

Importance of Project Management and Process Management

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November 2016

Welcome to Tokyo, Japan!
You can FEEL Japan by yourself



What I am going to talk today

- The world we are living
 - What we can tell using the Internet
 - What we cannot tell using the Internet
- Project Management and Process Management
- The Role of IT
- Back to the basics
 - Basic Definitions
 - Fundamental concepts are strong

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The World we are living

Regional differences?

People are same?

Where do we go?

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World Information available at your desk

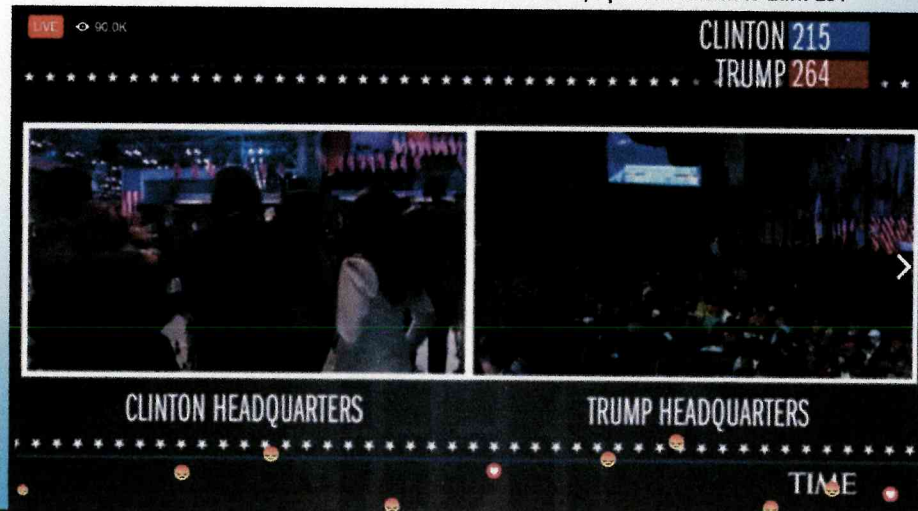
- The Internet gives you various information even staying at your home
- History, World economics, what people outside your country understand you, competitors behavior, ...
- But there are many things you cannot tell from the digital information streams only

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We had watched the presidential election process in real time manner during Nov.8-9.

- First, surprised at what was happening, then tried to evaluate and set up the response for the fact

LIVE Video at November 9, 3pm JST which is 1am EST



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What we can learn-1

- No time delay between suppliers and customers
- Customers can get the information of suppliers side easier now
- No “information asymmetry” between suppliers and customers
 - In good old days, suppliers of a product have more information than customers, which is the nature of traditional commerce
 - Suppliers need to be keen about the customers wants

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Internet is a huge storage of information

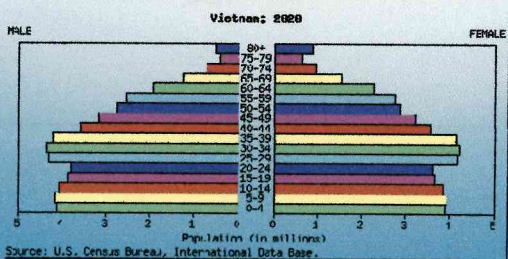
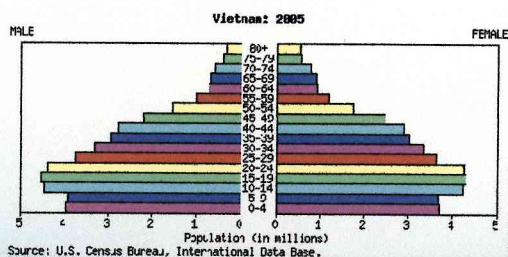
- We can dig, and find valuable information from digital archives
- Big data
 - Log data, corporate statistics, financial documents, ...
 - Government documents, ...
 - Historical archives, ...
 - Real time sensor outputs, ...
- Various Tools to utilize data and analyze what you should do now

