

Keynote Speech, ANQ Congress, Tokyo, 2009
“The Role of TQM In Economic Crisis”
-- Category A Strategy vs Category J Strategy--

September 17, 2009

Dr. Noriaki Kano
Honorary Chairperson, ANQ
Professor Emeritus, Tokyo University of Science

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Credentials: **Profile of Dr. Noriaki KANO** (as of July, 2009)

- Professor Emeritus, Tokyo University of Science
- Board Director, Komatsu Ltd
- Doctor of Engineering (University of Tokyo)

Engagements:

- Honorary Chairperson, Asian Network for Quality (ANQ)
- Member, Deming Prize Committee
- Academician, International Academy for Quality (IAQ)
- Fellow, American Society for Quality (ASQ)
- Board Member, Japanese Union of Scientists and Engineers (JUSE)
- Board Member, Agency for Overseas Technical Scholarship (AOTS)
- Overseas Advisor, China Association for Quality (CAQ)
- Chair Professor, Honorary Doctor, Chungyuan Christian University (Taiwan)
- 2000-2002 President, Japanese Society for Quality Control (JSQC)
- 2004-2007 Chairman, Deming Application Prize Committee
- 2003-2009 Corporate Auditor of Sekisui Chemical Ltd.

Publications:

- Over 300 papers books including "Attractive Quality"(Kano Method / Kano Model)", "Guide to TQM in Service Industries" (in English) and "Way to Breakthrough and Creation" (in Japanese)

Honors:

- 2009 Kano Quality Award established by Technological Promotion Association(TPA, Thailand)
- 2008 Dronacharya Award by Indian Society for Quality (ISQ)
- 2006 E. L. Grant Medal by American Society for Quality (ASQ)
- 2002 E. Jack Lancaster Medal by American Society for Quality (ASQ)
- 1997 Deming Prize for Individuals by Deming Prize Committee (JUSE)
- 1997 Deming Lecturer by American Statistical Association (ASA) and many others.

Work Experiences:

- Lecturer and Associate Professor, The University of Electro-Communications
- Professor, Tokyo University of Sciences

Education:

- Completed Undergraduate, Master and Doctoral Courses, Engineering School, The University of Tokyo

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– Category A Strategy vs Category J Strategy–

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address: Kano Quality Research Office (KQRO)

Fax: +81 42 371 2800

e-mail: kano_n@kqro.jp

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1. Category A Strategy and Category J Strategy from the Viewpoint of Effectiveness of Decision Making

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Two Categories of Strategies from the viewpoint of Effectiveness of Decision Making

- **Category A:**
Decision Making → effective
ex. Purchasing, Mergers and acquisitions, Closing Plant
- **Category J:**
Decision Making + **Company-wide Efforts**
→ effective
ex. Quality Improvement
World Class Company

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2. Let's See What TQM Is

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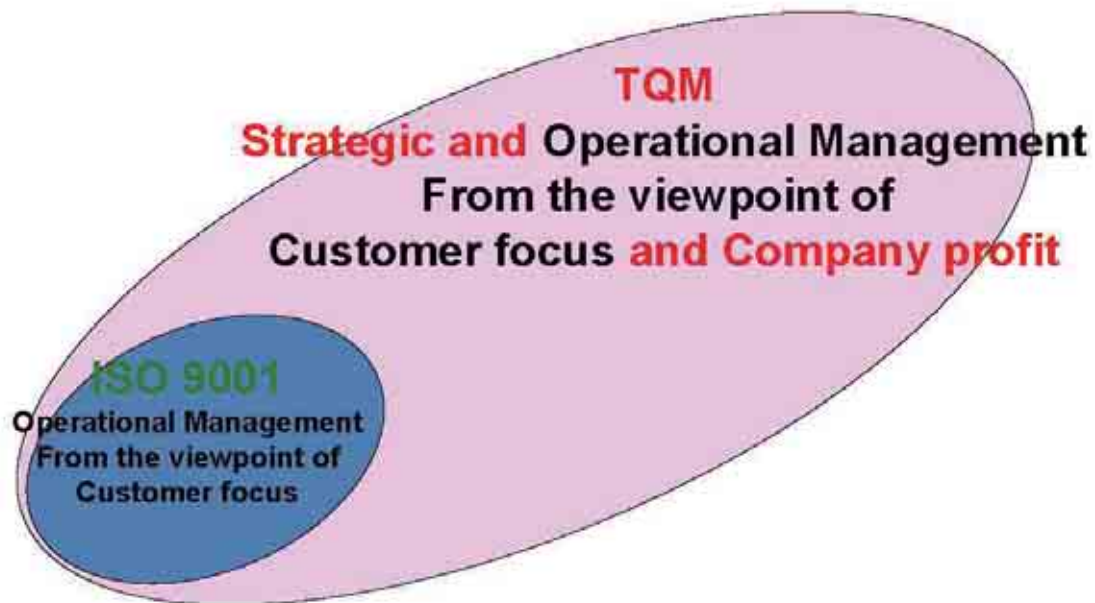
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2.1. Contrast of TQM with ISO 9000

