

August 23, 2011

To All Media Concerned

Japan Management Association

## Results of the 1st GOOD FACTORY AWARDS 2011

~Five Companies Commended  
for Utilizing Japan's *Monodzukuri* Potential to Expand Global Business~

Japan Management Association (JMA; Chairman: Norio Yamaguchi) has founded the GOOD FACTORY AWARDS to commend Japanese companies' factories for achieving results in their *kaizen* activities, such as raising productivity and improving quality in manufacturing.

The first award winners were the following five companies: Aizu Olympus Co., Ltd.; Toshiba Information Equipment (Philippines) Inc.; Toyota Motor Asia Pacific Eng. & Mfg./Toyota Motor Thailand; Fuji Xerox of Shenzhen Ltd.; and PT. Yamaha Music Manufacturing Asia.

(For an outline of the GOOD FACTORY AWARDS, see p. 2.)

JMA founded the GOOD FACTORY AWARDS in January 2011 as part of its efforts to promote the strengthening of the *monodzukuri* (manufacturing) potential of the manufacturing industry in Japan. These awards focus on examples of structural innovation activities, such as increasing productivity and enhancing quality, at factories in Asia, commending them as models for the Japanese manufacturing industry in terms of processes, success factors, on-site know-how, reform of workers' awareness, and social contribution. By widely publicizing these examples of good factories in the industrial world, JMA aims to contribute to the structural enhancement and development of the manufacturing industry in Japan.

Ten companies applied for commendation in the first GOOD FACTORY AWARDS. As a result of the screening of documents and factory sites by the GOOD FACTORY AWARDS Screening Committee (Chairman: Professor Seiichi Shin, Faculty of Informatics and Engineering, The University of Electro-Communications) organized by JMA, the following companies were selected.

Name of company	Award category	Location
Aizu Olympus Co., Ltd.	<i>Monodzukuri</i> Process Innovation Award	Japan (Fukushima)
Toshiba Information Equipment (Philippines),Inc.	Factory Management Award	Philippines
Toyota Motor Asia Pacific Eng.& Mfg. Toyota Motor Thailand	<i>Monodzukuri</i> HRD Contribution Award	Thailand
Fuji Xerox of Shenzhen Ltd.	<i>Monodzukuri</i> CSR Contribution Award	China (Shenzhen)
PT. Yamaha Music Mfg. Asia	<i>Monodzukuri</i> HRD Contribution Award	Indonesia

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These awards commend the activities and achievements of factories of Japanese-affiliated companies operating in China and Asia, as well as factories in Japan, screening them from the viewpoints of 1) systems, (2) operation, 3) effectiveness, and 4) management foundations, and commending them in each award category.

The awards ceremony, attended by representatives of the award-winning companies, will be held at the Shiba Park Hotel in Minato-ku, Tokyo, on Thursday, October 27, 2011. A presentation (admission free) of examples by the award-winning companies will be held on the next day, Friday, October 28.

Applications for the 2nd GOOD FACTORY AWARDS will commence from January 2012 and the awards ceremony will be held at the end of August 2012.



## About The GOOD FACTORY AWARD

### **1. Background and Aims of Establishment**

Since its foundation in 1942, JMA has conducted various projects, such as corporate training, certification examinations, and symposiums, with the aim of strengthening Japan's *monozukuri* potential. In line with the reform of the public service corporation system in Japan, JMA is scheduled to be converted to a general incorporated association in 2012. Accordingly, in its capacity as a public service organization that supports global *monozukuri*, it established the GOOD FACTORY AWARDS as a new system for the commendation of good factories.

The GOOD FACTORY AWARDS focus on examples of companies in Japan and Asia that are conducting various structural reform activities, such as raising factory productivity and improving quality. They take into consideration a wide range of factors, such as processes, success factors, on-site know-how, reform of workers' awareness, and social contribution, and commend these achievements as models for the Japanese manufacturing industry.

### **2. Eligible Companies / Factories**

Japanese-affiliated companies/factories in China and Asia, and factories in Japan (in the case of overseas Japanese-affiliated companies, it is assumed that the Japanese parent company has a share of at least 40%).

