

Application of “Small Steps Strategy” in the Management of European Companies

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Abstract: The extension of the European Union represents a huge opportunity for the companies, but in an equal measure it is a real challenge, namely the one to face competition with European enterprises. Quality stands for a constituent part of the competitiveness but the extension of the European Union has made the developing countries and the countries with economies in transition to experience difficulties in raising the quality of the goods and of the services supplied. In the following paper, the authors will propose some solutions to improve quality using the ”strategy of small steps” which is widely known as Kaizen strategy.

Keywords: quality improvement; kaizen strategy; innovation.

JEL Classification: M12; M16; M54; O32.

1 Introduction

Among the functions of the quality management, quality improvement plays a significant role in reducing costs and raising competitiveness. A proof in this regard is the fact that the international standards ISO 9000 lay a particular accent on quality improvement: the enterprises managers are advised to implement a management system that should enable the continuous improvement of processes quality and their results in order to ensure the best satisfaction of the customers and society needs. Furthermore, organizations (even they are public offices or private organizations) have to be flexible and customer orientated. More and more clients expect perfect quality of products and services, short delivery time and a reasonable price. Therefore, companies need structured strategies that enable positive transformations to meet customer’s needs and expectations; through Kaizen strategy which is a ”strategy of small steps”, a lot of barriers can be overcome and this implies to involve everyone, including managers and also workers. That is why, the aim of the present paper is to bring up solutions to apply kaizen strategy in European companies.

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2. What does Kaizen, the “Strategy of Small Steps” Represent?

Continuous improvement represents a gradual advancement of the quality of products and services, of the productivity and competitiveness based on the whole enterprise’s staff participation (Olaru, Isaic-Maniu, Lefter, Pop, Popescu, Drăgulănescu, Roncea & Roncea, 2000).

This manner of increasing the level of quality had a distinguished development in Japan, where it is known as Kaizen (in Japanese kai means ”change” and zen means ”good” or ”for the better”, the compound term being translated by the syntagm ”continuous improvement”) (Palmer, 2001) (see figure 1).



Figure 1. Kaizen Definition

Source: (Masaaki, 2008)

The concept of kaizen has been developed by Masaaki Imai, chairman of Cambridge Corporation in Tokyo, which had set up the Kaizen Institute in 1986, a global organization that operates in Europe, Asia, America, Africa and Australia. In Masaaki Imai’s vision, Kaizen represents an “umbrella” concept that brings together the main methods applied in Japan in quality management, such as: quality circles, system of suggestions, total productive maintenance, etc.

Kaizen strategy is based on the principle of the gradual and continuous improvements in “small steps”, improvements generated by the employees through the application of a wide variety of structured methods and simple technologies; the message is that no day should pass without an improvement in the activity of the employees and of the whole company. The belief that the improvement represents an action without end is deeply rooted in Japanese mentality.

Kaizen is firstly focused upon the company’s employees which are motivated to participate in a responsible way in achieving the objectives regarding quality through specific incentives of the Japanese management such as: life employment,

wages in correspondence with the quality of work, the existence of trade unions in each firm, awards for the best contributions, etc. (Ionita, 2002).

Kaizen philosophy has revolutionized the Japanese economy over the last 30 years and its basis are to establish a work standard and continue to improve processes correcting the differences between the standard and the new results (Inoki & Fukazawa, 2007).

As Masaaki Imai says, “Kaizen is a long-term strategy, for a minimum of three years initially and it has to be repeated regularly”. As an example, the success of Toyota Motor Corporation comes from the fact that it has been carrying out Kaizen strategy from decades (the middle of the 20th Century) until today with no compromises (Masaaki, 2008).

Kaizen differs from quality improvement methods applied by European and American managers who put emphasis on innovations. The superiority of the Japanese concept results from the fact that in order to apply the “strategy of small steps” the necessary resources are of no significance while the strategies based on innovation require very high investments, changes being radical as compared to the initial situation (see figures 2 and 3). Improvements, even small, have a very strong effect on long-term due to continuous accumulation of new changes.

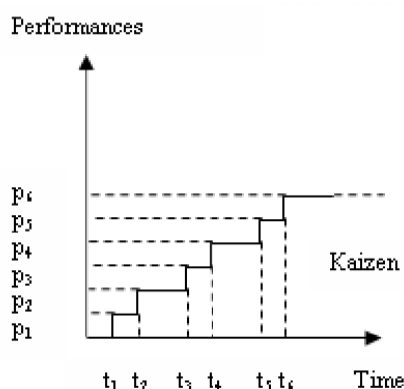


Figure 2. Quality improvement through Kaizen strategy (“strategy of small steps”)

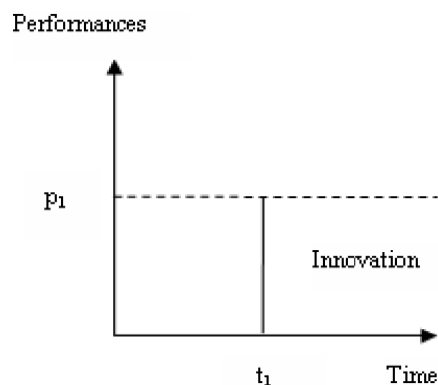


Figure 3. Quality improvement through innovation strategy (“strategy of big steps”)

There are more aspects that make a blunt differentiation between Kaizen strategy and innovation strategy among whom are as follows:

- Kaizen strategy brings forward the employees of the company and it relies on the efforts of the entire enterprise’s staff, these ones being motivated to participate in the most serious and responsible manner in achieving the objectives regarding quality improvement. Considering the innovations, they

require the implication of small elite, of the top managers who determine the introduction within the organization of the innovative discoveries.

