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Editorial

The September issue of the IMSLnews brings different perspectives of the Sri Lankan business visionaries. It touches on the lives of generations apart..... traveling through centuries past.... revealing the essence of the Sri Lankan identity.. from the times of Hinni Appuhamy who pioneered the concept of Maliban... to Odris Perera who revolutionized the kitchen scrapers.... to Beula Moonasinghe... a successful Sri Lankan woman entrepreneur cum social worker, who sacrificed all for her mission to alleviate poverty and to empower women and men in Sri Lanka.

Let us refresh ourselves with the successes of our own people.

Call it Sri Lankan!

Manu Tissera Gunasekara

Await

National Management Conference 2009

Preparatory work has commenced for the 12th National Management Conference (NMC) of the IMSL to be held in 2009.

The IMSL Council approved the following members for the NMC 2009 Organizing Committee.

Chairman: Dr. Wijaya Jayatilaka

Co-chairman: Mr. Nujith Samarawickrema

Members:

Ms. Manu Tissera Gunasekara

Mr. Patrick Rodrigo

Mr. Seniya Samarasekera

Mr. Ranjan Nadesapillai

M. Athula Jayasekera

NMC is one of the most important events of the IMSL calendar which is a biennial event. The event facilitates different stake holders representing different sectors in Sri Lanka to set up a common platform for development of them, their organizations and the country concurrently.

Recent NMCs

NMC 2005 : The leadership Crisis

NMC 2007 : Good Governance and Corporate Responsibility

NMC 2009 : Global Citizenship and Management Capacity Development for the Future

The only way to find the limits of the possible is by going beyond them to the impossible. **Arthur C. Clarke**

Highlight: Business Visionary

Odiris Perera, Founder Odiris Engineering Co (Pvt) Ltd

Odiris Perera regarded as one of Sri Lanka's best known entrepreneurs and business visionary in the post independence is a man who revolutionized the kitchen with a product that is unmatched – the semi-mechanized coconut scraper. Hailing from the South of Sri Lanka, Odiris who faced with the natural struggle for success, in the primitive years and years after, formed Odiris Engineering Co (Pvt) Ltd in 1952. He is responsible for bringing products such as gas stoves, kerosene lamps and coconut scrapers to the Sri Lankan market. His range of products speaks of a generation of the Sri Lankan entrepreneur in the post liberalized era.

Few comments from the business circle

“Odiris Perera is a great thinker and a great entrepreneur as well as a humble man who achieved all he wanted in a small way.” He was a person from down south and they are great thinkers and business people. Unlike now, there were no funding facilities so they managed to create something out of nothing. “That is a real entrepreneur. Odiris is a great man and this is a lesson that people must learn.

Former President of the Federation of Chambers of Commerce of Sri Lanka (FCCISL) Navaz Rajabdeen.

Odiris Perera took the older version of the coconut scraper, improved it and made it efficient.” The most outstanding thing was that in that era, Perera was one of the greatest pioneers and developed a great product that had quality in the market.” Amarasinghe added that despite the expansion programs that came with liberalization of the Sri Lankan economy, the coconut scraping machine is still popular in the market and has been able to survive.”He should be honoured as one of the most enterprising pioneers.”

Former FCCISL President Patrick Amarasinghe

Courtesy: Sunday Times

Beulah C Wijemanne Moonesinghe, Founder Agromart Foundation

Beulah Moonesinghe is a recognized Sri Lankan woman entrepreneur and is well known for her mission to alleviate poverty and empower the rural women and men in Sri Lanka. She formed the Agromart Foundation in 1989- a national level women's organization carrying out grassroots work with a large number of communities in Sri Lanka. The Head Office is located in Colombo with nine other provincial offices in the Southern, North Western, Uva and the Eastern provinces. Agromart Foundation is committed to the philosophy of women's grassroots participation in development and is strongly involved in strengthening the capacities of women leaders at the community level to position them as advocates of sustainable change. At the core of its mission is strengthening the competencies of its membership through participatory training. Agromart's decade of service to the establishment of a progressive society based on human freedom, justice, democracy, and equality has made it a strong and powerful organization in Sri Lanka.

