



# APO *news*

## Giant step in Cambodia's OVOP movement

The APO supported the national conference on the "One Village, One Product" movement in Cambodia, organized by the National Productivity Center of Cambodia and the Cambodian OVOP National Committee, in Phnom Penh, 5 June. This historical event was attended by more than 500 guests, including Prime Minister Hun Sen, two deputy prime ministers, 10 ministers and 20 vice-ministers from related line ministries, ambassadors from various countries, representatives of international organizations and NGOs, 24 provincial governors, 188 district governors, representatives from the private sector such as chambers of commerce, and the mass media.



Cambodian Prime Minister Hun Sen delivering the opening address

**F**ollowing the welcome remarks by Secretary-General Son Koun Thor of the Cambodian OVOP National Committee, APO Secretary-General Shigeo Takenaka remarked, "Now the time has come for Cambodia to launch its OVOP movement in a big way" after touching on the success stories of Oita, Japan, and Thailand in his address. He also expressed the APO's willingness "to continue cooperation so that every rural community in Cambodia will find a way to stand on its own feet economically."

Prime Minister Hun Sen, in his opening remarks, introduced the government policy related to the OVOP movement in Cambodia, highlighting four principles: find a production method suitable to a village's conditions and meet market demand; encourage people to produce by improving market access, providing credit, transferring technology, and supplying seeds; build up management capacity and human resources; and enable the establishment of agricultural communities to ensure price stability of products. He also shared his impressions after observing OVOP sites in Oita, Japan, in 2001 and stated that, "All relevant ministries, institutions, and local authorities have to facilitate and cooperate closely with the National Committee for OVOP to assist in the administrative and technical work and offer other resources in order to implement the OVOP effectively." Prime Minister Hun Sen also called for the cooperation of "the Chamber of Commerce, Chamber of Professions, microenterprises, and Rural Development Bank as well as domestic and overseas financial institutions" along with "the APO and other countries implementing the OVOP."

The APO deputed three resource persons for the conference, President Dr. Morihiko Hiramatsu of the Oita OVOP International Exchange Promotion Committee and former governor of Oita prefecture, Japan; Director Auscharawan

(Continued on page 6)

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"In a world where discovery is more important than delivery, it's the people who find, remix, and direct attention to old stuff that should be rewarded, not the people who deliver it or sit on it waiting for someone to show up."

Joichi Ito

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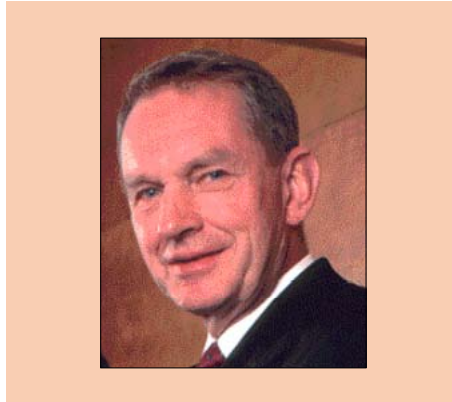
## Italy's Veneto Productivity Centre

Italy may be one country but it is certainly two economies. The south, the *Mezzogiorno*, has had public money poured into it for 60 years, yet it still remains as backward and corruption infested as ever (virtually all companies are forced to pay Mafia "taxes"), with unemployment rampant, including 45% of those younger than 24 years. The north, on the other hand, thrives in an entrepreneurial culture with roots extending back 200 years when it was part of a multinational foreign power: the Hapsburg Empire.

The Veneto Productivity Centre (CPV) was established as a regional productivity center in 1952 in Vicenza in the far northeast around Venice. This followed a recommendation of the US productivity analyst Dr. Jerome Mark that, in a country of disparate provinces, three pilot regional centers should be established to back up the work of a national center. In the meantime, the national center has long since disappeared (1972), and although the two other regional centers never really took root, the CPV has thrived. Its success can be attributed to three key features.

