

Canon supply chain management

[Business](#), [Management](#)



Since then, Canon has grown to become one of the world's largest electronics manufacturers, while the firm's camera products continue to enjoy a high profile (Brink, 2012). Fast forwarding to present times Canon has become a leader in the imaging industry. They boast a wide product mix ranging from personal and professional cameras, home and large enterprise printers and copy machines, and sophisticated industrial medical equipment. Canon is celebrating 80 years of business this year at their headquarters in Tokyo, Japan (Canon Inc., 2013).

In the beginning Canon was strictly governed by a Japanese management style. This style relied heavily on collaboration of all parties involved, to produce superior quality products and services, as well as lifetime employment, and tremendous employee benefits. However, more recently Fujio Matrix, president and CEO of Canon has adopted a "fusion of Eastern and Western corporate principles" (Kanji, 2002). The Canon Corporation calls their corporate philosophy 'Kiosks', which they define as "All people, regardless of race, religion or culture, harmoniously living and working together into the future".

The philosophy continues to describe how the company believes they must "foster good relations... with their customers and the community" (Canon Inc., 2013). The first part of the philosophy implies an emphasis on respect for people, which is a characteristic of Japanese management style. The latter portion of the philosophy demonstrates the importance of customers to the company a western management principle. Canon has acquired most of its success through creating valuable high quality products. Vertical integration has made it possible for Canon to produce this caliber of products.

Canon is constantly exploring avenues to reinforce in-house production as a means of accumulating know-how and reducing costs. Canon has gone to great measures striving for its products to be solely reliant on in-house production. The in-house production of molds as well as electro photographic and optical key components was a starting point for Canon. Recently, Canon further promoted their in-house production capabilities to include rubber functional components, circuit boards and plastic components.

Another example is the Sukiya Office has begun utilizing the in-house production of semiconductor devices, including image sensors for digital SSL cameras. The whole value chain inside Canon Corporation, it is very efficient and effective. It is well integrated and running smoothly. The entire processes of Canon's value chain are unique and based on economics of scale, thus By utilizing the in-house production method, Canon can effectively and efficiently vertically integrate its products internally throughout factories as well as externally to the market.

This type of integration creates value to the company as well as to Canon's loyal customers. Vertical Integration allows Canon to focus on training the best people, buying and using the best equipment available, and running innovative marketing campaigns and strategies. Canon executives are constantly reviewing the global production network to establish an optimal global production structure. The anticipated growth of the workforce worldwide makes it necessary to establish a high quality, finely tuned production structure that facilitates the effective use of automated

production systems to raise productivity (Canon Inc. 2013). The imaging industry has become extremely competitive in the past two decades. Modern technology has "evened the playing field" in every sector of business, especially the ones directly related to technology. In order to stay competitive it is essential for businesses to be innovative and efficient. Canon has been known for being "ahead of the times" with its corporate strategies along with its products. Canon's strategies have been very effective in balancing growth of market share with profitability. They control a major share of the imaging industry market.

Canon was able to identify markets in which it intended to compete and developed competitive advantages to allow the firm to balance market share and profitability growth within these markets. In the late 1980s, Canon adopted a business-level strategic vision of focusing on the small photocopier niche that was underserved by its major competitors using a technology that was totally different than the existing technologies used by competitors. This vision gave direction for Canon's strategic planning process allowing Canon to recognize and exploit opportunities in related markets over the long run.

After realizing success with this strategy Canon began horizontal diversification based on the evolution of its core competencies. Over the long run, the development and application of Canon's strategy has made the firm a leader in the imaging industry group. (Mullins, 2013) With the drastic changes in technology it will be important for Canon to continually seek new unexplored markets. Furthermore, it will also be important for Canon to

maintain its reputation for superior quality products while continuing to produce innovative new technology.

The superior quality of Canon products is directly related to the employees responsible for their assembly. As mentioned above, there is a strong Japanese corporate structure involved throughout every sector at Canon. This structure ensures that employees are compensated generously for their knowledge and skills which in turn gives incentive to continuously produce high quality components. All Canon factories across the world use the cell production system, which eliminates conveyor belt assembly lines in favor of small teams, or "cells," of workers that handle multiple procedures to complete a product. Canon Inc. , 2013) The system allows workers to change the number of procedures they perform according to skill level while also facilitating adjustments in production output, ultimately helping to eliminate work in process. Awaken, the "improvement", or "change for the better" is a philosophy that Canon takes extremely seriously. In utilizing the cell most efficient assembly methods through using the Awaken principals. Recently, Canon installed intelligent at several of its production factories.

It is an automated delivery system that enables employees to order necessary parts from an inventory system, and have them delivered in a Just in time fashion during their production process within their cell. This allows them to continuously produce components without having to go in search of the next necessary component to complete their process. As mentioned above, superior quality products have led Canon to their continued Success.