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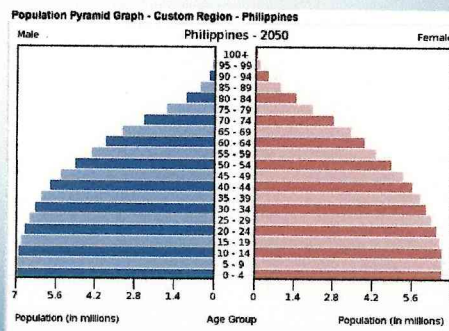
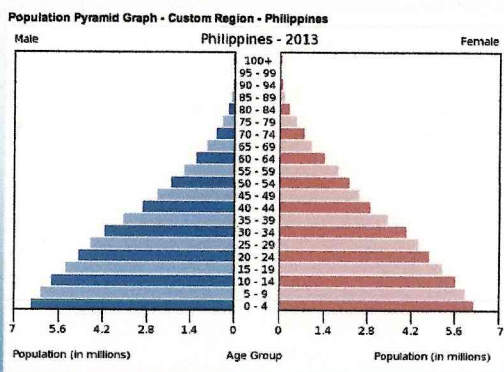
Here is another Story
the other set of facts



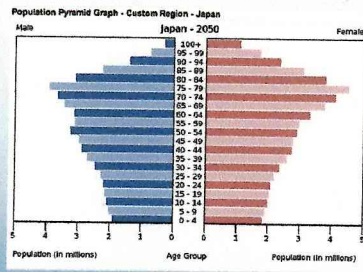
Population Pyramid of 2005 and 2020



Philippines 105,720,000 in 2013.7,
 While Japan 127,250,000
 In 2023, populations of two countries will be equal

