

IV Lean Six Sigma & Performance Excellence Summit 2011

**Keynote Speech
And Officiating Ceremony**

By

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Deputy Director General
Malaysia Productivity Corporation (MPC)**

Date: 1-2 November 2011 (Tuesday)

**Venue: Hibiscus Room,
Swiss-Garden Hotel & Residences Kuala Lumpur**

**Yang Berbahagia, En. Syaril Goh Fadhil,
Chief Executive Officer, Lean Applied Sdn. Bhd.;**

**Yang Berusaha, Ir. Mohd. Azlan Abas,
Head of Operation Process Improvements Department,
PETRONAS Dagangan Berhad;**

**Yang Berusaha, En Mohd Hisham bin Hamdan,
Director of Intelligence, Lean Applied Sdn. Bhd.;**

**Distinguished Guests;
Ladies and Gentlemen,**

Bismillahirrahmanirahim.

Assalamualaikum Warahmatullahi Wabarakatuh.

Good Morning and Salam 1Malaysia,

- 1. On behalf of the Director General of Malaysia Productivity Corporation (MPC), I would like to take this opportunity to thank the event organizer, Lean Applied, for inviting MPC to deliver the keynote address at this IV Lean Six Sigma & Performance Excellence Summit 2011 this morning.**
- 2. This summit has been organized at a time when Malaysia is gearing itself to reach high-income and developed nation status by 2020, and I commend Lean Applied for this**

initiative as it is in tandem with the Government's aspirations. I understand that this summit will provide the platform for organizations to share on innovation and business improvement initiatives towards performance excellence and participants will learn first-hand from the diverse but experienced speakers and they will be able to apply the knowledge upon their return to their organizations.

Ladies and Gentlemen,

3. The New Economic Model (NEM) introduced by the Government in March 2010 aims for Malaysia to be a high income economy with targets of GDP per capita of between US\$15,000 - 20,000 by 2020. This can only be achieved through improvements in productivity (and where higher wages are linked to higher productivity), as well as through innovation, where value is created through doing something in a new way.
4. The New Economic Model also embraces the tenets of Sustainability, where Malaysia can meet its present needs without compromising future generations, and, Inclusiveness, which enables all communities to fully benefit from the wealth of the country.
5. Thus, we are poised for a new growth trajectory towards high income status that will only be achieved if we are

market-led, well governed, regionally integrated, entrepreneurial, and, innovative.

6. I would like to quote our beloved Prime Minister, Y.A.B. Dato' Sri Mohd Najib Tun Abdul Razak, who, in one of his speeches in 2009, said, " If we can tie productivity with innovation and creativity, the improvements in problem solving will see a quantum leap instead of just being incremental".
7. Where previously, MPC has been serving the industry for more than 40 years through productivity and quality management training programmes, systems development, research on current productivity issues, development of productivity databases, benchmarking and best practices, MPC has now been restructured with 5 strategic focus, namely, Regulatory Review, Enterprise Innovation, Business Excellence, Global Competitiveness and Knowledge Management. This is in tandem with the urgency to speed up economic growth in the country, to create high impact productivity and innovation drivers to enable the quantum leap in productivity growth.
8. The Regulatory Review Department is to monitor, review, assess and provide recommendations for policy/regulatory changes, and on new regulations, to enhance national productivity and innovation. Its programme on Modernising Business Licensing, initiated by the Focus Group on Business Process Re-engineering (FGBPR)

under the Special Taskforce to facilitate Business (PEMUDAH), has reviewed procedures related to the application of business-related licenses at 23 ministries and their agencies.

9. To date, I am happy to inform that the review has resulted in a reduction to 375 licenses from 780 licenses. This translates to an estimated compliance cost savings of RM729.2 million. Two other agencies that collaborated with MPC in the FGBPR's initiative of reviewing business licensing are the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and the Implementation Coordination Unit (ICU) under the Prime Minister's Department.

10. Learning from international best practices, MPC has also developed a Good Quality Regulatory System for the country. This is where 3 roles are pertinent to the success of such a system, namely, the Advocacy role, which is undertaken by PEMUDAH, to provide the impetus the implementation of the system. Next is the Gatekeeping role, which is entrusted to the National Development Planning Committee (NDPC) under the Economic Planning Unit. The Secretariat to the NDPC for the Gatekeeping role is MPC, and we will be working closely with NDPC to vet through new regulations that come into force, to ensure they conform with good regulatory practices, such as ,

being brought up for public consultations by the respective regulators, and, the regulators to ensure that a Regulatory Impact Analysis (RIA) has been undertaken for any new regulation proposed.

