

Unit 4 Management and Operations

Unit 5 Leadership and Management for Service Industries

WEEK 10 CLASS TOPICS

- Service Sector
- Communication
- Change Management
- Six Sigma
- Queuing theory
- Just In Time Inventory
- Kaizen

SERVICE SECTOR

SERVICE SECTOR

The tertiary sector or service sector is the third of the three economic sectors of the three-sector theory. The others are the secondary sector (approximately the same as manufacturing), and the primary sector (raw materials).

The service sector consists of the production of services instead of end products. Services (also known as "intangible goods") include attention, advice, access, experience, and affective labor. The production of information has long been regarded as a service, but some economists now attribute it to a fourth sector, the quaternary sector.

The tertiary sector of industry involves the provision of services to other businesses as well as final consumers. Services may involve the transport, distribution and sale of goods from producer to a consumer, as may happen in wholesaling and retailing, pest control or entertainment. The goods may be transformed in the process of providing the service, as happens in the restaurant industry. However, the focus is on people interacting with people and serving the customer rather than transforming physical goods.

Roles And Responsibilities Of A Service Sector Manager

• ACCOMODATION MANAGER

Accommodation managers across all sectors have similar managerial responsibilities that generally cover people and the building. Common tasks include budget control, business planning and administration. You'll typically need to:

- ensure the smooth running of accommodation facilities, including the safety and well-being of guests, tenants and residents
- develop and build positive relationships with residents, tenants and guests
- control a budget and finances, manage stock levels and order supplies
- communicate with reception services to coordinate and plan the allocation of accommodation
- liaise with other departments within the organisation, such as catering for conferences, and relevant external agencies
- arrange repairs and maintenance of the facilities
- inspect the accommodation to ensure that hygiene and health and safety regulations are met, carrying out risk assessments as necessary
- supervise the work of cleaning staff and ensure standards are maintained
- make sure adequate security for the building is provided
- get involved in the building and refurbishment of residential accommodation.

People management is a major part of the job, and increasingly accommodation managers are required to supervise staff employed by contractors rather than in-house teams. When managing staff, you'll need to:

- recruit and train new members
- make sure staff are aware of policies and procedures
- plan staff rotas and cover duty roster slots
- facilitate staff development
- deal with any HR-related issues and ensure health and safety processes are followed by all staff.

Roles And Responsibilities Of A Service Sector Manager

- **ACCOMODATION MANAGER (Cont.)**

Skills You'll Need To Show:

- strong communication skills
- excellent customer service skills
- the ability to motivate people, delegate tasks and work as part of a team
- IT skills and familiarity with databases and spreadsheets for data analysis
- financial planning and budget management skills
- supervisory or leadership skills
- the ability to remain diplomatic and pleasant, think on your feet and remain calm in a crisis
- flexibility and adaptability with good organisational skills
- the ability to work under pressure and to solve problems
- attention to detail and accuracy
- a sense of humour and plenty of energy and stamina.
- Knowledge of relevant policies and procedures relevant to the role, such as contract, housing or employment law, health and safety, cleanliness practices and waste management, will put you at an advantage

Roles And Responsibilities Of A Service Sector Manager

- **HOSPITALITY MANAGER**

Hospitality Manager Responsibilities Include:

- Hiring qualified personnel according to standards
- Organizing and coordinating operations to ensure maximum efficiency
- Supervising and evaluating staff

Responsibilities

- Hire qualified personnel according to standards
- Organize and coordinate operations to ensure maximum efficiency
- Supervise and evaluate staff
- Ensure supplies and equipment are adequate in quantity and quality
- Handle customer complaints when necessary
- Assist in pricing products or services
- Assume responsibility of budgeting and monitoring expenses
- Enforce adherence to regulations and quality standards
- Ensure all records are kept properly and consistently
- Review and prepare reports for senior management

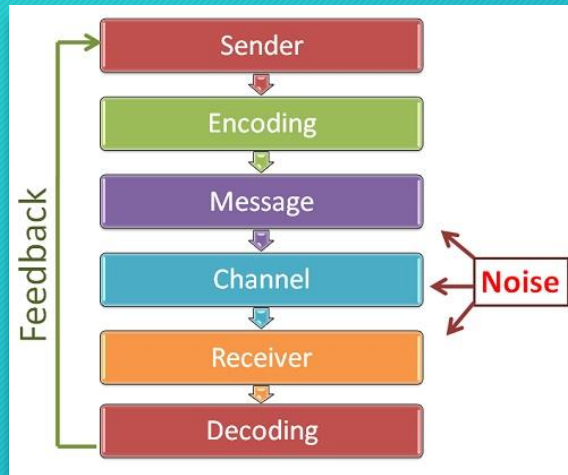
COMMUNICATION PROCESSES AND STRATEGIES

COMMUNICATION PROCESS

Communications is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts, feelings, etc. among the people to reach a common understanding. Communication is the key to the Directing function of management.