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ISO 9001 and TQM

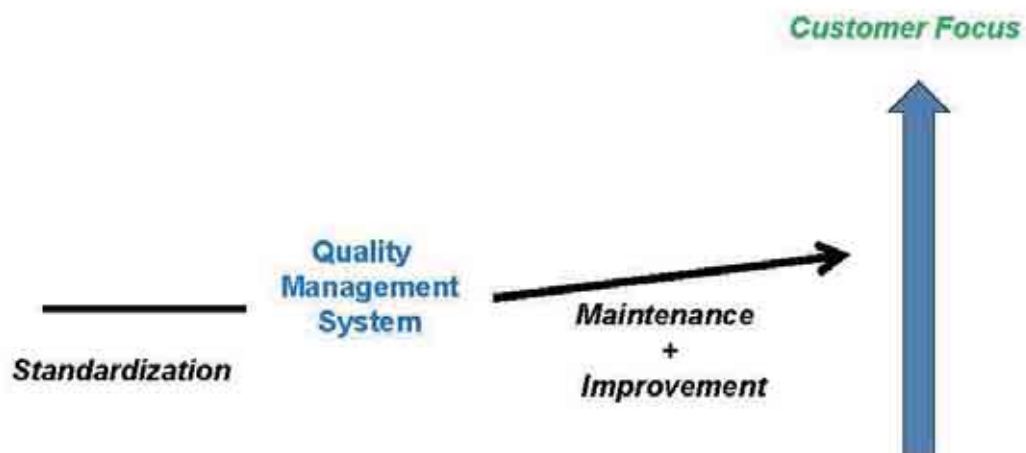


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ISO 9001 as a Management Tool Package

-Standardize the process and Establish Quality Management System fit for customer requirements in which identified problems are improved.

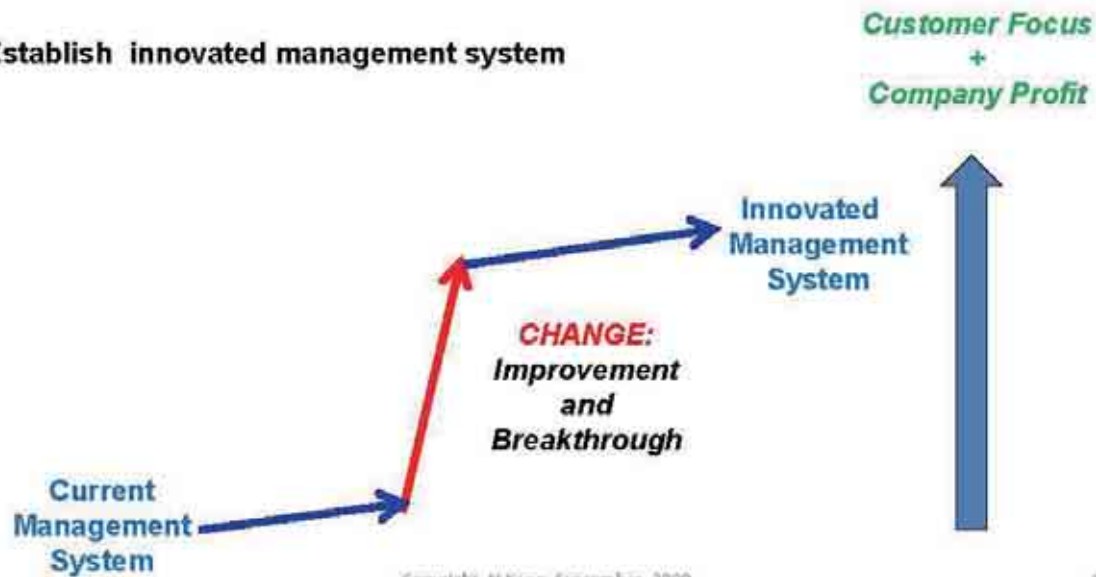


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TQM as a Management Tool Package

