

Masaaki Imai's 3rd book after his best-selling  
*Kaizen* and *Gemba Kaizen* books

# Strategic **KAIZEN™**

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your organization to become  
highly effective and efficient

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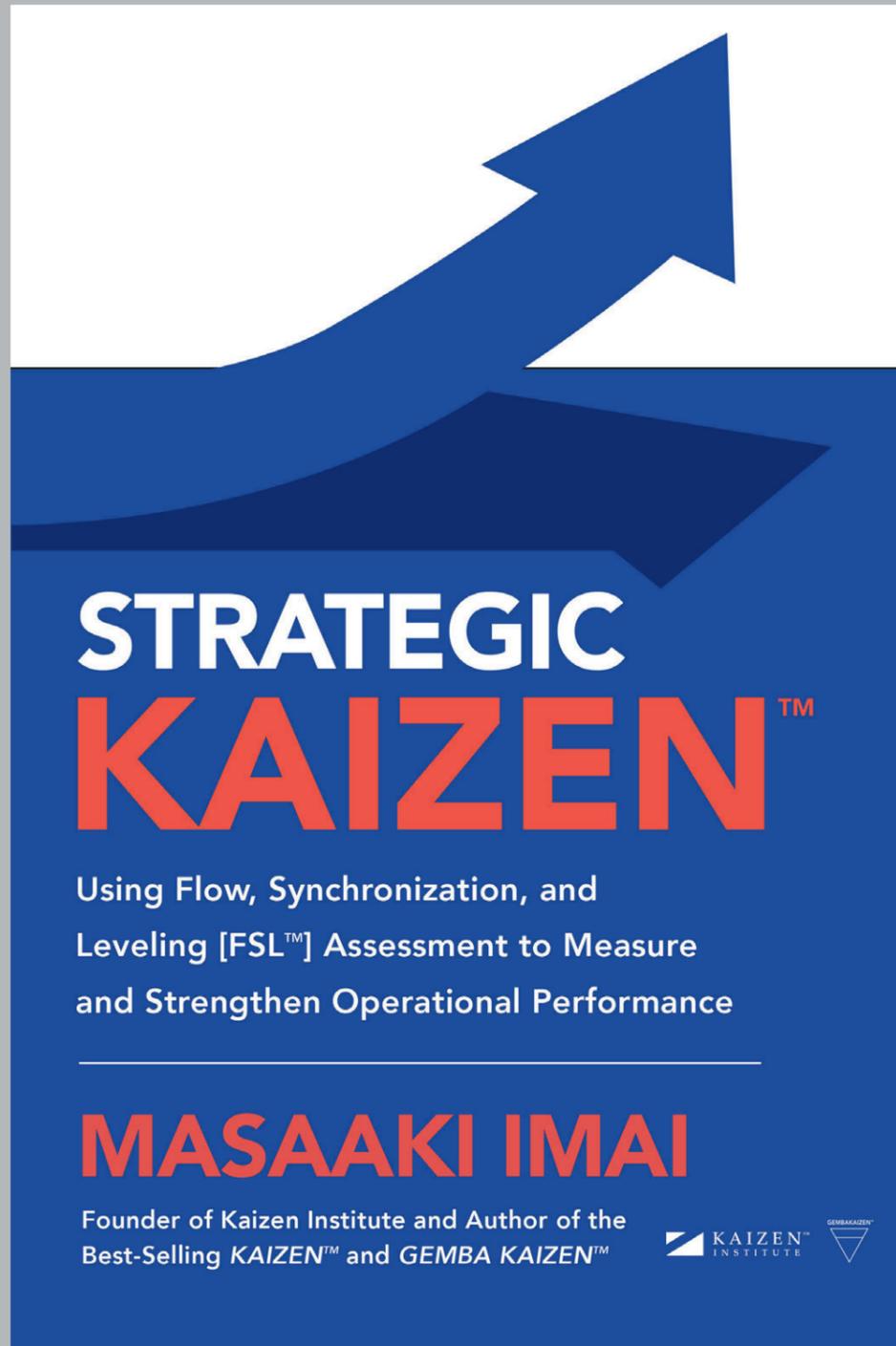
# Strategic KAIZEN™ – The Third Book by the Father of KAIZEN™



The pioneer in the field of organizational excellence and Continuous Improvement, Masaaki Imai, celebrated his 90th birthday on the 1st of September 2020 in Tokyo.

