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NEC

Nippon Electric Company, Limited

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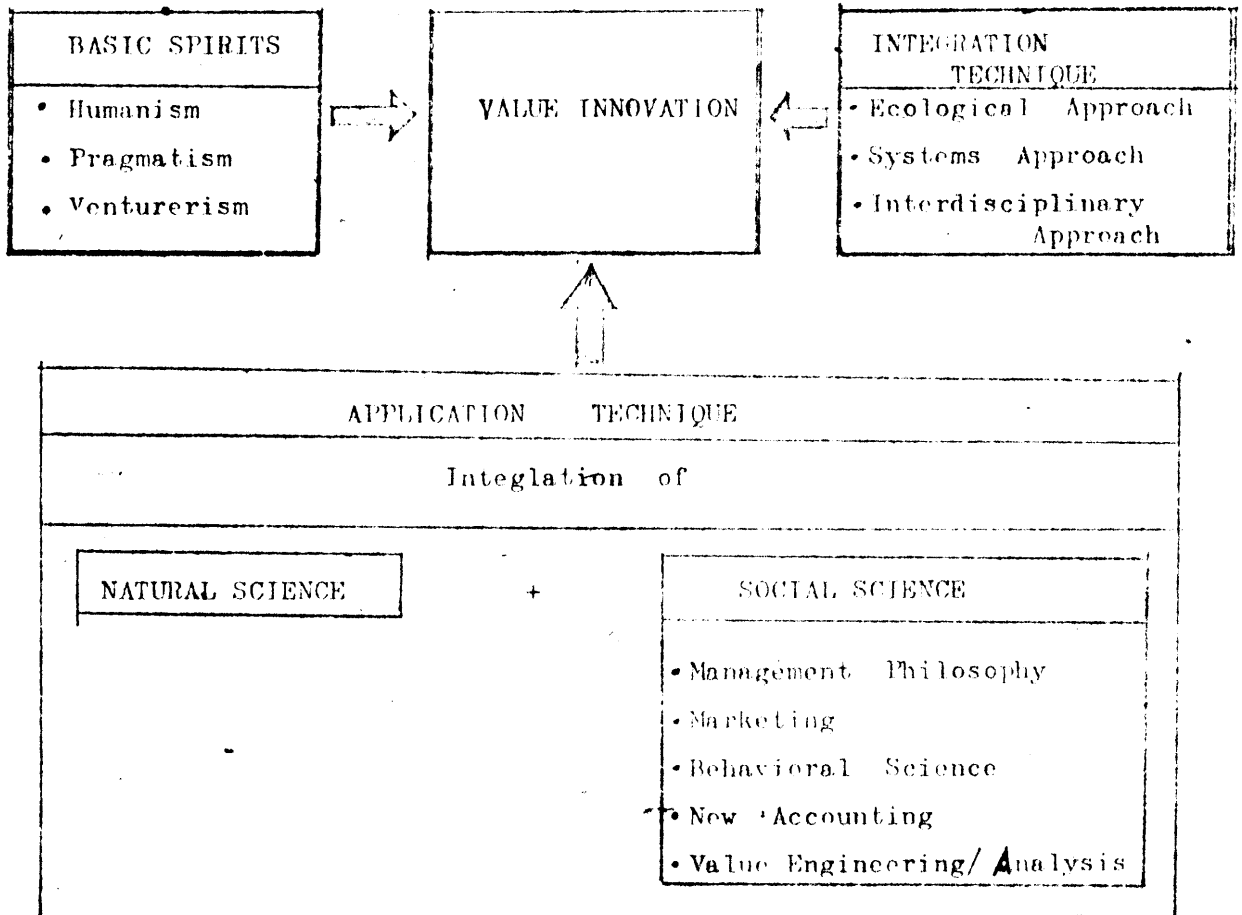
VALUE INNOVATION (VE/A IN NEC)

May, 1973.