- Identify problems and tasks in the current management system,
 - Conduct changes to perform both improvement and breakthrough
- and then
- Establish innovated management system



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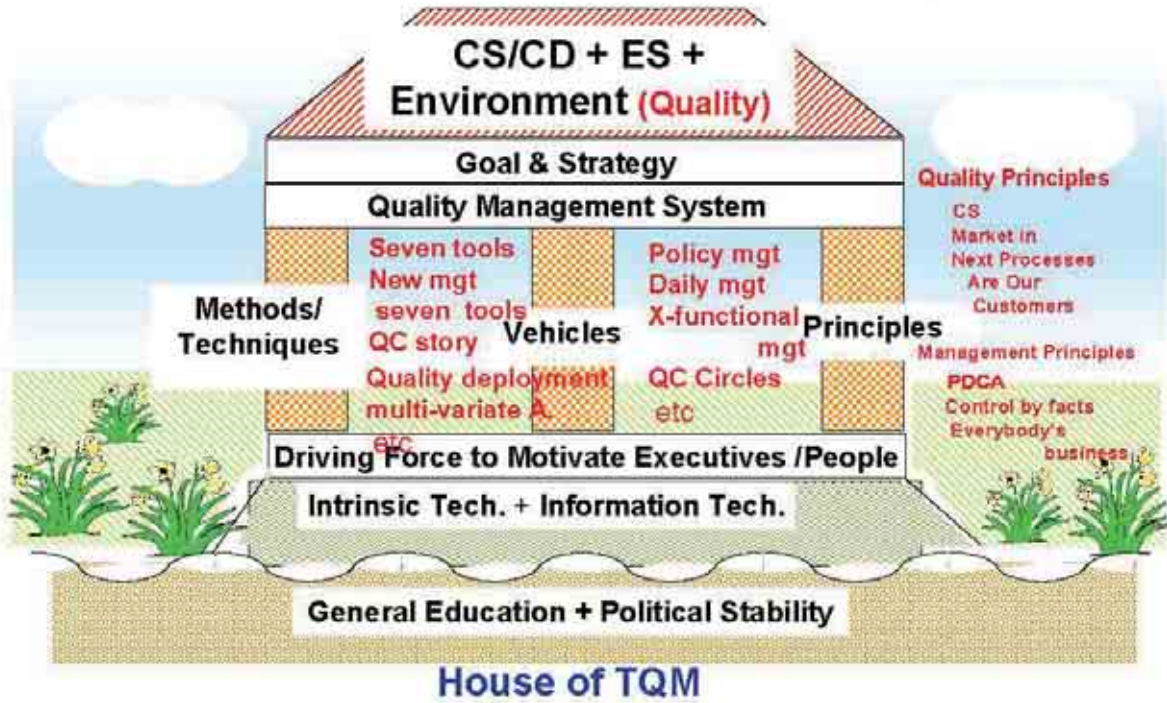
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2.2. House of TQM -- Structure of TQM --

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CS; customer satisfaction CD: customer delight ES: employee satisfaction

