

# **Promotion of GQM and Increasingly Important Roles of Top Management in the Global Perspective**

Monday October 26, 2015

Makoto NAKAO

President & CEO of GC International AG, Switzerland

Chairman of GC Corporation, Japan

# 1 . Outline of GC

# Product Lineup

## Material & device for prevention

ルシェロシリーズによる  
予防への積極的関与



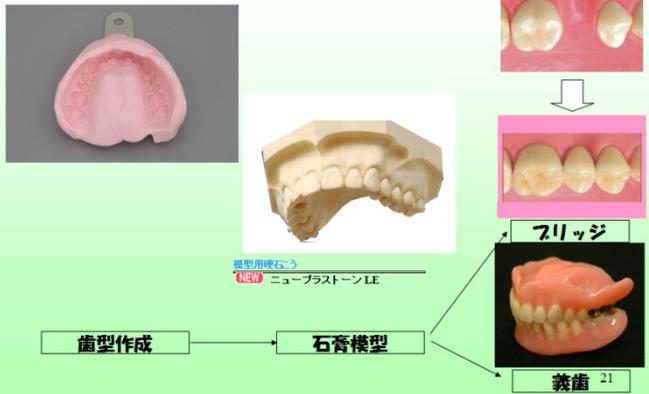
## Material and device for treatment

ナノテクノロジー歯科充填材<MIフィル>  
による患者さんに負荷をかけない修復



## Material & device for laboratory

ジーシーの主な製品



## Equipment

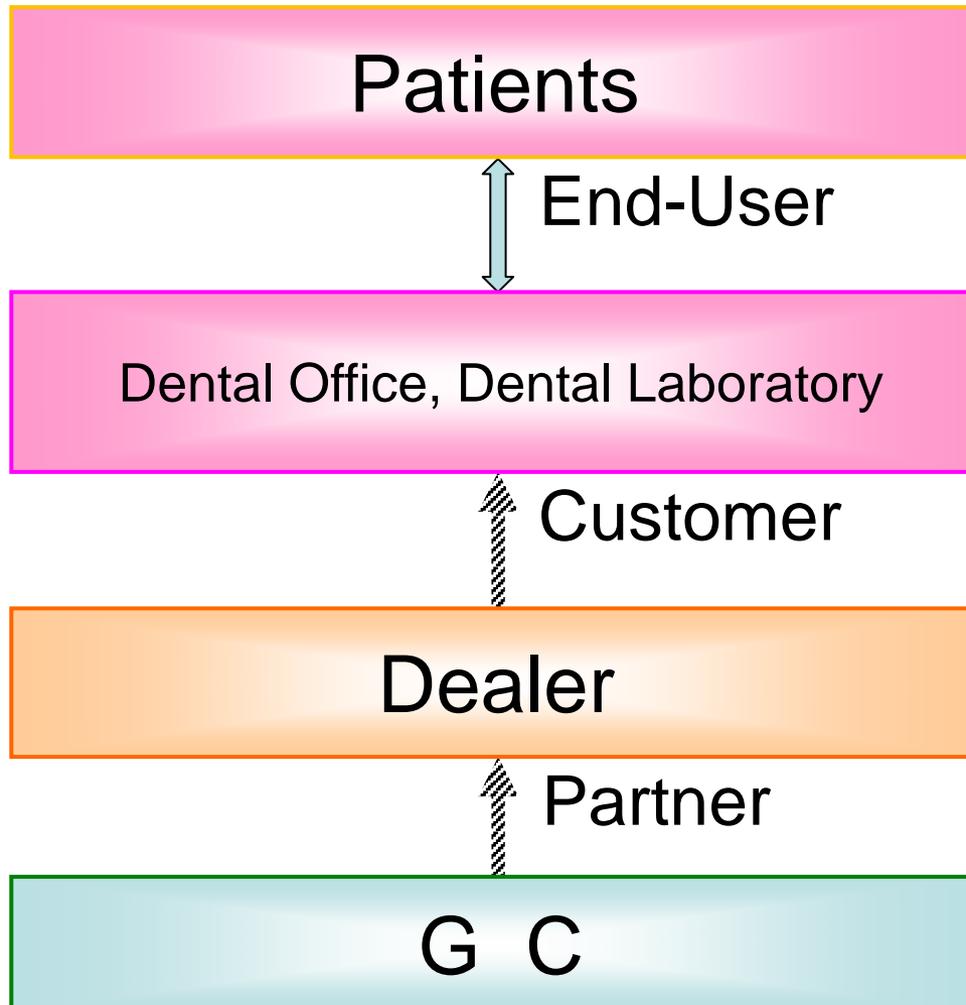
Refine<sup>®</sup>  
EVERYTHING FOR YOU™



## GC Membership Society



## Flow of GC Products



# Three Pillars in Japan

## GC Corporate Center



Fuji-Oyama Factory

R&D CENTER



# Worldwide Sales & Production Network



## Overseas Operations

GC AMERICA INC.  
 GC AMERICA EDUCATION CENTER  
 GC ADVANCED TECHNOLOGIES INC.  
 GC EUROPE N.V.  
 GC EUROPE CAMPUS  
 GC TECH. EUROPE N.V.  
 GC AUSTRIA GmbH  
 GC BENELUX B.V.  
 GC FRANCE S.A.S.  
 GC GERMANY GmbH  
 GC ITALIA S.r.l.  
 GC NORDIC AB  
 GC UNITED KINGDOM LTD.  
 GC IBERICA DENTAL PRODUCTS  
 GC EUROPE BOSNIA & HERZEGOVINA OFFICE  
 GC EUROPE BULGARIA OFFICE