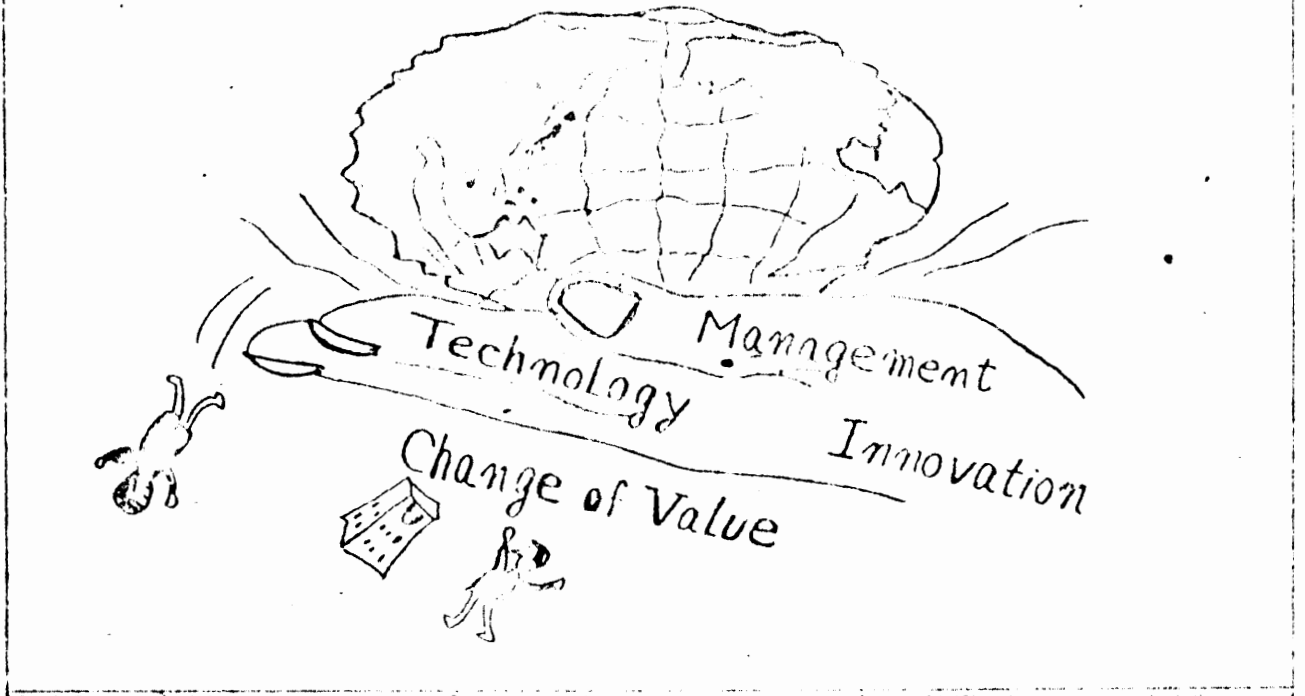
E. HAMAWAKI, GENERAL MANAGER

F. SHIMURA, MANAGER

CONCEPT OF V.I.



