Kaizen Culture:
A Continuous Improvement Story
of Manufacturing,
an Earthquake,
and Me

Kevin King
Head of CAM & PDG
Fujitsu Network Communications

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Corporate Facts & Figures
The Global Fujitsu Family

WORLDWIDE, WE:
• Operate in over 100 countries
• Employ over 140,000 people
• Run more than 160 data centers

President:
Takahito Tokaya

Chairman:
Tatsuya Tanaka

HQ:
TOKYO, JAPAN
Stock Exchange Listings: Tokyo & Nagoya
(Code: 6702)

Fujitsu Proprietary and Confidential. All Rights Reserved. © 2021 Fujitsu Network Communications, Inc.
Fujitsu Network Communications
FNC Corporate Overview

- **Name:** Fujitsu Network Communications, Inc.
- **Headquarters:** Richardson, TX USA
- **President:** Doug Moore
- **Employees:** 1,175 (FNC); 497 (TrueNet)
- **R&D:** Richardson, TX

- **Facilities:** Factory, NOC*, ATSC**, ASIC***
- **Fujitsu Group Companies on campus:** FAI (IT), FLA(Laboratory), FDK, Denso-TEN
- **Land:** 70 Acre (283K m²)
- **Manufacturing Floor:** 79,806 m²
Customers and Target Markets

Communications Service Providers

- allstream
- gtt
- Bell
- Rogers
- Insight
- CenturyLink
- Shaw
- Comcast
- Spectrum
- verizon
- SDN Communications
- Fast Track Communications
- MARCATEL
- FiberLight
- Frontier
- Windstream
- Cincinnati Bell
- South Slope Communications
- Aureon
- Smithville
- SEGRA
- Zayo
- Uniti
- FairPoint
- Hawaiian Telcom

- Additional 100+

ICP / DCO

- Amazon
- Microsoft
- Google
- Zayo
- Packet Fabric
- CyrusOne
- Facebook

- Additional 200+

Vertica ls

- BARC
- MAX
- Duquesne Light
- Energy
- CenterPoint
- Kentucky
- Xcel Energy
- Delmarva Power
- New York City Transit
- Progress Energy
- Morgan Stanley
- TVA

- Additional 500+
Kevin King – Who I Am
Career Development

Sales

- Sales intern – WFAA (ABC-TV)
- Industrial Distribution

Operations

- Logistics intern
- Technical Testing intern
- Inventory Analyst
- Operations Planner
- Mgr – Inventory / Distribution
- Sr Mgr – Operations Planning

Finance

- Sr Mgr – Demand Management
- Head of CAM

Differences Between Sales & Operations

- An afternoon of golf...
  - Is not considered critical job-skill development

- Turns out forecasting...
  - Has little to do with the weather

- We actually have to buy our own meals

- Simply having a PowerPoint presentation...
  - Does NOT mean a product is ready to ship
The Kaizen Philosophy
The Fujitsu manufacturing philosophy is based on the kaizen philosophy of continuous improvement
- Kaizen means "change for the better". It is a Japanese business philosophy regarding the processes that continuously improve operations and involve all employees. Kaizen sees improvement in productivity as a gradual and methodical process.
- Simple, elegant, and effective solutions

Manufacturing as a core competency
- It’s in our genes – we’ve done it from the start

Providing a competitive advantage through:
- Industry leading *responsiveness* to customer orders
- Continuous *cost reductions* through tight supply chain control
- Maintaining “best in class” *quality* through fanatical process control
- Leverage global purchasing power
Continuous Improvement Requires A Constructive Sense of Dissatisfaction

Tools to develop this mindset...

...Attitude
• Today’s performance isn’t good enough
• A good improvement today is better than a perfect improvement next month
• “A revolution in consciousness is indispensable” (Taiichi Ohno)

...Clear Objectives & Follow-Up

...Knowing Reality
Genchi Genbutsu - Seeing reality first hand and asking why
Culture of Continuous Improvement

- We implement thousands of Kaizens each year

  $1 Kaizen tokens for each implemented idea

- Most are small improvements...

  \textit{BUT}

- The combined impact of thousands of small ideas delivers impressive results

Quarterly Kaizen Awards
Earthquake Recovery Effort
What Happened

- On March 11, 2011 a magnitude 9.0 earthquake struck off the coast of Japan, 231 miles NE of Tokyo and 80 miles E of Sendai
  - Energy released was approximately 100 Megatons of TNT – 5,000x the energy of the first atomic bomb!

- Shortly after the earthquake, parts of the Japanese coast were hit by a tsunami up to 30 ft high

- Damage from that tsunami is responsible for the on-going crisis at the Fukushima Daiichi nuclear power plant
  - A 30km exclusion zone still exists around the plant

- There were 75 aftershocks of magnitude 6.0 or greater, including a 7.1 on April 7, 2011 which had a profound effect on recovery efforts

- The human toll was very severe as is the damage to basic infrastructure
Actions Taken

Supply Chain Recovery Process

- **FOCUS & GATHER INFORMATION**
  - Special Supply Chain Recovery Office (SCRO) established to manage, synchronize and resolve all issues critical to continued production (across all organizations)
  - Identify impacted suppliers & extent of exposures
  - Identify affected components & finished goods

- **SOLVE KNOWN ISSUES**
  - Transfer demand requirements to second sources (not always fastest path to resolution)
  - Work with primary sources through their recovery – Including fast-tracking any necessary qualification of alternative sources
  - Re-design assembly where required
  - Review demand requirement/priorities (in collaboration with customers)

- **COMMUNICATE**
  - Regular updates to customers
  - Regular updates to Fujitsu executives

Factory output exceeded expectations by 50%
Pretty pictures, But...so what?
Personal Weight Loss Journey

- “Slow and steady wins the race!”
  - Small, quick changes
  - Radical is not sustainable
- Daily, weekly, monthly goals

60 lbs!!!
in 24 months!
Meet People, Get Involved, Contribute, Learn

- FNC Organizations
  - GAT, WIN, C2C
- Dallas Cup
- Boys and Girls Club
- University of North Texas
- Reddit – News, Dallas, Personal F
  - FC Dallas
- Travel - New Orleans, Las Vegas, Destin, London, Turkey
- Financial Awareness
Items of Consideration For Your Career

- Socrates – “Know Thyself”
  - What industry do I want to be in?
  - What size/age company do I want to work for?
  - What skills do I need?
  - Development opportunities
  - Do expectations of career growth match?
  - Could I be satisfied with the company culture?
  - Do benefit plans meet my needs?
  - Competitive salary