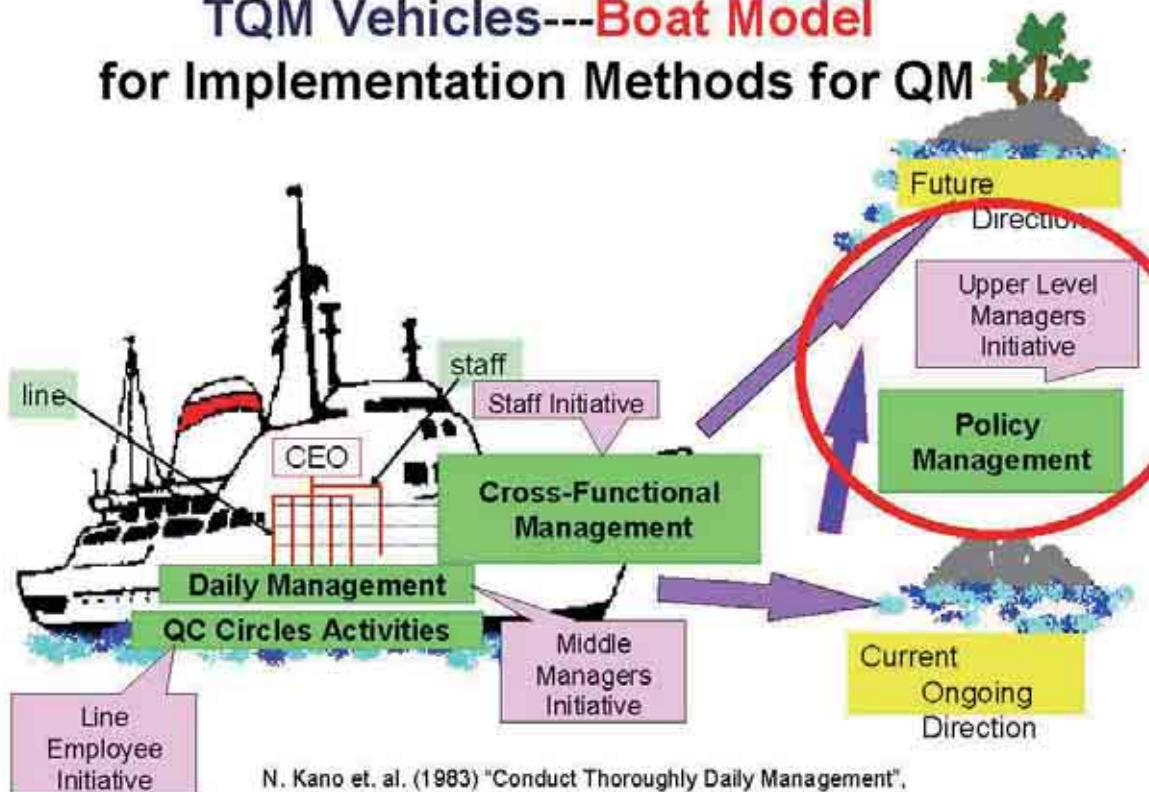


Kano, N.(2006)"DNA of TQM which I Want to Be Inherited,"
Hinshitsu(J. of JSQC) Vol. 36. No.4
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2.3. Boat Model for TQM Vehicles

TQM Vehicles---**Boat Model** for Implementation Methods for QM



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Quality Month Text No.147, p.p.1-65, Quality Month Committee, JUSE / JSA
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Who Takes the Initiative for Each Vehicle?

▼ Policy Management:

Senior Management Initiative

▼ Daily Management:

Middle Management Initiative

▼ QC Circles:

People Initiative

▼ Cross-Functional Management

by Major Management Elements such as Q, C, and D
Corporate/Business Unit Staff Initiative

TQM Is An Effective Tool for Conducting Company-Wide Efforts

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3. Let's See the Activities of Japanese Companies for Today's Economic Crisis?

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Is There Any Medicine Which Works Wonders for Today's Economic Crisis?

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Crisis: Popular Strategies for Survival in Japanese Manufacturing Companies

Strengthen Regular Cost Reduction

- Reduce Waste incl. the one due to Poor Quality
- Reduce Variable Cost with Maintaining Quality

Lower Break-Even Point fit for Reduced Demand

- Reduce Inventory
 - Lower Operation Level such as 2 days work per week*
- Reduce Fixed Cost
 - Layoff of temporary workers/contract workers*
 - Work Sharing*
- Curtail Expenses for General Administration and Sales
- Postpone New Investment and
Freeze Approved Investment

Enhance Sales

- Positively Utilize Governmental Industrial Policies
- Strengthen Servicing and Spare Parts Sales
- Expand Environmental Business

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Crisis: Popular Strategies for Survival in Japanese Manufacturing Companies **Prepare for Future Growth**