GC EUROPE CROATIA OFFICE  
 GC EUROPE CZECH REPUBLIC OFFICE  
 GC EUROPE DENMARK OFFICE  
 GC EUROPE EAST EUROPEAN OFFICE  
 GC EUROPE FINLAND OFFICE  
 GC EUROPE HUNGARY OFFICE  
 GC EUROPE ISRAEL OFFICE  
 GC EUROPE LATVIA OFFICE  
 GC EUROPE MIDDLE EAST OFFICE  
 GC EUROPE LITHUANIA OFFICE  
 GC EUROPE POLAND OFFICE  
 GC EUROPE ROMANIA OFFICE  
 GC EUROPE RUSSIA OFFICE  
 GC EUROPE SERBIA OFFICE  
 GC EUROPE SLOVAKIA OFFICE  
 GC EUROPE SLOVENIA OFFICE

GC EUROPE SWITZERLAND OFFICE  
 GC EUROPE TURKEY OFFICE  
 GC ASIA DENTAL PTE. LTD.  
 GC ASIA DENTAL PTE. LTD. INDIA BRANCH  
 GC ASIA DENTAL PTE. LTD. INDONESIA OFFICE  
 GC ASIA DENTAL PTE. LTD. MALAYSIA OFFICE  
 GC ASIA DENTAL PTE. LTD. MYANMAR OFFICE  
 GC ASIA DENTAL PTE. LTD. PHILIPPINES OFFICE  
 GC ASIA DENTAL PTE. LTD. VIETNAM OFFICE  
 GC AUSTRALASIA DENTAL PTY. LTD.  
 GC KOREA CO., LTD.  
 GC TAIWAN DENTAL CORP.  
 GC DENTAL (SUZHOU) CO., LTD.  
 GC DENTAL (SUZHOU) SHANGHAI BRANCH

# Management Principles

---

## Management Principles

1. To contribute to global society through the improvement of oral health.
2. To improve corporate quality and meet customers trusts and expectations.
3. To create a team of GC Associates full of energy and respect.

### Three Founders



## Principles of the Three Founders

- ① Develop a product needed in people's lives.
- ② Develop a product which requires advanced technologies.
- ③ Develop a high value-added product.



## Standard Cement Ended in failure.

Our first product “Standard Cement” was launched on February 11 in 1922, one year after the establishment of GC, but ended in failure. Reflecting on the failure of the first product, we designated February 11<sup>th</sup> as the anniversary of the establishment of GC.

## Corporate Philosophy: SEMUI



True products are made for the good of others, not for your own sake. In other words, they co-exist for mutual benefits.

Kiyoshi NAKAO

Within GC, “ we must act a strongly-connected member of ‘GC Associates’ and we must be free from selfish thoughts and respect each other”. While outside GC, “we must do everything by thinking from the standpoint of others.”



YUMETAGAI KUWANNON

# Company Profile

## Scale of Business

Establishment: February 1921

Capital: 0.88 billion yen (as of Jan. 20, 2012)

Associates : 2,635 (as of Oct1, 2015)

Average age : 40.5 (as of Oct.1, 2015 )

Sales volume : 94.8 Billion JPY(2014)

98.1 Billion JPY

(preliminary figures as of Sep.30 2015)

Main business: Production, sales and services for dental materials as well as dental equipment and devices

Total products: 21,622 items (as of Oct.1, 2015)

Domestic branch/business offices: 18

Overseas branch/business offices: 34

Industrial property: 1,120

(domestic and overseas combined)

(as of Oct 1, 2015)

## History



1921 Established as GC Chemicals Research Laboratory

1967 Introduced QC system

1981 The 60<sup>th</sup> anniversary – “GQC Declaration” by President Toshio NAKAO

1991 Introduced CI. Changed the company name to GC Corp.

Launched the new GQC activity

1994 Certified ISO 9001 (First in the industry)

1996 Transformed to GQM

1998 Certified ISO 14001 (First in the industry)

1999 Declared “GQM reinforcement”

2000 Awarded the Deming Application Prize (First in the industry)

2003 GC Dental Products, a group company, was awarded

the Deming Application Prize

2004 Awarded the Japan Quality Medal

Taisei Dental Industry, a group company, was awarded the Japan

Quality Recognition Award

2005 GC Asahi, a group company, was awarded the Japan Quality

Recognition Award

2006 GC Dental Products, a group company, was awarded

the Japan Quality Medal

2007 Acquired Privacy Mark

2008 2<sup>nd</sup> phase of New R&D building construction completed.

2009 Received the QC Circle Award for Management

Received the Keizaikai Outstanding Performance Award

Started construction of New Hongo Building (HQ)

2010 Vision 2021 announced.

Total number of GC Membership Society members exceeds 47,500.

Ranked 3rd in “Nikkei’s Corporate Quality Management Survey”

GC Dental (Suzhou) becomes the first Chinese company to be awarded the

Deming Application Prize.

Implant products launched in global market.

2011 New Hong Building, GC Corporate Center opened.

GC Membership Society 55<sup>th</sup> anniversary.

2012 R&D Center (Construction of 3<sup>rd</sup>/4<sup>th</sup> Phases Completed)

2013GCIAG and GC Orthodontics America INC established.

2014 GC America Inc., a group company, was awarded the Deming Prize

2015 GCC implemented the company spin-off to realize a strategic functional

management system.