A manager may be highly qualified and skilled but if he does not possess good communication skills, all his ability becomes irrelevant. A manager must communicate his directions effectively to the subordinates to get the work done from them properly.

COMMUNICATION PROCESS



Communications is a continuous process which mainly involves three elements viz. sender, message, and receiver. The elements involved in the communication process are explained below in detail:

1. Sender

The sender or the communicator generates the message and conveys it to the receiver. He is the source and the one who starts the communication

2. Message

It is the idea, information, view, fact, feeling, etc. that is generated by the sender and is then intended to be communicated further.

3. Encoding

The message generated by the sender is encoded symbolically such as in the form of words, pictures, gestures, etc. before it is being conveyed.

4. Media

It is the manner in which the encoded message is transmitted. The message may be transmitted orally or in writing. The medium of communication includes telephone, internet, post, fax, e-mail, etc. The choice of medium is decided by the sender.

5. Decoding

It is the process of converting the symbols encoded by the sender. After decoding the message is received by the receiver.

6. Receiver

He is the person who is last in the chain and for whom the message was sent by the sender. Once the receiver receives the message and understands it in proper perspective and acts according to the message, only then the purpose of communication is successful.

7. Feedback

Once the receiver confirms to the sender that he has received the message and understood it, the process of communication is complete.

8. Noise

It refers to any obstruction that is caused by the sender, message or receiver during the process of communication. For example, bad telephone connection, faulty encoding, faulty decoding, inattentive receiver, poor understanding of message due to prejudice or inappropriate gestures, etc.

Importance of Communication

1. The Basis of Co-ordination

The manager explains to the employees the organizational goals, modes of their achievement and also the interpersonal relationships amongst them. This provides coordination between various employees and also departments. Thus, communications act as a basis for coordination in the organization.

2. Fluent Working

A manager coordinates the human and physical elements of an organization to run it smoothly and efficiently. This coordination is not possible without proper communication.

3. The Basis of Decision Making

Proper communication provides information to the manager that is useful for decision making. No decisions could be taken in the absence of information. Thus, communication is the basis for taking the right decisions.

Importance of Communication

4. Increases Managerial Efficiency

The manager conveys the targets and issues instructions and allocates jobs to the subordinates. All of these aspects involve communication. Thus, communication is essential for the quick and effective performance of the managers and the entire organization.

5. Increases Cooperation and Organizational Peace

The two-way communication process promotes co-operation and mutual understanding amongst the workers and also between them and the management. This leads to less friction and thus leads to industrial peace in the factory and efficient operations.

6. Boosts Morale of the Employees

Good communication helps the workers to adjust to the physical and social aspect of work. It also improves good human relations in the industry. An efficient system of communication enables the management to motivate, influence and satisfy the subordinates which in turn boosts their morale and keeps them motivated.

Types of Communication

FORMAL COMMUNICATION

Formal communications are the one which flows through the official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among the same cadre employees or managers. These communications can be oral or in writing and are generally recorded and filed in the office.

Formal communication may be further classified as *Vertical communication and Horizontal communication*.

Vertical Communication

Vertical Communications as the name suggests flows vertically upwards or downwards through formal channels. Upward communication refers to the flow of communication from a subordinate to a superior whereas downward communication flows from a superior to a subordinate.

Application for grant of leave, submission of a progress report, request for loans etc. are some of the examples of upward communication. Sending notice to employees to attend a meeting, delegating work to the subordinates, informing them about the company policies, etc. are some examples of downward communication.

Horizontal Communication

Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact the finance manager to discuss the delivery of raw material or its purchase.

Types of Communication

FORMAL COMMUNICATION

Types of communication networks in formal communication:

Single chain: In this type of network communications flows from every superior to his subordinate through a single chain.

Wheel: In this network, all subordinates under one superior communicate through him only. They are not allowed to talk among themselves.

Circular: In this type of network, the communication moves in a circle. Each person is able to communicate with his adjoining two persons only.

Free flow: In this network, each person can communicate with any other person freely. There is no restriction.

Inverted V: In this type of network, a subordinate is allowed to communicate with his immediate superior as well as his superior's superior also. However, in the latter case, only ordained communication takes place.

Types of Communication

INFORMAL COMMUNICATION

Any communication that takes place without following the formal channels of communication is said to be informal communication. The Informal communication is often referred to as the 'grapevine' as it spreads throughout the organization and in all directions without any regard to the levels of authority.

The informal communication spreads rapidly, often gets distorted and it is very difficult to detect the source of such communication. It also leads to rumors which are not true. People's behavior is often affected by the rumors and informal discussions which sometimes may hamper the work environment.