**"To ensure that it [CPV] is and remains vibrantly relevant, it is also a membership foundation. It is these member companies, typically medium- to small-sized family companies catering for niche markets, that determine the bulk of CPV activities."**

First, it has stayed close to its original benefactor and mentor, the local chamber of commerce, industry, and trades. In Italy, chambers are official, elected, self-governing bodies of which all companies are compulsory dues-paying members. As a body associated with the chamber, the CPV provides local businesses with the training, information, research, and (to a lesser extent)



consultancy services that are in demand. To ensure that it is and remains vibrantly relevant, it is also a membership foundation. It is these member companies, typically medium- to small-sized family companies catering for niche markets, that determine the bulk of CPV activities. This means that it has a highly decentralized structure and set of activities, which is the second key to the CPV's success. Foremost are the "study groups." These are set up, and then disbanded, in line with local concerns. Their basic concept is the promotion of mutual learning and support. The 15 groups currently active cover traditional industries (ceramics, goldsmiths), specific themes (general management, production management, industrial design, environment, safety), or technologies (smelting, mechanics, both of which have been the backbone of the regional economy). Each group holds an average of three to four events a year and has its own elected governing body but is managed within the CPV structure. Group activities constitute an important impetus behind the CPV's weighty training program.

With increasing competition first from other European countries and now from manufactured products from low-cost Asian economies, especially China, these groups not only nudge members to be more productive in the short term but help them in opening up new, longer-term vistas. In the late 20th century, this meant helping companies outsource production from high-cost Italy to Eastern Europe, because the cost to entrepreneurs of skilled workers' monthly wages of €1,200–1,500 is doubled by indirect labor charges.

Today the main thrust is the quest for greater value added in companies through innovation, since Italy ranks low in Europe's R&D league. Clearly, innovation requires cooperation with the universities. Yet for both parties cooperation is particularly difficult but all the more important. On the one hand, youngsters tend to leave school early, to learn trades hands-on in family enterprises. Italy has Europe's lowest number of graduates per capita (8.6%) and of job beginners (12.5%). On the other hand, the universities are a part of Italy's innovation-sapping bureaucracy.

**"...in response to the decline in corporate start-ups, it provides free-of-charge information and counseling services for would-be entrepreneurs, with local chambers of commerce, industry, and trade bearing the costs."**

Therefore, by developing new forms of industry–university cooperation, the CPV is blazing new trails that can inspire others, and indeed have already done so. Thus, it has developed a program of internships for university undergraduates with the dual aim of facilitating the flow of new knowledge and insights into medium-sized businesses and bringing the universities' "barons" (professors with lifetime tenure) out of their imperial aloofness from the world of work.

The third reason for the CPV's success is that it provides a flexible structure for developing new initiatives funded by third parties. Thus, in response to the decline in corporate start-ups, it provides free-of-charge information and counseling services for would-be entrepreneurs, with local chambers of commerce, industry, and trade bearing the costs. Also financed by chambers are its "counters" helping inventors and entrepreneurs in their search for licenses and patents. With Eu-

European funds it is under contract to promulgate the concept of corporate social responsibility in line with the European Commission's Green Paper. This has now led to the establishment of new networks of involved enterprises seeking to undertake proactive steps in this area, which is seen not as further bureaucratic binding but as opening up wider business opportunities.

However, the CPV also guards against its local character becoming parochial. Thus, it participates in the chambers' national foundation aimed at promoting industrial innovation through research and pilot activities. At the EU level, it is heavily involved in various EU Commission programs for boosting competitiveness, particularly in conjunction with national productivity centers in other countries. Moreover, it has started to link the Veneto region to its overseas diaspora. Thus, summer schools have been operated for the progeny of second- and third-generation emigrants to the Americas and Australasia to demonstrate the dynamics of the Veneto region. The purpose is not simply to develop commercial links but to entice skilled graduates to the "old country." Interestingly, these approaches came in the wake of the failure of programs aimed at encouraging young workers from the *Mezzogiorno* to take up vacan-

cies in local businesses because their overall income (from state benefits in the south) decreased if they moved north to take up well-paid work.

With its increasing staff numbers (up from 20 to 25 in the past half-decade), the CPV must constantly grapple with three challenges: inclusiveness, or how to ensure that all productive actors in the economy are involved in developing the vision and work of the center; acceptability, or how to ensure that the center remains a prestigious organization propagating change; and financial stability, or how to ensure that it maintains a balance between incomes from market-driven activities, from activities benefiting the community, and from local, national, and European networking activities. 🌀

*Anthony C. Hubert is President of EuroJobs, an organization he established to promote efforts to raise the quality of working life and productivity in Europe. He was formerly Secretary-General of the European Association of National Productivity Organizations. He writes regularly for this column.*