Today over 50,000 trained entrepreneurs have formed themselves into approximately 600 Agromart Production Societies.

The Agromart Foundation provides multifaceted and integrated development services to benefit rural entrepreneurs, especially women. According to the leader of the organization, since the mainstream financial institutions have not been able to serve the micro-enterprises for their credit needs, Agromart has assumed this critical responsibility. Currently, it is serving the credit needs of 6000 members attached to Agromart Farmer Societies, thereby facilitating women's socio-economic empowerment. Among the small enterprise services it provides, upgrading technical skills related to production technology is the most critical. The main training services it provides are in the fields of economic literacy, business management, and technical aspects pertaining to the participants' enterprises. In addition, the organization provides guidance, follow-up and credit supervision. The Foundation intends to bring about a new credit culture in the rural sector to alleviate rural poverty. Although the training programs and credit schemes of the Foundation place greater emphasis on women, men are not excluded. These facilities are available without a gender bias and the Foundation maintains a female-male ratio of 70-30% in all the activities. Through the implementation of these loan schemes, the Foundation hopes to establish and

institutionalize a micro credit system for rural women through Agromart Farmer Societies. Agromart's credibility, experience and commitment to sustainable grassroots democracy and strengthening of civil society are reasons for its inclusion in the Partners Forum.

Mrs. Moonesinghe a pioneer in business circles with over 7 successful companies including one of the first exporters of garments to the U.S Inter Trade (Cey) Private Ltd., a Pioneer of Italian Ice Cream in Sri Lanka- Venice Ice Ltd, Pioneer of Premium Van Dyke Carpets from South Africa., First Carnation Fruit Squash plant in Asia - Lanka Quality Foods Ltd, One of the first largest Exporters of Spices to the western World.

Mrs. Moonesinghe was an outstanding student and Prefect at Vishaka Vidyalaya, earned a Degree in Business Administration in London, Degree in a Marketing Research and Development at Harvard Business School in the USA, earned a Diploma in Export Promotion and Development from the World Trade Centre, New York and a Diploma in Business Management from the Helsinki School of Economics. She was also a Fellow of the British Institute of Management, Masters Degree from Pacific University, Hawaii.

She has presented over 25 papers since October 1997 in several countries including Canada, USA, Thailand, India, China, Ivory Coast, Germany etc. all beings connected with poverty alleviation, rural entrepreneurship, women's rights, enterprise development and leadership in rural societies. She also served as a member of over a dozen Committees in Government Ministries, Councils and Authorities in Sri Lanka over the last few years.

Read @ <http://beulahm.com/>

Angunugaha Gamage Hinni Appuhamy, Founder of Maliban Company

It all started off as a simple tea kiosk on First Cross Street in Colombo Fort.

In 1935, Angunugaha Gamage Hinni Appuhamy, who hailed from Akmeemana in the Galle District, opened the Maliban Hotel at No. 62 Maliban Street. With the help of his brothers Mr. A.G. Wickramapala and Mr. A.G. Jinadase, the young entrepreneur was able to boost the business, and within six months, the demand for Maliban biscuits outstripped manufacturing capacity. The company thereafter decided to switch on to mechanised manufacturing, and on August 4th 1954 its first mass production facility was opened. By 1963 the demand had expanded so much that the factory was moved to a more spacious location at Ratmalana, where it is currently located.

Hinni Appuhamy is yet another businessman migrated to Colombo, made his business, and a vision which set standards and dominance—all to the success of the Sri Lankan biscuit industry.

"I am rather inclined to silence, and whether that be wise or not, it is at least more unusual nowadays to find a man who can hold his tongue than to find one who cannot."
The Collected Works of Abraham Lincoln edited by Roy P. Basler, Volume IV, "Remarks at the Monogahela House" (February 14, 1861), p. 209.

In Focus

Lean Manufacturing and 5S **

The term 'Lean Manufacturing' first appeared in "The Machine that changed the World" by James Womack, Daniel Jones and Daniel Ross. 5S is a set of techniques providing standard approach to housekeeping within Lean Manufacturing (PHS Associates, 2003).