However, sometimes these channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are also used by the managers to transmit information in order to know the reactions of his/her subordinates.

Types of Communication

INFORMAL COMMUNICATION

Types of Grapevine network:

Single strand: In this network, each person communicates with the other in a sequence.

Gossip network: In this type of network, each person communicates with all other persons on a non-selective basis.

Probability network: In this network, the individual communicates randomly with other individuals.

Cluster Network: In this network, the individual communicates with only those people whom he trusts. Out of these four types of networks, the Cluster network is the most popular in organizations.

STRATEGIC COMMUNICATION

Hallahan et al. (2007) defines strategic communication as “the purposeful use of communication by an organization to fulfill its mission” (p. 3).

According to Paul (2011), creating clear goals and understanding “how a certain set of audience attitudes, behaviors, or perceptions will support those objectives” is what makes communication strategic (p. 5). In strategic communication, message development, or the process of creating key points or ideas, requires high levels of planning and research. These messages are targeted, or created with a specific audience in mind, and help to position an organization’s communication goals with its structural goals.

As the world becomes increasingly interconnected through new forms of communication, the role of strategic communications is to help organizations understand how to effectively deliver their message to key audiences.

CHANGE MANAGEMENT

The Challenges of Change Management

TO DEVELOP A COMPREHENSIVE CHANGE MANAGEMENT PLAN, LEADERS HAVE TO ACKNOWLEDGE THE OBSTACLES THAT COULD COME THEIR WAY AND HOW TO ADDRESS THEM.

- Employee Resistance

If most employees are not on board with changes then this can tank a transition quickly. As a result, they may not make implementation a priority which will cause productivity to suffer. This can happen if organizational culture is not acknowledged, communication is not clear, and employees are left out of all decision-making

- Planning

Planning for a company-wide transition can be overwhelming and stressful. These two factors can cause leaders to leave out vital details and essential stakeholders who need to be involved in conversations about changes. Each aspect of the rollout needs to be addressed, and potential employee and customer responses need to be mapped out.

- A Lack of Communication

The above study conducted by Legendary IQ revealed that organizational leaders are not always transparent about challenges the company is facing. Therefore, when changes are brought to employees, they do not have context for why these transitions need to occur. Organizations can preempt questions and ill feelings about changes if they are honest with employees about challenges before a massive change.

- Leadership Buy-in

Nothing can derail a transition quicker than a lack of management commitment. There may be some executives who feel the change is needed, while others do not agree and will use office politics to convey their dislike. This is why it is vital to start from the top and involve all management in initial conversations about the plan and why it is critical to the success of the company.

The Principles of Change Management

1. Diagnosing the Problem

Before any changes can take place, a problem has to be identified. Pioneer of the Toyota Production system, Taiichi Ohno developed a simple way to locate issues within a company. His method is known as the “Five Whys.” He would take one process and ask why it did not produce the intended result. This would then lead to four more question that would hopefully allow those asking to arrive at the root cause for the problem. Ultimately, it would lead to a conversation about how to fix the root cause. A method such as can be implemented on a wide scale and involve surveys and focus groups to identify problem areas to address.

2. Lead with the Culture

It is crucial to take into account a company’s existing culture. The organizational culture informs the way people interact with each other, behave, and work together within the company. Addressing this will help leaders to overcome any resistance that will be attached to an already established culture. It may be informal and “soft,” but leaders cannot ignore the effect this has on an attempt to bring any change.

3. Start at the Top

To present any changes effectively to lower level employees, executives need to be united.

4. Involve Every Layer

While planning for a change rollout does need to start at the top, mid-level employees and those on the frontline need to be brought in not too long after. These people will be able to bring any logistical or technical concerns to the forefront that executives may not be privy to because of their positioning. They can also present a perspective of how this might impact customers and how their own teams will take the change. The input of mid-level employees and leaders will smooth out most glitches because if anyone is aware of how this will impact the frontline, it is this group.

5. Coalition Building

Change leaders cannot manage the challenging task of getting everyone on board themselves. Leaders need to bring in internal people with stated power (such as executives), as well as informal leaders (influencers, veteran employees, and stakeholders other employees will trust).

Transitioning can be made a lot more comfortable if business leaders find out who these people are and involve them in the plan to help everyone adjust to the new changes.

The Principles of Change Management

6. Provide Clear Instructions

Leaders should take their coalition and help them spread the word about the transition. Employees should receive clear and logical reasons for the change as well as easy-to-understand instructions for how to implement it. This will involve a lot of smaller meetings, training managers on how to correctly convey transition details, and surveys to identify questions that may need to be addressed in a broader setting.

