"APPLYING THE CONCEPT OF QUALITY TO HUMAN RESOURCE DEVELOPMENT"

from "Total Quality Control," Vol. 45, No.2 (February 1994) JUSE

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When I was studying in the United States in 1979, because of decreasing numbers of students at American universities there was not enough opportunity to discuss the issue of quality. I heard a professor saying that while the continued popularization of university education would in time solve any qualitative problems, the issue of quality would become more and more important in the future. After returning to Japan I discussed such issues as QC in education and quality education with young instructors in the engineering department of my university. But overall others' opinions was "Quality is not an issue in education".

During the period of high-level economic growth, universities had once designed to produce society's elite were shouldered with the new responsibility of developing the nation's human resources, and today students are hired by industry as fast as the universities can graduate them. However, in spite of a shrinking population of 18-year-olds forecast for the future, economic contraction is already resulting in fewer jobs out there. No matter how many new students the schools continue to graduate, the industrial trend of maintaining current output with fewer people means that the competition for talented, high-productivity people will grow fiercer. Hence, we will soon see an age in which new graduates are sought for their quality, for value-added that clearly sets them apart from others qualitatively.

As the guidelines for founding a university became standardized, universities were required to perform self-inspection and self-evaluation. Educational activities that receive favorable evaluations are fine, but I believe that activities that receive a poor evaluation should be improved. That's why I feel that supplementing inspections and evaluations with actual improvements will complete this process and lead to improved quality in education.

In order to inspect and evaluate educational activities each year, change what needs to be changed, and apply this to future educational activities, methods still unfamiliar to those in education are now necessary, and one of these methods is TQC/TQM, with which corporations have achieved solid results.

For the past 20 years, each summer this university has convened a Committee on Future Concepts, which has performed what is now called inspection and evaluation. However, instead of conventional, non-continuous inspection and evaluation, we must now consider continuous, quality improvement (CQI), in which inspection, evaluation and improvement activities are applied to the next round of inspection, evaluation and improvement. We are therefore currently considering certain specific issues related to the actualization of such a program.

However, Along with evaluating past activities, what we must do from now on is determine whether there have been any sacrifices, and, if so, whether these sacrifices have been large or small. If our achievements have been built on sacrifices, we must re-examine them. I hope to apply the techniques of TQC/TQM in order to determine the proper approach and to perpetuate the improvements made.   ★

"IMPORTANT POINTS OF POLICY MANAGEMENT AT SPA RESORT HAWAIIANS"(1)

form "Total Quality Control," Vol. 44, No. 2 (February 1994) JUSE

Susumu YAMADA
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1. Introduction

TQC first began in the manufacturing industry, and because of it numerous favorable results have emerged. presumably the service industry had acknowledged the advantages of TQC, but it wrongly surmised that its methods were difficult, that it was not used to applying such methods, hence felt disoriented. The author believes these to be the reasons why the service industry has not been active with respect to TQC.

At Spa Resort Hawaiians (SRH) we had been no different. In 1988, when we won the Deming Application Prize for the Business Division, our name was the Joban Hawaiian Center. We changed our name to Spa Resort Hawaiians in 1990. This treatise refers to our operations under both names, and in it we call ourselves simply SRH.

At SRH we regard policy management, its system and implementation as virtually the same as at firms that specialize in manufacturing, that policy management irrespective of industrial type is almost identical.

In this article the author wishes to illuminate his readers with respect to the principal difficulties experienced when promoting TQC in relation to policy management. This kind of information should be useful for the service industry.

2. TQC methods for service and manufacturing industries are similar

Masao Suzuki, President of the Joban Kosan Corporation (Currently its chairman), made a bold decision to introduce TQC to Joban Kosan and its group companies. Following this, seminars were held for directors, the heads of departments and sections, and group leaders, respectively, with the cooperation of the Union of Japanese Scientists and Engineers. But most of SRH's supervisory bloc and their employees considered the nature of their work different from that of manufacturing firms, thus it would prove to be onerous to apply TQC to the operation.