# Global Sales Ranking of Dental Manufacturers

---

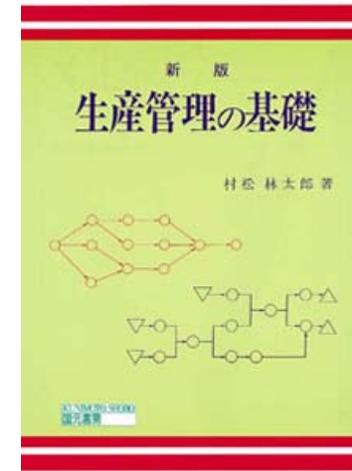
<u>ranking</u>	<u>company</u>	<u>sales TO (US\$M)</u>
1	Dentsply	\$ 2,920.00
2	Danaher	\$ 2,090.00
3	3M	\$ 1,400.00
4	Sirona	\$ 1,171.00
5	GC	\$ 866.00
7	Ivoclar/Vivadent	\$ 761.00
6	Planmeca	\$ 740.00
8	Straumann	\$ 710.00
9	Heraeus Kulzer (Mitsui)	\$ 400.00
	total	\$ 11,058.00

Source: Competitors' data : based on figures publicly available on their homepages  
1 US\$ =109.45 JPY (middle price of Sept. 30, 2014, Mizuho Bank)

## 2 . History of GC's TQM

# 1) My Teacher of Quality Control

## The Late Prof. Rintaro MURAMATSU of Waseda University



A company's success depends on the quality of its employees.

## 2) Introduction of the concept of GQC



Announced the concept of GQC;  
GC's Quality Control

**1981**      **60<sup>th</sup> Anniversary**

by the Late President, Mr. Toshio NAKAO

### 5 aims of GQC introduction

- 1) Establish a system to quickly develop products meeting customer needs.
- 2) Establish a system to elaborate and ensure quality meeting customer needs.
- 3) Establish a system to quickly provide appropriate information meeting customer needs.
- 4) Establish a system to quickly and accurately communicate and implement President's Policies.
- 5) Establish a system to improve innovations and Kaizen (improvement) capabilities of all GC Associates.

### 3) Introduction Stage of GQC

---

1983

President Toshio NAKAO passed away.

July 18: Makoto NAKAO became the president.

- 1) With love for dentistry.
- 2) From a long-term view.
- 3) Make reasonable adjustments if necessary.



Succeeded the will of the late President, Toshio NAKAO (then president).

- Continue promotion of GQC activities.⇒ Challenge to the Deming Application Prize.
- Strengthen overseas operations.
- Reform distribution system.

### 3) Introduction Stage of GQC

November 1988

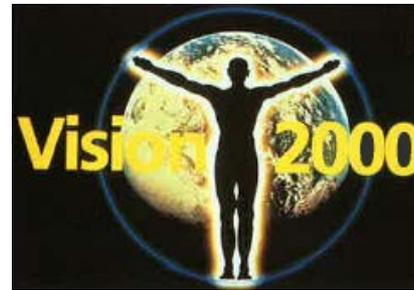
Established 2000 Project Team.

Decided to formulate Vision at the meeting camp of top executive.

March 1989

Announced Vision 2000.

Kicked off Power-up 70 Activities.



(Announced at the 68<sup>th</sup> anniversary ceremony. )

June 1989 Conducted unofficial QC Diagnosis.

Advice by Prof. Kano:

“Vision Management is to share the same understanding of “what we intend to become” and make concerted and united efforts for its realization (for better management).

# Bubble Economy and Confusion Period of GQC



Land prices were rapidly accelerated and greatly inflated in Japan by overheated economic activities and uncontrolled money supply during the so-called bubble economy from 1985 to 1991. Japan was on the verge of collapse.

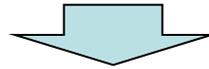
Something is wrong!

The concept of “Corporate Quality” was introduced.

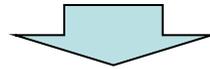
## 5) Shift from GQC to GQM

---

- CI
- Review of production management
- ISO9001 (QA Certified Line System)

