
ERP & Kaizen – Maximizing The Value of The Implementation

Kaizen became known via improvements in manufacturing operations, but has also been used in many environments such as hospitals, professional services firms and others.

Depending on which version of a definition you click onto, **Kaizen** 改善 is a compound Japanese word for 'change is good'. **Kai** = Change or Revision and **Zen** = Good or Virtue. There are several types of Kaizen methods, but the bottom line is that they all promote continuous improvement and include people at all levels of an organization, from the Board of Directors and CEO down to administrative and janitorial staff. In a number of situations, external stakeholders may become involved.

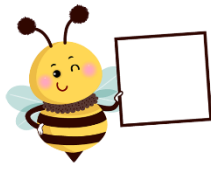
More recently, Kaizen methods have been utilized to improve the results of ERP implementations. This, in effect, turns an ERP project into a Business Transformation project with only a very nominal increase in cost and human effort to do so.

Results Expected

Some of the differences in results between a standard ERP implementation and one that includes Kaizen include:

- The organization's employees, and some stakeholders, become very aware of wasted time, wasted human effort, non-value-added overhead costs and the impact of business risks which, in turn, means...
- The entire implementation team understands the reasoning, and contributes to the positive results, behind the changes to processes and roles that are a by-product of an ERP implementation which, in turn, means...
- Improved employee engagement in the various projects which, in turn, means...
- There is the creation of a culture of teamwork and ongoing improvement throughout the organization and into various levels of stakeholder engagement.

The Components for Success



Education! From the Board of Directors and C-level of the organization down to the bottom of the various branches of the organizational tree. Yes, it's various levels of detail and types of education, but the investment results in the entire organization being aware of the who, what, why, where and when of various aspects of the overall plan. They also become aware of the various roles and responsibilities that each person will have during the projects. **Note: *Nobody skips the education!*** Even if someone has worked on Kaizen events in the past, this is different enough that everyone needs to be in the meeting room. The other key result of participation is that everyone uses the same terminology and has a common point of reference.

Organizational Change Management (OCM)! You need to have a plan and it's not as simple as one might think. When you implement an ERP solution, you change how, where and when people enter data into a system and you also show them how their information will be distributed and displayed. This is a fairly simple exercise (not). If you don't have buy-in from all team members (including every member of management) into the project and / or resisters to the relatively simple changes to how they do their day to day jobs, the ERP implementation becomes problematic. Now, just think about getting those people to also change how they are going to interact with other parts of the organization and / or stakeholders outside of the organization. **OCM is a significant project all by itself** and absolutely needs to be integrated with your overall Business Transformation plan and goals.



Closed Loop Communication! It was shortly after World War II that Kaizen first came into prominence in Japanese manufacturing. The culture of Japan at the time made it fairly easy to implement. Much as changed over the last 75 years. In most of the world today, employees and stakeholders have many expectations of which an important one is fast, accurate communication. There are a few subjects related to these projects which will have their own communication plan.

- *Enterprise wide, project-related communication* is essentially communicating the plan, progress on the project plan on a regular basis and announcements of milestone achievements and any changes to team personnel.
- *Project communication* has several components...which are always documented and posted on a shared folder. Team meetings for the various

functional and supporting teams. Project management meetings for the team leaders, project manager and project sponsor to discuss the status, issues, risks and any obstacles that could impact the critical path. Steering Committee meetings that deal with immediate decisions and removal of obstacles. SMT (Senior Management Team) meetings that prepare updates for the Board of Directors and deal with any issues the Steering Committee did not have authority to resolve.

- *Kaizen communication.* This is the most stringent part of the communication strategy. People expect feedback on the ideas they have provided and they expect the feedback in a relatively short time. How your organization is going to set the expectations with your employees and stakeholders all ties back to parts of every level of education, the OCM requirements and your first two communications plans. Depending on the type and complexity of of a Kaizen suggestion, initial feedback communication expectations can be as short as three business days.

How would your organization ensure that, whatever the expectation is, **each Kaizen suggestion can be captured and reviewed and then close the communication feedback loop to the originator(s) within three business days?** This does not mean that the communication loop is finished...just that the person(s) making the suggestion get good, considerate feedback. Bear in mind that the suggestion might have an impact on what you're doing with the ERP implementation which means a change (small or large) to the ERP project plan may be required.

Kaizen Business Process Modeling and Automation

There are some technology solutions that facilitate the ability to model the processes that need to be executed to implement an ERP solution with OCM and Kaizen components. ***Don't confuse modeling with automation...they are two separate technology solutions.***

In the modeling, you are going to create the various processes, stages, decision points and roles for the ERP, OCM and Kaizen components of the overall Business Transformation initiative. You also document the various policies and information that each area should have so that everyone (including auditors) knows what the guidelines and expectations are.

Once the model is completed, it is deployed into a process automation solution. The automation facilitates the ability to have people input their suggestions and, depending on various factors that you modeled, the Kaizen team members get immediate notification of the suggestions and execute the appropriate tasks that will create various levels of decision-making results which, in turn, will prompt other roles / people to take action in a timely manner. Some automation solutions allow



you to set up escalation factors which, in turn, ensures that the various stages of each Kaizen event are executed quickly and the loop is closed back to the originators in the shortest possible time.

Emercomm LeanControl RTO

Emercomm provides the education, coaching, consulting and process management knowledge to assist your organization in implementing an ERP solution. **We can also take that ERP implementation and provide the services and process management modeling and automation technology that will *take your ERP implementation and deliver a Business Transformation result.***

Email us for more information: services@emercomm.com