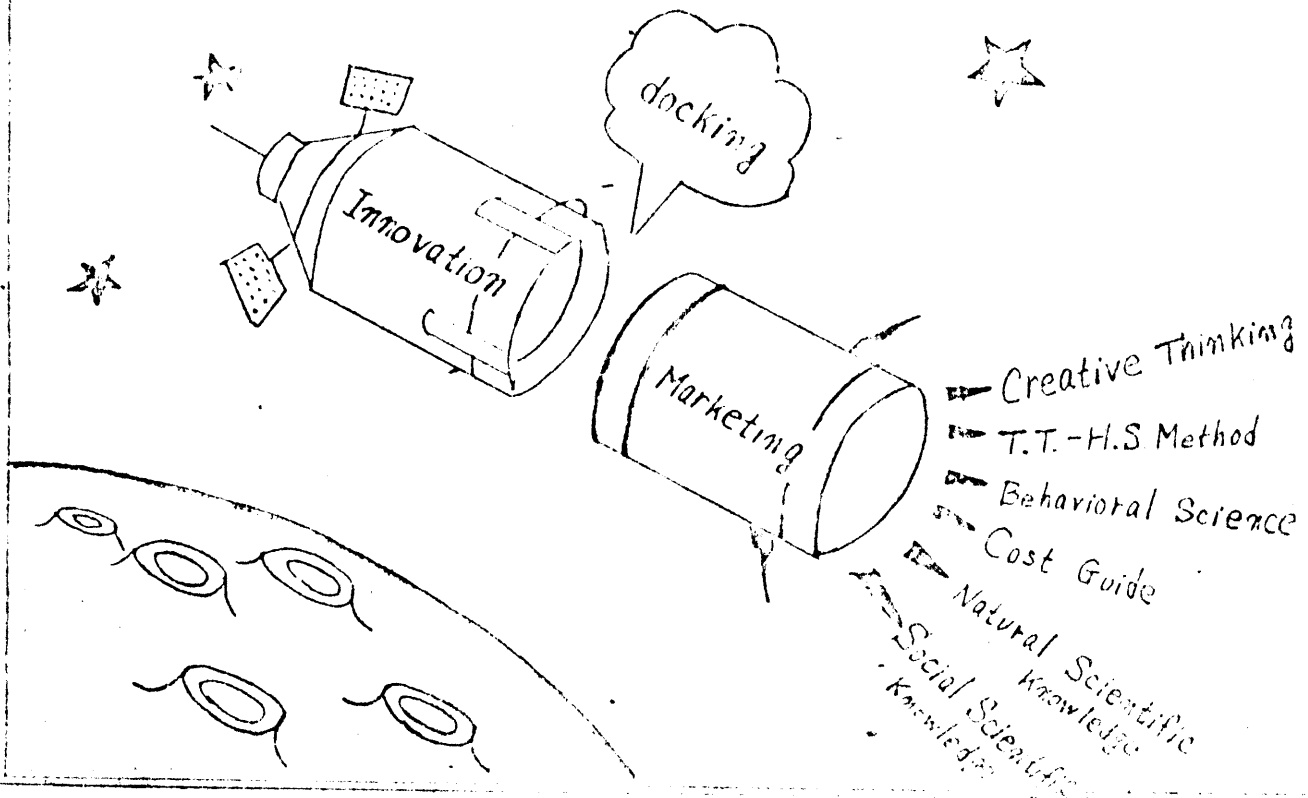
Rapid Changing Era



In a rapid changing era, effective management innovation and technological innovation based upon the marketing are needed to promote the superiority of the business.

Value Innovation is a way of thinking and technique to achieve the innovation of business activities most effectively.

