

8.3_A

'Every Little Helps'

Or the influence of Japanese management practices

The basic objective of operations management is to help companies to improve their efficiency and, therefore, their profitability. However, in business, companies need to compare their efficiency and their costs, both internally and externally. If old practices are inefficient, or new initiatives cost too much, then profits will fall. Therefore, a company's existence may depend on achieving efficiencies.

Here is a list of questions which have to be considered by companies.

- How is it possible to improve the motivation of the workforce?
- What might be the costs of this improvement?
- What increases in production techniques are possible and how?
- How can the competitiveness of a company be maintained and improved, especially in a global market?
- What is the relationship of quality of output to these questions?

Some answers to the above questions have been provided by 'lean thinking' management practices that were first developed in the Japanese car company Toyota. *Lean* means the elimination of all forms of waste. The techniques include concepts such as *kaizen* (continuous improvement), and 'just-in-time' (JIT), which is a system of inventory and raw materials control that ensures that exactly the right quantities of stock are available at any one time. Another concept is Total Quality Management (TQM), an approach to quality control which involves the entire business at all levels. Also important is the *poka-yoke* concept, which involves special error-correcting devices designed to prevent mistakes from happening. These techniques, along with team-based

production and specialized plants and machinery, mean that high levels of efficiency can be achieved with a minimum of workers, equipment and materials.

The lean approach has had spectacular results in car manufacturing in particular. In a study of lean production by Womack, Jones and Roos (1990), it was found that it took US General Motors workers 40.7 hours to assemble a car, while it took Toyota workers only 18 hours. Business had known for a long time that costs are reduced by improved efficiency, and that at the same time quality is improved, but the practice and theory did not always match. For example, production lines were designed by Japanese car manufacturers to stop automatically whenever there was a fault (this is known as *jidoka* in Japanese, or 'stop everything'). However, the early managers at the UK's British Leyland refused to accept this practice because they hated stopping a production line. Eventually, car manufacturers outside Japan began to understand why this was a good technique.

Partly as a result of Womack et al.'s study, lean methods gradually became more widespread. Tesco, the UK-based supermarket chain, is a good example of how lean thinking was applied to a business outside the motor industry. According to McArdle (2018), in 1995, Tesco decided to become the 'Toyota of the grocery business'. Helped by Womack and Jones, the company aimed to remove waste from every area. They used a JIT distribution system which allowed the supermarket shelves to be 99% full all the time so that customers could always find what they wanted at any time of day. They moved their

distribution centres closer to their shops and used transport designed to reduce the consumption of fuel. As a result, in 2010, they were able to open the world's first zero-carbon store (McArdle, 2018). By adopting lean techniques, Tesco became one of Britain's biggest supermarkets. For a long time, their slogan was 'Every Little Helps'. Another UK company, Walkers Crisps, uses a 'quality chain' system, that is, an approach where the whole supply chain is controlled. In other words, everything is checked from beginning to end: the potato seeds, the growing conditions and all aspects of the factory production (slicing, cooking, packing, etc.). The emphasis is on consistency so that the quality can be relied on and customers do not buy an alternative product.

It was thought at first that lean techniques could only be used for manufacturing, but it became clear to many people that the ideas could also apply to services. Governments, too, became increasingly aware of some of the advantages of lean thinking. For example, the National Health Service (NHS) in the United Kingdom adopted some of these practices. According to the NHS Improvement Hub (2011, p. 3), 'Lean is basically about getting the right things to the right place, at the right time, in the right quantities, while being flexible and open to change.' Unquestionably, these are aims that can be applied to any industry.

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