### **3. Requirements and Criteria for Receiving Awards**

Factories or business offices that, through their submitted accounts of their activities and results, achieved comprehensive improvement or strengthening, or forged strong links with the region and employees, and served as outstanding models of *monodzukuri* for other companies in China and Asia or in Japan, are commended in the following four categories:

#### ■ *Monodzukuri* Process Innovation Award

Examples of comprehensive improvement or strengthening of “*monodzukuri* processes” at factories or business offices, such as industrial engineering, application of IT, quality assurance, manufacturing processes, supply chain management, Just-in-Time delivery, procurement innovation, distribution innovation, and automation

#### ■ *Monodzukuri* HRD Contribution Award (HRD: Human Resources Development)

Examples of organizational efforts in human resources development to realize high-quality *monodzukuri*, such as improvement activities participated in by all employees, handing down of skills, development of abilities, and employee education

#### ■ *Monodzukuri* CSR Contribution Award (CSR: Corporate Social Responsibility)

Examples of positive promotion of CSR indirectly supporting *monodzukuri*, such as environmental activities, saving energy, social services, and building links with the local community

#### ■ Factory Management Award

Model examples of an “ideal factory” with a generally high level of factory operation and good overall balance (unlike the three awards listed above, commendation is not related to specific contents)

### **4. Screening**

Chaired by Professor Seiichi Shin, Faculty of Informatics and Engineering, The University of Electro-Communications, the Screening Committee is made up of experienced academics and economic consultants. The award-winning companies are selected based on the screening of documents and on-site visits. The results of the screenings are provided as feedback to all companies submitting applications.

#### \*Primary screening (document screening)

Screening based on documents submitted by applying company (business office)

#### \*Secondary screening (on-site visit)

Interviews with executives and related persons of applying company (business office) and confirmation of facts

#### \*Final screening

Final selection by the Screening Committee based on the results of the secondary screening

### **5. Screening Viewpoints**

Screening is conducted from four viewpoints: 1) systems, (2) operation, 3) effectiveness, and 4) management foundations. Determination is made as to whether the activities meet all of these four criteria, as well as whether the activities are outstanding in a particular area.

**Award-Winning Companies of JMA's 1st GOOD FACTORY AWARDS 2011 (1)**

**Company name:** Aizu Olympus Co., Ltd.

**Award category:** *Monodzukuri* Process Innovation Award

◆ **Reasons for award (evaluation points)**

1. The strong desire and efforts to realize the requirements of the customers and deliver value that exceed their expectations gave rise to process innovation.
2. Proactive process innovation based on quantitative definition of the global No. 1
3. Encouragement of employees to obtain qualifications through point systems linked to promotion
4. Maximizing the potential of female employees through the Ladies' Improvement Research Group

◆ **Impressions from screening**

Aizu Olympus Co., Ltd. was founded in 1970 as an affiliated company of Olympus Optical Co., Ltd. (currently Olympus Corporation). Since its establishment, it has specialized in the manufacture of parts and products related to endoscopes. The company currently undertakes the production of all Olympus's endoscopes. It has achieved the world's top share of this market through its three pillars of advanced precision processing technology in parts processing, "craftsman's skill" in microscopic assembly work, and the advanced information systems that support these operations.

To become the global No. 1 in *monodzukuri*, the company launched Aizu Innovation System (AIS) activities, identifying three bases of the *monodzukuri* system: individualized manufacturing, one-man manufacturing, and consistent manufacturing. By shortening the lead time and reducing inventory, it has promoted quality improvement, cost reduction, and strict meeting of delivery deadlines. These activities have brought concrete quantitative results, such as cutting in half both manufacturing defect losses and endoscope lead times. The company also promotes AIS activities for human resources development based on the motto "*monodzukuri* makes for *hitodzukuri* (Human Development) and *hitodzukuri* makes for *monodzukuri*." These activities integrating *monodzukuri* process innovation with human resources development provide a very instructive example of how to ensure that the *monodzukuri* tradition continues in Japan.

These human resources development activities also include ways of motivating employees, such as the encouragement of employees to obtain qualifications through point systems. As a company that has many female employees, Aizu Olympus holds meetings of the Ladies' Improvement Research Group, which was established to maximize the potential of the unique strengths of women and has achieved great results. The company has defined its next goal to be the global No. 1 in *monodzukuri* by setting new targets, such as reducing endoscope lead time to one-third that of the current time. This dedication to domestic manufacturing holds great promise for the future.

《Company profile》

Address: 500 Oaza-Iidera-Aza-Muranishi, Monden-cho, Aizuwakamatsu-shi, Fukushima Prefecture

Representative: Nobuyuki Koga, President

Business contents: Development and production of medical endoscopes (fiber videoscopes), medical endoscope cleaners, and peripheral equipment

**Award-Winning Companies of JMA's 1st GOOD FACTORY AWARDS 2011 (2)**

**Company name: Toshiba Information Equipment (Philippines) Inc.**

**Award category: Factory Management Award**

◆ **Reasons for award (evaluation points)**

1. Realized a high standard of factory management through a comprehensive factory management structure while enhancing the management levels of each functional element based on communication.
2. Through small-group activities and on-site *kaizen* activities, deployed low-cost automation tailored to expanding production, and achieved process innovation.
3. Systems to promote bottom-up management have been created appropriately.