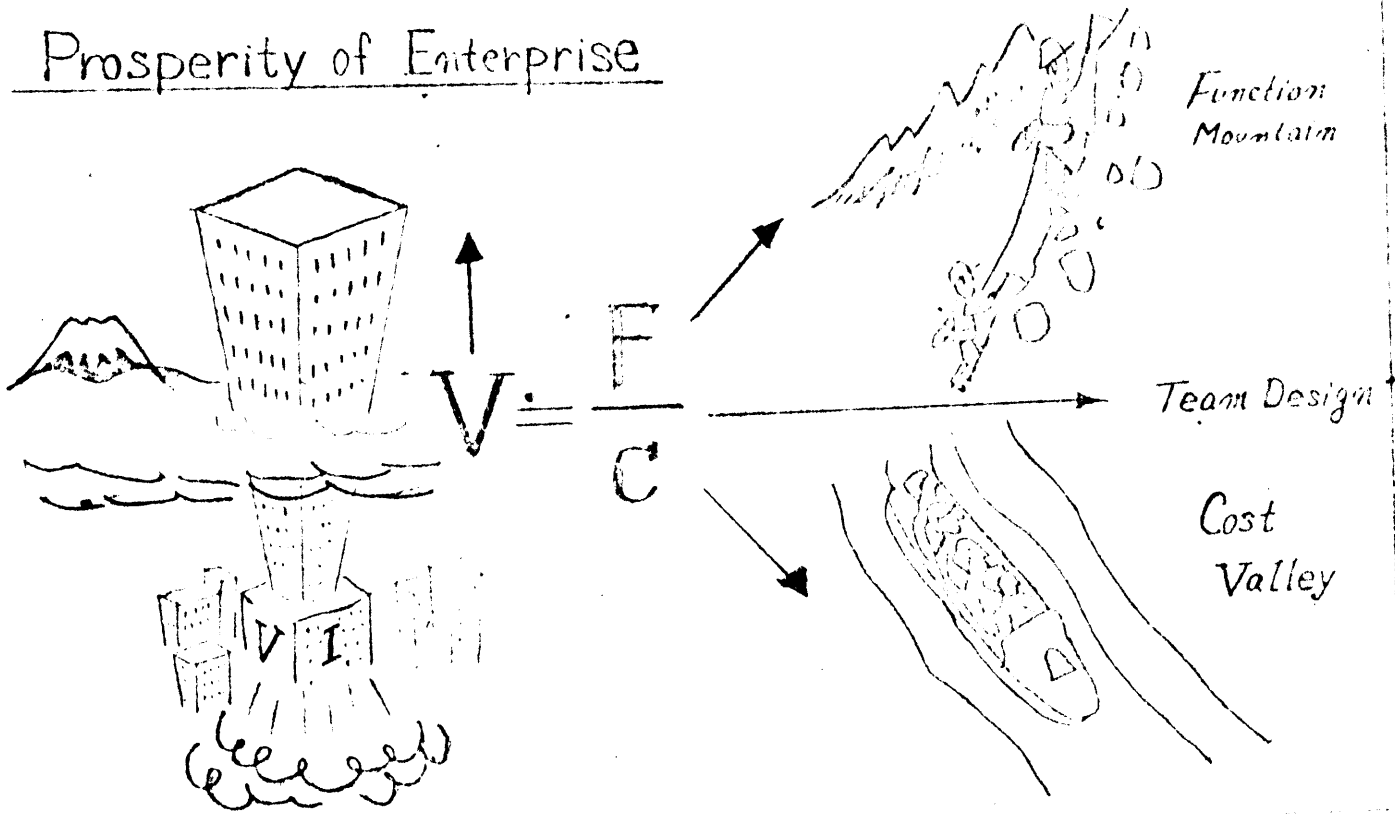
Characteristics of VI



In this forthcoming era of innovation and knowledge industry, it is not too much to say that the ups and downs of our business depends deeply on the utilization of marketing information.

Based upon this marketing information that is the core of our business management, our V.I. is executed.

