Guidelines for
KMAX
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Introduction

Manufacturing constitutes only 15% of India’s GDP in 2014. In order to provide jobs to India’s young population, this % is sought to be increased to 25% by 2025.

“Make in India” is government of India’s policy response to make this happen. Setting up manufacturing enterprises can only be a beginning. If Indian manufacturing has to survive & grow, it will need to be globally competitive. Most enlightened organisations adopt some kind of “Operational Excellence” practice, be it Lean, TPM®, Six Sigma, KAIZEN™, TOC or a mix of them. However, they soon hit a plateau. That is because there is no standard blueprint to World Class.

“Operational Excellence” is not a destination; but a journey of continual improvement towards a moving target. You never arrive; you just develop capabilities and cross newer milestones.

Therefore, managements periodically need to know where they stand vis-à-vis contemporary practices so that they can steer their “Operational Excellence” journey towards global competitiveness. In order to meet this need, Kaizen Institute has evolved a model of assessment which provides answers to the following questions:
• Is our manufacturing operation globally competitive?
• If not, what are the gaps? What do we need to do to bridge those gaps?

KMAX (Kaizen Institute’s Maturity Assessment for Excellence) is the model, which evaluates Operational Excellence maturity over 5 levels – from 1 to 5. Although there is a national recognition and award associated with each level, your real prize is the exciting journey in quest of excellence, not the award itself.

Objective

To support India’s overall objective of becoming a globally competitive manufacturing destination by
• Providing a globally benchmarked framework for assessing manufacturing organisations in their journey to global competitiveness in operations; and recognising their achievements by awards/medals.
• Providing action guidelines to interested organisations for progressing to the next stage in their journey of excellence.
Eligibility Criteria

First time
When an organisation applies for KMAX for the 1st time, it must be practising any Operational Excellence system (Lean / TPM® / Six Sigma / TOC / KAIZEN™ or a combination) for at least 2 years before applying for assessment.

For 1st time applicants, KMAX jury will assess and recognise the organisation at any of the five levels of maturity. A KMAX award/medal will have a validity of three years.

Subsequently
When an organisation applies for KMAX for re-assessment towards the same or a higher level, the organisation must practise Operational Excellence at least for 1 more year after qualifying for the previous level of maturity.

Process of Application & Assessment

<table>
<thead>
<tr>
<th>Activity</th>
<th>May to July</th>
<th>July to August</th>
<th>July to November</th>
<th>December</th>
<th>February</th>
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<tr>
<td>Inform KMAI</td>
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<td>Kaizen Institute</td>
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<td>Raise Invoice for Application Fee</td>
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<tr>
<td>Accepted?</td>
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<td>Make Payment</td>
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<td>On-site Assessment</td>
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<td>Kaizen Institute</td>
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<tr>
<td>Evaluation by KMAX Jury</td>
<td>Applicant</td>
<td>Kaizen Institute</td>
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<td>Kaizen Institute</td>
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</tr>
<tr>
<td>Qualified for Award?</td>
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<td>Award Ceremony</td>
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Click here [https://in.kaizen.com/kmax-2018.html#material](https://in.kaizen.com/kmax-2018.html#material) to download KMAX Entry Form, fill it and email it to india@kaizen.com

As per KMAX standard

Email & Courier

Cheque / Online

Email

Jury Meeting

Email / Website / Public announcement / Press release

Award Event
Key Points

Confidentiality Agreement
A NDA (Non-disclosure Agreement) will be entered into between the applicant organisation & Kaizen Institute (India) Pvt. Ltd. A sample is provided as Annexure II.

On-site Assessment Days
The number of on-site assessment days & the number of assessors depend on turnover of the applicant unit, as per the table below:

<table>
<thead>
<tr>
<th>Turnover INR Cr.</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Mega</th>
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<td>2</td>
<td>2</td>
<td>3</td>
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<tr>
<td>100–500</td>
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<td>500–1000</td>
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<tr>
<td>&gt;1000</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
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Assessment Team
Assessment team members are highly experienced professionals in the field of Operational Excellence practices. The assessment team will include one Lead Assessor, and would be supported by one or more Assistant Assessors depending on the size & complexity of the applicant unit.