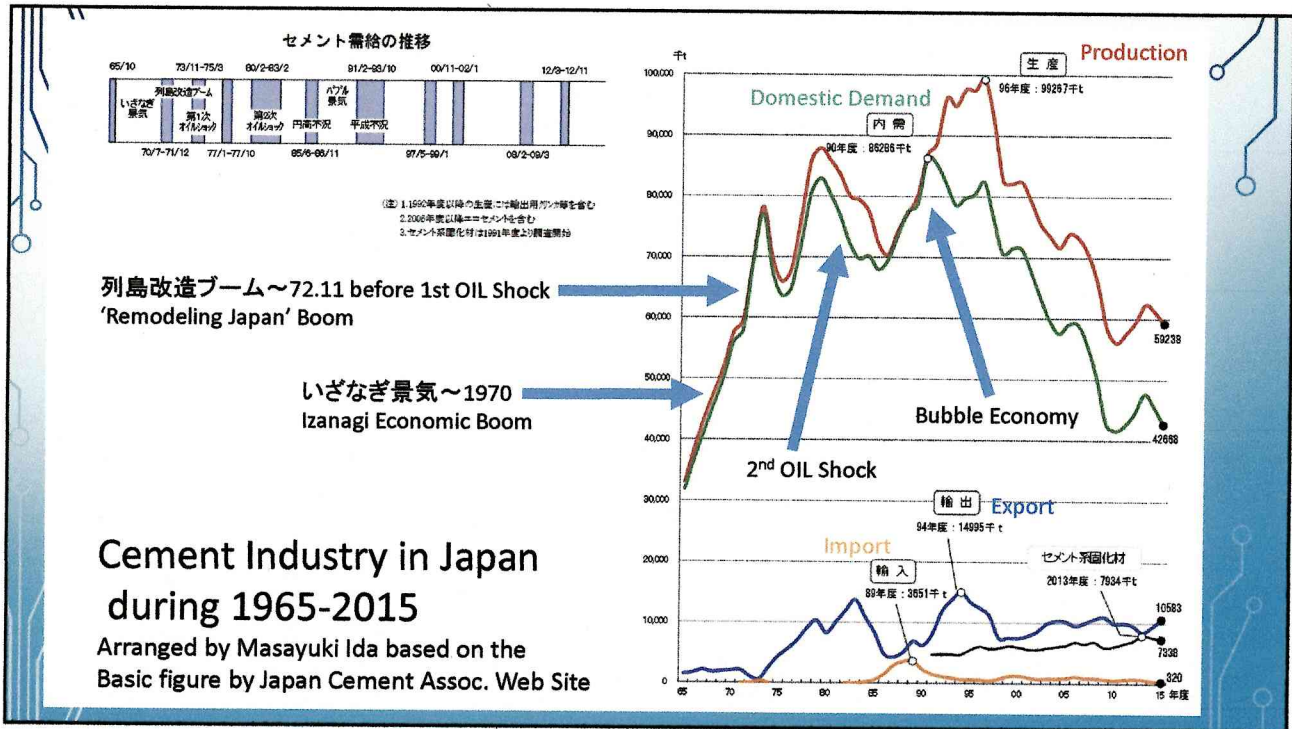


Internet Access for new Generations



Here is the other Story
the other set of facts

I can consult with the net for research



Cement Demand and Supply in 2015

<http://www.jcassoc.or.jp/cement/1jpn/jc5.html>


- Domestic Demand 42,668Kt (93.7% of 2014)
- Government Demand and Civil Demand for building are both dull, in slump, mostly due to the shortage of labor
- The peak of Cement production was in 1990, 86,286Kt
- Midterm expectation: Earthquake recovery, 2020 Tokyo Olympic, government program for national resilience are positive factor for Demand, Government policy for civil investment in plant and equipment stimulation also for increasing demand, so Market in Japan will steadily grow

Can we get some information about China Cement Production?

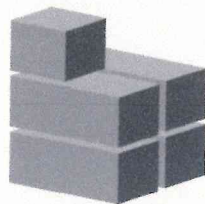
Will see

China: The World's King Of Concrete

China used more concrete in 3 years than the U.S. used in the 20th century

United States 

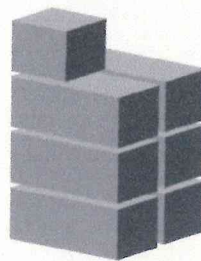
In 100 years



4.5 gigatons
(1901-2000)

China 

in 3 years



6.6 gigatons
(2011-2013)



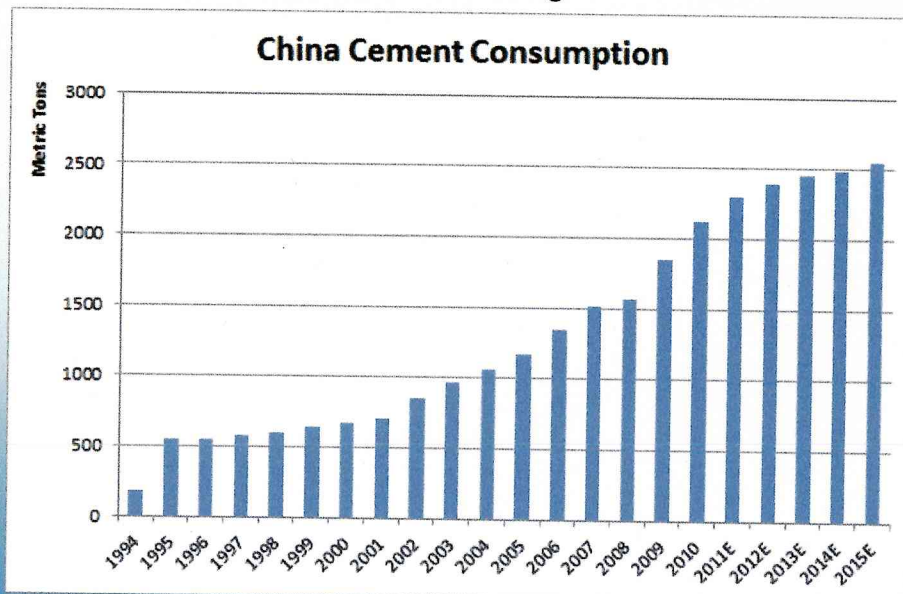
Sources: Gatesnotes, USGS, Cement Statistics, USGS, Mineral Industry of China 1990-2013