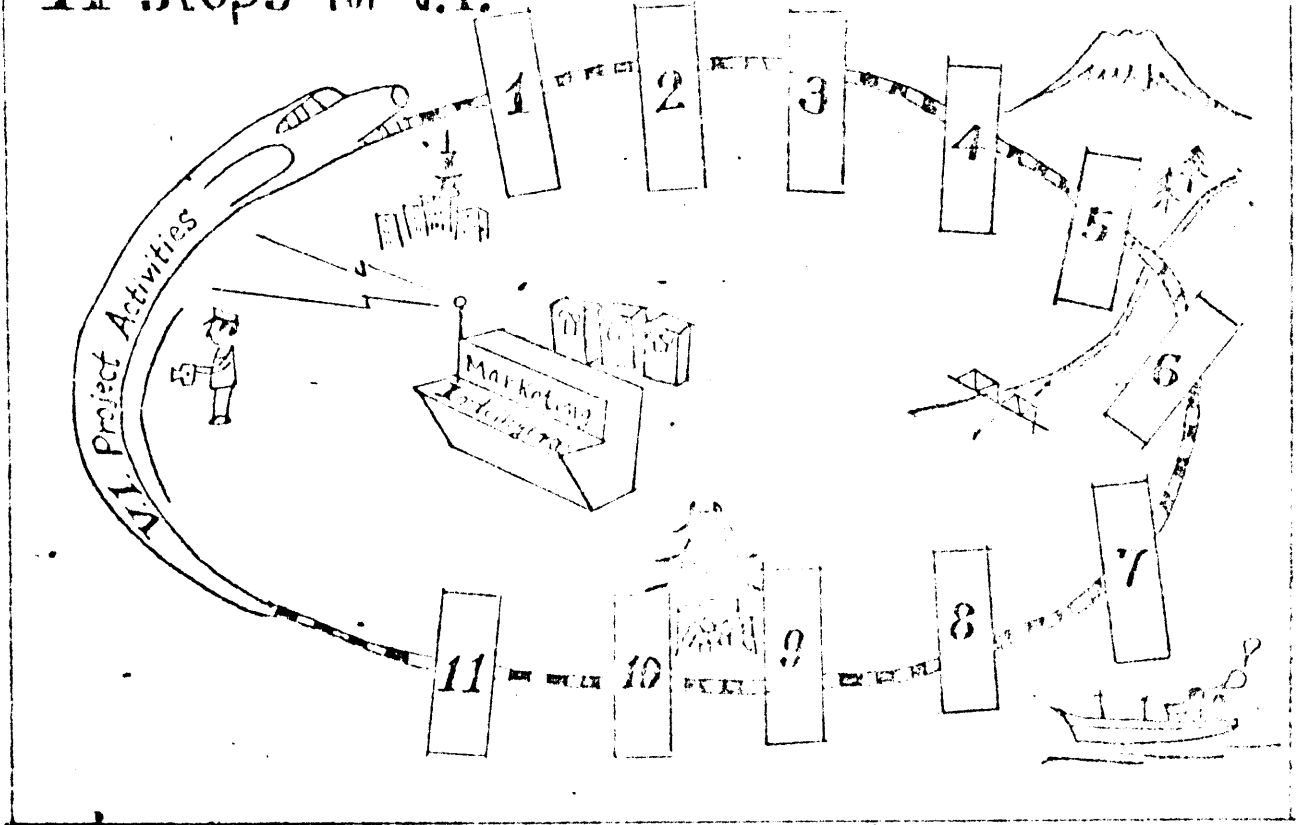
Prosperity of Enterprise



The ultimate purpose of our V.I. is to improve function greatly and reduce cost sharply.

It is the most effective method for our survival in this rapid changing days.

11 steps for V.I.