An in-depth interview with Masaaki Imai was conducted the following day, exploring a few concepts from his highly-anticipated third book, *Strategic KAIZEN™* (to be published during the second quarter of 2021). He also referenced the concepts and practices from his previous two books, *Kaizen: The Key to Japan's Competitive Success* (published by McGraw Hill in 1986) and, *Gemba Kaizen: A Commonsense Low-Cost Approach to Management* (published by McGraw Hill in 1997).

Please find on the following pages a summary of his third book and excerpts of the interview with Masaaki Imai, the father of KAIZEN™.



Masaaki Imai's 3rd book Strategic KAIZEN™

# The Core of Strategic KAIZEN™

This is Masaaki Imai's third book on management strategy, following *Kaizen: The Key to Japan's Competitive Success* and *Gemba Kaizen: A Commonsense Low-Cost Approach to Management*. In *Strategic KAIZEN™: Using Flow, Synchronization, and Leveling (FSL™) Assessment to Measure and Strengthen Operational Performance*, Masaaki Imai identifies three key concepts, – "Flow," "Synchronization," and "Leveling" (FSL™), as the hidden secrets of Lean strategy.

There are two ways to evaluate corporate performance: financial performance and operational performance. Currently, the financial reporting system is the only publicly available means to assess and audit an organization's performance. Thus, there has been no other public means to assess and audit the operational Lean status of every organization.

Traditional companies are those "cursed" ones that have inherited century-old traditional legacies and failed to employ the Lean approach originally developed by Toyota over the last hundred years. The introduction of Lean is a strategy to improve operational systems that will lead to customer satisfaction. The basic difference between Lean and traditional systems can be seen in the flow of operations. Lean operations place the "flow" on the sacred altar (of highest importance and respect), while traditional operations completely disregard the "flow" and pursue volume and speed.

FSL™ is the new criteria proposed to assess and audit the Lean status of every organization. Under current conditions, where a majority of companies have not yet started on their journey to embrace Lean strategy, the author suggests conducting FSL™ audits.

Once a CEO has made the decision to depart from the traditional approach and begin a Lean journey by closely working together with experts to introduce the new FSL™ management system, the company will reach entirely new heights of success.

The only requirement is for the CEO to make the decision to cast away the traditional approach and strive for the ultimate FSL™ status to reach the summit of Lean.

# Masaaki Imai's insights into organizational behavior

## PART 1 The historical development of Masaaki Imai's insights into organizational behavior

Masaaki Imai has been the pioneer of the renowned KAIZEN™ approach as developed and practiced at Toyota Motor Corporation for over a 100 years, including numerous Japanese organizations. For almost four decades he has been promoting the KAIZEN™ approach as a strategy to achieve organizational greatness instead of making disconnected, disjointed, and unsustainable short-term improvements. He has consequently been recognized globally for the major influence and general acceptance of his groundbreaking work.

On September 1, 2020, Masaaki Imai celebrated his 90th birthday virtually with some of the global leadership team he worked with since he founded Kaizen Institute in 1985. The following day he was interviewed to reminisce on this milestone but also to gain some insights into his third book. The following are some highlights from this interview with a true sensei.

### His early years in the US

As a young man in his late twenties, he was selected from thousands of applicants in Japan to represent Japan Productivity Centre in Washington D.C. in the US during the late 1950s. There he hosted senior executives from his home country in their quest to learn from American businesses during their economic rebuild after WWII. Subsequently, Masaaki Imai met numerous influential Japanese business leaders and spent abundant time with them as a translator, accompanying them to endless businesses during the almost five years he spent in the US. He obviously met leading US business leaders during these events. This very close association with senior Japanese business leaders were taken to a next level when he returned to Japan by being invited to visit numerous of these prominent business contacts and their companies. Consequently, he observed many business practices and developed a birds-eye view and a unique perspective of Japanese organizational transformations and the evolution of their recovering national economy.