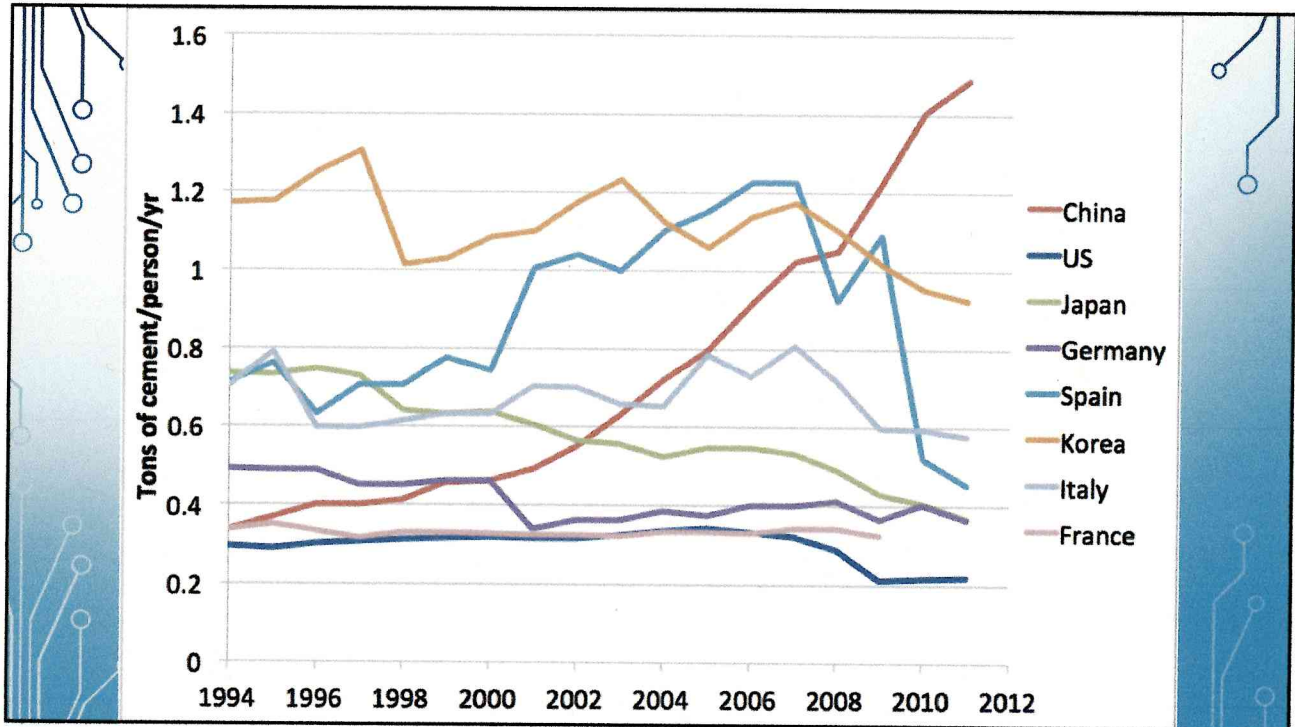
How is the Chinese Cement Industry observed? <http://www.nna.jp/articles/show/1512141>

- News on September 27, 2016: China Cement Association proposed government to concentrate the production in China into 10 companies, among 3600 companies, and asked to Restructure and Consolidate the cement industry, to cope with the over production capacity and level up of manufacturing standard caused by unmanaged hard competition
- Capacity utilization rate in 2015 was 67% (2013 75%)
- Profit is down to 61.5% of 2014
- There was a merger of 中国建筑材料集团(北京市海淀区) and 中国中材集团(北京市西城区), resulting the born of 中国建材集团(北京市海淀区)
 - Accelerating integration or merger of national enterprises to promote restructuring

