

# Business excellence in Japanese SMEs

**T**he adage that “one size fits all” was an important growth principle in the 19th and 20th centuries. This may be true when talking about building or expanding scales. However, in today’s flatter, more connected world, the adage is the antithesis of growth principles, especially for SMEs. Until recently, many scholars and practitioners argued about the obvious difficulties and failures of SMEs in attempting to adopt the business excellence framework. These issues were discussed in the recent APO multicountry observational study mission on Quality Awards in Member Countries held in Fukushima prefecture and Tokyo, 24–28 August 2009, in collaboration with the Japan Productivity Center. It was attended by 17 participants from 15 member countries.

The main theme of the mission was to study the Japanese SME experiences in adopting the Japan Quality Award (JQA) framework and the level of success. Aizuwakamatsu city in Fukushima prefecture where the Aizuwakamatsu City Quality Council is headquartered showcased three key SME businesses in the region: Eisen Shuzo Co. Ltd.; Mukaitaki Hotel; and Aizu Mitsubishi Motor Co., Ltd. All were recent winners of the Aizuwakamatsu Performance Excellence Award, a simpler version of the national award framework, which the city council established in 2001 to promote the competitiveness of the local economy.

“This is it! This is what we’ll do,” Eisen Shuzo President Yuji Miyamori thought when he read the JQA Assessment Standards in 1999. Miyamori had returned to his family business, a local saké brewer, in 1995 after acquiring work experience in other companies and later took over the company. He detailed his journey toward business excellence, including the difficulties and challenges faced when trying to change from traditional to new methods. Mukaitaki President Yuichi Hirata and Director Masayoshi Miyamori of Aizu Mitsubishi Motor also spoke on how they had pursued quality management to improve their operations for Mukaitaki to “become a friendly hotspring inn offering warm hospitality to all visitors” and for Aizu to “become a dealership that ultimately satisfies people in the region.”



*Mission speakers and participants with Mukaitaki Hotel staff*

Each example highlighted an integrated approach to management driven by the strong vision and servant-leadership style of top management. Hard work, perseverance, determination, communication, building teamwork, trust, and strong commitment even in the face of great challenges and losses comprised the recipe for success for enterprises wishing to thrive and overcome tough challenges. All enterprise representatives mentioned that continuous improvement through self-assessment processes was needed at every level of operations. All business leaders agreed that the business excellence framework provided a risk management approach that gave them the ability to see beyond daily operational challenges to the future.

SMEs remain a key challenge for many award administrators within the business excellence framework. Perhaps the answer lies not in stating the obvious, but rather asking a different question from a new angle. As the group discussion concluded on the last day of the study mission, the ultimate question was not whether the current framework needs changing but rather “whether SMEs in general can afford not to adopt the framework, especially in this current economic climate, while hoping to thrive in the future.” 🌀