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### Experiencing the evolution of the Japanese economy

On his return to Japan he saw the gaping need to recruit senior executives to support the ongoing advancement of the Japanese economy and established an executive recruitment company. This business opened further access to all sorts of organizations in Japan, deepening his understanding and insights on leadership, management, and operations. This natural development (as he phrase it)

of his life story, positioned Imai to truly understand both Japanese business and US companies and their radically different management approaches. He therefore had a unique insight into the key to Japan's competitive success during and after the oil crisis in 1973.

### Influence beyond Japan

Masaaki Imai's insights were gained from continuously gathering data and information on both the Japanese and US management approaches. The constant reflection on what he has seen, heard, and experienced since his twenties, enabled him to release his first best-selling book *Kaizen: The Key to Japan's Competitive Success* (McGraw Hill 1986). This publication led to numerous invitations to lecture at prestigious institutions like Harvard Business School where he developed a personal relationship with many of the academics. It was also during this period that he established Kaizen Institute operations in the US, and later in Europe, elaborating on his previous experience of the Western organizational psyche and culture, and how it differs from the Japanese approach. The KAIZEN™ seminars Imai delivered became instrumental in opening the eyes of many business leaders to the potential of KAIZEN™. This included the Danaher Corporation (who has become one of the most successful businesses through its application of KAIZEN™). Imai has been playing a pivotal role in the study and betterment of organizational behavior since his early career. From a historical perspective, Masaaki Imai can truly be regarded as the father of KAIZEN™ and a pioneer in organizational excellence. The narrative of Masaaki Imai captures the authenticity of the KAIZEN™ approach (one of Kaizen Institute's four brand promises), uniquely presented to the world since the 1980s and still changing organizations for the better across the globe.

### Reflection

The first insight from interviewing Masaaki Imai is his dedication to ongoing learning. Gathering data and information on organizational behavior through many decades, without having the writing of a book in mind, shows his personal dedication to self-education. One can attend a university and still not be educated. One can be trained and still be reckless and irresponsible with the truth (of the reality of our work and our world), or don't care about the truth in an organization. A position, a title, does not imply being educated because it takes respectful curiosity, a willingness and humbleness to learn, to improve the workplace and life. The secret ingredient of this approach is a devotion to life-long learning as personified by Masaaki Imai. We need to seek the truth in our organizations; applying KAIZEN™ is an effective and efficient methodology to see and understand this daily reality. In a post-modern world, truth has been discarded to our detriment; KAIZEN™ helps us to make problems visible (seeing the truth), seeking and implementing solutions with everyone, everywhere, every day.

A second lesson that goes beyond lecturing on process methods and tools, is the respectful relationships Masaaki Imai developed with the business fraternity since his twenties. His enthusiasm opened numerous doors and initiated enduring relationships for him in Japan, the US, and across the globe, even until

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today. Organizational behavior and culture can be changed for the better by applying Imai's proven KAIZEN™ approach. Work is more than learning to fix process problems in a disconnected way; it is also about being educated and changed to become a respectful, effective leader of the people in the pursuit of excellence.

## PART 2 Components of sustained greatness and growth

During an exclusive interview with Masaaki Imai after his 90th birthday, he summarized his life-long learning on organizational behavior in three concepts. To pursue, achieve, and sustain greatness hinges on the commitment from top management, the focus of the whole organization on *gemba* (the actual place), and taking the customer seriously.

### Top management

Masaaki Imai states categorically that an ongoing commitment from senior leadership to develop a system of excellence through the application of KAIZEN™ is the primary requirement to succeed. As described in the first part of this series, KAIZEN™ is all about a holistic approach to generate organization-wide transformation and it is not about disconnected, disjointed, and unsustainable short-term improvements. The simple wisdom stemming from his sixty-plus years of studying organizational behavior is that Continuous Improvement is really everyone, everywhere, every day improvement in an organization. He implies that improvement is not limited to project teams, frontline staff, or even frontline management. To achieve systemic improvement in an ongoing way requires a long-term commitment, especially from senior leaders. This is probably the lacking behavior for most organizations globally and the area where some of the biggest improvement opportunities can be identified.