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The Chart Found in Bloomberg





If the issue is around concrete buildings,
 Check Iron and steel industry in China: November 1, 2016 NNA
<http://www.nna.jp/articles/show/1527581>

- China's steel major companies are in the black for the January-September 2016 period. Supply-demand balance improved with the elimination of excessive production capacity advanced by the government, and the rise in steel material prices led to securing profits.
- Of the 49 iron and steel-related companies that have announced their financial results for the first nine months of the year, only 11 companies have net losses in losses. In the previous year, more than half of the 56 companies out of the company were in deficit.
- The Chinese government is planning to cut the production capacity of 45 million tons of steel this year, but China's Iron and Steel Association's Vice President expects that it will reduce more than 70 million tons, far exceeding the target. Some view that elimination of excess production capacity will accelerate restructuring.

NHK TV News on Sept.23,2016 morning

Merging BAOSTEEL and WUHAN makes the World No.2 Corp



Japan experienced this sort of restructuring many years ago

9:58

中国「ゾンビ企業」代表例
鉄鋼メーカー 経営破たん

中国政府
構造改革の一環として
ゾンビ企業の整理・統合進める方針

NHK TV News on Oct 11,2016
A China Zombie Company Bankrupted
North East Special Steel Corp

中国「ゾンビ企業」代表例
鉄鋼メーカー 経営破たん

東北特殊鋼集団

実質破たん状態 地元政府など支援頼り経営
「ゾンビ企業」代表例として動向が注目



World is changing

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Concrete building construction is a key parameter to watch the nation's economic development status

- China seems to be 'stable' to enhance domestic wealth
- Philippines say Cement industry is now in good condition
 - CEMAP Philippines reported the domestic sales of Cement is 6.7 Million ton for July-Sept 2016, (5.4% increase from the last year same period)
 - Cement demand itself is increasing because of governmental needs and civil needs both, and supported by the current president policy for infrastructure development
 - 24.36Mt was the total cement sales in Philippine in 2015 (14.3% increase from 2014)

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Let's go to another topics of today

Basic Definitions

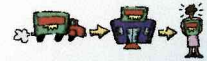
What is technology?

System?

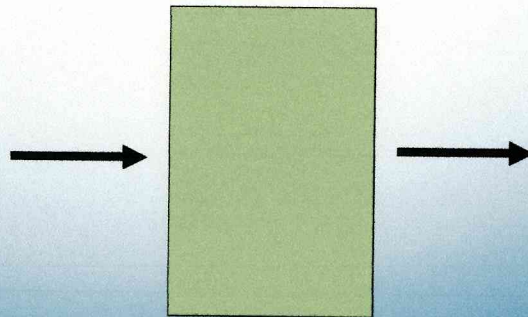
Process?

Project?

Process, Process, Process



- The concept of Process is the key



What is the input? What is the function? What is the output?

生產性Productivity



$$\text{Productivity} = \frac{\text{Output}}{\text{Input}}$$

Productivity for Desk Work



$$\text{Labor productivity} = \frac{\text{Documents Processed}}{\text{Hours}}$$

Managers Point of View



Performance Indicator ↔

Results
Cost

Profit Center or Cost Center ?



Technology: The Definition

Technology is the way *process* is implemented

A 'system' is a concrete application of the technology in question

Technology has three components

- *Procedure*
 - *Equipment*
 - *Know-how*
- Computer itself is just an equipment
 - Know-how is knowledge or wisdom
 - Procedure is the results of decomposition of the work into micro steps, and relates to specific standard

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Elements of Technology

	Technological Approach
Emphasis	Model
Basis	Rigor (厳格さ)
Ends	Architecture
Methods	Engineering
Nature	Blueprints
Influencer	Method
Relation to business strategy	Objectives
Priority setting	Compromise
IS role	Architect



Operations, System, Process

- Operations are composed of multiple processes
- Operations are the core of Organizational activities
 - COO , Chief Operating Officer, is responsible for Business Operations
- A 'system' is a concrete application of the technology in question
- Technology is the way process is implemented
- Technology has three components

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Then, What is Project?

