

Meeting the Masters – Part III

I live a very serendipitous life. Without any background in engineering or Japanese management I was able to discover so many amazing people that have radically changed the world of manufacturing. Probably, the most important learning for me to discover the great people, especially in Japan, has been leading over 30 study missions to Japan. When I visit a Japanese company, I listen carefully and asked the Japanese managers to guide me. (I am going again this March.)

One day, I was at the Japan Management Association in Tokyo and Mr. Uchiyama, editor of their books, asked me to follow him to a tiny little office. On the door was Japan Institute of Plant Maintenance. I had no idea what this was about but when we entered into the office they gave me two books on Total Productive Maintenance (TPM). Without knowing what this was about, but trusting Mr. Uchiyama, I signed a contract to translate and publish the two books into English. I gave the books to Professor at Harvard University and agreed to pay \$16,000. A few months later I was given the translation and I couldn't believe that I paid \$16000 for it because I just didn't understand it. Fortunately, Noriko Hosoyamada looked at the translation and told me it was very poorly done. Without thought, I gave the original Japanese books to a professor at Yale University, Drew Dillon and paid him approximately the same to re-translate the books. He did and once again I was given a great “goldmine.”

TPM is a real heart of the Toyota success story. TPM looks at a machine as if it was an airplane, which could never go down (they are both made of metal) and looks at a new machine as if it was in the worst condition of its life and makes the operator the prime person responsible for maintaining it. Like a pilot, the operator has a checklist to use before operating the machine to insure that it is in the best operating condition. And some companies in Japan, the operator is also responsible in fixing the machine when necessary.

Seiichi Nakajima who understood the power of the Toyota Production System and the vital need to maintain equipment at almost a perfect level created TPM. I brought Mr. Nakajima to America to speak at our conferences and I remember at one conference on TPM over 1000 people attended paying over \$1000 each – it was a million-dollar event. Mr. Uchiyama gave me an amazing gift.

But probably, the most important master that I met beside Mr. Ohno and Dr. Shingo was W. Edwards Deming. In June 1980, I saw an NBC TV program titled “if Japan can do it why can't we.” In that program, we were introduced to Dr. Deming and also to Joseph Juran. I immediately, went to meet both of them. Ironically, 26 years earlier I was a student at New York University Graduate School of Business and wanted to take a course in statistics, but Howard, a fellow student, told me not to take the course because it was too difficult. Unfortunately, I listened to Howard, foolishly for I was a very good math student and whom do you think taught the course – Dr. W. Edwards

Deming. Looking back at a wonderful life I should've been the richest man in the world if I only listened to my own heart and not of the people's advice. So be careful.

Dr. Deming was invited by General MacArthur in 1951 to help Japanese business. Japanese Union of Scientists and Engineers (JUSE) invited 300 of the top Japanese manufacturing leaders to hear Dr. Deming. He taught them the power of Statistical Process Control and that if they would follow his advice, they could become the quality leaders in the world. They did and look at their success. JUSE wanted to give Dr. Deming a financial award for his lecture but he refused and told them to use the money to set up a prize. They took his advice and set up the Deming prize which all-top companies in Japan competed for. They use the prize as a catalyst to excite all of their workers to obtain very high quality. I advise all of the readers to go study Deming's Fourteen Points of Management and apply them just the way the Japanese companies did, with no exception, especially Point Number 8. "Drive out fear, so that everyone may work effectively for the company." Stop penalizing people for making mistakes and recognize that making mistakes is the way we learn.

The great quality master in Japan was Dr. Kaoru Ishikawa who learned from Dr. Deming and uniquely took the quality tools, which was exclusively used by quality managers and taught them to every single worker through Quality Control Circles – simple but a very powerful technique that every American company should be doing – why are you not doing it? One day many years ago, I went to a wire manufacturing company in Connecticut and I watched a young lady threading two spools of wire at the same time. She was very good. I asked her, "What do you do when you discover a defect?" She said, "When I first started here, I put a tag on a defect. My supervisor came over and ripped off the tag and said what are you trying to do; take away the job from the quality manager!" It was very strange, for they had around the 30% defect rate on that operation.

Hiroiyuki Hirano was of a great master who wrote the JIT Implementation Manual. Here was the first compilation of the fundamental tools that Toyota had developed. I had the "?" to sell the two books for close to \$3000 and they sold like hot cakes, no one ever complained about the price. Hirano was also a master of visual control systems – 5S and gave me a wonderful picture book to sell.

Since I was not an engineer, I liked the best the Japanese Suggestion System. Kodak in the late 1980s was credited on starting the first American suggestion system and the first suggestion was "Clean the windows." Probably a wonderful idea back then, but the problem was instead of the worker implementing the idea, the supervisor thought it was his/her responsibility to do it. So a great system, invented here, ended up being a Suggestion System where the worker would get 10% of the savings but the company would get very few ideas. In fact, the average American worker came up with one implemented idea every seven years. Toyota adopted our system around 1970 but quickly made it into an employee empowerment and involvement system and at one time was getting 80-implemented ideas per employee per year. I was taught this

system by Bunji Tozawa at the Japanese HR Association and wrote three books and spent about 10 years teaching it to American industry. Bunji has been teaching this for over 25 years in Japan. It is so simple and so powerful and yet few American companies have adapted it.

An exception, is Paul Akers, president of FastCap in Ferndale, WA who wrote a book titled "2 Second Lean" about his company where every employee submits at least one improvement idea every single day. I would say Paul's company is probably the best Lean Company in America.

A key part of the whole Lean scenario is our accounting system, archaic and in a true sense anti-lean. Somehow, our accountants determined that inventory was a great asset and told us the more we produced, we didn't even have to sell the product, would give us a greater profit. Many companies would go crazy at the end of a quarter, especially at the end of the year to produce as many products as possible. Yasuhiro Monden, another great Japanese master, gave us a new and clear understanding of the role of Japanese Management Accounting. Accounting, instead of just being a profit reporting system, became a very valuable tool to manage the manufacturing operation. I was most fortunate to meet professor Monden in the early 1980s and publish some of his books.

I guess the greatest master of the last hundred years was Henry Ford who developed the modern factory. He more than anyone else revolutionized American industry and brought great wealth to our nation. As I said in an earlier article Taiichi Ohno learned from Henry Ford to create JIT, the Toyota Production, and you should go back and read his books.

It truly has been a miracle for me. I was actually the dumbest student in grammar school. I couldn't read very well. I couldn't spell at all. I couldn't write and I still have a terrible memory; I never got an A in the first nine years of school. But somehow, with the grace of the divine, I ended up publishing over 250 management books and even writing a few myself. I want to thank Bill Baker and AME for asking me to write these articles. I hope you have enjoyed them. If you did let me know and send me an email at bodek@pcspress.com.

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