## Customer satisfaction drives corporate success

**T**he business imperative for creating a satisfied customer is as old as the practice of trading. In a free market, it is based on a mutually beneficial proposition: sellers make more profit and buyers are better off. Economic growth is about producing more and better goods and services and about buyers and sellers engaging in more economic transactions. It is not too hard to find someone with something to sell, but how does one encourage consumers to engage in additional transactions? One way is to increase their satisfaction with the outcome of the transactions. A company that fails to satisfy a buyer will not retain that customer unless there is nowhere else to go, or it is too expensive to get there. In a competitive marketplace that offers meaningful consumer choice, companies that do well by their customers are rewarded by repeat business, lower price elasticity, higher reservation prices, more cross-selling opportunities, greater marketing efficiency, and a host of other things that usually lead to earnings growth.

How do we know how well a company is doing with respect to satisfying its customers? How can we tell where it is heading? What are the appropriate measures? These and other questions were addressed at an APO training course on Customer Satisfaction for Improving Corporate Competitiveness in Seoul, Republic of Korea, 15–18 May. Eighteen participants from 13 APO member countries and three resource speakers presented and discussed experiences, challenges, and best practices in providing customer satisfaction. The participants represented finance and telecommunications, consultancy, and policy bodies. The group was aware that to understand customer satisfaction one must measure it and was eager to share and learn more about various approaches and experiences in measuring customer satisfaction to improve the competitiveness of individual companies and improve the health of economies generally.

As a resource speaker, I presented the methodology and findings of one ongoing effort to measure customer satisfaction on a national scale: the American Customer Satisfaction Index (ACSI), which has measured satisfaction with the products and services of more than 200 US companies over the past 13 years and reported its findings to companies, investors, government, and US consumers. I was very impressed by the wealth of knowledge on the subject of customer satisfaction that each participant brought to the course and the friendly, collegial atmosphere that facilitated productive discussions.

One key outcome of the course was a commitment from participants to consider the concept and value of measuring customer satisfaction for their own countries on a national scale similar to the ACSI and sharing the findings and best practices from these measures across countries. For this to become reality, it will be of critical importance to seek the involvement of the governments of member countries in such initiatives. It should be demonstrated to governments that measuring and reporting the customer satisfaction with the companies that make up a nation's economy has important implications not only for individual consumers, investors, and corporate managers, but for the health of the economy as a whole and therefore contributes to the improvement of the material well-being of societies. 🌀

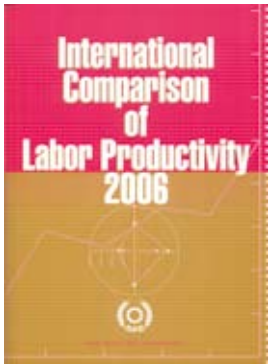
*Contributed by Managing Director David Van-Amburg, ACSI, National Quality Research Center, University of Michigan Ross School of Business, Ann Arbor, USA*







## New APO publication



### INTERNATIONAL COMPARISON OF LABOR PRODUCTIVITY 2006

APO 102 pp. June 2007  
ISBN: 92-833-2375-0 (hard copy)

As the sole international productivity organization in the Asia-Pacific region, the APO performs the important role of initiating, maintaining, and disseminating the productivity movement in its member countries. The rapidly changing socioeconomic environment has led to a diversification in their interests and needs as they attempt to meet the challenges of globalization and technological progress. To adapt to new trends, the APO recognized the necessity of benchmarking the status and economic performance of each country. Knowledge of where a country currently stands on the productivity ladder will allow for more effective and timely planning and implementation of need-based projects.

In line with its benchmarking initiative, the APO decided to revive the publication of its productivity data and analysis series to provide member countries with a reliable data resource to consult when determining productivity policies and formulating strategy. In an attempt to offer useful insights into economic growth to member countries, the APO published the *Asia-Pacific Productivity Data & Analysis* series annually from 2001, but its limited impact led to discontinuation after 2004.

To create a more sustainable system of productivity measurement, the APO sought expert advice as part of an in-depth review of the previous databook series. Fact-finding missions were also dispatched to countries in the Asian region and beyond to consult other international organizations on their methods of data collection and analysis. During that preliminary stage, a wealth of information was obtained which will be invaluable in improving upon previous APO efforts.