Imai further mentions that a sense of superiority by management (at all levels) is foreign to the KAIZEN™ approach. The overemphasis of the achievement of the individual at the detriment of the group is often fueling this fire of inefficiency and ineffectiveness. Leaders and managers should be servant-leaders. They are not the “gods” to be adored; the real “gods” are the people at *gemba*. For some, this requires a huge paradigm shift. Externally recruited leaders, or even leaders transferred or promoted internally, can be an obstacle in achieving excellence without the *gemba* orientation. Strategic direction and objectives often change with new leadership taking control, making the committed efforts and hard work from previous years, null and void. A lack of continuation, building on the past successes and learning from failures, can be detrimental to the medium and long-term health of a company.

Leaders without a profound knowledge of the system can bring about systemic changes without deeply understanding the impact on people, process, product, and ultimately, the customer. As the KAIZEN™ approach strongly emphasizes people development, KAIZEN™-minded companies coach their leaders to have an uncompromising *gemba* orientation to enable a sustainable improvement culture (The third part of this series will explore Imai's' thoughts on some of the root causes of the leadership dilemma prevalent in many organizations

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across the globe).

During this interview, Imai said that it “takes great effort on the part of management to really get to know the *gemba*”. It is initially challenging, a sacrifice, as it requires a new set of behaviors. However, the KAIZEN™ methodology enables the development of these critical habits. Once these new habits have been standardized, KAIZEN™ becomes second nature.

### Go to *gemba*

The focus on *gemba* is foundational to Imai's teachings and the KAIZEN™ approach to organizational excellence. *Gemba* is the actual place, the real place, where the value-added work is done to satisfy the customer. It is the frontline or coalface where problems also persist if they are not clearly seen and solved. This requires practical, hands-on leadership by top management.

Imai's observations since the 1950s of the key differences between traditional Western management and the KAIZEN™ management approach, is that KAIZEN™ leaders regard “going to *gemba*” as a critical part of managing processes and developing people. In too many organizations the coalface is avoided, almost at all cost, but ultimately at a huge cost. Traditional leaders design strategy and targets in boardrooms and offices, pushing performance targets to *Gemba* and expect the frontline to achieve these targets. From a KAIZEN™ perspective, this is seen as disrespecting people. Instead of a “command-and-control” management style, KAIZEN™ establishes “support-and-control”, enabling employees to manage their processes in pursuit of achieving their goals. This leadership style is not controlling employees but supporting them, serving and enabling people so they can control their processes. The wording seems subtle; the difference in practice is vast.

Showing respect to people is not just being nice, browsing in a factory with a grin. It is also more than management-by-walking-around. Respect is practical in the sense that leaders support frontline employees to see and solve the problems preventing them from achieving cascaded targets (as determined through the process of *hoshin kanri*).

### The customer

The customer of our system (organization) and the “gift” or value we provide to them, is foundational in building an excellent and long-lasting organization. Imai says we should consider the customer's viewpoints seriously. If we are to create customer value, we have to study the customer and their requirements, so we can design better products and services. Continuously hearing the voice of the customer is done through standardized processes, showing commitment to the customer. This requires hard work, sacrifice, and discipline - a cornerstone of the house of *gemba* management (as Imai referred to it in his previous book). Studying the customer will lead to innovation: designing better products and processes, and marketing and selling more effectively. Therefore, innovation methods and process improvement methods coexist harmoniously in a KAIZEN™ Business System.

**This leadership style is not controlling employees but supporting them.**

An organization exists because of the primary customer. Without the customer, there are no products, no system, no processes, no people, and no profits. KAIZEN™ organizations treat their customers' voice with the utmost respect and this is reflected in all they do to implement management-led *gemba* practices.

## Summary

Masaaki Imai condensed his learning during the last six decades about the hallmarks of excellent organizations in three concepts: top management commitment, *gemba* orientation, and customer focus. All three these concepts require a paradigm shift, the development of new organizational habits, indeed, a KAIZEN™ culture.

