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Published by S. Yoshida, GTR Institute, Tokyo Japan E-mail: gtr-inst@wta.att.ne.jp

Out-Sourcing or In-House Making

Many managers think blindly that out-sourcing tool-making is cheaper and more efficient than in-house making without any proof. But that is not true.

In Kaizen, in-house making is strongly recommended to adopt as LCA (Low Cost Automation) because of the following reasons.

- 1) It is far more cheaper.
- 2) Internal human resources are utilized effectively in particular when redundant workforce is eliminated from production processes as the result of Kaizen.
- 3) New technologies and skills are kept inside the company.
- 4) The total manufacturing lead time can be reduced 1/2-1/5.

When you visit any benchmarking manufacturing companies in Japan, you will find a great number of LCA's such as jigs and fixtures, tools, Poka-Yoke (Fool proof devices), parts-racks and other gadgetry. Those LCA's are designed and constructed in-house by special groups of manufacturing employees including production workers which are often called Kaizen Han (Group). Like many other Japanese electronics companies, Canon decided to scrap the long-moving conveyer production lines and replace them with one-piece flow "cells" a few years ago. The cells are designed and constructed by workers.

To Know What Customers Really Want to Buy is the Key For Success (KFS)

Yes, that is true. But few companies are successful in finding out what will attract customers most as the next new products. Today in the advanced industrialized countries so-called "the affluent society", how to sell is more important than how to make. In other words, product design has a decisive meaning in business.

According to a survey conducted recently by a Japanese market research company, the female customers with the age bracket of 20-34 years have the deciding power (75%) of almost any products including cars, DVD recorders, digital TV sets, homes and restaurants. Japanese business men must understand what they are interested in to meet the rapidly changing market. Japanese markets are not controlled any more by the hen-pecked husbands, but active female herd.

Seven-Eleven of Japan, a huge convenience chain store company, is so much successful with more 10,000 stores in Japan that it bought out its parents company in USA and is now expanding business in China and other Asian countries.

Toshifumi Suzuki, chairman of Ito Yokado parent company of Seven Eleven Japan, says the past experience of success is dangerous as it might mislead you. He is a man of Gemba. QFD (Quality Function Deployment) is a tool developed by Professor Yoji Akao 30 years in an effort to find out what the customers really want to purchase.