7. Transparent Communication

This is one of the most crucial elements of rolling out a change. From the first rumblings of a company-wide transition to the initial meetings concerning implementation, business leaders need to keep a high-level of transparency with all internal stakeholders. If employees sense that backroom deals and concessions are being made without being informed of the specific decisions, then it is likely that panic and negative feelings will take root. Business leaders should communicate effectively ensuring there is nothing to hide.

8. Training

This goes hand-in-hand with communication. Preparing staff for change takes time and patience. Change managers should develop a comprehensive training program that requires all employees to participate that not only teaches them new principles and techniques but can also serve as a Q&A session to address lingering questions and concerns.

9. Questions and Concerns

It is vital for managers and leaders always to leave opportunities for questioning. This can be in the form of online and open-door sessions where individuals can inquire about how this change will directly impact them.

10. Formal and Informal Solutions

A. Formal Solutions

Company transitions of any kind may require a change of policies and procedures. Therefore, leaders must keep track of how changes impact employee handbooks, HR policy, company objectives, or any other formal and official documentation that needs to be handled and conveyed to employees.

B. Informal Solutions

This is where reminders of history, tradition, and company culture come in. When times get rough, it pays to remember the anchors that can hold a team together. Motivational messages, an internal newsletter, open-door policies, and getting company influencers on board are informal but are just as important as formal solutions.

The Principles of Change Management

11. Accountability

It is vital for business leaders in charge of change management to ensure that all levels of employees are held accountable for how they implement new methods. Leaders have to set clear expectations and rules for how internal stakeholders facilitate a transition project. Holding team members accountable also gives employees a sense of ownership which in turn makes them more invested in the changes taking place.

12. Appreciation

Change can be overwhelming and difficult, that is why it is essential for business leaders to acknowledge positive steps all employees are making in transitions. This can be through a company gathering or a simple “thank you,” to let employees know their efforts are acknowledged and appreciated. In turn, this can also be used as a motivator to keep the favorable work effort going.

13. Ongoing Support

While ongoing assessment is key, there needs to be a plan for ongoing sustenance. Scenarios where employees can build upon the changes made to bring innovation to the company can only be accomplished if there is ongoing training, education, and a culture of support. Workers need to know that their development in relation to the transition is just as important (or even more so) as the change itself.

14. Evaluation

Assessing the development of change is not a one-off task. It should be something that should be a regular part of policies and procedures. Finding out what works and what doesn't (no matter how large or small) will allow leaders the opportunity to jump on any potential problems before they become larger.

15. Assessment

As stated above, a transition might be failing for a number of reasons, but no one will know if there is not any data to support why it is happening. Leaders need to focus on gathering quantitative and qualitative data that assesses the progress of transitions. This will inform them if all is going according to plan or if some tweaks need to be made. This simple step can prevent an overall failure in the future.

Theories Of Operations And Operations Management

SIX SIGMA

The goal of any organization is to streamline its processes, thereby maximizing resources to their fullest extent. One of the most visible results of streamlining processes is the reduction of defects in their products. The reduction of defects means less waste and, therefore, the resources are fully utilized.

It is easy to quantify defects in physical products of the manufacturing industry. However, it was a little more difficult to apply the same quality management tool in the service sector. Therefore, the process became the product, and any process that generated an outcome that was against the customer's wishes became a defect.

Defects are believed to be caused by variations in the outcomes of the process.

The goal of the Six Sigma is using a business improvement methodology to make the process as constant as possible.

SIX SIGMA

There are two methodologies commonly used for Six Sigma projects: the DMAIC methodology, implemented on existing business processes, and DMADV, used to formulate new business processes using Six Sigma tenets during the design stage.

DMAIC is an acronym standing for the five phases used in the streamlining process:

1. Define the customer's wishes, the goals of the project, and what the end product should be
2. Measure all the current parameters of the process in question, carefully collecting data to analyze
3. Analyze the data
4. Improve the process based on the analysis performed
5. Control the process to minimize variations

DMADV is also an acronym and, similar to DMAIC, has five phases used for designing processes according to Six Sigma:

1. Define the goals that the process should have based upon customer requirements
2. Measure all parameters that are associated with the process
3. Analyze the parameters and the data collected during measurement, and create a design that suits the goals best
4. Design the process
5. Verify that the process runs according to set goals

What Is Lean Six Sigma?

Lean Six Sigma is a fact-based, data-driven philosophy of improvement that values defect prevention over defect detection. It drives customer satisfaction and bottom-line results by reducing variation, waste, and cycle time, while promoting the use of work standardization and flow, thereby creating a competitive advantage. It applies anywhere variation and waste exist, and every employee should be involved.

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The distinction between Six Sigma and lean has blurred. The term "lean Six Sigma" is being used more and more often because process improvement requires aspects of both approaches to attain positive results.

