

Summary of the productivity improvement in this programme (Manufacturing)

JPC team

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Profitability (収益性)			LARGE	SMEs	Average in Japan
1	Operating profit on sales	Operating income ÷ Sales turnover	8.75%	0.30%	5.46%
2	SGA ratio	(Admin cost + promotional expenses) ÷ Sales turnover	27.00%	59.17%	20.80%
3	Return of asset	Profit before taxation ÷ Total capital	6.56%	20.54%	5-10 % to be targeted
Productivity (生産性)					
1	Labor productivity ratio	(Operating income + Labor cost + Depreciation) ÷ number of labor	650,112	166,282	USD 118,428
2	Equipment productivity ratio	(Operating income + Labor cost + Depreciation) ÷ Tangible fixed assets	0.94	2.30	N/A
3	Energy productivity ratio	(Operating income + Labor cost + Depreciation) ÷ Energy expense	16.65	21.43	N/A
Activity (活動性)					
1	Fixed asset turnover ratio	Sales turnover ÷ Fixed asset	4.63	12.53	2.5 ↑ targeted
2	Inventory turnover	Sales turnover ÷ Inventory	5.30	30.74	12.0 ↑ targeted
3	Receivable turnover	Sales turnover ÷ Receivables	5.08	6.92	6.0 ↑ targeted
4	Payable turnover	Sales turnover ÷ Payables	5.46	21.17	12.0 ↑ targeted
Potentiality (成長性)					
1	Sales growth ratio	(Sales of a month - Sales of 12 months ago) ÷ Sales of 12 months ago	29.86%	45.78%	▲ 1.3%
2	Profit growth ratio	(Ordinary income of a month - Ordinary income of 12 months ago) ÷ Ordinary income of 12 months ago	20.34%	59.96%	▲ 11.0%
Stability (安全性)					
1	Current ratio	Current asset ÷ Current liabilities	171.04%	351.54%	200% ↑ targeted
2	Ratio of worth	borrowings ÷ Total capital	33.61%	12.90%	300% ↓ targeted

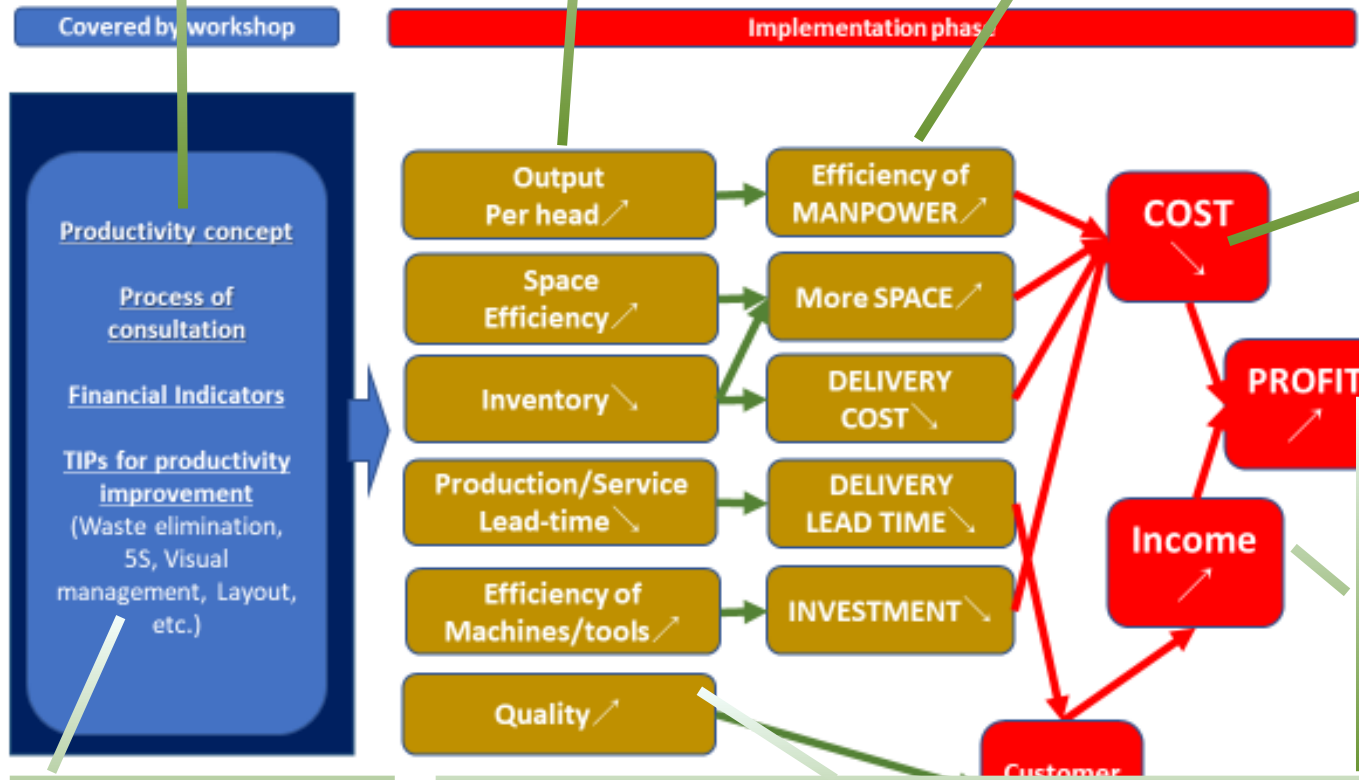
The data includes some extraordinary figures and may not reflect the real financial situation in Mauritius.