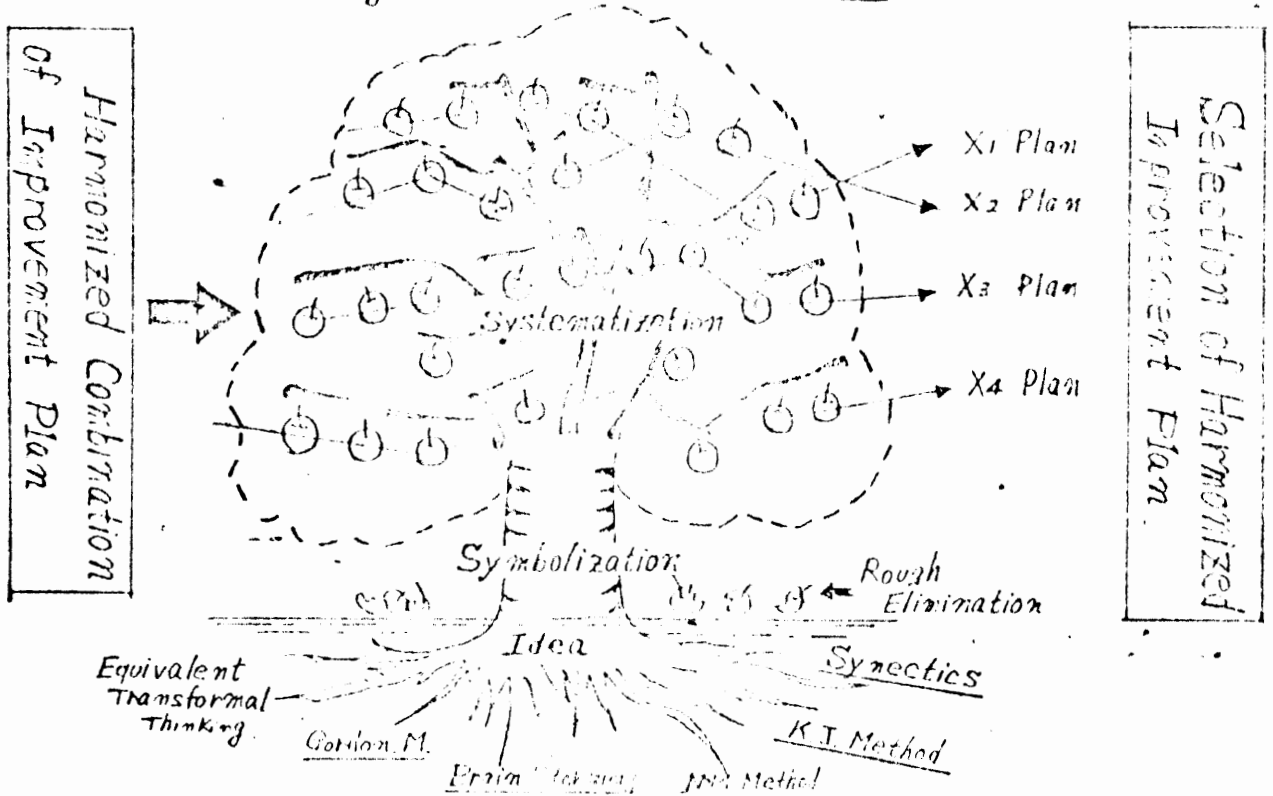
- | | |
|------------------------------------|--------------------------------------|
| 1. Gathering Basic Information | 7. TRIS Method |
| 2. Selection of Objective Theme | 8. Execution Planning and Scheduling |
| 3. Organization of Best Team | 9. Execution |
| 4. Gathering Objective Information | 10. Value Assurance |
| 5. Product Planning | 11. Critique |
| 6. Function Design | |

V.I., as shown in this picture, uses 11 steps,
organizing a project team and utilizing a marketing
intelligence as a control center.

-The characteristics of these steps are as follows:

1. to reflect the basic and objective information upon the product planning
2. to fix plans of new products and services effectively by our typical TT-PS Method to realize its contents.
3. to acquire the utility and satisfaction of the customers through the execution of this plan.
4. to repeat this cycle over and over again.

Tree Thinking - Harmonic Selection



TT-HS method is used to put the function design into product, by

- generating many ideas giving full scope to creativity,
- and classifying and systematizing those ideas into abstracted words such as structure, nature of material, mechanism, shape etc that are always contained in any products,
- and making drawings and specifications of concrete and harmonized products or services.

V. I. Activities in NEC: Past, Present & Future.

1. Past.

VA was introduced in NEC in 1963 for the first time. Result of V.A., VE. & V.I. activities thereafter is shown in the another chart.