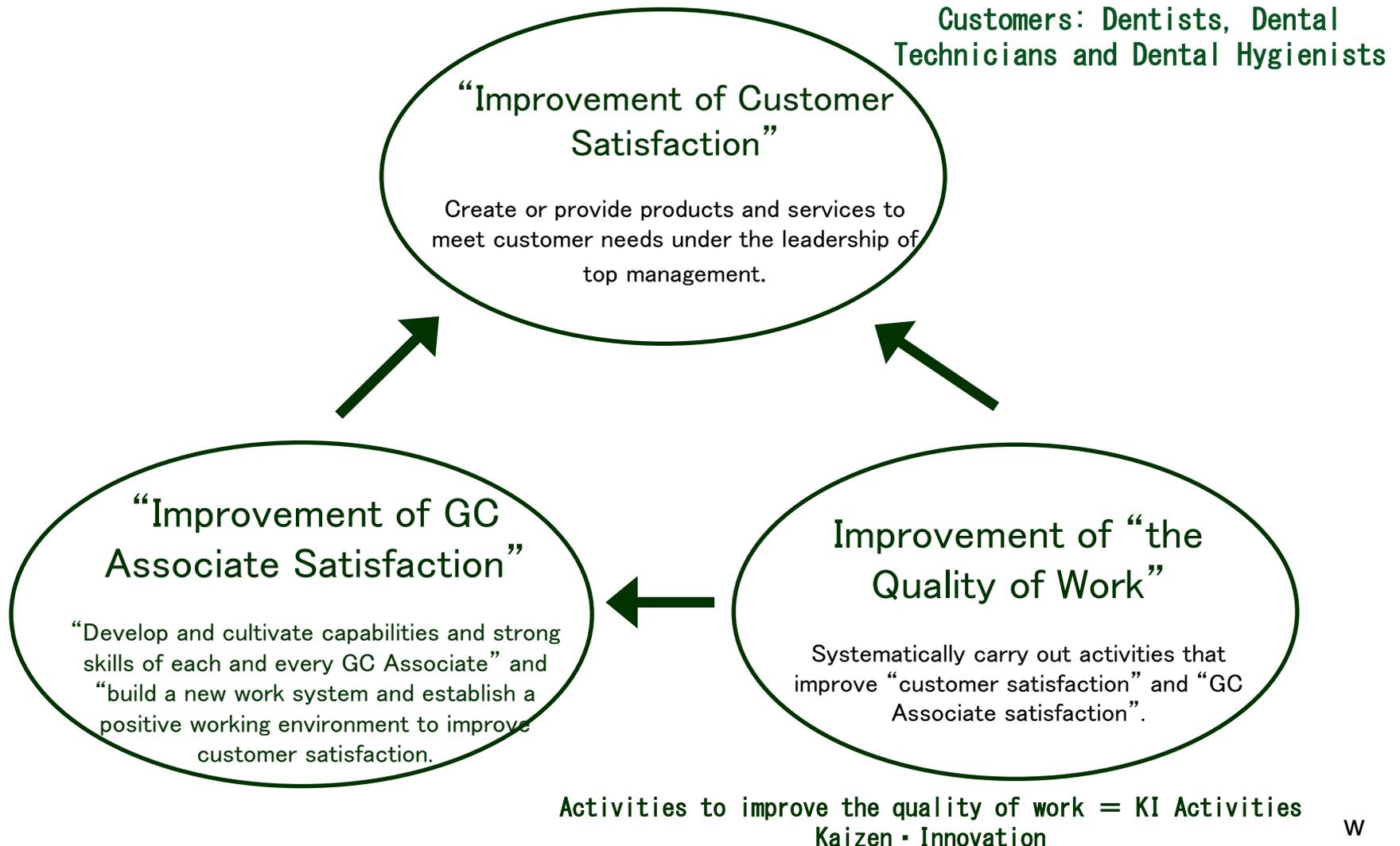


Increased common understanding that the accumulation of years of QC activities should be the driving force for promotion of the above three.



**Revitalized GQC activities.**

## 5) Shift from GQC to GQM



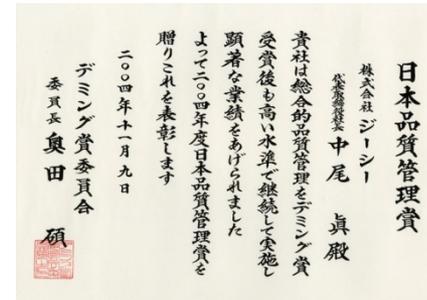
## 6) Strengthen and expand circle of GQM Japan Quality Medal



Japan Quality Medal (Awarded in Nov. , 2004)

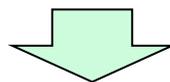
Maximize capability and strong skills of each GC Associate

My Vision = Corporate Vision



What does “Nakama” or GC Associate mean? . . .

Realize the Corporate Vision through realization of My Vision of each “GC Associate”.



Expand the circle of GQM to dentistry.

## 7) Strengthen and expand circle of GQM Communicate to Group companies

### Deming Application Prize Recipients of GC Group Companies

2004 : GC Corporation received the Japan Quality Medal.

2006 : GC Dental Products Corp. received the Japan Quality Medal.

2010 : GC Dental (Suzhou) Co., Ltd. became the first Chinese company to be awarded the Deming Application Prize.

2014 : GC America Inc. received the Deming Prize.

(Note: Deming Application Prize was renamed to Deming Prize in 2012.)

### Japan Quality Recognition Award Recipients of GC Group Companies

2004 : Taisei Dental Mfg. Co., Ltd. received the Japan Quality Recognition Award.

2005 : GC Asahi Corp. received the Japan Quality Recognition Award.

### Deming Prize for Individuals

2012 : Makoto NAKAO, the top management of GC Group received the Deming Prize for Individuals.

## 8) Further expand circle of GQM.

---

### Recognized as Finalist in EFQM European Excellence Award

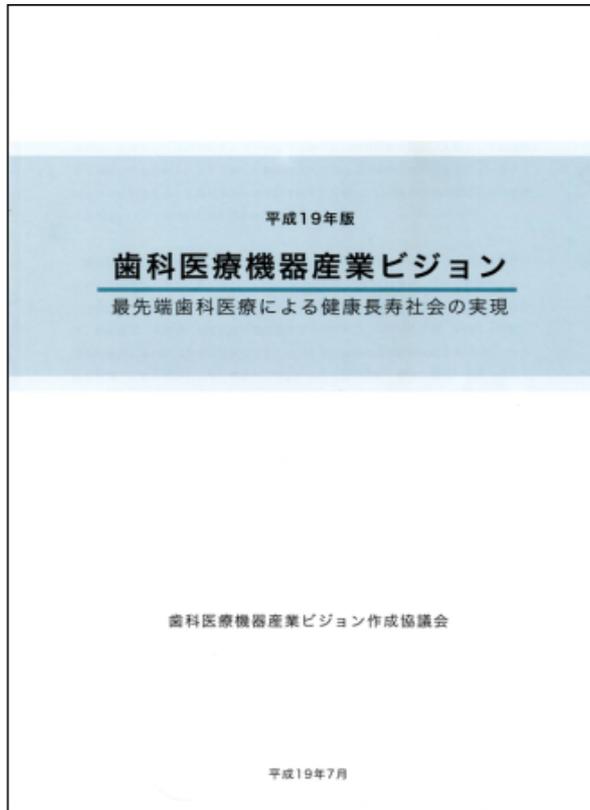
GCE's celebration as Finalist during the EFQM Excellence Award ceremony on October 23<sup>rd</sup>, 2013