① Concepts & tools are well recognized and implemented

③ More chances to improve:
Output/head
Efficiency of machines
Lead-time

⑤ Focal points:
1. Equipment productivity
2. Labor productivity
3. Space efficiency

Productivity improvement logic in this programme



⑥ Productivity increase is for selling more goods, not for increasing inventory

② 5S and visual management are well institutionalized

④ Cases:

1. A few staffs were doing nothing while a change-over is in process
2. 30% of imported ingredients are wasted

⑦ Emerging needs
Market creation
Connection with new partner
New product/service
+
Financial support for small investment

Sustainability of productivity improvement

Common “cross-cutting” issues identified under this project

- Shorten the time for change-over
- Wasting motions and walking of workers
- Better attitude of workers / organizational mind-set etc.

Business context in Mauritius

Companies’ doors are closed to share knowledge.

Isolation: Issues & best practices are not widely shared.

“Multi-industrial working group” in specific manufacturing issues

- On-line members’ discussion of the specific issue
- Mutual advising, consultation & learning
- Application of best practices in a different industry

Multi-industrial workshop (Case 1 of 3)



The screenshot shows the website for Iwata City Hospital. The header includes the hospital's name in Japanese and English, along with navigation links for home, about, services, departments, features, and employment. A navigation menu highlights '特色・取組み' (Features/Initiatives). The main content area is titled '5S活動' (5S Activity) and includes a 'はじめに' (Introduction) section. The text in the introduction states: 'このページでは当院の5S活動について紹介します。当院では、5S活動の視察を常時受付ております。このホームページをご覧になって興味をもたれた方は、5S事務局までお気軽にご連絡ください。' (This page introduces the 5S activities of our hospital. We accept 5S activity observation requests at all times. If you are interested after viewing this homepage, please contact the 5S Management Office.)

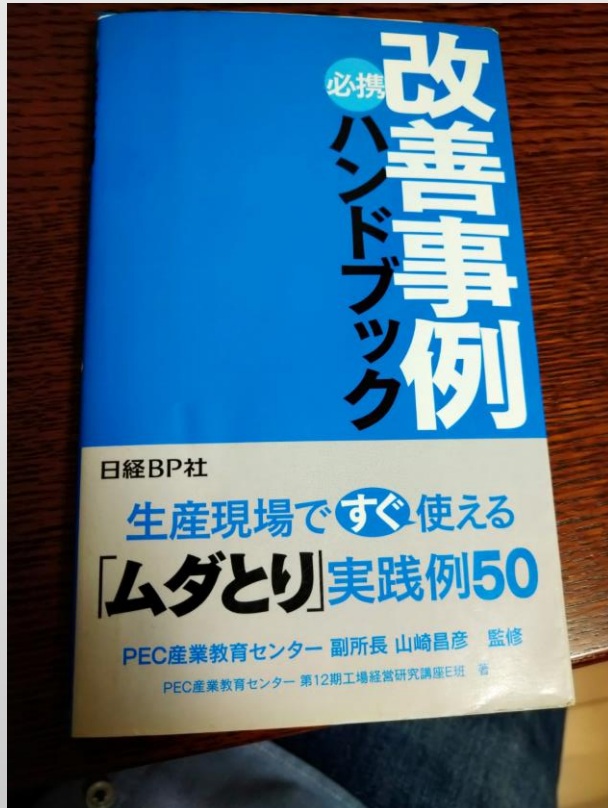


<IWATA CITY HOSPITAL>

A hospital opens door to learn best practices of their 5S (Sorting, Set in order, Shiny clean, Standardizing & Sustaining)

Admin staffs and nurses are keen on productivity improvement as a tool of smart work

Multi-industrial workshop (Case 2 of 3)



This “KAIZEN handbook” is published by a consulting agency.