Enhancement of Customer Trust and Market Development

- Training Employees for Higher Skill and New Technology
-
- Strengthen the Relation with Core Vendors
- Reduce Customer Complaints
- Follow Up Released New Product
- Shift Resources to Focused Market

Focus to Asia incl. China and India

New Business/Technology/Product/Process Development

Exploring Something Unique

**You may find the strategies to be
so common but nothing
which **Works Wonders!****

**The important is
how to **realize** those strategies!**

4. The Role of TQM to Overcome the Crisis

4.1. TQM Helps to Overcome the Crisis!

Crisis: Popular Strategies for Survival in Japanese Manufacturing Companies

- J: Category J Strategy for Company-wide efforts
- A+J: Category A+J Strategy
- A: Category A Strategy for Decision Making

Strengthen Regular Cost Reduction

- J - Reduce Waste incl. the one due to Poor Quality
- J - Reduce Variable Cost with Maintaining Quality

Lower Break-Even Point fit for Reduced Demand

A+J - Reduce Inventory

Lower Operation Level such as 2 days work per week

A+J - Reduce Fixed Cost

*Layoff of temporary workers/contract workers
Work Sharing*

A+J - Curtail Expenses for General Administration and Sales

- Postpone New Investment and
Freeze Approved Investment

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Crisis: Popular Strategies for Survival in Japanese Manufacturing Companies

Prepare for Future Growth

Enhance Sales

- A+J - Positively Utilize Governmental Industrial Policies
- A+J - Strengthen Servicing and Spare Parts Sales
- A+J - Expand Environmental Business

Enhancement of Customer Trust and Market Development

- A+J - Training Employees for Higher Skill and New Technology
- A+J - Strengthen the Relation with Core Vendors
- J - Reduce Customer Complaints
- A+J - Follow Up Released New Product
- A+J - Shift Resources to Focused Market

Focus to Asia incl. China and India

A+J New Business/Technology/Product/Process Development

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4.2 Crisis Is Opportunity for Future Development ~Quality Sweating Theory~

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What Is Quality Sweating Theory?

**What Makes People
Sweat for Quality?**

**Crisis and Leadership Make People
Sweat for Quality.**

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How Can We Learn from the History?

Why Was Modern Quality Control Born in **U.S.** but not in **Europe**?

Why Was **Japan** Successful in Quality after WW2?

Why Were Four Dragons such as **Hong Kong, Korea, Singapore, and Taiwan** Industrially Developed after the Oil Crisis but not in **Oil Producing Countries** in 1970s to 1980s?

Why Were **U. S. Industries** So Involved in Quality in 1980s?

Why Did **ASEAN** Get So Export Oriented after 1997?

Why Did "**Made In China**" Evolve in Quality in 1990s to 2000s?

Why Has **India** Waked Up in Industrialization in this Century?

My Answers:

Crisis or Sense of Crisis and Leadership
with General Education and Political Stability

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5. Conclusion

TQM :
A Must-be Approach
to Become A World-Class Corporation

We have nothing special strategies to overcome the crisis
but it is important to realize them.

For many of the strategies,
we need Both Categories A and J strategies,
namely, Decision Making by Leadership and
Company-wide Efforts by TQM.

Then, if we can overcome the crisis, it is very sure that
our company will join the world class company.

**This Economic Crisis Will Bring About A Great Opportunity
for Future Success.**

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Thank you!

**Arigato-Ohkini-XieXie-Dosha-Ganxie-Xiaja-Bayarlalaa-
MahaloNui-Gamsahamnida-Komapsumnida-Terimakasih-
Salamat -CamOn -KobKunKrub-Chiztinbate- Dhanyavaad-
Dhanyabaad-Nandri-Stutiya-Shukria-Mamnoon-
SepasGozaram-Motshakeram-Toda-Shukran-AsanteSana-
NaGode-TeshekkurEderim-Efharisto-Grazie -Grazzi- Gracias
Obrigado-Merci-Danke-DankU-Tak-Kitos -Dankie-Jinkua-
Go Raibh Maith Agat-Spasibo-KoeSoeNoem- Blagodaram-
Multumesc-Raxmat**

Then, Thank You Again!

(as of 09/06)

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