◆ **Impressions from screening**

Toshiba Information Equipment (Philippines) Inc. was established in 1995 as a subsidiary factory in the Philippines of the Ome Storage Products Factory of Toshiba Corporation. It has been manufacturing hard disk drives since its establishment and production has steadily been transferred here from Japan, increasing from 500,000 drives a month in 2000 to 1.6 million drives a month in 2005 and 3 million drives a month in 2010. With total cumulative production reaching 100 million drives in FY 2007 and 200 million drives in FY 2011, it has steadily grown as an important base for Toshiba's hard disk drive production.

One of the company's distinctive features is that it has placed great importance on communication between top management and its employees as a management foundation since its establishment. As a result, it has succeeded in creating harmony between top-down and bottom-up management, realizing highly innovative factory operation throughout the company.

The company's *kaizen* activities in response to annually increasing production have created a virtuous cycle that has resulted in higher productivity, raising employees' motivation, and leading to further innovation. This has in turn led to the vitalization of small-group activities, the growth of local staff, and smooth indigenization.

As a business entity, too, the company has seen its various functions undergo balanced growth, promoting diversity in the workplace and conducting regional contribution and other CSR activities. Starting as the subsidiary of a parent factory in Japan, it has achieved sufficient autonomy and already grown into the leading factory in the Asian region. It stands as a goal of what all overseas subsidiaries should strive to be.

《Company profile》

Address: 103 East Main Ave., Ext. SEPZ Laguna Technopark, Binan, Laguna, Philippines

Representative: Yoshiyuki Yano, President & Director

Business contents: Production of hard disk drives, solid state drives

**Award-Winning Companies of JMA's 1st GOOD FACTORY AWARDS 2011 (3)**

**Company name:** Toyota Motor Asia Pacific Eng. & Mfg. (TMAP-EM), Toyota Motor Thailand (TMT)  
**Award category:** *Monodzukuri* Human Resources Development Contribution Award

**◆ Reasons for award (evaluation points)**

1. Establishment and implementation of human resources development system
2. Steady step-by-step growth
3. Creation of unique self-reliance levels and assessment based on this
4. Implementation of administrative management by self-reliance promotion center and eliciting specific actions by setting sub-KPI
5. High level of top management leadership and loyalty to the company of local overseas staff

**◆ Impressions from screening**

Since its establishment in 1962, Toyota Motor Asia Pacific Eng. & Mfg. (TMAP-EM), Toyota Motor Thailand (TMT) has developed as a Japanese-affiliated company in Thailand through the production and sale of many types of automobiles. The Samrong Factory is the birthplace of Toyota's three factories, and it is the company's main facility. At the beginning of the first decade of the 21<sup>st</sup> century, the company started producing Toyota's first Innovative International Multi-purpose Vehicle (IMV) specifically for an overseas market and, after implementing structural reforms, it has promoted operational self-reliance and conducted activities to become a leading global factory. It has steadily stepped up these activities and has continued to increase its level of self-reliance.

Human resources development is the driving force of factory development and growth. At TMAP-EM, which was established in 2007, human resources development has been promoted together with the functions that were transferred to TMAP-EM from TMT, such as production management, procurement, production technologies, and the Asia Pacific Global Production Center (AP-GPC; a human resources development organization for ensuring that locally-employed staff acquire the necessary skills). These systems and their operation are a model not only for companies in the Toyota Group but also a human resources development model for companies with production plants overseas.

There are many points worthy of praise, such as use of a self-reliance promotion control center to make all management indicators visible, and practical factory management and positive horizontal deployment by top management executives together with local mid-managers. The company's method of subdividing key performance indicators (KPI) into sub-KPI in promoting improvement activities is also practical.

In addition, the company conducts annual assessments of indigenization under the six categories of safety, quality, costs, maintenance, production control, and distribution/environment, working closely together as a team to achieve its goal of "doing our best to make the Asia Pacific the world's number one region."