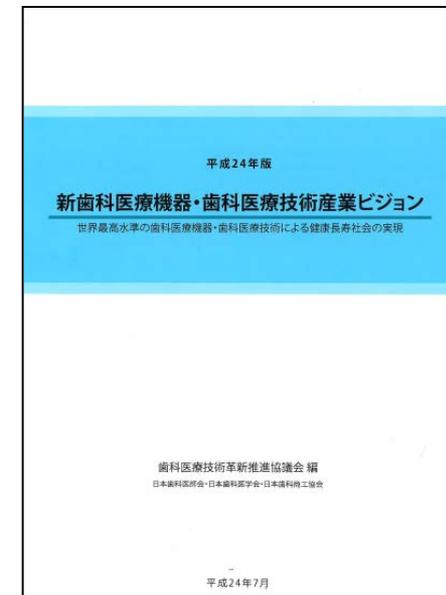
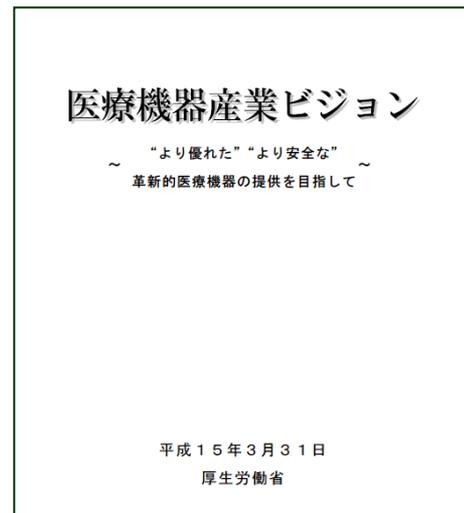
## 8) Further expand circle of GQM.

“Vision for future dental material/equipment businesses”

Formulated through discussions of Japan Dental Association, Japanese Association for Dental Science and Japan Dental Trade Association.  
Aimed to realize a healthy long-living society through providing cutting-edge dental medicine.



2007



2012

## 8) Further expand circle of GQM.

# Materialize “Vision for future dental material/equipment businesses”



選べるラインナップから、自由に組み合わせ。

それぞれの訪問歯科診療器材は、同規格のセル(箱)に収納できます。  
訪問歯科診療で課題となる「準備・運搬」が、ここまで進化しました。



各テーマの製品を全て収納



ポータブルユニット



歯科用照明器



患者情報管理システム



体位補助装置



印象採得・咬合採得  
関連材料



義歯リペアキット



口腔ケアキット



ポータブルレントゲン



マニュアル



e-ラーニング



トレーニングシステム



患者等説明ツール

## 8) Further expand circle of GQM.

### 8th Quality Management Level Survey in 2014

**Ranked 2<sup>nd</sup>**

Top 10 companies of overall ranking

1. Konica Minolta
2. GC Corporation
3. Fujitsu
4. Fuji Film Holdings
5. Sharp
6. Canon
7. Asahi Group Holdings
8. Sony
9. Toshiba
10. Dai Nippon Printing

Published on Nikkei Business Daily on Oct.27th ,2014

日本科学技術連盟（佐々木真一理事長）は第8回「企業の品質経営度調査」の結果をまとめた。品質を維持・向上するための企業の取り組みを数値化するもので、総合ランキングではコニカミノルタが首位となった。生産現場ごとに取り組む改善事例を他拠点にも共有する活動や品質トランプを未然に防ぐ仕組みが高く評価された。

（上位100社ランキングなどの詳細を27日付日経産業新聞に）

### 第8回 品質経営度調査

## コニカミノルタが首位

### 改善事例の共有に評価

「品質経営度調査」総合ランキング上位企業

順位	社名
1(16)	コニカミノルタ
2(6)	ジーシー
3(7)	富士通
4(2)	富士フイルムホールディングス
5(5)	シャープ
6(9)	キヤノン
7(59)	アサヒグループホールディングス
8(8)	ソニー
9(1)	東芝
10(3)	大日本印刷

（注）カッコ内は前回順位

2位は樹脂材料・器具を製造販売するジーシー。3位は富士通だった。2013年の前回調査に比べ、アサヒグループホールディングス（59位）を抜いた。ジーシーは、主力の生産拠点の取り組みを海外工場などに普及に共有している企業が上位についた。

向上に向けた取り組みが評価されている。調査は経営陣が品質管理に関与する度合いや、トランプ発表時の対応といった6つの側面について企業の回答を数値化した。国内の主な製造業や建設業、ITサービス業など602社を対象に実施し、192社から回答を得た。