For instance, already having assumed a negative attitude, very few among SRH's management understood, or even read, the texts on policy management and daily management the instructor had brought, distributed and recommended as containing valuable data.

In 1987, when they conducted a QC diagnosis of SRH, the Deming Prize Committee voiced bitter comments regarding the modus operandi of our firm's management, and they proceeded to offer proper guidance. From that time on they began to feel they would encounter problems if the conventional way of conducting business went unchanged.

About a month later the late Dr. Kaoru Ishikawa paid a visit to our company; he observed how we worked and listened to our explanations. Among other enlightened remarks, he stressed that "TQC methods for the service industry and manufacturers are similar."

This became a driving force. We studied anew the rules for policy and daily management and put them into practice.

The ways of conducting policy management (ditto for daily management) are the same in all forms of industry, and can be implemented by learning from the success of predecessors and by exerting a degree of ingenuity when effecting them.

3. Policy management is the best way to thoroughly implement the policies of top management

As with every enterprise, at the beginning of each year SRH top management drafts policies, announces them to the organization, and defines corporate goals to the workforce and the direction that should be taken. Nevertheless, why should "policy management" rate special attention?

At SRH the policies presented by top management at the start of each year fell on employee ears as refreshing; they served to renew hopes and enthusiasm for the coming year. The workforce was under the impression, though, that top management and the heads

of departments would decide how to put the policies into practice, and that all the employees had to do was to follow instructions and do their job. Thus, save senior managers and persons engaged in special projects, most of the employees felt they had no particular role to play - they were merely cogs in the wheel - and waited for the instructions from their higher-ups... or simply spent the year aimlessly.

Under such conditions, companywide activities intended to achieve annual goals could never be realized, much less the fulfilling of annual policies.

Policy management constitutes a TQC method developed for purpose of ending corporate situations as described above and helping to implement the policies of top management enjoying the concerted efforts of the entire workforce.

Should the organization employing the reader find itself in such an unfavorable condition, the author recommends skillful use of the policy management method.

At SRH we remained in the woeful situation described for several years even after the introduction of TQC. With the events recounted in the preceding section serving as momentum, we reviewed our conventional management methods and studied hard to make best use of the results derived from our review.

Some enterprises are adept in areas of policy management while others are not. It is important, though, to apply the method skillfully by tailoring it to the current status of the company.

At SRH it appears that managers engaged in jobsite operations and having many worjers under them have become more aware of the merits of policy managemnet.

4. **Annual management policies are formulated by combining reflections on the preceding year with priority items for the new year**

Joban Kosan Corporation closes its books at the end of March. After the accounts for December have been settled, its financial wizards start to predict the firm's accounts for the full current year (those for January through March 31 merely projected). About this time it becomes possible to reflect on how well management policies for the current year have been carried out and to forecast more accurately what the current year's settlement of accounts will be.

Then, when the new year gets underway, the president delivers his New Year message, and an outline of management policies for the fiscal year starting April 1 may be learned from the text of his message.

Based on retrospect over the current year plus cor-

porate aims for the coming year as announced by the president, combined with changes in and predictions regarding management environment and market trends, SRH's executive bloc prepares a rough draft of the firm's management policies for the new year within the framework of its medium-term business plan. The draft is then circulated among the company's general managers and managers as expressing the intentions of SRH directors.

Meanwhile, SRH department heads assemble their respective reflections on the current fiscal year together with their section chiefs, and based on the results they draft plans for important points to be carried out during the coming year. This is accomplished from late December through mid-January (see figure).

How well these reflections are used is highly important, in other words, how carefully the current year's activities are analyzed and examined is vital. In reality, though, we have not done these jobs thoroughly at SRH.

After each department finishes reflecting on the current year, SRH's section chiefs then reflect on their own situation. This gives them a good opportunity to once again review the manner in which they conducted their business activities.

Early in February department manager meeting are held for the purpose of discussing the rough draft annual management policies and the priority they proposed for the coming year, and to determine the contents in detail. Later, the annual management policies become definitve after the secretariat puts finishing touches on the final draft.