Canon enjoys high reputation in the world scope in the imaging industry, claiming stakes in both the high-end market and low-end market.

Canon utilizes its capabilities in technology innovation to continue producing high quality imaging devices. In 2004 Canon was ranked highest in new product development in America (Canon Inc. , 2013). Canon adopts differentiation as well as new product development as its current strategies and relies on its innovative capabilities to gain competitive advantage in the market. Canon has consistently turned in strong performances, which have enabled the company to expand its market share. Canon designs, develops and manufactures its own lenses, image processors, plastic and rubber components, microprocessors and color rendering software.

By keeping these processes in-house it makes it easier to monitor and control quality. Service is another important part to add the extra value to the final products. As one of the biggest players in imaging industry, Canon is focusing more on business- to-business services through the Canon Service Center. (Canon Inc. , 2013) Recently Canon has become extremely involved in being an environmentally friendly company. With this in mind manufacturing at Canon is constantly evolving to be more environmentally sound.

For the procurement of materials, Canon uses the milk-run inventory policy. Supplies are retrieved from vendors/warehouses as they are needed. A truck makes stops at specified locations gathering the necessary materials before returning to the production center. Canon has put forth extensive effort to manage this process to be as efficient as possible. The routes are

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strategically planned out so that the trucks are loaded in the most efficient manner. Furthermore, only the parts that are currently necessary are loaded on the trucks in order to reduce wasted time, space and material.

Due to the fact that Canon relies heavily on in house production there is an elaborate computer based inventory ordering system that makes it possible for the Just in time milk run approach to work efficient and effectively.

Canon's in-house production has promoted an abundance of cost-savings along with valuable skill accumulation. Essentially this allows Canon to reduce the range of suppliers and raise the level of standardization. The supply chain, complete advantage, production processes, product quality, and inventory policies would all be null if Canon did not have a strategic planning policy.

Beyond being profitable, creating a friendly work environment for employees and by being environmentally responsible are top priorities for Canon. Like most successful businesses Canon relied on a SOOT analysis to identify opportunities and threats, and the internal strengths and weaknesses of the firm that would allow identifying markets that were likely to grow in the future and obtaining a competitive advantage in the market is how Canon has reached its success thus far. It is only obvious that pursuing these opportunities will also be necessary in the future.

Canon has three large business segments- a consumer business unit, an office business unit, and an industry and others business unit. The consumer business unit covers the BBC part such as digital cameras, DSL, lenses for camera and etc. The office business unit covers BIB part such as laser

printers, office network multifunction devices, and solution software. The industry & others business unit covers professional industry parts such as LCD lithography systems, ophthalmic equipment and etc (Canon Inc. , 2013). In their Excellent Global Corporation Plan, Canon has a long-term vision for diversification.

Having diversified by moving into such business areas as large-format inject printers, digital production systems, and business solutions, Canon is also working to establish display technologies. Canon is also targeting new business domains in the fields of medical imaging, intelligent robots for automated production, and safety and security. (Canon Inc. , 2013) Several points have been mentioned above explaining Canon's commitment to producing superior quality goods as efficiently as possible. Lean manufacturing production is a philosophy that aims to systematically eliminate waste.

It is a philosophy and a way of mapping the overall manufacturing process from raw trials to finished goods for customers (Higher & Render, 2011). There are several types of waste that employees of canon aim to reduce through their lean manufacturing processes. They include: inventory, wait times, defective units, effort, transportation, and over-processing. In the past decade Canon has gone to great lengths to transform its production facilities to be lean. Canon is concerned with profitability through efficiency.

But furthermore, they are also concerned with being environmentally responsible as well. Through lean manufacturing and the six sigma principal, Canon is easily able to chive both of thesegoals. By utilizing the Awaken

philosophy employees at Canon are continuously seeking ways to improve processes, which in turn helps reduce waste. The cell production system replaced the conventional conveyor belt production system and has helped Canon take the necessary steps towards being an extremely efficient lean manufacturer of quality electronic products.

The cell production system enables employees to obtain a specialized skill set that over time allows them to be efficient producers of Canon products. Utilizing in-house production methods also allows for a streamlined vertical integration approach where Just-in-time delivery systems increase efficiency throughout all of the manufacturing processes at Canon facilities. The final Awaken principal Canon utilizes is the 5-S Practice. Employees take pride in maintaining a clean, organized and standardized workplace in order to reduce wasted time, space and materials.

In summary, Canon began as a company that was solely devoted to producing the world's greatest camera. Through time it became apparent that exploring other line and strategically entering favorable markets, Cannon's innovative imaging products have led the way for them to be market leaders. Exquisite operational management has also helped canon to efficiently produce top quality imaging devices while at the same time being environmentally responsible.