- Kaizen strategy focuses on the process, while innovation focuses on the results (Filip, Morariu & Popescu, 2004).
- Kaizen strategy has as main factor of success the human factor, while innovation relies on the technical and financial factors (see table 1).

One of the most significant aspects is the fact that within enterprises who apply the Kaizen strategy, the main preoccupation, before the quality of product, is the “quality” of the employees. These employees have to understand the necessity of continuous improvement so that this should turn into a state of spirit for anyone of them.

Table 1. The main elements that makes difference between Kaizen strategy and innovation strategy

Criteria	Kaizen Strategy	Innovation Strategy
The complexity of change	Small	Big, radical
The frequency of change	Big	Small
Boundary in time	Continuous	By leaps
The degree of risk	Low	High
Participants	Every employee	Appointed persons for innovation
Motto	Maintain and improve	Renounce to previous situation and reconstruct
Technologies	Existing level of technique	Significant technological change, new solutions
Effort	Small investment, strong mobilization	Significant investment, weak mobilization
Main factor of success	Human factor	Technical factor, financial factor
Effect	Slow economic growth	Fast economic growth

According to Hamel M.R. there are ten basic ground rules of kaizen shown in figure below:

- Kaizen ten basic ground rules**
1. Leave all titles and ranks at the door.
 2. Treat others as you would like to be treated.
 3. Improvement requires change. Do not waste time justifying the current situation.
 4. Keep an open mind.
 5. Maintain a positive attitude.
 6. Deal from data, not perception or emotion.
 7. Create a blameless environment.
 8. There is no substitute for hard work (serious work).
 9. Plans are useful only if they can be applied and if the gains are sustainable.
 10. Just do it...now!

Figure 4. Kaizen ten basic ground rules

Source: (Hamel, 2010)

There are many issues to be solved in the working environment where the enterprise's staff activates. According to Kaizen, firstly, people have to identify the problems. Then, they have to understand and to acquire the techniques and the instruments to solve those problems, so that, after having identified them, they should solve the problems themselves (Olaru, Isaic-Maniu, Lefter, Pop, Popescu, Drăgulănescu, Roncea & Roncea, 2000).

Both European and American managers have shown interest in Kaizen, but for the moment that strategy is not widespread in these continents. Masaaki Imai says that, in order to successfully implement Kaizen, some changes should occur in organizational culture and system of values. Managers in countries where material and financial resources are insufficient for sudden changes, such as radical innovations in technology, should take into account the possibility to implement the strategy of continuous improvement (Ionita, 2002).

To implement Kaizen in European companies, managers should consider the following aspects:

- top managers should renounce the idea that action takes place only in their own office; to have success managers should observe the real elements where they are taking place, finding possible causes of problems in “gemba” (in Japanese “gemba” means the place where events take place) (Masaaki, 2006);

- employees must be encouraged to develop the ability to work effectively in team (the Japanese have a cult for teamwork; their quality circles are worldwide known);
- every employee must be encouraged to express his own creative ideas, no matter how absurd they may seem to be (Japanese have introduced so-called “suggestions system” that involves collecting suggestions for improvement made by the company’s employees, the best ideas being awarded);
- employees should be encouraged to make suggestions to improve the activity of their own and of the entire working group;
- managers should pay much more attention for the staff training so as their suggestions have practical applicability;
- there should happened a change of the employees mentality and attitude, those ones being much more difficult to achieve than the acquiring of new work methods;
- top managers should be the first involved persons considering the power of personal example;
- it is essential for managers to understand and properly assess the consequences before acting and this can be possible through the application of Deming’s cycle (this cycle can be applied in any areas of activity within an organization, following four phases: Plan-Do-Check-Act).

3. Conclusion

The main advantage of kaizen strategy (a ”strategy of small steps”) is flexibility so that it can be adapted and put into practice by organizations regardless of their profile. The improvements, even if of small dimensions, have a very strong effect on long-term due to continuous accumulation of new and new changes. Unfortunately, many of the companies’ managers try to resist changes and find reasons why they should not do them. Changing and continuously improve with kaizen strategy means to assume less risks and to invest less money for change but gain much more positive results.

Kaizen strategy may provide for companies the possibility to be competitive and to offer products and services that fulfill consumers’ needs and expectations. The central point is that in order to apply continuous improvement, companies should consider quality not as a separate feature of a product but as a philosophy to be endorsed by the entire organization; ignoring clients’ requirements in the field of quality will lead the company to business failure.

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