These processes aim to encourage section chiefs to take part in forming policies with responsibility and to achieve whatever the goals or policies with a proper degree of enthusiasm. They also make it easier for section chiefs to more clearly recognize the matters reflected upon for the preceding year and the issues awaiting resolve in the coming year, and to comprehend the management policies announced by the heads of business headquarters above them which incorporate the very retrospect and questions advanced by the section chieds themselves.

As SRH this method of formulating management policies has been promoted with coordination by the department in charge of TQC.

5. **It is essential that the annual budget conforms with annual management policies**

One of the problematic points in formulating management policies for the coming fiscal year concerns

their relation to the annual budget under the responsibility of the accounting section. During the year when policy management was first introduced at SRH we devised and applied management policies regardless of how the annual budget was formulated and put into practice. But we soon realized that this might give the impression that there were two separate annual goals, that it would be inconsistent with our intention to conduct unified companywide activities. We also realized that essentially we must develop annual policies tailored to fit annual budgets.

Having learned, from the following year on we planned to make annual budgets and annual policies dovetail. So we resolved to include the annual management policies of each business department - they showed how reflections on the preceding year's policies were conducted and analyzed, and how management policies for the new fiscal year had taken form-in the first pages of the written annual budget as submitted to the budget meeting. This served to more closely interrelate annual management policies and the budget.

We then decided that the drafting of management policies and of the budget should be synchronized. We adjusted timetables for both so that the points of reflection could be revised by more closely confirming the settlement of accounts forecast for the current year, and that the devising of policies keep astride of the progress and results of the work taking place in the accounting section, which would incorporate into annual policies for the coming year measures required to achieve the new year's budget. In this manner adjustments allowed for integration of both budget and management policies by including the means to accomplish the coming year's budget into the policies. We feel that we have yet to sufficiently make management policies conform with budgets, and that we must try even harder in the future to make them more closely interrelated.

6. Expressing policies demands ingenuity

In general, guidance books on policy management point out that conventional management policies, though expressed in good literary terms, lack clear statements regarding corporate objectives and measures needed to attain them. This is exactly what happened at SRH.

Regarding this problem, the author, as being in charge of TQC, proceded to express policies in writing via the trial-and-error method, but none really satisfied him.

One difficulty was that when measures were expressed clearly in the management policies of the head of our business headquarters, they equaled the concrete measures of department managers, who in turn were forced to represent those which their section chiefs supposedly represented. This causes subordinates to function solely in accordance with instructions from their superiors, which makes them feel less independent and more controlled. Conventional literary expressions therefore should be eliminated.

In order to resolve the issue we undertook to present in moderate terms the concrete measures of management policies, expressing only the direction in which such measures should be determined. This point requires further consideration and improvement.
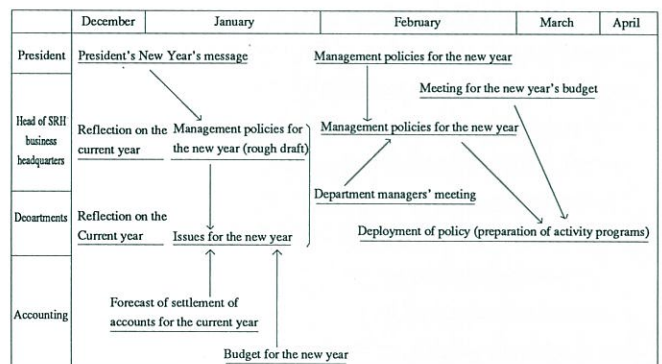

Figure: Forming policies and scheduling their deployment

Organizational level		The company	Business headquarters	Department	Section lower	Project teams
Respomsible personnel		The president	Head of business headquarters	Department management	Section chiefs	Project leaders
Long/medium term policies and plans	Polocies	Long/medium term policies	Long/medium term policies	-	-	-
	Plans	Long/medium term plans	Long/medium term plans	-	-	-
Annual policies and plans	Polocies	Annual management	Annual management	Annual policies	-	-
	Plans	Annual plans (budget)	Annual plans (budget)	Annual plans (budget)	Annual activity programs	Activity programs when the project is in progress