- Project is an activity to achieve a goal
- Project management is a part of Operations Management
- Human Resource, Money, Equipments
- Then, framework and time table

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Operations Management Cycle

- 1. Plan, evaluate the operations strategy
- 2. Design the processes needed and refine
- 3. Design the value chain
- 4. Implement the value chain
- 5. Get the output of the service/product
- Go back to 1.

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What is Process Management?

- “Process management is the application of knowledge, skills, tools, techniques and systems to define, visualize, measure, control, report and improve processes with the goal to meet customer requirements profitably.
- In project management, process management is the use of a repeatable process to improve the outcome of the project.”
Wikipedia

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What is Project Management?

- “Project management is the discipline of carefully projecting or planning, organizing, motivating and controlling resources to achieve specific goals and meet specific success criteria.
- A project is a temporary endeavor designed to produce a unique product, service or result with a defined beginning and end (usually time-constrained, and often constrained by funding or deliverables) undertaken to meet unique goals and objectives, typically to bring about beneficial change or added value.” Wikipedia

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We think “Continuous Improvement” is the key

TO ATTAIN THE ULTIMATE GOAL THROUGH PDCA CYCLE

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How to improve own doing?

Ultimate point

PDCA cycle

“Continuous improvement” is the method which can improve own doing!

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Features of the PDCA cycle

One-game match

V.S.

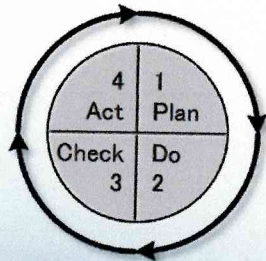
PDCA cycle

Multiple-games match

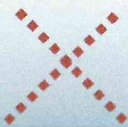
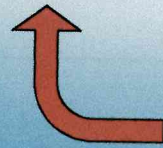
“Continuous improvement” is the method which can improve own doing!

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How to promote the PDCA cycle



PDCA cycle



or



If you do *same mistakes again*,
you will be fired, okay?

The rule of fear



Good try! Please check what
was the reason of the failure.

Mutual understanding

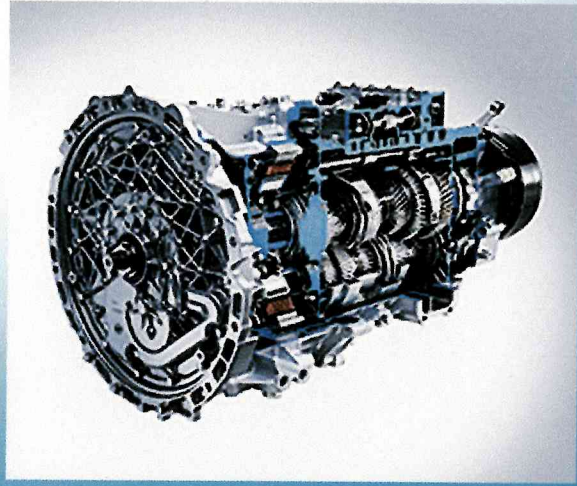
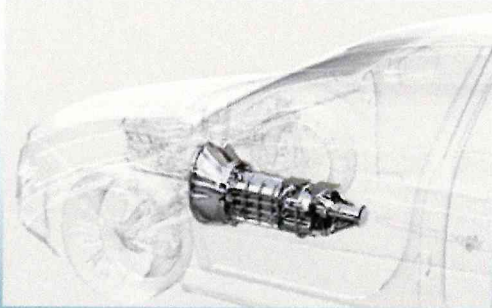
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Summary: PDCA cycle

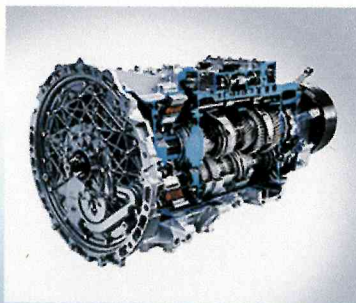
- The organization must continue to learn.
- The meaning of "Learn" is to turn PDCA cycle.
- "Failure" is the essential process of PDCA cycle.
- Managers must build own corporate culture that does not blame failures.

