or external. Implementation of Kaizen ultimately results in elimination of all types of wastes (MUDA) in production and other processes. It helps in reduction of operations cost. The reduction of wastages results in improved productivity. Also the implementer is gifted by better quality. Ultimately all these points lead towards improved profitability and improved rate of return on investment.

### Continuous improvement as Tactics and strategy

The essence of continuous improvement is that processes and products can be improved without limit. But limits are still required because resources are limited. This can be explained by S-Curve. The curve shows the relationship between resources and the incremental results of that effort. This type of improvement is called as ‘incremental improvement’, which is the process of making something better through the accumulation of small, piecemeal improvements, one at a time. Great improvements eventually come from a series of small, incremental gains, which is the Japanese concept of Kaizen.



**Figure 1:** S-Curve

#### *Management Hierarchy and kaizen*

Everyone in the management hierarchy is involved in some aspect of Kaizen, as shown in the

**Table 1:** Management Hierarchy and Kaizen

Hierarchy	Aspects of Kaizen
Top Management	1) Introduce Kaizen as Corporate strategy, 2) Providing support, directions and resources for Kaizen, 3) Establishing policy, Realizing Kaizen goals through audits, 4) Building systems, processes and structures conducive to Kaizen
Middle management	1) To deploy & implement Kaizen goals, 2) To use Kaizen in functional capabilities, 3) To make employees Kaizen conscious, 4) Developing skills & tools for problem solving
Supervisors	1) Using Kaizen in functional roles, 2) Formulating plans for Kaizen & guiding workers, 3) Improving communication and keeping high moral, 4) Provide Kaizen suggestions

Source: Sharma, D D 2009, Total Quality Management – Principles, Practice and Cases, 5<sup>th</sup> Edition, Sultan Chand & Sons, New Delhi.

*Kaizen and Innovation*

Kaizen means small improvements made in the status quo as a result of ongoing efforts. Innovation involves drastic improvements in the status quo as a result of large investment in new technology and equipments.

Japanese culture of manufacturing motivates to the employees throughout the organization for patiently working towards continuous improvements. Whereas Managers in US and European organizations are less patient and quickly abandon improvement opportunities, when seem to be less immediate.

The gradual approach (Japanese) and the great-leap-forward (US) approach are the two contrasting approaches to progress.

**Table 2:** Gradual (Japanese) Versus Great-leap-forward (US & West) Approach

	Kaizen	Innovation
Japan	Strong	Weak
US & West	Weak	Strong

Source: Sharma, D D 2009, Total Quality Management – Principles, Practice and Cases, 5<sup>th</sup> Edition, Sultan Chand & Sons, New Delhi.

The western companies worship at the altar of innovation. Innovation is an attention getter, dramatic where as Kaizen is undramatic and subtle. Kaizen is a continuous process, innovation is a one-shot phenomenon.

**Kaizen and Indian Entrepreneurs**

*Management Support for Kaizen*

Kaizen requires everyone’s support. Entrepreneurs have to make a conscious and continuous effort to support Kaizen, or it will not last. If Indian Entrepreneurs can make the commitment of time and effort, the Kaizen strategy will pay off.

One of the major differences between Japanese and Indian management styles is the time frames they use to measure success. Japanese management has a long-term perspective while Indian Entrepreneurs tend to look for quick results. Unless top management is determined to introduce Kaizen, as a top priority and realize that it will take time, any effort to introduce Kaizen to the company will weaken before it ever flourishes.

**Table 3:** Kaizen Features and Innovations

Sr No	Features	Kaizen	Innovation
1	Effect	Long-term, Long lasting	Short term , Dramatic
2	Pace	Small steps	Big steps
3	Timeframe	Continuous, Incremental	Intermittent, Non-incremental
4	Change	Gradual, Constant	Abrupt, Volatile
5	Involvement	Everybody	"Champions"
6	Approach	Collective, group	Individualized
7	Mode	Maintenance, improvement	Scrap, rebuilt
8	Requirements	Little investment, Huge effort to maintain	Large investment, little effort to maintain
9	Orientation	People	Technology
10	Advantage	Work well in slow-growth economy	Better in fast growth economy

*Kaizen in Indian scenario*

Kaizen starts with the identification of problems. In our Indian “hire and-fire” environment, identification of a problem often has a negative implication. Managers are busy looking for fault with their employees, and those employees are busy hiding the problems. Changing the corporate culture is really the only way to nurture Kaizen.

People need to be encouraged to admit problems and try to come up with solutions. Kaizen's introduction and direction must start with management, but the suggestions for Kaizen should come from the bottom, since the best suggestions for improvement generally come from those working near the problem. Improvements will likely require retraining and company-wide changes, so absolute dedication to Kaizen and constantly improving is necessary to make it work. The benefits of Kaizen are obvious to those Entrepreneurs, who have introduced it to their companies. When Kaizen is first introduced, many companies see productivity increase by 30 to 100 percent, all without any major capital investments. Kaizen helps lower costs and lets management become more attentive to customer needs because it creates an environment that takes customer requirements into account. The Kaizen strategy strives to improve the process while paying attention to results. It is the effort that counts when process improvement is the

concern. A system should be developed that rewards the efforts of workers and managers, rather than simply giving recognition based on an end result.

The Kaizen concept is valid not only in Japan, but in other countries. By nature, all people have a desire to improve themselves, not exception the Indian Entrepreneurs. Although cultural factors do have an effect on an individual's behavior, that behavior can be changed with some effort. It is always possible to break behavior down into processes where you can establish check points for each process. Because of this, these management tools and philosophies are valid everywhere, regardless of the cultural obstacles that appear to stand in the way.

While applying Kaizen as an entrepreneurial system in Indian Enterprises, the entrepreneurs should involve every member of business (across all levels). There are five elements in the system:

- Teamwork
- Discipline
- Quality circles
- Morale
- Employee Input

In Kaizen, everyone within your enterprise is expected to share in the collective entrepreneurial experience - successes and shortfalls.

Its time for Indian Entrepreneurs to embrace Kaizen and make it an important tool and technique for durable, profitable and successful Entrepreneurship. Kaizen can be very helpful in implementing Total Quality management (TQM) in Indian Organizations and the latter must learn the tactics of applying it in an effective way.

### **Conclusion**

Kaizen is an improvement and ongoing improvement in all systems, processes and activities involving everyone in the organization – all level managers, supervisors and workers. Kaizen has an emphasis on process-oriented way of thinking and management system that supports and acknowledges people's process-oriented efforts. In today's competitive globalised market a 'quantum leap' in value creation is required to be taken to combat with world-class manufacturers from across the globe invading Indian market. Indian entrepreneurs need an imperative characteristic like 'Kaizen', to improve the value creation and customer satisfaction, resulting in improved market share and higher rate of returns on the investments.

From all above discussion it is crystal clear that if Indian Entrepreneurs need to prevail in ruthless competition, they must adopt the imperative tool for success i.e. Kaizen.

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