専門家による委員会が調査票を作成。日本経済新聞社が協賛し、日経リサーチが調査・解析を手掛けた。

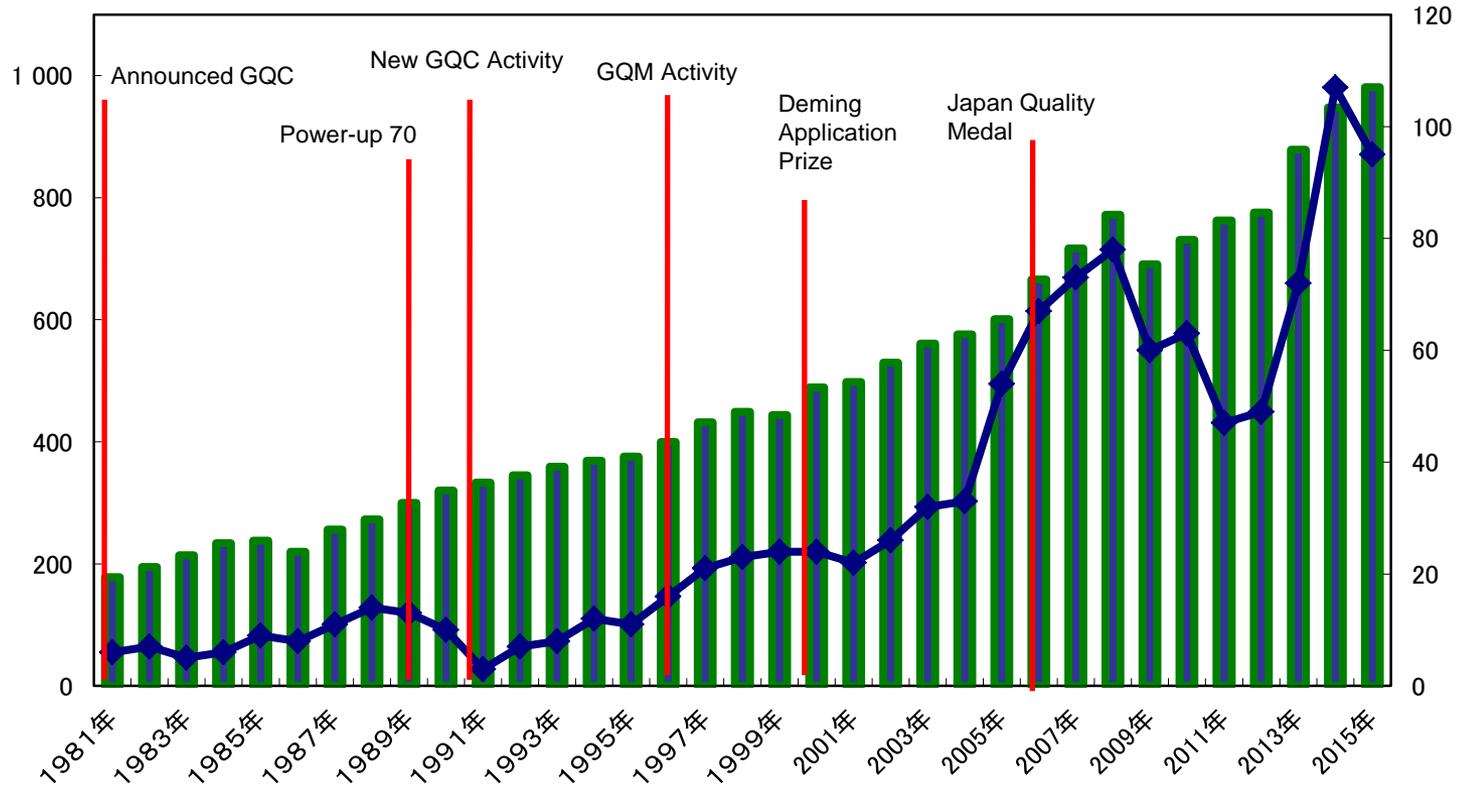
# 8) Further expand circle of GQM.

## Consolidated Sales・Consolidated Ordinary Profit



(Unit: 100 million yen)

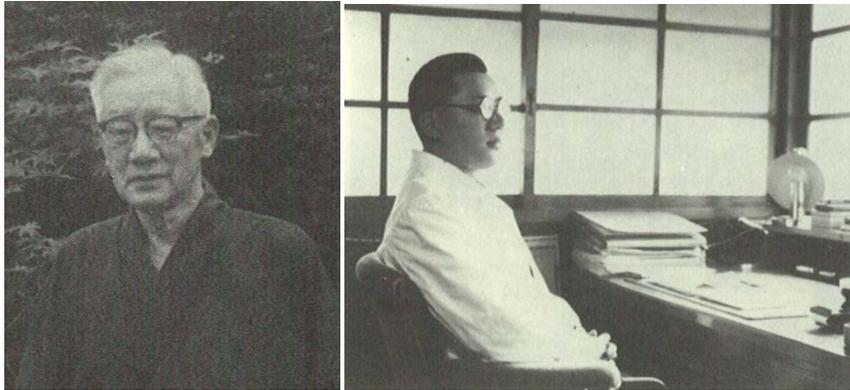
(Unit: 100 million yen)



## 9) Pass down “GC No Kokoro”

---

Grandfather: Kiyoshi NAKAO The late Prof. Rintaro MURAMATSU



“Love for dentistry”



“Focus on Genba  
(frontline, site)”