This publication is the English translation of the reference book *An International Comparison of Labor Productivity* produced annually by the Japan Productivity Center for Socio-Economic Development (JPC-SED), the NPO of Japan. It compares labor productivity trends in Japan with those in other OECD member countries, using data obtained from the OECD. Economic indicators and their implications for labor productivity are explained in user-friendly terms, accompanied by graphs and figures. The analyses generated by the JPC-SED are helpful in understanding labor productivity trends, policy implications, and the influence of significant economic indicators.

This translated version will provide member countries with an example of the best practices in labor productivity data collection and analysis. It also serves as a preview of the APO's upcoming databook, which will also focus on labor productivity using methodology similar to that of the JPC-SED. The volume is composed of three major parts: an international comparison of labor productivity in OECD countries; international comparison of labor productivity using data provided by the World Bank and other sources; and international comparison of labor productivity within the manufacturing industry. We hope that this translation will be a useful guide for policymakers and planners in member countries and those interested in comparative productivity statistics.

## COMMON SENSE TALK



"Management of the service sector has to develop a strategy to communicate the role of innovation within the company, decide how to use technology, processes, and people, and drive performance through the use of performance indicators."

*Sandeep Sreedharan*

"Workers in the service sector are better exposed to their customers than the ones in classic manufacturing. To that extent, service-sector workers are persuaded, by their own concern for self-respect and appreciation, to perform optimally."

*Hoshang Jhaveri*

"Absorb what is useful, reject what is useless, and add what is specifically your own."

*Bruce Lee*

"Only the mediocre are always at their best."

*Jean Giraudoux*

"You don't drown by falling in the water; you drown by staying there."

*Edwin Louis Cole*

"With three-quarters of the world's poorest people living in the rural areas of developing countries, improved productivity, incomes, and working conditions in farming are vital to development. Reducing extreme poverty is thus to a large extent a question of improving the earning power of agricultural workers and small farmers, together with developing nonfarm employment opportunities in rural areas."

*Juan Somavia*

"This [traditional architecture] is our identity; we have to conserve it, otherwise we will have nothing to be proud of. A place that becomes completely modern doesn't know who it is anymore."

*Prof. Vitul Lieorunguang*

"In a world where discovery is more important than delivery, it's the people who find, remix, and direct attention to old stuff that should be rewarded, not the people who deliver it or sit on it waiting for someone to show up."

*Joichi Ito*

For order and inquiry on APO publications and videos, please contact the Asian Productivity Organization, Hirakawa-cho Dai-ichi Seimei Bldg. 2F, 1-2-10 Hirakawa-cho, Chiyoda-ku, Tokyo 102-0093, Japan. Phone number: (81-3) 5226-3920, Fax: (81-3) 5226-3950, e-Mail: apo@apo-tokyo.org

# — Monozukuri: Art and soul of manufacturing —

**O**n the morning of 11 June, a group awaited the Kyoto-bound Shinkansen in Tokyo Station. Although they resembled a group of friends embarking on a holiday, passersby heard them using words common in business journals, such as “competitiveness,” “kaizen,” “TQM,” and “innovation.” “*Monozukuri*” was repeated often. Those travelers were participants in the training course on *Monozukuri: The Art of Manufacturing*, jointly organized by the APO and Association for Overseas Technical Scholarship (AOTS, a training institution under the Japanese Ministry of Economy, Trade and Industry), 4–15 June, in Japan.

In Japanese, *mono* means “product” or “thing,” and *zukuri* means the “process of making.” It is often cited as the foundation of the high productivity and competitiveness of the Japanese manufacturing sector. Explaining and illustrating that foundation was the purpose of the APO/AOTS training course attended by 21 SME entrepreneurs and senior managers, one consultant, and one academic from 16 APO member countries.

The three days of site visits outside Tokyo, following five days of presentations and discussions, was part of the journey to explore what *monozukuri* means to Japanese manufacturers and how they put the concept into practice. “The five-day lecture session was really informative; however, it is more important for us to see and hear from the production sites of companies,” noted Managing Director Jeremy Fong Sue Fun of Fong’s Engineering & Mfg. Pte. Ltd., Singapore. Four companies were visited: the Shiga Plant of Daikin Industries, Ltd., which manufactures air-conditioners, refrigeration equipment, and air purifiers; Honda Motor Company’s Suzuka Factory; Apollo Electronic Co., Ltd., an SME manufacturer of electronic parts; and Ebina Factory of Jidosha Buhin Kogyo Co., Ltd., a maker of automotive parts and machine tools.

