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Firms need to strategise to face globalisation

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MALAYSIAN companies hit by the recent economic downturn must recover fast and strategise themselves to face the tough competition in the globalisation era, a management guru said.

Kaizen Institute chairman Masaaki Imai said Malaysian companies, having just come out from the financial crisis, must realise that they are now competing against the best companies in the world.

"In this age, with the e-commerce and the global supply chain management, Malaysian companies have to know that they are now competing with the very best of global company.

"In order to survive, you must be as good as a global company ... and simply being good Malaysian company is not enough," he said when met at the end of a two-day Strategic Management Conference in Genting Highland recently.

Imai said companies trying to rebuild themselves after the economic crisis should consider looking into Kaizen management principles.

Imai, who is also the founder of Kaizen Management Institute, said companies need Kaizen most when improvement in operations is at the top of the agenda.

"You need to establish clear priorities first," he said.

Imai said companies have to start with addressing the quality, cost and delivery or QCD as these aspects are very important.

To do this, he said, companies need to understand the customer needs and see whether they are satisfying customers in terms of quality and safety management, cost and logistics management.

He noted that today's customers are becoming increasingly strict in their requirement and it takes a great deal of effort on the part of the management to satisfy customers' needs.

"Secondly, as most companies are now coming back from a low point, it is very important for everyone in the organisation to recognise the need to change.

"I believe top management needs to establish a clear target for improvement and inform the employees that unless the company makes improvement in the identified areas, there will be no future for the company as the competition is getting very tough today," he said.

He said the top management must communicate with their workers on the company's vision and target.

Kaizen, the Japanese-origin management principle, means continuous and sustainable improvement within a company.

The concept emphasises the Just-In-Time concept (production is dictated by consumers' demand), quality improvement and the elimination of wastage to improve efficiency.

Imai, who had written award-winning books on Kaizen, said the concept can be applied in all sectors such as manufacturing, services, logistics, railway, airline, the Government and the military.

He said Kaizen also involves total quality control, automation, zero defects, small group activities, good labour-management relations, productivity improvement and total production maintenance.

According to him, the concept also stresses on the elimination of "muda", referring to anything that is not adding value to the production.

"Muda is the simplest way to implement Kaizen, you simply stop what you're doing.

"There are muda of over-production, waiting, transportation, processing, inventory, motion and repairing," he said.

This also means making full use of existing resources, with people being the most important resource for any organisation.

He noted that many employers in manufacturing sector are hiring more workers than they really need and have more factory space than they actually require.

The best time to implement Kaizen, he said, is when an employer wants to hire more workers or wants to buy more machinery.

"You have to see whether you can make use of the existing people and machinery before deciding to employ more," he said.

Imai also related how Prime Minister Datuk Seri Dr Mahathir Mohamad was interested to implement Kaizen after reading Imai's book on the management concept.

"After reading my book, the Prime Minister said Malaysia needs Kaizen because the Western concept only stresses on innovation.

"And he also agreed that the Malaysian Government also needs Kaizen," he added.

Among the books that Imai wrote include "Kaizen, The Key to Japan's Competitive Success" in 1986 and "Gemba Kaizen: A Common Sense, Low-Cost Approach to Management" in 1997.

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