



Daniels College of Business

School of Accountancy

Case: Key points in Sumitomo Electric Industries

I've listed several of the key points I expect you to mention in your case write up as the *component parts of an effective quality system*. The case questions are designed to elicit these characteristics. You may have covered the point very well or you may have portions of the expected comment, but not all of it. In other cases the comment may not be mentioned. My list is **not** exhaustive and I give credit for other useful ideas. My feedback to you is to *enhance your understanding* of the case and to *increase your skills to deploy quality systems*. I use the following coding system:

E = excellent coverage **G** = good coverage **P** = partial coverage **N** = no substantive coverage

These comments are proprietary and intended for your personal use only. This analysis is not to be shared with any student or students responding to this case in the future..

1. E G P N Definition of Kaizen program was *stated clearly*: innovation → increases in productivity (or efficiency) → cost reduction.
2. E G P N Rewards were *aligned* clearly with the goal of cost reduction.
3. E G P N Rewards were *diversified* :
 a. monetary compensation (e.g., competitive pay for skills, individual merit raises, and a group-based productivity bonus) and
 b. non-monetary recognition (e.g., awards and related ceremonies and publicity) and
 c. combinations of money and awards (e.g., model zone program)
4. E G P N Cost reduction targets for *varying organizational units* were *negotiated* depending on cost-reduction potential (e.g., age of product or stage of product life-cycle, prior performance) and not arbitrarily set at some constant percentage (e.g., 5%)
5. E G P N Differing levels with the organization (e.g., blue collar, white collar and top management):
 a. *understood* clearly the Kaizen system
 b. *understood* clearly the rewards
 c. pursued *different types* of cost reduction objectives (e.g., *blue collar*—daily cost reductions; *white collar*—discovering break-through innovations, eliminating products with poor contribution margins or profitability; *top executive*—discretionary fixed costs)
6. E G P N Cost information was *shared* to
 a. *empower* producer level and middle-level manager *involvement*
 b. *establish* reasonable goals (or targets)
 c. *assess* performance—success or failure
 d. *calculate* pricing and contribution margins
 e. *eliminate* unprofitable products
 f. *identify* potential projects and/or investments

Case Writing: Excellent Good O.K. Needs improvement

Overall evaluation: (out of 100 percentage points) : _____%