Ponds are set within the green grounds of the Daikin Shiga plant, and a staff



*Apollo Electronic President Ota explaining his business philosophy*

member explained that the company’s annual summer celebration takes place there to which employees, their families, and many local residents are invited. Along with a pleasant, comfortable working environment, the Daikin Shiga plant has a strong company culture with zero tolerance for poor quality and a focus on continuous improvement. The Daikin Production System was introduced in 1978, which has evolved from mass production of a single model to variable-product, variable-quantity production. Participants observed kaizen activities and the IT-based production control system during an assembly line tour.

Apollo Electronic, an SME with 60 employees, manufactures electronic parts used in coils, transformers, battery chargers, and medical equipment and has received ISO9001:2000, ISO14001, and ISO13485 certifications. President and CEO Akira Ota is a strong advocate of *monozukuri*. His business philosophy focuses on customer satisfaction, employee satisfaction, and the plan, do, check, act cycle. “The quality defect rate of Apollo exceeds the minimum requirement of Six Sigma,” observed Bhartiya Valves CEO J.P. Malhotra, India.

At the end of the training course, Managing Director David Chiu, MBP Leather Industries Co., Ltd., Thailand, summarized the definition of *monozukuri*: “I think that *monozukuri* is the integrated concept of quality improvement processes in manufacturing. This concept is not new... but it is different here in Japan because of its unique culture.” Participants agreed that *monozukuri* practices vary between countries, industries, or companies based on culture. However, the spirit of *monozukuri* can be adopted by all. A list of *monozukuri* tools was suggested at the end of the project, comprising 7M; perfect quality; efficient management; dignified management; autonomy of quality circles, production, and maintenance; and “T. QM” rather than “TQ. M” to focus on totality rather than on management. ⚙️



*Daikin assembly line for outdoor air-conditioning units (photo courtesy of Daikin Shiga Plant)*



## Boosting agribusiness SMEs

**A**lthough SMEs in the agribusiness sector play a vital economic role and are involved in farming, food processing, transportation, storage, wholesale and retail marketing, and international trade, many are unable to modernize and their efficiency and productivity remain low. Often agribusinesses are saddled with management problems ranging from financing and investment issues, poor quality of products, and unstable production to labor and staffing concerns. To support SMEs in addressing these problems, the APO organized a training course on Improving Managerial Efficiency of Small and Medium Agroenterprises, 8–17 May, in Bangkok, Thailand.

The course consisted of five modules: Basic concepts in the management of agribusiness; Production planning and management; Product quality and safety management; Investment and financial management; and Productivity and quality improvement tools and techniques. Participants were taught to use software applications for financial analysis and logistics planning; for



*Quality and safety management in tuna processing demonstrated at Asian Alliance International*

most that was the first experience of using computer-based decision-making tools. They recommended that the APO consider including more computer applications in future training courses targeting SMEs.

The factory and restaurant of S&P Global Co., Ltd., a recipient of various awards including the Prime Minister's Export Award in 2005, hosted a site visit. Its founder was recognized as one of the "Leading Women Entrepreneurs of the World" in 2006. S&P Global started as a small ice cream parlor and bakery in 1973, diversified into the restaurant business, and now

has over 70 branches in Thailand and 18 in eight other countries. The company demonstrated the application of best management practices that contributed to its success. Participants also visited Asian Alliance International Co., Ltd., in Samutsakorn province, a showcase for best practices in quality and safety management in the processing of canned and frozen tuna for export. Participants were shown how HACCP and food safety management are applied in the company. 🌀

### Giant step in Cambodia's OVOP movement ..... (Continued from page 1)

Maneeket of the Policy and Community Enterprise Development Division, Ministry of Interior, Thailand; and PhD Researcher Rika Fujioka of the School of Oriental and African Studies, University of London. Dr. Hiramatsu made a presentation on "The One Village, One Product Movement—Spreading throughout the World" and introduced the experiences of the original OVOP movement in Oita, which focused on 1) local yet global; 2) self-reliance and creativity; and 3) human resources development. Auscharawan made a presentation on "One Tambon, One Product (OTOP)—The Strengthening of Thailand's Grassroots Economy," explaining how Thailand had rapidly succeeded in promoting OTOP nationwide since 2001. Fujioka spoke on "The OVOP Movement Strategy—Lessons Learned from OVOP in Japan and OTOP in Thailand" and suggested that Cambodians find the best strategy fitting the socioeconomic conditions of their country based on a comparative analysis of the two successful but different approaches in Japan and Thailand.