11. Finally, the 3rd role is that of the Advisory role, where MPC will work together with INTAN to provide training on RIA to the regulators. Through this, it will ensure that Malaysia is on par with global developments and on the right track to achieving high income economy status, through enhanced productivity and competitiveness at the firm level.
12. The Enterprise Innovation Department will improve innovation at companies by creating and implementing eco systems to address the entire innovation value chain.
13. The Business Excellence Department measures and certifies companies and showcases role models to spur competition and set best practices for others to emulate. It also sets and enhances innovation standards with the Health check framework. To date, we have 799 companies of which 85% (or 681) are Small and Medium Enterprises who have participated in MPC's Business Excellence programmes, a testimony that SMEs are forging ahead in enhancing innovation, excellence and competitiveness.

14. Next, the Global Competitiveness Department develops global and national macroeconomic knowledge base on Malaysia's competitiveness, while the Knowledge Management Department creates the knowledge base with productivity and industry reports, and, provides the facts base on productivity and innovation.

Ladies and Gentlemen,

15. In the Honourable Prime Minister's recent Budget speech on 7th October 2011, he said, and I quote, "

"Innovation enables the economic value to be shifted to a higher level. Innovation will trigger new ideas to be translated into viable commercial products and services. In addition, innovation has to be internalized as a way of life to be practiced by all".

16. By the same token, improving productivity is not just about getting workers to produce more in a shorter time, nor about companies "doing more with less", but it is about working smarter, organizing better and above all, inculcating a mindset which internalizes both productivity and innovation so that one can develop creative and innovative ideas.

17. In 2010, Malaysia's labour productivity was USD13,577, higher than China by 3.3 times higher and 4.7 times higher than Indonesia. However, this is below that of the productivity levels attained by more advanced countries

such as Korea at USD33,628 and Singapore at USD54,556. This is where all of us have to continuously work towards being more productive, if we want to aspire towards high income status.

18. Productivity enhancement is multi-faceted and cuts across various disciplines. Human Capital development, research and development, technological progress, innovation, creativity, implementation of productivity tools and systems, a good regulatory system, managerial and entrepreneurial skills need to be interlinked to ensure the envisaged quantum leap in productivity. Over the years, MPC has been propagating our productivity model, which is that high productivity leads to high living standards. Hence, we have the various Government policies to improve Malaysia's productivity.

Ladies and Gentlemen,

19. In a simplistic manner, we have identified 5 factors which can provide the catalyst for individuals and firms to boost their productivity. These factors are Organisational Development, Human Capital Management, Innovation Capacity, Technological Capability and Management Systems.

- a. *Organisational Development is about the ability of organizations to be ahead of others and having the capability to seize market opportunities and making it happen.* Entrepreneurship is the basic building block

of the economy and requires a certain set of characteristics to contribute to the organisation.

- b. *Human Capital Management* is making sure that Malaysians possess the right knowledge and skills, and for this to happen, we must continue to produce talented, highly skilled, creative and innovative workforce with strong ethical values.
- c. *Innovation Capacity* is the ability to develop new ideas or way of doing things and transforming them into innovative products and services which have commercial value.

Innovation does not happen by itself; rather, it is the result of hard work and well planned execution. As Peter Drucker has said, "Innovation is work, rather than genius,...and very much a matter of discipline".

- d. *Technological Capability* is important to improve productive capacity. Backed by good infrastructure, and increasing capital investment, Malaysia will be in good stead for a growing productive economy.
- e. *Management systems* is about ensuring the efficient management of resources such as capital, labour and knowledge, as well as procedures and regulations. It is also about commitment to implement productivity initiatives and adopting best practices.

Ladies and Gentlemen,

20. The World Economic Forum (WEF) recently released the Global Competitiveness Report 2011-2012, where Malaysia achieved an impressive performance, gaining five ranks to reach 21st position, registering improvements across most of the 12 competitiveness pillars. Malaysia remains the most competitive country among the 28 countries in the efficiency driven stage of development and with a GDP per capita of close to US\$9,000, and is poised to move into the transition from efficiency driven to the innovation driven stage of development.
21. To achieve this, Malaysia needs to prepare its conversion into an innovation-driven country where organizations compete through innovation, producing new value added and different goods using the most sophisticated production processes.
22. To compete successfully and be competitive, organizations will also need to cut wastages, reduce bottle-necks and streamline their processes. Value stream mapping in Lean 6 Sigma methodology is one way of identifying wastages. I am pleased to note that through today's summit, we will be able to see the outcomes and real case studies of prominent organizations that have successfully internalized innovation and business improvement initiatives towards performance excellence. This, I believe,

is invaluable as it will provide the Impetus for other organizations to drive their improvement initiatives.

23. On this note, I wish you all a very fruitful deliberation. It gives me great pleasure to declare this IV Lean Six Sigma & Performance Excellence Summit 2011 open.

Thank you.