Six Sigma focuses on reducing process variation and enhancing process control, whereas **lean** drives out waste (non-value added processes and procedures) and promotes work standardization and flow. Six Sigma practitioners should be well versed in both.

Integrating Lean And Six Sigma

Lean and Six Sigma both provide customers with the best possible quality, cost, delivery, and a newer attribute, nimbleness. There is a great deal of overlap between the two disciplines; however, they both approach their common purpose from slightly different angles:

- Lean focuses on waste reduction, whereas Six Sigma emphasizes variation reduction.
- Lean achieves its goals by using less technical tools such as kaizen, workplace organization, and visual controls, whereas Six Sigma tends to use statistical data analysis, design of experiments, and hypothesis testing.

Often successful implementations begin with the lean approach, making the workplace as efficient and effective as possible, reducing waste, and using value stream maps to improve understanding and throughput. If process problems remain, more technical Six Sigma statistical tools may then be applied.

QUEUING THEORY AND PRACTICE: A SOURCE OF COMPETITIVE ADVANTAGE

Everyone has experienced waiting in line, whether at a fast-food restaurant, on the phone for technical help, at the doctor's office or in the drive-through lane of a bank. Sometimes, it is a pleasant experience, but many times it can be extremely frustrating for both the customer and the store manager. Given the intensity of competition today, a customer waiting too long in line is potentially a lost customer. Understanding the nature of lines or "queues" and learning how to manage them is one of the most important areas in operations management.

Queues are basic to both external (customer-facing) and internal business processes, which include staffing, scheduling and inventory levels. For this reason, businesses often utilize queuing theory as a competitive advantage. Fortunately, Six Sigma professionals - through their knowledge of probability distributions, process mapping and basic process improvement techniques - can help organizations design and implement robust queuing models to create this competitive advantage.

QUEUEING THEORY AND PRACTICE: A SOURCE OF COMPETITIVE ADVANTAGE

Queuing theory, the mathematical study of waiting in lines, is a branch of operations research because the results often are used when making business decisions about the resources needed to provide service. At its most basic level, queuing theory involves arrivals at a facility (i.e., computer store, pharmacy, bank) and service requirements of that facility (i.e., technicians, pharmacists, tellers). The number of arrivals generally fluctuates over the course of the hours that the facility is available for business (Figure 2).

Customers demand varying degrees of service, some of which can exceed normal capacity (Figure 3). The store manager or business owner can exercise some control over arrivals. For example, the simplest arrival-control mechanism is the posting of business hours. Other common techniques include lowering prices on typically slow days to balance customer traffic throughout the week and establishing appointments with specific times for customers. The point is that queues are within the control of the system management and design.

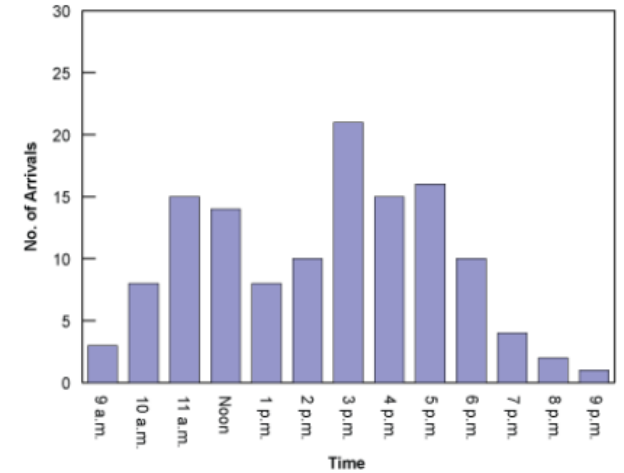


Figure 2: Number of Arrivals at Facility

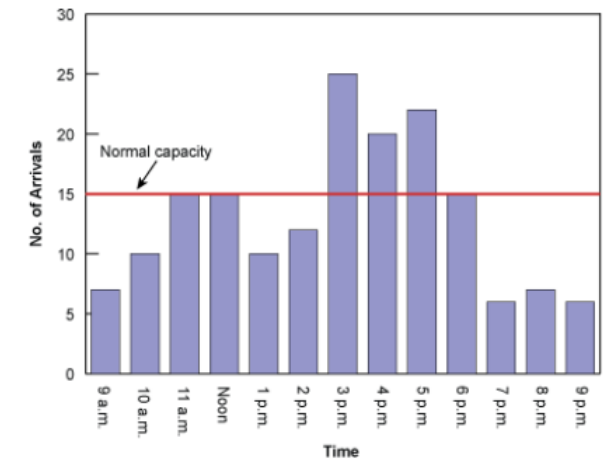


Figure 3: Service Requirements

QUEUEING THEORY AND PRACTICE: A SOURCE OF COMPETITIVE ADVANTAGE

Some of the most basic questions a Six Sigma professional will want to ask when assessing and improving a business's waiting line model include:

- What is the utilization of the worker(s)?
- What is the average number of customers in the waiting line?
- What is the average number of customers in the system?
- What is the average wait time for customers in line?
- What is the average wait time for customers in the system (including service time)?