There may be cases in which a trainee (observer) or a member of the secretariat will attend the assessment. This will be with the permission of the applicant company.

Fees & Expenses

Application fees
INR 50,000 + GST

On-site Assessment Fees
As per the following table + GST

<table>
<thead>
<tr>
<th>Turnover INR Cr.</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Mega</th>
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<td>&gt;1000</td>
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</table>

Expenses
Following expenses are reimbursable by the applicant unit:
- Return Air Fare
- A.C. Taxi fare
- Executive class full boarding and lodging
1.1 Introduction
As the world’s oldest Operations consulting firm; with Japanese parentage; presence in over 50 countries; experience in a wide variety of Manufacturing, Service, Agricultural & Govt. organisations - Kaizen Institute has evolved a globally validated framework for evaluating the status of the Operations Excellence journey of any continually improving organisation – encapsulated as KMAX.
Not only does the KMAX framework evaluate the current status of OE (Operational Excellence) leadership, people practices, culture, processes, systems & structure with reference to the current state-of-the-art, but also provides gaps & possible next steps in your on-going quest for excellence.

1.2 Assessment Criteria
The assessment criteria can be seen in the following picture:
1.3 Weightage of Assessment criteria in different stages of maturity

The early stage of OE practise should seek to build leadership, culture & people capabilities for long-term competitiveness.

• As these capabilities get built, and processes are improved reactively, performance measures should start showing a positive trend.
• In the maturity stage of OE, leadership & culture are well entrenched. These organisational capabilities show up in world-class QCD results achieved through pro-active direction setting by leaders.

Keeping the above in mind, the weightage of the assessment criteria keeps changing from enablers & drivers, to use of these capabilities for driving pro-active change & achieving world-class performance, as shown in the chart below:

<table>
<thead>
<tr>
<th>Enablers</th>
<th>Drivers</th>
<th>Process Excellence</th>
<th>Direction Setting</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>★</td>
<td>30</td>
<td>25</td>
<td>20</td>
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<td>★★★★★</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
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</tbody>
</table>

1.4 Scoring

KMAX framework will assess the current state of maturity within the applicant unit through a pre decided set of questions under each criteria. The assessment is carried out through actual on-site observations in the workplace by OE experts. Each question scores between 0&4 points as explained below:

0 - Characteristic is not present
1 - Characteristic is present in isolated cases (pilot areas)
2 - Characteristic is fully present in some areas (>25% of the area evaluated)
3 - Characteristic is present & implemented (>60% of the areas evaluated)
4 - Characteristic is completely & exemplarily present & implemented

There are different numbers of questions under every criteria. For example, for evaluating “Customer Orientation”, there are 7 questions; & for evaluating “Planned Maintenance” pillar of TPM®, there are 14 questions.

As each question is evaluated, the evaluation scores from all questions add up for every criteria into a % w.r.t. maximum score possible.
1.5 Outline for Each Criteria

1) Enablers – Values & Principles

VALUES – are the concepts that drive our choices. They also govern our judgement of what is important for us.

KMAX seeks to assess how the following 5 values are lived by an applicant organisation:
1. Customer Orientation
2. People Orientation
3. GEMBA (Workplace) Orientation
4. Process Orientation
5. Scientific Orientation

PRINCIPLES – are beliefs that govern organisational behaviour. They define the manner in which organisational values are carried out. Principles refer to people’s ways of thinking. They are the starting point for OE and form the foundation on which organisational excellence is built.

All the 5 values are represented by 4 principles each, as shown in the following table:

## Operational Excellence - 5 X 4 Principles:

<table>
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</thead>
<tbody>
<tr>
<td>Market In, Next Operation is Customer (Stop to fix problems), Pull at customer demand Partnering</td>
<td>People Involvement - as teams, No blaming, Develop people as root cause problem solver’s, Leaders as coaches</td>
<td>Genchi Gemutsu, Speak with Data, Organized GEMBA, Manage Visually</td>
<td>Focus on Processes and Results, Total system optimization, Make process flow, Standardized work &amp; processes</td>
<td>Reduce 3MUs Muda Mura Muri, PDCA/SDCA approach, Go Upstream to solve problem, Hansei - Learning organisation</td>
</tr>
</tbody>
</table>