Secretary-General Son Koun Thor introduced the "OVOP Strategic Plan in Cambodia" covering national-level projects, and a representative of the Ministry of Commerce gave a briefing on promoting the "One Province, One Product (OPOP)" project. A number of comments and questions from various participants made the conference interactive. A high point of the closing ceremony was an address by Deputy Prime Minister Sok An, who made ad-lib remarks on his impressions of the OVOP movement in addition to his prepared statement.

Following the national conference, a seminar on the One Village, One Product Movement was held 6 June, attended by more than 470 students from the Royal University of Phnom Penh, Royal University of Agriculture, Royal University of Art, National Institute of Management, University of Science and Law, and private universities. During the opening ceremony, after welcome remarks given by Secretary-General Son Koun Thor, Japanese Ambassador Katsuhiko Shinohara delivered the opening remarks in Khmer, which was greatly appreciated.

Thanks to a special cash grant from the Government of Japan, the APO has been conducting a five-year Integrated Community Development project through the OVOP movement in the Mekong region since 2005. In 2006, the APO organized a workshop on Integrated Community Development for the Mekong Region: "One Village, One Product" Movement in CLMV Countries in Oita, Japan, and Bangkok, Thailand, in December with 24 participants from the four CLMV countries of Cambodia, Lao PDR, Myanmar, and Vietnam and four local and four APO Japanese resource persons in attendance. The workshop was designed with a preparatory and a follow-up phase. In the preparatory phase, a distance-learning session was held in collaboration with the World Bank Global Development Learning Network at which Dr. Hiramatsu provided basic information on 25 October 2006. The workshop itself consisted of a study visit to Oita and the workshop in Bangkok. In the follow-up phase, national seminars on OVOP were organized with the support of the APO. The conference in Cambodia was one follow-up activity; Lao PDR organized a similar conference 28–29 March and Vietnam on 10 April 2007. 🌀



# p-Experts deputed by the APO

## REPUBLIC OF CHINA

Professor and Secretary General **Yung-Chien Lou**, Department of Business Administration, National Chengchi University, ROC, was deputed as chief expert-cum-national expert, and **Dr. Karamjeet Singh**, University Business School, Punjab University, India, Country Director **Daniel Surya Wirjatmo**, Enterprise IG, Global Brand Agency, Indonesia, **Dr. Kei Kuriki**, Kobe University, Japan, **Dr. Jinyong Lee**, Business Administration, Seoul National University of Technology, ROK, Manager **Dr. Roslina Md. Isa**, NPC, Malaysia, Chief Executive Officer **Andrew Ng**, Greater China Consult Private Limited, Singapore, Assistant Professor **Sasiwemon Sikhabot**, Prince of Songkla University, Thailand, and Best Practice Manager **Tran Anh Khoi**, VPC, were deputed as national experts at the coordination meeting of the Research on Corporate Brand Management, 8–10 May 2007.

## FRANCE

Senior Researcher **Yasuhiro Kiuchi**, Productivity Research Center, Central Planning Department, JPC-SED, **Prof. Sang Chan Park**, Department of Industrial Engineering, Korea Advanced Institute of Science and Technology, and Professor and Director **Dr. Benjamin J.C. Yuan**, Institute of Management of Technology, National Chiao-Tung University, ROC, 14–18 May, and Director General **Dato' Nik Zainiah Nik Abd. Rahman**, NPC, Malaysia, 14–15 May 2007, were deputed as experts for the APO Fact-finding mission on Innovation and Competitiveness.

## MALAYSIA

Director of Planning Division **Yoshihiko Kaneda**, Technosoft Co., Ltd., Japan, Head **Yoshiyuki Shinogi**, Laboratory for Farmland Engineering, Incorporated Administrative Agency, National Agricultural Research Organization, Japan, and Associate Professor **Khong Poh Wah**, Nanyang Technological University, Singapore, were deputed as resource persons, and Consultant **Andra Syahrizal Mohamad**, and Consultant **Rusdi Muda**, NPC (Sabah Office), Malaysia, were deputed as supporting staff for the workshop on Capacity Building for Creating an Ecocirculation Society through Biomass Utilization in the BIMP-EAGA Region, 7–11 May 2007.