The Toyota Motor Corporation which was founded in 1937, by 1950 had managed to produce only 2,685 automobiles compared to Ford's 7,000 cars per day. However after series of incidents, its Chief Engineer in charge of production, Taiichi Ohno, led Toyota in developing an alternative to the mass production system and over the next 30 years, other Japanese auto companies adopted Ohno's ideas, which now constitute what is known as the lean production system. The Japanese system is not significantly more automated than the others. Instead, is based on teamwork, multi-skilling and emphasis on training. The essence of the lean production system, however, is the elimination of waste through continuous improvement. The Japanese word for waste is muda. Lean thinking is the way of eliminating muda (Nilakant et al, 1998). This continuous implementation of smaller improvement activities is the principal behind the Kaizen, an activity employed by most Japanese companies. Kaizen or "5S" is a method to diminish the slack hidden in plants (Monden, 1940).

The 5S framework forms the basis for a total improvement programme, placing emphasis on total employee involvement, to ensure that the stage is set for improvement, and that the route to improvement is always clear and not cluttered (Lim et al, 1999). Naturally, enough the elements of 5S are Japanese words beginning with the sound "S" and are as follows:

	Japanese	English
5S	Word	Meaning
S1	Seiri	Organization
S2	Seiton	Neatness
S3	Seiso	Cleaning
S4	Seiketsu	Standardization

Figure.1: 5S Chart

The first three Ss focus on eliminating unnecessary items from the workplace.

- Seiri: To clearly separate necessary things from the unnecessary and abandon the latter.... so that only necessary things will remain. Although seen a simple process, the first S, Seiri involves a number of logical steps, where the output will be a set of summarized lists of unnecessary inventories and facilities with recommendation for action and counter measure.
- Seiton: Neatly arrange and identify things for effective use. The Japanese word Seiton means laying things out in an attractive manner. To realize this status different sign-boards can be used to specify each item and address of its storage.
- Seiso: Once the clutter and junk that has been clogging at the work areas are eliminated; and identified and located the necessary items, the next step is to thoroughly clean the work area. This would include not only work area, but also the machinery, tables, desks, and other equipment. And the last two Ss are focused on sustenance and maintenance of the First 3 Ss and continue adoption of best work practices.
- Seiketsu: Once the first three 5S's have been implemented, then concentration should be on standardizing best practice in the work area. In other words the idea is to maintain the status achieved during the previous Ss.
- Shitsuke: This is by far the most difficult S to implement and achieve. Shitsuke refers to the constant practice and confirming to rules in place to maintain the status quo.

The importance of Shitsuke activities and 5S in the sea of information exchange can be best described in a nutshell in the words of Yoshiro Monden: Managers should not expect their subordinates to simply follow their designations; they should inspire their subordinates and expect their success rather than giving flat criticisms. Managers who criticize subordinates without first giving them the opportunity to challenge themselves cannot cultivate proficient subordinates".

Benefits of Good 5S

- The 5S's provide a strong and solid base upon which to build successful business activities
- People from 5S workplaces gain respect and trust of their customers
- Organizations with solid 5S principles are more likely to succeed in the market place
- 5S employs various methods and tools to promote teamwork commitment and self-discipline.

The 5S movement has several other merits to it. For example, it cultivates good human relationships, in a firm and raises morale. A company, whose plants are clean and neat, will win the credibility of customers, suppliers, visitors, and applicants (Monden, 1940).

Any company introducing five pillars of 5S is likely to encounter resistance. In some work places, Sort, Set in Order, and Shine are the first things passed over when work gets busy. The explanation is that “we’re too busy for that”. It is true that production priorities are sometimes so pressing that other activities need to wait. However, 5S activities are as fundamental to daily life in the factory as washing our faces or brushing our teeth in our personal lives. Way may be able to put these activities off for a short time, under certain circumstances. By putting them off longer than that can have negative consequences (PHS Associates, 1996).

Finally, each of these resistances highlights the lack of understanding of the basic principles of 5S by the practitioners. This could often be the result in the lack of proper communication systems within the organization.