## 9) Pass down “GC No Kokoro”

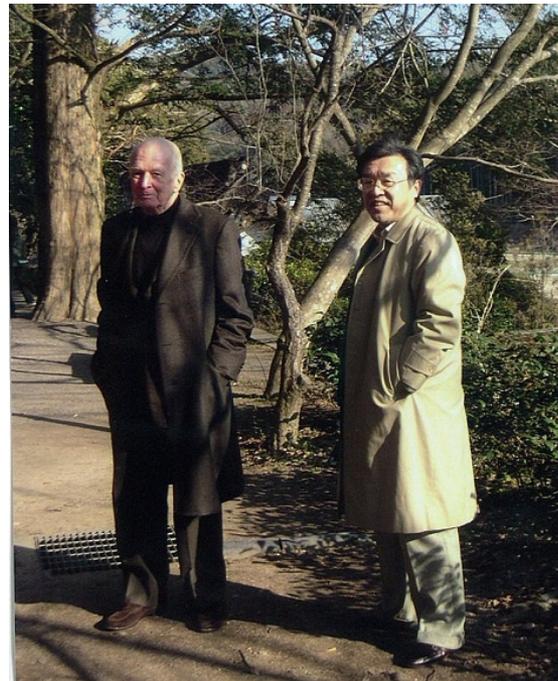
### The Late Mr. James C. Abegglen

The Japanese  
Factory

21st Century  
Japanese  
Management

New Systems, Lasting Values

James C. Abegglen

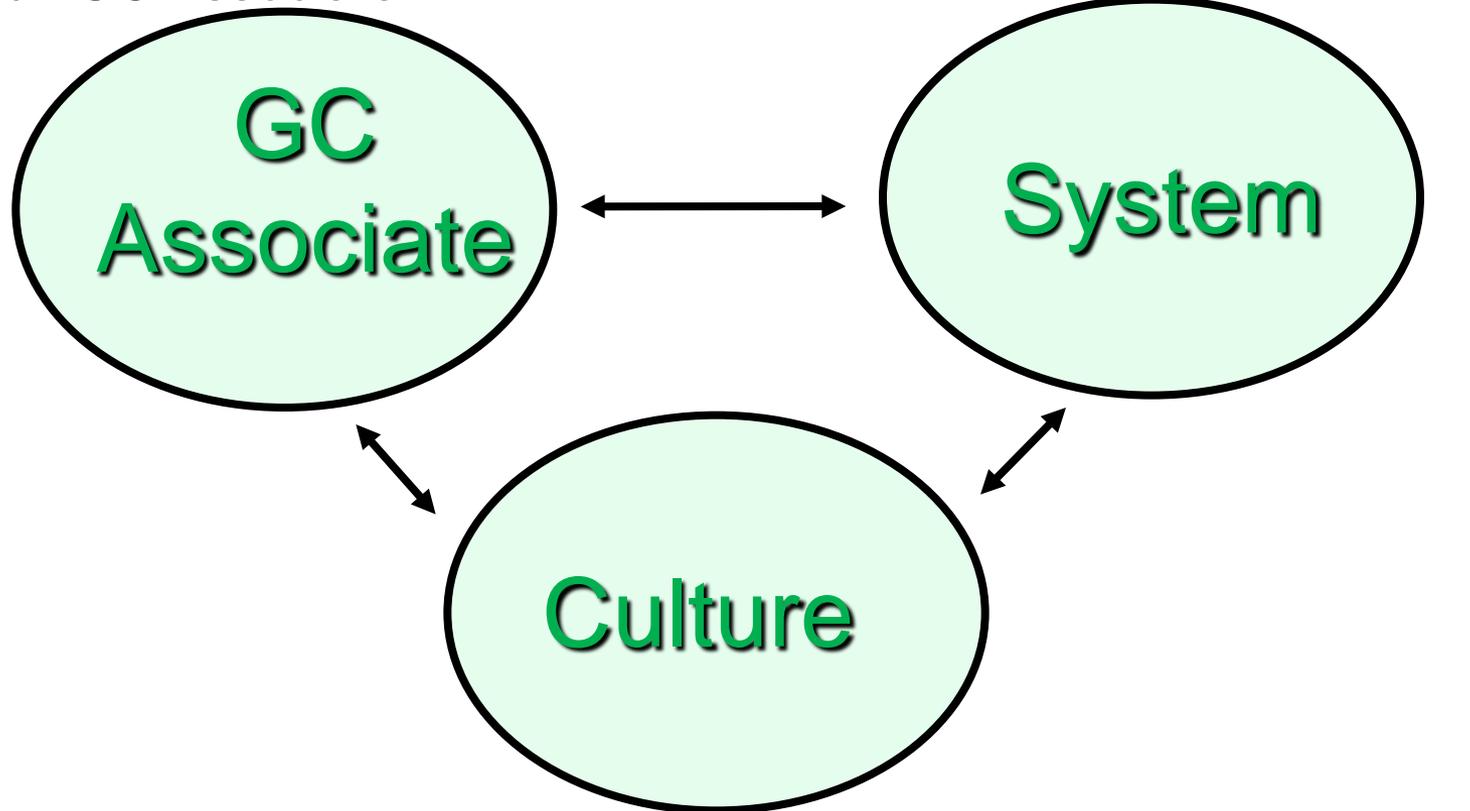


“1990s has been a decade of vitally needed redesign.”

”Pursue your own way.”