## NEPAL

Deputy Director **Aziza Parvin**, Demography and

Health Wing, Bangladesh Bureau of Statistics, Advisor to Director **Sophanna Chor**, NPCC, Ministry of Industry, Mines, and Energy, Quality Services Officer-Productivity Measurement **Ritesh Chand Gosai**, TPAF, Deputy Director (Economic Services) **Dr. Kolathupadavil Philipose Sunny**, NPC, India, Senior Statistician **Harmawanti Marhaeni**, Directorate of Statistical Analysis, Statistics Bureau of Indonesia, Senior Economist **Zahra Barzegari**, Central Bank of Iran, Consultant **Izani Bin Ishak**, NPC, Malaysia, Expert **Budragehaa Ganchimeg**, NPDC, **Dr. Gee San**, Graduate Institute of Industrial Economics, National Central University, ROC, Chief **Mahesh Nath Gongal**, Productivity Research & Programme Division, NPEDC, Director **Muhammad Hanif Shakir**, Federal Bureau of Statistics, Pakistan, OIC-Director **Dr. Candido J. Astralogo, Jr.**, National Statistical Coordination Board, Philippines, Deputy Director **Patabendige Gunasena Jayasooriya**, Statistics Department, Central Bank of Sri Lanka, Statistician **Subawickrama Pannala Appuhamilage**, Department of Census and Statistics, Sri Lanka, Chief **Ruamporn Sirirattrakul**, Economic Statistics Analyzing and Forecasting Group, Statistical Forecasting Bureau, National Statistical Office, Thailand, Manager **Nuntaporn Aungatichart**, Research and Development Division, FTPI, and Director of Department **Tran Kim Hao**, Central Institute for Economic Management, Vietnam, were deputed as national experts to the coordination meeting for the study for Establishment of a Productivity Database, 16–17 May 2007.

## PHILIPPINES

Management Consultant **Hisazumi Matsuzaki**, Chu San Ren, Japan, was deputed as technical expert for TES on Lean Manufacturing for Industry Competitiveness, 21–25 May 2007.

## SINGAPORE

Division Director **Stefanie Bechert**, Globalisation/Europe, Germany, and Professor of International Enterprise Strategy and Director **Lester Lloyd-Reason**, Centre for International Business, Anglia Ruskin University, UK, were deputed as resource persons for TES on Enhancing Market Access for SMEs to International Markets, 8–10 May 2007.

## THAILAND

Vice President for Business Development **Reuel K. Virtucio**, STI Education Services Group, Philippines, 8–11 May, Assistant Professor **Dr. Niranjana Krishnan**, Malaysia University of Science and Technology, 10–11 May, and Manager **Mohd. Zaki Ibrahim**, NPC, Malaysia, 14–15 May 2007, were deputed as resource speakers for the training course on Improving Managerial Efficiency of Small and Medium Agroenterprises.

## Program calendar

### September

#### Republic of China

Multicountry Study Mission on Successful Export Promotion by Food-manufacturing SMEs, 10–14 September 2007.

#### France

Study Mission to France on Building Reliable, Safe, Green Food Supply Chains, 24–28 September 2007.

#### India

Seminar on Production and Distribution of Improved Seeds for Increasing Agricultural Productivity, 5–11 September 2007.

#### Indonesia

Workshop on Curriculum Development for PETALS (Productivity Education, Training, and Accredited Learning System), 3–6 September 2007.

#### Japan

Training Course on Strategic Management Consultancy for Productivity Improvement, 3–14 September 2007.

#### Malaysia

Enhancing NPOs' Core Competence: Workshop on Knowledge Management Consultancy, 3–6 September 2007.

#### Mongolia

Seminar on Quality Award Systems, 4–7 September 2007.

#### Philippines

Training Course on Development of Productivity Specialists: Basic Program, 3–21 September 2007.

#### Sweden

Study Meeting on Ecoinnovation, 3–7 September 2007.

*Kindly contact your NPO for details of the above activities, including eligibility for participation. If you need the address of your NPO, it is available from the APO Web site at [www.apo-tokyo.org](http://www.apo-tokyo.org).*

### USA AND UK

Advisor to Executive Director **Dr. Boondee Bunyagidj**, FTPI, President **Antonio D. Kalaw, Jr.**, DAP, Director **Praba Nair**, KDiAsia Pte Ltd, Singapore, and Director General **N.A. Viswanathan**, IAS, NPC, India were deputed as experts for the APO Fact-finding mission on KM, 10–15 May 2007.