2) Drivers – Leadership, People Development, Structure & Systems

As per Kaizen Institute’s “KAIZEN™ Change Model (KCM)” pictured above, if a company
1. works every day to improve shop floor & people capabilities (Daily KAIZEN™);
2. has the right targets & strategies to follow (Leaders KAIZEN™);
3. has established the right support structure (Support KAIZEN™); &
4. implements projects to achieve breakthrough results (Breakthrough KAIZEN™);
This company is genuinely on its journey to global excellence.
The model has the following elements:

2.1 Daily KAIZEN™
These set of activities are designed to institutionalise daily routines that build people capabilities for following standard work, for maintaining their workplace/equipment and for day-to-day problem solving.
A set of questions shall evaluate these practices.

2.2 Leaders KAIZEN™
These set of activities are designed to develop supervisory/managerial routines that promote OE Values & Principles; deploy, measure & monitor the right KPIs through Visual Management & Gemba Walks; and coach the desired set of behaviours through “walking the talk”.
Another set of questions shall evaluate these practices.

2.3 Support KAIZEN™
These set of activities are designed to develop internal expertise to
• provide training, guidance & audits for the OE initiative
• run the secretariat that promotes OE initiatives unit-wide through communications, contests, publications, reward & recognition etc
• maintain unit level performance dash-boards, OE roadmaps & coordinate managerial reviews

A set of questions have been designed to evaluate these practices.

2.4 Breakthrough KAIZEN™
In order to make real progress from current state to the desired future state, several cross-functional & local improvement projects (also called KAIZEN™ bursts) are required to be implemented. These projects are identified by several means:
• From Customer complaints/needs
• From Hoshin Kanri (Policy Deployment)
• From Value Stream Mapping
• From Loss-tree Analysis

They are prioritised & put together in a roadmap - typically yearly, but sometimes as half yearly sprints. They are the means to achieve significant process improvement breakthroughs.

KMAX framework seeks to evaluate how effectively does the applicant unit identify & carry out such improvement projects.

Drivers’ score, as a sub-set, is also represented by radar as shown below:
3 Process Excellence
A journey of Operational Excellence manifests itself through Process Excellence. It is eventually a journey towards creating “perfect processes”. A “perfect process” is one (definition courtesy Jim Womack) in which

- every step is completely Valuable (Value Adding) – objective of Lean
- perfectly Capable – objective of Six Sigma
- perfectly Available – objective of TPM®
- exactly Adequate – objective of TOC
- carbon & Water Neutral – objective of the ‘Green’ movement

Every step is connected by:
- continuous Flow
- noiseless Pull
- maximal Leveling – all objectives of Lean

Using this understanding, the KMAX framework evaluates the current state of applicant unit’s processes with reference to the following:
1. Total Flow Management (Lean) practices
2. Total Productive Maintenance (TPM®) practices
3. Total Quality Management (including Six Sigma) practices
4. Total Service Management practices (applicable to office processes)
5. Total Environment Management (“Green”) practices

Process Excellence scores are also represented as visual radar as follows:

4 Direction Setting: Deployment & Alignment
The OE journey in every enlightened organisation is driven top-down, but implemented bottom-up. The strategic direction & prioritisation is determined by the Leadership team; it is deployed & cascaded down through the organisational hierarchy to become improvement actions / projects aligned to the direction set; measured through interlinked KPIs and implemented bottom-up. This structured process is Hoshin Kanri (Policy Deployment). It is application of PDCA at the strategy level & needs to be controlled through periodic reviews & updates. The KMAX framework seeks to evaluate the effectiveness of this process in the applicant unit.

5 Results
An effective journey rewards practitioners with gratifying results. In terms of quality, cost, delivery & productivity performance impacting customers; & in terms of safety & morale impacting employees. Competitiveness of the organisation is enhanced, accelerated growth is enabled. Motivation & job satisfaction are very much a function of individual success & growth. These are the rewards to be reaped by excellent organisations.

Special attention is paid to the kind of measures deployed. This is because some of the traditional measures are known to drive anti excellence behaviours!

KMAX framework uses 3 year performance trend charts of appropriate performance parameters to evaluate whether the drive to excellence is actually providing the desired results.
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