2. Present.

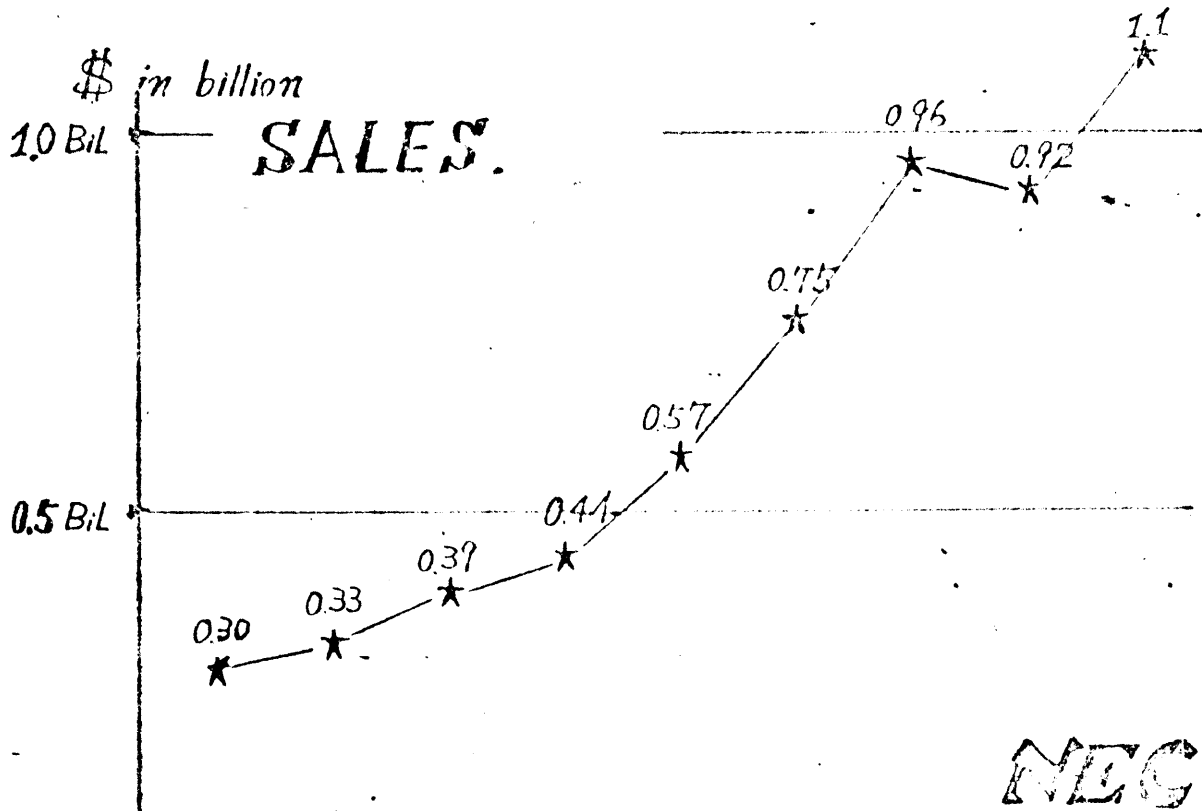
V.I. activities in NEC consists of the following 4 activities and their results are as follows.

	Result in 1972	
1. V.I projects	200 teams	} \$26 million
2. V.I work shop seminar	90 teams	
3. V.I proposals by an individual	1,300 items	\$12 million
4. V.I proposals by vendors	110 items	\$1 million