## PART 3 Imai on Sustained Excellence

Following an on-line celebration with Masaaki Imai on his 90th birthday, he was interviewed to capture essential insights from this thought-leader and pioneer. This is the third and final part in the series, celebrating the inspirational life and work of a man who impacted organizational thinking and behavior across the globe since he wrote *Kaizen, the Key to Japan's Competitive Success*.

### Root-causes of failing to reach excellence

#### Imai's three concepts

During the interview with Masaaki Imai, the question was put to him on why many organizations fail to achieve excellence. He summarized his observations in three critical KAIZEN™ concepts: (i) top management commitment to KAIZEN™, (ii) *gemba* orientation by all management levels, and (iii) taking the customer seriously.

The KAIZEN™ approach enables leaders to visit the frontline of the organization in a structured and deliberate way to support and empower people to improve their own processes. All *gemba* (shop floor or frontline) activities are consequently aligned with a clearly cascaded, customer-centric strategy (the responsibility of top management). The purpose of focusing on *gemba* by all management levels is not to find culprits and to blame people for the problems in processes – this is not leadership. *gemba*-orientation makes problems visible to management; celebrating when problems are seen and solved.

However, when (internal and external) stakeholder dissatisfaction occurs, the cause is often found in continuous firefighting and recurring problems at *gemba*. Frustrating delays, defects and rework are some examples. But, these causes are driven by root-causes. Imai's three concepts are addressing the root-causes of a system (organization) lacking a *gemba*-oriented, customer-focused leadership and management approach. What the *sensei* is saying, is that a KAIZEN™ approach identifies and eliminates the deep-seated root-causes to make a culture of excellence possible.

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As seen in Imai's work, change-for-the-better (the root meaning of *kaizen*) has to start with top management. KAIZEN™ cannot be delegated; it must be owned and habitually led by senior leaders. Just as operators in a KAIZEN™ Business System are responsible for maintaining and improving their equipment, tools, materials, and methods, likewise leaders (at all levels) must also maintain good leaders' KAIZEN™ practices and enhance their leadership processes. However, these leadership and management processes must first be defined and developed, then standardized, and continuously improved. This requires honest self-reflection, a humbleness and willingness to learn by doing.

Masaaki Imai stated in the interview that self-conceited managers (arrogance, narcissism, and egotism) is the opposite of an excellence mindset. It destroys motivation and accountability, and prevents a culture of making problems visible so these can be solved. Thus, for KAIZEN™ to be sustained, top management and middle management must lead and manage in a respectful way at the coalface. Decision-making should be with *gemba* people in the trenches; not for them.

#### Educational system

Going deeper into identifying some root-causes of this failure to excel, Imai also shone the light on the broader approach to teaching, training, and developing people. Usually people are sent to academic institutions like universities (or other external training providers) to gain knowledge. But this academic-oriented knowledge is often disconnected with the reality of *gemba* and customers. The KAIZEN™ way requires people development within the organization, at *gemba*. This long-term educational approach has lost favor at a huge cost. Training within the industry creates a profound understanding of the reality of customer requirements, and how customer value is created within processes (or value streams). This cannot be replaced by classroom training; only complimented.

The KAIZEN™ approach is not against university training at all (Imai himself has often been invited by the world's renowned universities for lectures and developed rich relationships with academia). Kaizen Institute also practices scientific thinking through the application of PDCA/SDCA methods, structured problems solving, fact-based reasoning, etc. However, in pursuit of excellence, organizations have to develop a robust, internal educational program, executed at *gemba* for everyone, everywhere in the organization.

When there is a concentrated and concerted effort on developing people within the organization, instead of depending mainly on external training providers, excellence can become a reality. Unlike traditional training programs, Kaizen Institute's training program has a strong connection with *gemba* and relevancy to the real work beyond academic learning, but yet, there is still a limitation. Theoretical learning must be well orchestrated with a robust system to develop people who can drive improvement and manage change and this must be done in *gemba*. The practical learning-by-doing at the frontline has immense power in developing skill, confidence, ideation, and problem-solving techniques. This profound knowledge within an organization brings stability and reliability that can only benefit the customer, something Taiichi Ohno promoted with vigor.