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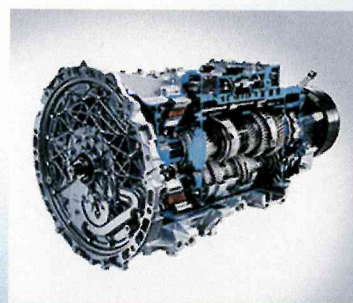
Case: Vehicle Transmission (1980')



V.S.



Made by Ford

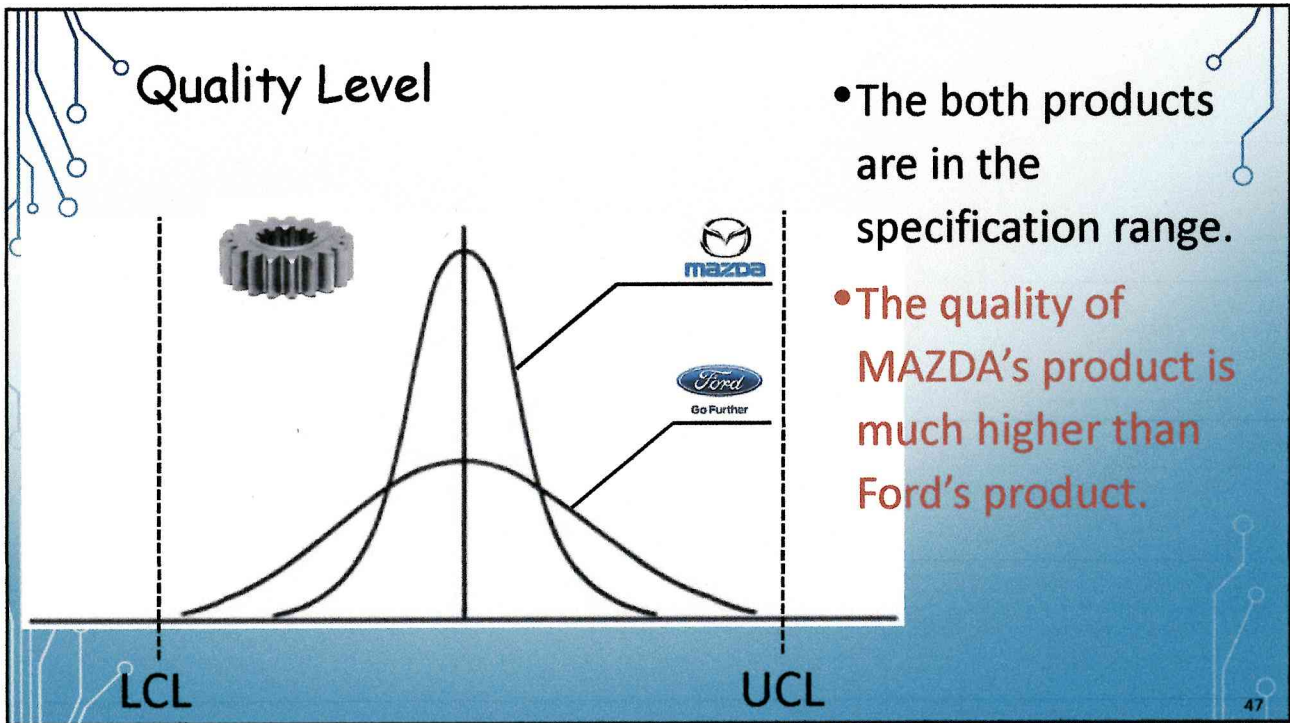


Made by MAZDA



High failure rate after shipment...

No failure after shipment!