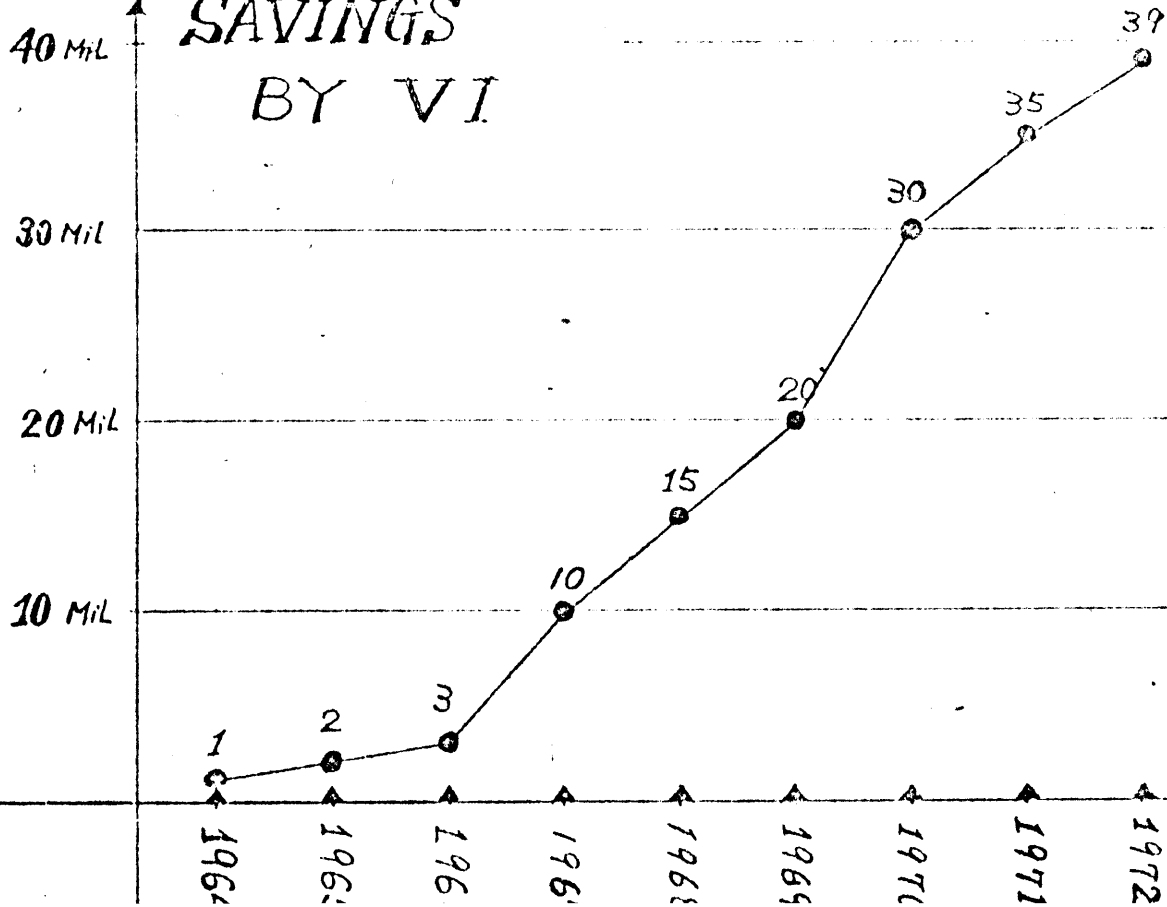
Our characteristics of V.I.W.S.S. that produce remarkable results are as follows.

1. not merely the education or guidance, of V.I.
2. to attain more than 30% cost reduction and improvement of function, including patents and new design for practical use.
3. theme is usually selected from the one under developing or designing in accordance with the management plan or strategy.

\$ in billion
1.0 Bil ← SALES.



\$ in million
40 Mil ↑ SAVINGS
BY VI



► Characteristics of managing V.I.W.S.S.

1. W.S.S. is held in general circumstances at Hakone that is known as a famous Japanese health resort.
2. W.S.S. period is 3 night and 4 days long.
(8:00 AM - 12:00 PM)
3. The number of team is 4 - 5.
*One team consist of 4 - 5 persons from marketing, technology, design, production controll etc. and they always study and work together in a room.
4. A team is always conducted by a V.I. specialist.
5. W.S.S. includes the planning and scheduling for Test, Design, Production and Sales. Our V.I.R specialist helps it to the end of this cycle.

► An example of contents and results of this Seminar is as follows.

1. Number attended	10 teams' 50 people
2. Theme	
• Improvement of existing products	4 teams
• Development of new products	3 "
• Improvement of manufacturing process	3 "
3. Results	
• Expected savings by V.I.	\$1 million
• " patents	3
• " new design for practical use	4
4. Instructor	10 V.Irs.
5. Expenditure for this W.S.S.	\$40 thousand

3. Future.

At present our V.I. Department belongs to Purchasing Division. But from this June, it will be seceded from NEC and start as a subsidiary of NEC.

The name of this new company will be N.E.V.I.CO.
(Nippon Electric Value Innovation Company.)

► The principal business of this new company are as follow.

1. V.I. Consultation and Education to NEC, subsidiaries (domestic and foreign) and vendors.
2. Education of various theories and techniques that is needed to practice V.I. effectively,

R&D strategy, marketing, management philosophy, cost contrall, behavioral science, production, controll, creative thinking, documents and procedure management.

3. Editing and publication of guide books of these subjects

The New company will have 20 persons and its annual earnings will be about \$750,000 gained by \$7.5 million V.I. cost reduction. We are expected to attain 30% growth of earnings every year.