**The practical learning-by-doing at the frontline has immense power in developing skill, and problem-solving techniques.**

## Taiichi Ohno

**This friendship allowed Imai to really grasp Ohno's thinking and insights.**

Masaaki Imai became well-connected with senior managers at Toyota Motor Corporation ever since he hosted influential Japanese business leaders in the US during the 1950s on behalf of the Japan Productivity Center. Imai later met Taiichi Ohno (the mastermind behind the Toyota Production System) and frequently visited him at Toyota Motor Corporation (TMC). Subsequently, a firm bond developed between them to such an extent that they played golf together and shared "many happy moments". Imai laughed fondly during the interview when he mentioned that Ohno often got the better of him on the golf course. This friendship allowed Imai to really grasp Ohno's thinking and insights, enabling him to compare Ohno's methods with business practices he studied across the globe.

They travelled together on speaking engagements due to the keen interest in the KAIZEN™ concepts Imai introduced to the world outside of Japan in his book *Kaizen, the Key to Japan's Competitive Success* (published in 1986). Companies often wanted to hear from someone within Toyota and, therefore, Taiichi Ohno accompanied him to the United States, Australia, and New Zealand in the late 1980s. It is no wonder that Ohno's work is regularly mentioned in Imai's work; exchanging numerous thoughts on trains, planes, and busses, and back home at TMC.

In Masaaki Imai's new book, he dedicates a good portion of his writing on his dealings with Taiichi Ohno and how Imai was consulted by Ohno as well.

## Imai's third Kaizen book

It has been a long wait since Imai's second book, *Gemba Kaizen: A Commonsense, Low-cost Approach to Management*, saw the light in 1997. The expanded second edition was released in 2012, but now, at the age of 90, Masaaki Imai completed his trilogy of books regarding his extensive insights into organizational behavior and the impact of™.

In this soon-to-be-published book, Imai addresses the topic of strengthening operational performance by changing from a traditional management system to a KAIZEN™ strategy, implemented through a *gemba*-oriented and customer-focused top management commitment. The tools provided in this book aim to empower senior leaders to manage and lead their teams based on more than just the financial reporting of a company. Decision-making leading to excellence, has to be fact-based. As Imai stated in his earlier writings, *gemba* has all the facts. Subsequently, Imai developed a method in his new book to determine the operational status of a company; the real status of the company. Imai is advocating a reporting mechanism that portrays the totality of the organization. If we are to take the customer seriously by being *gemba*-oriented through all management layers, a KAIZEN™ approach goes beyond reporting on financial performance which is not always a clear reflection of frontline reality.

## Final reflection

**It is striking how this KAIZEN™ pioneer has the ability to simplify the core of what excellence is.**

Reflecting on the extensive experience of Masaaki Imai's six decades of observing and contemplating on organizational behavior, it is striking how this KAIZEN™ pioneer has the ability to simplify the core of what excellence is. It is a top management commitment to a *gemba*-orientation in order to satisfy the clearly understood needs of the customer.

We wish Masaaki Imai the very best with the release of his new KAIZEN™ book. We are extremely grateful for his immense contribution to making work and life better.

**“Looking only at the financial reports doesn’t show you the real status of the company.”**

**“It takes great efforts on the part of management to really get to know the *gemba*.”**

**“*Gemba* connects top management to the realities of the customers.”**

**“Improving the current situation is the never-ending process of reviewing current operations and to see how we can improve it.”**

**“The typical, non-KAIZEN™ way of thinking is:  
‘We are top management and you do as we tell you.’”**

[www.kaizen.com](http://www.kaizen.com)



## Contact

**Kaizen Institute, Ltd.**  
**Global Operations**  
Bahnhofplatz  
6300 Zug  
Switzerland

Phone +41 (0) 41 725 42 80  
[ki@kaizen.com](mailto:ki@kaizen.com)  
[www.kaizen.com](http://www.kaizen.com)



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