Annual budget   Department deployment table   Annual activity

activity programs and organizational strata

(to be continued)

31ST TOP MANAGEMENT QC CONFERENCE-SPEECH BY GUEST

"CONTINUOUS RESTRUCTURING AWARED MANAGEMENT THROUGHOUT TECHNOLOGICAL INNOVATION AGE"(1)

From "Total Quality Control," Vol. 45, No. 1 (January 1994) JUSE

Keizo YAMAJI

Vice-Chairman

Cannon Inc.

Flexible management and restructured management

Neither the current strong yen or economic downturn will last forever. Since the collapse of the "bubble," or inflated-asset, economy, we have been in a period of great transition, during which one of the types of management necessary is flexible management.

Another necessary type of management is restructured management. A manager always should be ready to change his corporation at any time. A downturn always follows a period of favorable economic conditions, and I think that with Japan's trade surplus having lasted so long, managers should have seen the current yen appreciation coming and expected a major transition to occur.

A corporation must continue to grow, and it must also continue to evolve. This is what I mean by emphasizing continuous restructuring in management.

However, under either flexible management or continuous restructuring in management, the key factor for success is clarifying one's goals and starting point.

Two key points concerning continuous restructuring in management.

I believe that these goals should be basic corporate philosophy, and that only by managing under the guidance of this philosophy can things run properly.

This leads us to the question of what kind of philosophy is needed. Here there are two important points to make. The first is that this philosophy must be such that compliance therewith is certain to lead to success. Must not a corporation anticipate future changes in order to succeed? This is where foresightedness and necessity become important.

The second point is the necessity of thoroughly convincing employee that proceeding under this philosophy will lead to success. This means understanding that doing one's job in accordance with this principle either leads to success or is essential to achieving

success. Thus, this second point concerns a corporate philosophy's being necessary and valid in this manner.

Now I should like to talk about inevitability and foresightedness. First of all, I have my own ideas about what society will be like in the 21st century. In the distant past humankind's economy was based on gathering: People would "gather" the beasts of the fields and mountains and use their skin as clothes and their meat as food. Wild vegetables and fruits were also gathered for food. These ancient human beings also used wood and stone to build shelter, caught fish and birds for food, and used these things to craft various tools.

In such an age, droughts and natural disasters such as floods would result in immediate food shortages, and records show that frequent, fierce wars over food would ensue.

However, humans possess intelligence, and it was this intelligence that gave birth to humankind's first industrial technology: agriculture and raising livestock, which for the first time in human history made possible stable and plentiful supplies of food. Thus, even after fluctuation in the natural world, people could maintain a steady, abundant supply of food.

In addition to an immediate end to battles over foodstuff, this development brought a certain degree of harmony with nature. Thus, industrial technology helped achieve harmony between different peoples as well as harmony between people and nature. Is this not the original objective of industry?

Thereafter, technology continued to progress and develop, eventually leading to industrialization and the industrial revolution. Finally, industrialization reached maturation, bringing us to today's Information Age.

While technology can be said to have reached extreme maturation, wars for greater prosperity, rather than decreasing, have, unfortunately, continued to increase. These wars, between people of different ethnic

groups or religions, rage unabated in various parts of the world. Even worse, humankind has destroyed the environment unchecked.

The age of symbiosis*

I therefore feel that the 21st century is sure to see a movement to return to the starting point of industrial technology that enables man to live in harmony with nature. This we refer to as symbiosis -- in the sense not of mere harmony or cooperation, but of improvement in human society on an even higher level. In this age of harmony, ecological technology designed to facilitate harmony will become central, and both industry and technology must be restructured around it. Failure to do so will lead to the eventual extinction of human beings as a species.

Furthermore, in the world of symbiosis friction will be reduced. As symbiosis entails mutual prosperity and assistance, there can be no friction, and hence no waste. To corporations, an absence of wasteful friction means an absence of the wasteful use of managerial resources -- people, things and money -- and also the ability to use the resources of others. In addition, a corporation will be able to assign priority in investment to its own resources.