Case Study On Rite Aid: <https://www.isixsigma.com/industries/retail/queueing-theory-and-practice-source-competitive-advantage/>

TOTAL QUALITY MANAGEMENT

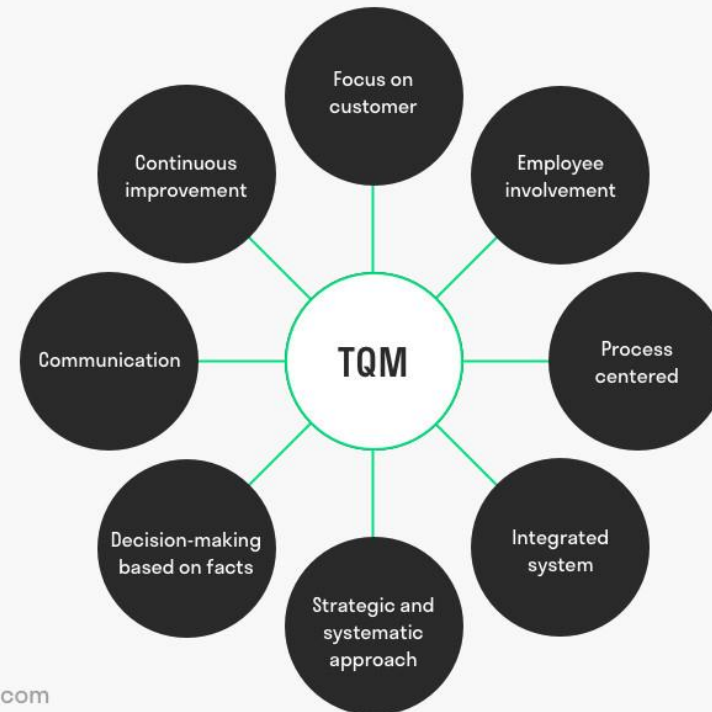
TOTAL QUALITY MANAGEMENT

Total Quality Management is an extensive and structured organization management approach that focuses on continuous quality improvement of products and services by using continuous feedback.

See The Principles of TQM In The Figure To The Right.

Total Quality Management (TQM)

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PRIMARY ELEMENTS OF TQM

TQM can be summarized as a management system for a customer-focused organization that involves all employees in continual improvement. It uses strategy, data, and effective communications to integrate the quality discipline into the culture and activities of the organization. Many of these concepts are present in modern quality management systems, the successor to TQM. Here are the 8 principles of total quality management:

1. **Customer-focused:** The customer ultimately determines the level of quality. No matter what an organization does to foster quality improvement—training employees, integrating quality into the design process, or upgrading computers or software—the customer determines whether the efforts were worthwhile.
2. **Total employee involvement:** All employees participate in working toward common goals. Total employee commitment can only be obtained after fear has been driven from the workplace, when empowerment has occurred, and when management has provided the proper environment. High-performance work systems integrate continuous improvement efforts with normal business operations. Self-managed work teams are one form of empowerment.
3. **Process-centered:** A fundamental part of TQM is a focus on process thinking. A process is a series of steps that take inputs from suppliers (internal or external) and transforms them into outputs that are delivered to customers (internal or external). The steps required to carry out the process are defined, and performance measures are continuously monitored in order to detect unexpected variation.

PRIMARY ELEMENTS OF TQM

4. Integrated system: Although an organization may consist of many different functional specialties often organized into vertically structured departments, it is the horizontal processes interconnecting these functions that are the focus of TQM.

- Micro-processes add up to larger processes, and all processes aggregate into the business processes required for defining and implementing strategy. Everyone must understand the vision, mission, and guiding principles as well as the quality policies, objectives, and critical processes of the organization. Business performance must be monitored and communicated continuously.
- Every organization has a unique work culture, and it is virtually impossible to achieve excellence in its products and services unless a good quality culture has been fostered. Thus, an integrated system connects business improvement elements in an attempt to continually improve and exceed the expectations of customers, employees, and other stakeholders.

5. Strategic and systematic approach: A critical part of the management of quality is the strategic and systematic approach to achieving an organization's vision, mission, and goals. This process, called strategic planning or strategic management, includes the formulation of a strategic plan that integrates quality as a core component.

6. Continual improvement: A large aspect of TQM is continual process improvement. Continual improvement drives an organization to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations.

