



Is Kaizen the next big digital transformation strategy?

By optimizing processes, engaging stakeholders early on and facilitating long-term strategic planning, Kaizen can help set the stage for digital transformation success

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Organizations rely on **Kaizen** to drive innovation, collaboration and **customer experience** – three core elements of **digital transformation**.

In this article, *PEX Network* makes the case for formally integrating Kaizen methodology into a digital transformation strategy.

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Why and when to apply Kaizen to digital transformation

At first glance, **Kaizen** and **digital transformation** may seem diametrically opposed. Kaizen, with its roots in manufacturing, emphasizes small, incremental improvements. In contrast, digital transformation is often associated with rapid change, disruption and **Agile** development techniques.

"Kaizen and digital business transformation are quite different", Jun Shinohara, a managing director at Accenture Japan, explained to *Field Service Digital* in a 2020 interview. "Digital transformation is about truly rethinking and creating an entirely new future for the company, and then coming up with a plan and a road map to get there".

Kaizen, however, is a stalwart enabler of **process excellence** and **cultural change**, two essential ingredients of digital transformation success. When applied alongside its two **lean** counterparts, **Kaikaku** (radical change) and **Kakushin** (innovative change), Kaizen not only paves the way for digital transformation, but helps organizations continuously improve and expand upon these initiatives in the long term.

Considering that, according to an [IMD Business School](#) study, 70 to 95 percent (with an average at 87.5 percent) of digital transformations fail to live up to their originally stated goal, it may be time for organizations to revisit the fundamentals of Kaizen and explore how they can be used to support digital transformation strategies.

Organizations that embed Kaizen before embarking on digital transformation may have certain advantages when it comes to overcoming some of the most pervasive barriers to success, in particular: change **resistance**, **broken** legacy processes, delivering long-term **business value** and ensuring **strategic alignment**.

Optimize before you digitize

Before a process can be automated, it must be optimized, meaning all waste must be eliminated. "Digital transformations often disappoint due to layering 'shiny new object' technologies onto broken processes", Clayton Nicholas of Vibronyx recently explained to [Forbes](#).

In conjunction with process excellence techniques such as **process mapping**, value stream analysis and **process mining**, Kaizen enables organizations to identify, repair and continuously improve broken and inefficient processes before they are automated.

As *PEX Network* Advisory Board member, Debashis Sarkar, managing partner at Proliferator Advisory & Consulting, puts it, "Kaizen creates the right soil for digital transformation to grow and flourish."

Kaizen drives cultural transformation and strategic alignment

One common misconception is that digital transformation is all about technology implementation. In reality, digital transformation is **cultural transformation**.

Organizational change, however, can be a very difficult, complex process. According to a survey of more than 690 [Harvard Business Review readers](#), 63 percent of respondents ranked cultural challenges as the top barrier to digital transformation – more than any other obstacle listed.

Successful organizational transformation requires, **among other things**, introspection, clarity of vision and authentic stakeholder engagement. Kaizen events help facilitate all three by providing a structured environment for stakeholders to gather, closely examine problems and co-create potential solutions.

Tools such as the **Kaizen 5S framework** provide participants with a frame of reference for envisioning their ideal workplace, how digital technology can be used to enable that vision and the steps they need to take to get there. Furthermore, it allows them to assume accountability over their daily contributions to the workplace.

Kaizen "provides a mechanism to embed new behaviors," according to Sarkar. It trains people to be problem solvers and creates a sense of belonging. Instead of change being forced on them, stakeholders play an active role in determining their organization's future state.

This human-centric, collaborative approach is especially powerful when it comes to ensuring strategic alignment. **Value stream mapping** (VSM), for example, can help stakeholders directly link their individual action plan to larger organizational objectives. As Kaizen helps organizations develop and communicate better metrics, it increases the speed by which organizations can identify if a new initiative is not delivering value and suspend it, according to Sarkar.

Scaling and sustaining digital transformation success

Digital transformation is often associated with rapid change and during the early days of the Covid-19 pandemic there was **truth to this belief**. Under normal circumstances, a slower, more-considered approach may work best.

"Digital transformation is a long journey," says Sarkar. "You have to sustain the gains by making a large number of small, local improvements over time. This is where Kaizen really comes in handy."

For example, [FPT Software](#) fully integrated Kaizen into its digital transformation. This new methodology, known as "**digital Kaizen**", emphasized an interactive, **continuous improvement** approach to digital transformation. Instead of opting for a "big bang" approach, using this framework, the company launched a series of modest, yet effective digital transformation initiatives within a short time frame.

According to a study published in the [Australasian Journal of Information Systems](#), this approach proved to be successful at FPT Software because it enabled the continuous improvement of digital processes in a way that minimized waste, enabled the adoption of new technology and increased procedural compliance. Every few months the company hosted Kaizen workshops that enabled it to identify, prioritize and resolve previously unknown cross-functional pain points.

In the long-run, the company was able to leverage digital Kaizen to evolve and expand their business model into new, untapped markets in addition to automating processes, reducing overhead costs and increasing operational performance.

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