These are extremely important conditions for corporate growth, and so employees must be properly convinced of the validity and necessity of the philosophy of symbiosis, and of implementing various managerial policies in accordance with this philosophy.

Let me now talk of actual continuous restructuring in management under a corporate philosophy of symbiosis. I shall start with the center-satellite concept.

When proceeding under the idea of symbiosis in a globalized society, proper consideration must be given to both industrialized nations and developing nations. We refer to this as sensitivity, which means thinking about what should be done at a certain time.

The industrialized nations currently face high domestic costs, which is why Japanese corporations are forced to transfer their plants to other parts of Asia, such as China and Southeast Asia. And despite revitalization and low costs in American manufacturing, U.S. manufacturers will continue to move to regions where costs are even lower, such as Mexico and South America. Meanwhile, European manufacturers are moving their plants to Eastern Europe, the former Soviet Union, the Near and Middle East, and North Africa.

Thus, the trend among manufacturers in industrialized nations to build satellite plants in surrounding regions as they seek out cheap labor is gaining momentum. However, the strategy of merely seeking out cheap labor is not the same as the philosophy of symbiosis.

To be sure, our fundamental goal must be to create jobs in developing countries, spend money there and develop local industry, thereby bring affluence to that country, after which we eventually receive the compensation of being able to sell our products in the large market that develops there as a result. This, I believe, is the essence of symbiosis.

Without this philosophy, manufacturers will merely move from one developing nation to another in search of cheap labor, causing problems in the countries where plants are closed when they relocate again. Instead, manufacturers, once they relocate to a developing nation, must remain in that country to develop local industry and help create a large market in which they can expect to do business in the future.

This brings us to the question of what kind of sensitivities a manufacture needs in its home country when it relocates a plant. I believe that advanced nations must change the structure of their plants.

To implement this structural reform, it is necessary, first of all, for industrialized nations to become technological centers capable of directing their satellite plants. To do so, the nation's manufacturers must leave production of the most advanced products they produce back home in order for that country to maintain the most advanced, state-of-the-art technological capabilities.

Second, industrialized nations must implement "device industrialization." This does not mean using robots to perform the kind of simple tasks, such as assembly, that would otherwise be done manually; this means doing the kind of work that cannot be done manually and which must be done be machine instead. If you were going to merely automate some simple task, it would be far better to relocate your plant to a developing nation and create jobs there instead.

Third, manufacturers must effect a "software revolution" at their plants. This entails having their workers study computers intensively, and making computer software easier to understand.

(to be continued)

(Note)
* :The word "symbiosis" is used throughout this translated speech. However, the speaker usually uses a Japanese word "Kyosei" meaning live-together, co-existence, or symbiosis, instead of the word "symbiosis". The reason is that the connotation of "Kyosei" is more than symbiosis which is a biological term. The meaning includes more active motion and more purposeful activity. It would be more appropriate to call the "symbiosis" "Kyosei Initiative."

Visitors form abroad

TQC Seminar for Brazil Middle Management and TQC
Coordinators, April 11 to 21, 1994
Number of Participants : 44

TQC Seminar for Brazil Top Management
May 16 to 26, 1994
Number of Participants : 21

1994 QUALITY MONTH, November IN JAPAN

Themes for Quality Month

"Worldwide Recognition through Better Quality "

"Breakthrough for Workshop Renovation"

Events held during Quality Month

Nov. 7   Quality Control Conference for Consumer (Tokyo)

Nov. 8   Quality Control Conference for Consumer (Osaka)

1, 2   Quality Control Conference for Service Industries

8   All Japan QC Circle Convention

9 to 11   Quality Control Conference for Foreman

14   Quality Control Conference for Top Management

14   1993 Deming Prize Awarding Ceremony

15 to 17   Quality Control Conference for Manager & Staff

*Lecture Meeting are held in 17 local cities.

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