7. Fact-based decision making: In order to know how well an organization is performing, data on performance measures are necessary. TQM requires that an organization continually collect and analyze data in order to improve decision making accuracy, achieve consensus, and allow prediction based on past history.

8. Communications: During times of organizational change, as well as part of day-to-day operation, effective communications plays a large part in maintaining morale and in motivating employees at all levels. Communications involve strategies, method, and timeliness.

Just in Time Inventory

Just in Time Inventory

Just in time (JIT) inventory is a strategy to increase efficiency and decrease waste by receiving goods only as they are needed in the production process, thereby reducing inventory costs. In other words, JIT inventory refers to an inventory management system with objectives of having inventory readily available to meet demand, but not to a point of excess where you must stockpile extra products.

JIT Inventory Example

General Motors operates using a JIT inventory, relying on its supply chain to deliver the parts it needs to build cars. The parts needed to manufacture the cars do not arrive before or after they are needed; rather, they arrive just as they are needed.

The Bailey Seat Company supplies GM with all the seats it needs for the production of its full-size trucks. The Bailey Seat Company and GM work closely together so that the seats arrive at the assembly plant as they are needed for each truck being built. The seats are never stored at GM's assembly plant, waiting to be installed onto the trucks. The seats are delivered to the plant and are immediately installed into the new trucks.

Just in Time Inventory

Why Use JIT Inventory?

The JIT inventory method requires that producers be able to forecast demand accurately. JIT inventory supply system represents a shift away from the older 'just in case' strategy where producers carried large inventories in case higher demand had to be met. *A few of the advantages of using JIT inventory include:*

1. **Free up capital:** Funds used to pay for inventory that was being stockpiled can now be used elsewhere.
2. **Free up physical space:** Areas previously used to store inventories can now be used for other, more productive things.
3. **Throughput time reduced:** JIT reduces the time it takes to assemble a product, resulting in greater potential output and quicker response to customers.
4. **Defect rate reduced:** With JIT inventory, if there is a problem with the item being used in the production of a product line, workers can identify it and request changes quickly. This results in less waste and greater customer satisfaction.

JIT Risk

Implementing thorough JIT procedures can involve a major overhaul of business systems. It can be difficult and expensive to introduce. JIT manufacturing also opens businesses to a number of risks, notably those associated with the supply chain. With no stocks to fall back on, a minor disruption in supplies to the business from just one supplier could force production to cease at very short notice.

KAIZEN: Continuous Improvement

What is Continuous Improvement (Kaizen)?

Kaizen is a Lean manufacturing tool that improves quality, productivity, safety, and workplace culture. Kaizen focuses on applying small, daily changes that result in major improvements over time.

In business, Kaizen refers to activities that continuously improve all functions and involve all employees from the CEO to the assembly line workers. Kaizen's strength comes from having all workers participate and make suggestions to improve the business. The purpose of Kaizen goes beyond simple productivity improvement. When done correctly, the process humanizes the workplace, eliminates overly hard work, and teaches people how to spot and eliminate waste in business processes.

BENEFITS OF KAIZEN

Beyond the obvious benefit of improving processes; Kaizen engenders teamwork and ownership. Teams take responsibility for their work and are able to make improvements to enhance their own working experience. Most people want to be successful and proud of the work that they do and Kaizen helps them to achieve this while benefitting the organization.