## APO/NPO update

### New APO Alternate Director for Lao PDR

Deputy Director-General Berlinh Phetchantharath, Small and Medium Enterprise Promotion and Development Office, was appointed APO Alternate Director for Lao PDR.

# UNV expert salutes demonstration project

In September 2006 the APO, in collaboration with the National Productivity Secretariat (NPS) of Sri Lanka and UN Volunteers (UNV), embarked upon a Development of Demonstration Companies/Organizations project. The objective was to provide a productivity improvement role model for Sri Lankan SMEs through multiplier effects after the dissemination of the improvement method adopted. The original six-month project duration was extended to nine months, ending in May 2007. This article was contributed by UNV Expert Toshiyuki Yamana, who was deputed by the APO to advise eight model Sri Lankan companies from project inception to completion.

The dissemination seminar on the Development of Demonstration Companies Project, held at the Sri Lanka Foundation Institute in Colombo, 22 May, drew around 150 attendees and dignitaries. Among those attending were Minister of Labor Relations Athauda Seneviratne and Ministry of Manpower Secretary Mahinda Madihahewa, who is also the APO Director for Sri Lanka. APO Secretariat Agriculture Director Song Hyun Choi and Okama E. Brook from the UNDP/UNV were also present along with local guests from the public and private sectors.

While I listened to the presentations describing the successful implementation of the project and progress made by the model companies, I also remembered the launch ceremony held on 23 October 2006. On that occasion, Minister Seneviratne and Secretary Madihahewa provided words of encouragement to the eight companies, six from the private and two from the public sector (Table), selected from a shortlist of 15 candidates, for which the NPS assigned staff members to act as counterpart experts. During the implementation stage, the project participants encountered a number of unexpected incidents. However, all challenges were successfully met and all obstacles overcome. As a result, the model companies achieved a number of productivity improvements.

The productivity improvement activities were undertaken in stages: the organizational diagnosis; report with recommendations; prioritization of issues critical to achieving improvement; formulation of an action plan; site visits for monitoring progress; and additional consultancy to deal with new findings or company requests. Each model organization adhered to its own set of rules, operational philosophy, and corporate culture. They differed in substantial ways including history, size, financial standing, and human resources. The diagnosis stage alone revealed dozens of differences among the organizations in the project. It was therefore necessary to adopt a different approach and propose different solutions in each case. However, one common feature was the high level of entrepreneurship demonstrated by their top managers, since



Yamana (center) examining specifications at Arpitalian

they relished challenges and were not afraid of making changes. I believe that this was a key success factor in this project.

Each model organization made significant achievements in improving productivity. After the conclusion of the project, the NPS produced a DVD and a booklet entitled *Success Stories of Development of Demonstration Companies/Organizations*, highlighting the achievements of the eight model companies. These will be distributed to other NPOs.

The nine months I spent working with the model organizations in Sri Lanka passed very quickly. I am grateful to the three NPS counterpart experts and NPS Director Upali Marasinghe for their full support and contributions to the successful completion of the project. I hope that the success stories of these eight organizations will be widely disseminated, emulated, and multiplied throughout APO member countries. I salute the eight SMEs that bravely struggled to improve their productivity and wish them success in future endeavors. 🌀

**Table. Overview of the eight model companies, objective of project participation, and main productivity tools utilized to achieve improvements.**

Organization	No. of employees	Business	Objective	Productivity tools used
Araliya International	47	Automobile seat manufacture	Production process layout improvement	5S/good housekeeping
Arpitalian Compact Soles	70	Sheet rubber for shoes	Quality enhancement	Plant layout change
Bopitiya Auto Enterprises	69	Automotive spares	Computerization	5S, IT solutions
Hirdaramani Industries	1,300	Garments	Production line modification	Formation of teams
Jinasena Pumps	60	Water pumps	Employee development	5S, lean manufacturing, safety training
Uni-Dil Packaging	320	Corrugated cartons	Production process layout improvement	PDCA cycle, brainstorming
ITN	700	TV station	Upgrading facilities	Technology investment and staff training
Mahapola Training Institute	116	Marine training programs	Investment in technology	Staff training