## 《Company profile》

Toyota Motor Asia Pacific Eng. & Mfg. (TMAP-EM)

Address: 99 Moo 5, Ban-Regad, Ban-Bo, Samutprakarn, Thailand

Representative director: Takahiro Iwase, President

Business contents: Development/evaluation of automobiles manufactured in Asia and business support for manufacturing companies in the region

Toyota Motor Thailand (TMT)

Address: 186/1 MU 1, Old Railway Road, Tambon Samrong Tai, A. Phra Pradaeng, Samutprakarn 10130, Thailand

Representative director: Kyoichi Tanada, President

Business contents: Production and sale of passenger cars

**Award-Winning Companies of JMA's 1st GOOD FACTORY AWARDS 2011 (4)**

**Company name:** Fuji Xerox of Shenzhen Ltd.

**Award category:** *Monodzukuri* CSR Contribution Award

◆ **Reasons for award (evaluation points)**

1. Strategic employment system in view of the highly mobile Chinese labor market
2. Utilization of empowerment aimed at creating an open workplace
3. Education and care for young factory workers
4. Planned promotion of indigenization
5. Fuji Xerox's vision, the Good Company Concept: Realizing the aim of being "strong," "kind," and "interesting" at factories in China

◆ **Impressions from screening**

Fuji Xerox of Shenzhen Ltd. strategically employs 16-year-old local people without work experience as factory workers in view of the highly mobile Chinese labor market. These young workers have little experience of life and are still emotionally unstable, but the company provides them with the education that Japan has developed over the years for junior high school and high school graduates. In addition to providing necessary basic training for young workers, such as 5S (Sort, Set in Order, Shine, Standardize, Sustain), trips and sports events for employees are organized to promote solidarity, and active encouragement and commendation of *kaizen* proposals provide them with interesting experiences that make full use of empowerment. Monthly lectures on themes not directly related to work, such as asset building, communication with other generations, and child rearing are provided to support the stability of young workers.

In addition to a 24-hour consultation desk, the company has also set up various systems so that not only young workers but all employees can convey their requests, such as direct meetings with members of top management, putting anonymous notices in a complaints box known as the "CSR box," and making requests via the company intranet. In the workplace, group leaders look after each factory worker individually and are fully acquainted with the system for having outstanding workers promoted. The Chinese workers have gradually risen to key positions in the company and planned indigenization is making steady progress.

As a result of this thorough care, the job separation rate is about one-third that of other companies in Shenzhen. This fostering of very loyal and experienced employees has also resulted in higher productivity. These achievements are highly appreciated by and have won awards from Shenzhen City.

《Company profile》

Address: Guanlan Dahe Village, Changqing Industrial Area, Baoan Shenzhen City, Guangdong Province, China

Representative : Toshihiko Okaji, Chairman and President

Business contents: Development, planning, production and sale of printers, photocopiers, multifunction devices (printer/fax/scanner/copier), CRU, and related components

**Award-Winning Companies of JMA's 1st GOOD FACTORY AWARDS 2011 (5)**

**Company name:** PT. Yamaha Music Manufacturing Asia (YMMA)

**Award category:** *Monodzukuri* HRD Contribution Award

◆ **Reasons for award (evaluation points)**

1. Systems for improving the skills of contract employees, dozens of whom start work in various processes every week
2. Practical workplace reform training for all employees to foster reforming potential leading to management results
3. System for educating self-reliant human resources
4. Various training curricula that are steadily producing results
5. Thorough fostering of local key managers who are the driving force for all reform activities

◆ **Impressions from screening**

PT. Yamaha Music Manufacturing Asia (YMMA) as established in May 1997 as a “full-fledged factory capable of constantly maintaining and improving competitiveness” for the production of digital musical instruments and professional audio equipment. With the addition of professional audio equipment to its products, production volume has increased more than tenfold and the workforce has expanded more than eightfold since 1998. In response to this increase in production, young contract employees (average age: 21) now account for 70% of the employees.

With a workforce centering around contract employees due to the rapid increase in their number, YMMA faced the need to maintain the quality of the various processes while keeping costs down in order to provide customers with competitive products. It therefore embarked on the “three-stage leap forward project” (PPTT activities). These activities focus on reforming the production site and staff business operations and are implemented by six committees in which local managers play a leadership role. The Japanese members devote themselves to playing a supporting role and, to ensure that the local managers take the lead, the company strives to raise their motivation and provides various training curricula. These curricula are clearly set up not only for training but also to give support to ensure that the trainees complete their tasks successfully. Another outstanding feature of YMMA is that to ensure quality and make sure production is being carried out using the appropriate number of man-hours, various systems have been established for contract employees to improve their skills, thereby enabling them to steadily improve these skills, and providing them with the same opportunities as full-time employees to conduct activities to ensure stable quality.

《Company profile》

Address: MM2100 Industrial Town, Block EE-3 Cikarang Barat , Bekasi 17849, Indonesia

Representative: Naoya Tetsumura, President

Business contents: Production of digital musical instruments and related components, production of professional audio equipment and related components