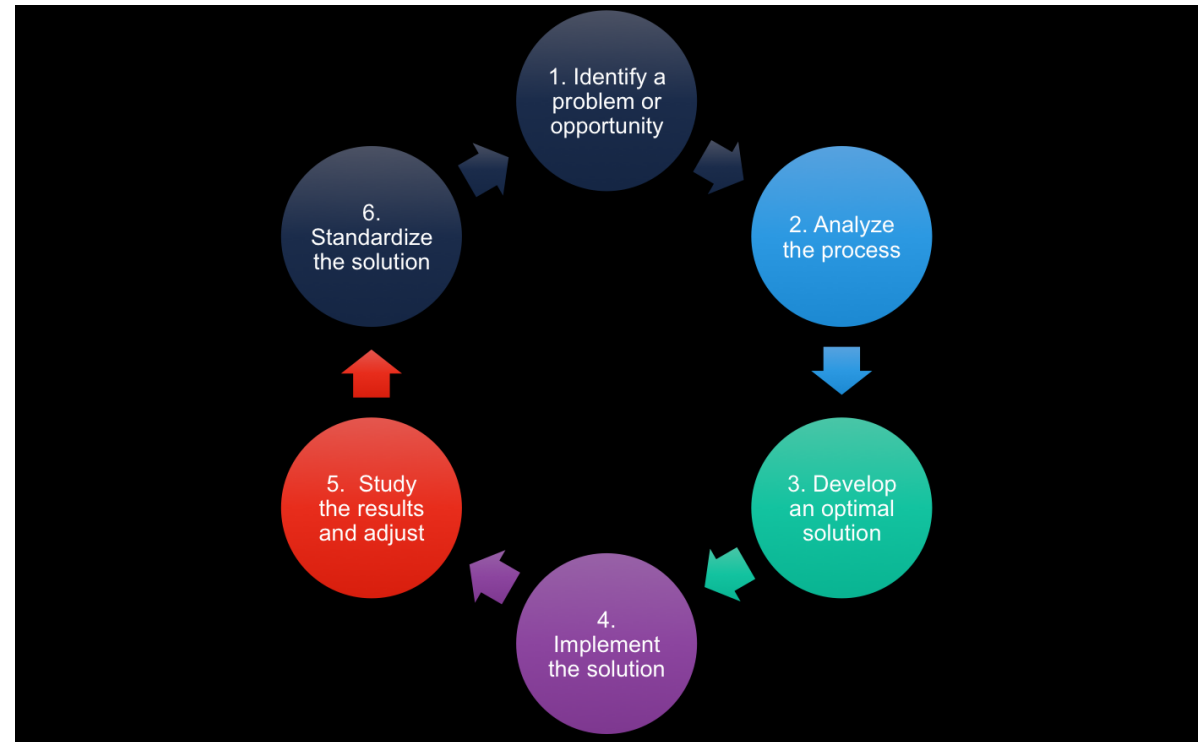
One of the main benefits of Kaizen is getting employees actively involved and engaged with the company. Having more engaged workers leads to more efficient processes, lower turnover, and higher rates of innovation. Engaged employees feel that they have an impact on the company's performance and are more likely to try out new ideas. Additionally, organizations with more engaged employees can achieve higher competitiveness, enhance customer satisfaction, and have an improvement culture of solving problems through teamwork.

The Kaizen Process

The continuous cycle of Kaizen activity has six phases:

1. Identify a problem or opportunity
2. Analyze the process
3. Develop an optimal solution
4. Implement the solution
5. Study the results and adjust
6. Standardize the solution

Kaizen starts with a problem, more precisely the recognition that a problem exists and that there are opportunities for improvement. Once problems are identified, the organization needs to enlist the cross-functional personnel to understand the underlying cause of it. The proposed solution are then tested on a small-scale. Using data, the team makes adjustments to the solution. And finally, the results are spread across the organization and the solution is standardized.



Getting Started With Kaizen

As a Lean business practice, Kaizen succeeds when all employees look for areas to improve and provide suggestions based on their observations and experience. To facilitate this, management's role is to communicate the need to change, demonstrate a personal commitment to process improvement, educate and train staff in Kaizen, and manage the improvement process. When first getting started with Kaizen, here are some things to keep in mind:

- **Start with training:** Everybody needs to know what Kaizen is and how it can benefit the workplace culture.
- **Support Kaizen from the top:** Employees need to know that they will get support when they need it.
- **Get ideas flowing:** Use Kaizen boards, quality circles, and suggestion boxes. Employees need a way to communicate effectively and document their ideas for improvement.
- **Keep ideas coming:** Let employees implement their own suggestions when possible. This will encourage participation.
- **Remove barriers:** Kaizen boards and software are especially useful here. They allow workers to post ideas, track their progress, and see the benefits of each improvement.
- **Measure impacts:** By keeping track of the beneficial results from the kaizen process, the company is more likely to continue investing in it and sustaining it.

Kaizen is a long-term strategy and the goal is to develop the capabilities and confidence of workers. As a strategy, Kaizen works when employees at all levels of the company work together proactively to achieve regular, incremental improvements. In a sense, it combines the collective talents within a company to create a powerful engine for improvement.

By having the right system in place, management can help their Kaizen program gain momentum and succeed. Workers will gain a sense of ownership over their tasks and become more involved in every aspect of the business. This will ultimately lead to better processes, higher customer satisfaction, and a more profitable business.

CLASS ACTIVITY

WRITE A (SHORT) CHANGE MANAGEMENT PLAN FOR RYDE SOUTH FLORIDA

1. Advise the reasons for the change.
2. Determine the scope. *The next step in writing the change management plan is determining who the change will affect. Also determine what the change will impact, including policies, processes, job roles, and organizational structure.*
3. Identify stakeholders and the change management team. *Specify the persons in the organization that will be in charge of leading the change.*
4. Clarify the expected benefits. *These benefits should be clearly delineated so that everyone involved understands the advantages of proceeding with the change.*
5. Milestones as well as costs must also be clearly outlined. *Establishing well-communicated and achievable milestones are vital to the success of any change plan. These milestones become symbols to employees that the plan is working, progress is happening, the direction is still right, and the effort is worth it.*