In order to bring the expected results of 5S the way people think in an organization should undergo change. All members of the company must have a sufficient understanding of its (5S) real meaning and purpose, and they must integrate their understanding through company wide or workplace wide seminars (Monden, 1940). In order to achieve these results, a good organizational communication system should prevail which facilitates better information exchange and human relationships.

According to Japanese business consultant and quality guru Masaaki Imai, these valiant attempts at improvement fail in the end because of lack of understanding of the problems and processes in what the Japanese call gemba. Literally translated from Japanese, gemba suggest ‘the place where the real action occurs’. In business, gemba refers to the place where the work gets done, where the value is added to complete the process of development, production or selling (Harrington, 1997).

Various literature on organizational communication show that one of the strengths of the Japanese management is that they have a higher ratio of technical staff and even so the trend is to transfer more technical resources to the plants to ensure even better communication with the production people, where communication and productivity complements each other.

The post war Japanese companies have taken the form of work involvement in the shop floor. Once a new policy has been adopted by management, it is transmitted to shop floors through the managerial hierarchy. The workers were brought to a full understanding of management aims in order to elicit their cooperation and commitment.

At Toyota, the formal announcement of the business policy is made by the President in his New Year’s greeting to the employees. Development plans of each function will then be issued to each department by the office of the functional meeting. Department policies and plans are then formulated by the department meeting. After implementing these plans, the results of the actual performance will be evaluated at different intervals of the year, where feedback from the evaluations will be used when revising the plans for the next year. All above activities are components of a natural cycle at Toyota, which facilitates and enhances communications and human relations among various departments and levels of the organization. (Monden, 1940). This is one good example of how an organization can utilize the existing organizational structure to complement the success of organization-wide productivity improvement programmes to maximize profits and create a healthy working environment.

The Ceylon Cold Stores Ltd’s (CCS) Ranala factory in Sri Lanka has resulted in achieving efficiency and profitability while minimizing product defects. The factory under its community development project is also in the process of introducing the 5S concept to schools and hospitals in the area.

According to officials at the CCS, The management structure of the factory is based on the 5S concept as it has helped in creating good leadership and efficient team work which are targeted to increase the quality of their products. The 5S concept has also contributed to establish business fundamentals, which the company regard as the main pillars to gain market leadership for their brand of products. The factory from the beginning has been fully optimizing information technology to establish productivity and efficiency at the manufacturing lines. IT plays a major role in getting suppliers on line to facilitate the just-in-time delivery system, we are focusing to get all

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dealers on line by the end of 2003, so that they will be on a better footing in their transactions. Further the management has appointed a seven-member steering committee and each member is entrusted to look after a stipulated job of the work at the workplace (Daily News, 2003).

At Northrop Grumman, it is believed that the best way to stabilize and understand a process is 5S. Northrop Grumman first deployed 5S on a part delivery process. The work area assembled a variety of components into a single product. Before 5S, the area was not well organized, and the process was inefficient. The company has made tremendous gains in small pockets, but it has been difficult to implement the process throughout the entire company. One-way Northrop Grumman continues lean implementation is with a web site dedicated to distributing lean information. The site has training efforts. Your role would include, continuing to learn more about 5S implementation, help to educating your co-worker about the 5S, being enthusiastic about 5S implementation; participating fully in company 5S implementation efforts, bringing your supervisor, manager your creative ideas for promoting or implementing the five pillars etc” (The Productivity Press Development Team, 1996). As can be easily comprehended, communication underlies all these activities carried out by the management and the employees for the sustenance of 5S. At each of these activities it is through proper communication that one may achieve the end results. As such communication and 5S goes along way for meeting its success in organizations.

** Extract from an article prepared by Manu Tissera Gunasekara on “**Lean Manufacturing and Japanese Productivity Improvement Systems**”.

We look forward to receive more feedback, criticism, and suggestions to improve the quality and presentation of this newsletter.

Also, we'd like you to contribute to this monthly bulletin, may be with a business success story, crisis management, or challenge which you might like to share with your fellow members. Write to us.

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