The agency facilitated a “KAIZEN” working group with 11 different industries.

All the KAIZEN tips were created by a member enterprises.

- 1) Member companies share their productivity issues
- 2) They organize the issues to set priorities
- 3) They invite/visit each other for diagnosis
- 4) Each company takes countermeasures
- 5) They share outcomes and challenges

Multi-industrial workshop (Case 3 of 3)

The screenshot displays the website for SANO TECH Co., Ltd. The header includes the tagline "みんなの提案 小さな工夫" (Everyone's proposal, small improvements) and the main title "もっと良くなるカイゼン事例集" (A collection of cases where things get better through Kaizen). The contact information is "SANO 株式会社 佐野テック" and "TEL 059-391-0200". The navigation menu contains "ホーム", "お客様の改善事例紹介", "社内の改善事例紹介", "見学会のお知らせ", and "お問い合わせ". The main banner features a photo of the SANO factory and a cartoon character holding a tablet with a graph. The text in the banner reads: "少しの工夫でもっと良くなる!!" (A little improvement makes things much better!!) and "自社のカイゼンは、すべて従業員が行っています!!" (All our Kaizen is done by our employees!!). Below the banner are two sections: "お客様のカイゼン事例紹介" (Introduction of customer Kaizen cases) and "社内のカイゼン事例紹介" (Introduction of internal Kaizen cases). On the right, there is a section titled "佐野テックについて" (About SANO TECH) with a list of links: "会社案内" (Company Profile), "アクセス" (Access), "リンク集" (Link Collection), and "プライバシーポリシー" (Privacy Policy). The address and contact details are: "三重県三重郡菟野町大字千草 5051番地9", "tel 059-391-0200", and "fax 059-391-0575".

<SANO TECH Co., Ltd.>

The company facilitates and supports KAIZEN activities of its clients and suppliers.

Sharing knowhow brings happiness to the stakeholders and reinforces their business relationship.

<https://www.sano-tec.jp/kaizen/>



Report for Financial Management

Masanori IMURA, JPC Expert

Financial Problem always has a reason

- Financial problem is just only the result of other problems

Product line trouble → Sales decreasing

Huge Inventory → Storage cost/Interest

Poor Management → Increase Cost

Reckless Investment → Interest/Risk



Case 1 Huge Inventory

Inventory bigger than Annual sales

This means that inventory cannot be sold within 1 year and since inventory usually continues to increase during such period, inventory shall be increasing more and more....

Example case

Simplyfy B/S

Inverntory	15Mil	10Mil	Loan
Others	3Mil	8Mil	Payable
		0Mil	Equity



In above case, it means company borrow loan not for their profitable business but for the non-working asset of inventory with expensive interest.

Case 2 : Increased Cost

In some cases, administrative expenses have increased significantly.

Example case

	2016	2017	2018	2019
Turnover	3,313,352	3,374,026	8,319,318	13,467,264
Cost of sales	-2,528,419	-2,271,614	-5,383,001	-9,602,438
Gross profit	784,933	1,102,412	2,936,317	3,864,826
gross margin	23.69%	32.67%	35.30%	28.70%



In the above case, in 2019, turnover is increased 150% from the year before but gross margin is down nearly 7%. It is assumed that the cost control of the managements does not work appropriately.

Case 3 : Reckless Investment

Investment is indispensable for the growth of a company, but in some companies, the purpose of investment is reckless and does not lead to corporate growth.

For example, for company suffer decreasing sales year by year.

The company should take effort to increase sales such as expanding sales channels, increasing sale destinations, selling new products etc. Despite such situation, some company have expanded their production capacity by expanding the factories or plantation.

While sales are declining and new sales destinations has not found, their expansion of production capacity means to increase immovable inventory.

Proposed Countermeasure for Financial Issue

- **To know of their own breakeven point**

For calculation of breakeven point, company has to check their valuable and fixed cost. Recognition of the cost structure is the first step for their cost control

- **To control cost and detail of expenses**

Once grasp of the cost structure, it is much easy to control their cost and expenses.

- **To keep appropriate volume of the inventory**

Inventory is essential asset for manufacturing company, but too big inventory shall be a burden for the company. To control the minimum volume shall be recommendable.

- **To invest along with the situation for the company**

Some of the company is needed investment for expansion their productive capacity. Meaningful investment is always reputable.

- **To produce new products during bad situation with Covid19**

Some of the company is in the situation for temporally missing chance for sales due to covid19. Expert advised to diversify new products for their survival until the covid19 is over.