Conditions: Mother Machines

Both companies have used same type of mother machines.

Even so, the quality of MAZDA's product is much higher than Ford's product...

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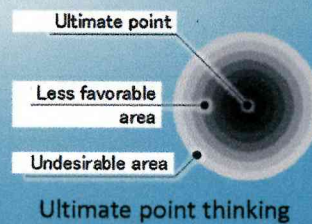
Conditions: Continuous Improvement

MAZDA has achieved a high level of quality, because MAZDA performed improvement activities continuously even the quality level are already within the specifications.



Summary: Case: Vehicle Transmission (1980')

- Mazda has achieved a high level of quality, because having MAZDA performed improvement activities continuously even the quality level are already within the specifications.



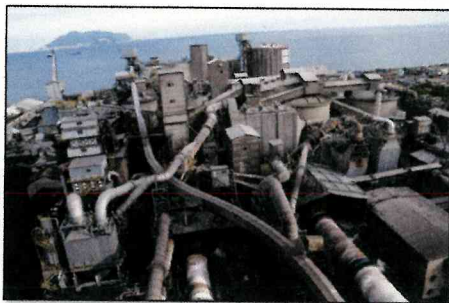
Continuous Improvement

- Performs improvement activities continuously even the quality level are already within the specifications.
- The effect of improvement activities will not appear immediately (it takes long time), but the effectiveness is significant.

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For Cement Factory

How about the cases for Cement industry in Vietnam?



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Other Key Points

- Team Play
- Right Timing
- And then, utilization of the power of Information
- Digital Management

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Team Play: Synchronizing wills of members

Superb and
Exquisite pass

How he knows what
Other players are
doing?

Practice makes
perfect
Good habit is smart



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Right Delivery Timing!

- Timing is the key element for successful delivery of any types
- How to know and judge the timing?
- Look, Study, and Think!

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Excellent Quality does not mean Best Seller

- Hitting the spot!
- Do you try to understand how consumers think?

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Company is a for-profit group activity

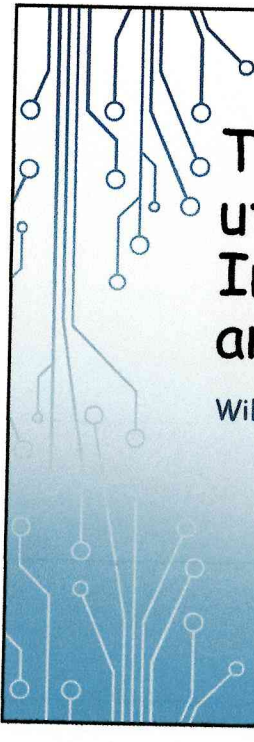
- Gathering various talents
- There IS role of everyone
- Share the same dream (as possible)

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Here are several phrases the old man wants to introduce

- Good sleep is a priority, breeding creativity. Not a burden nor a waste of time
- "As a man thinketh, in his heart, so is he." 人は心で思うところの者になる
- Professional way is simple, beautiful, maximum effects with minimum actions
- Productivity comes from the result, not from the efforts
- Use \$1 as \$3 value
- Technology is bulldozer
- Do not afraid your Solitude: Its not loneliness
- Simple life

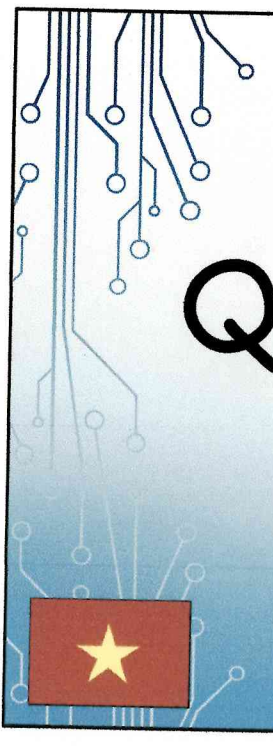
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The last words are:
utilization of the power of
Information
and Digital Management

Will see on the next

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Q & A