## 9) Pass down “GC No Kokoro”

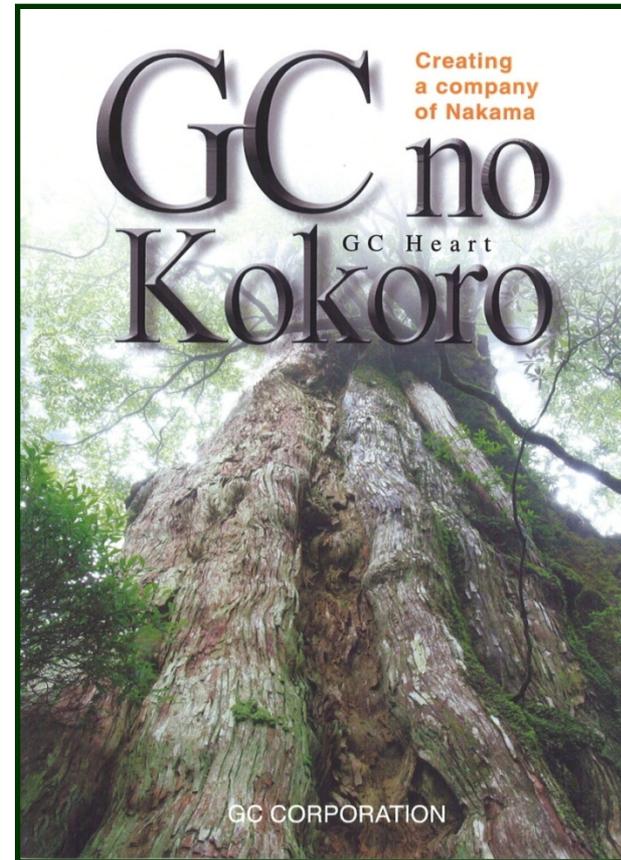
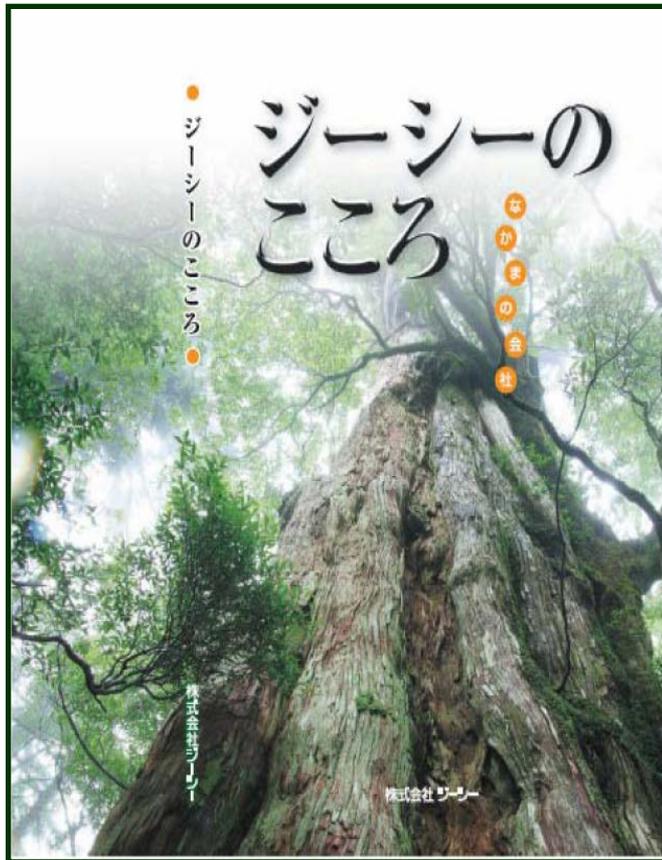
Maximize capability and strong skills of each GC Associate.



Penetrate GC spirits into employees.

## 9) Pass down “GC No Kokoro”

Published “GC No Kokoro” – a collection of “aspirations and core values ” to “GC Associates” passed down by past presidents since establishment of GC.



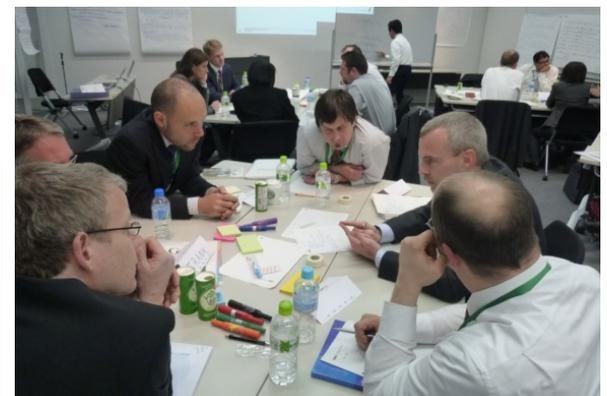
## 9) Pass down “GC No Kokoro” Overseas Nakao School



Overseas Nakao School (February 2011)

**Gave training on “GC No Kokoro” to 21 GC Associates selected from overseas operations.**

- Principles of the Three Founders
- Background and aim of Corporate Philosophy and Management Principles
- Aim of GQM
- Realize the Corporate Vision through realization of My Vision of each “GC Associate”.



## 9) Vision 2021



### VISION:

Challenge to the No.1 dental company of the world through making further contribution to the healthy long-living society.

In 2011  
90th Anniversary Announced Vision 2021



In 2012  
Received the Deming Prize for Individuals

# 3. Current Activities

## 1) Towards realization of Vision 2021

---

### Towards realization of Vision 2021:

- Promote a shift to the new generation
- Promote a shift to Multinationalization

## 2) Roles of Top Management

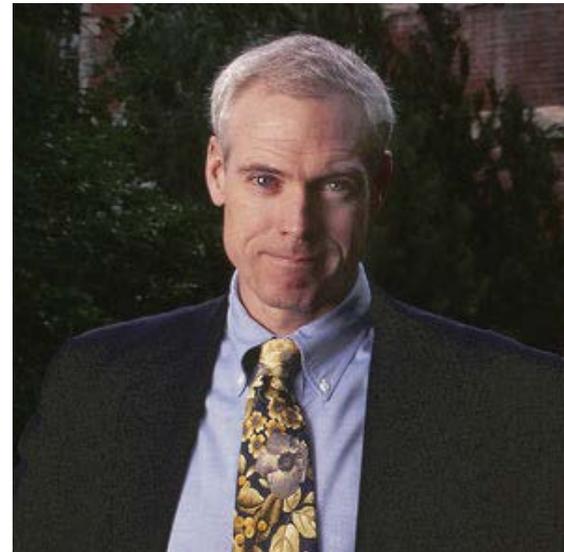
---

### **Uncertainty is permanent**

“Instability is chronic, uncertainty is permanent, change is accelerating, disruption is common, and we can neither predict nor govern events. We believe there will be no ‘new normal.’ There will only be a continuous series of ‘not normal’ times.”

In a ‘not normal’ business world, organizations are expected to keep pace with change.

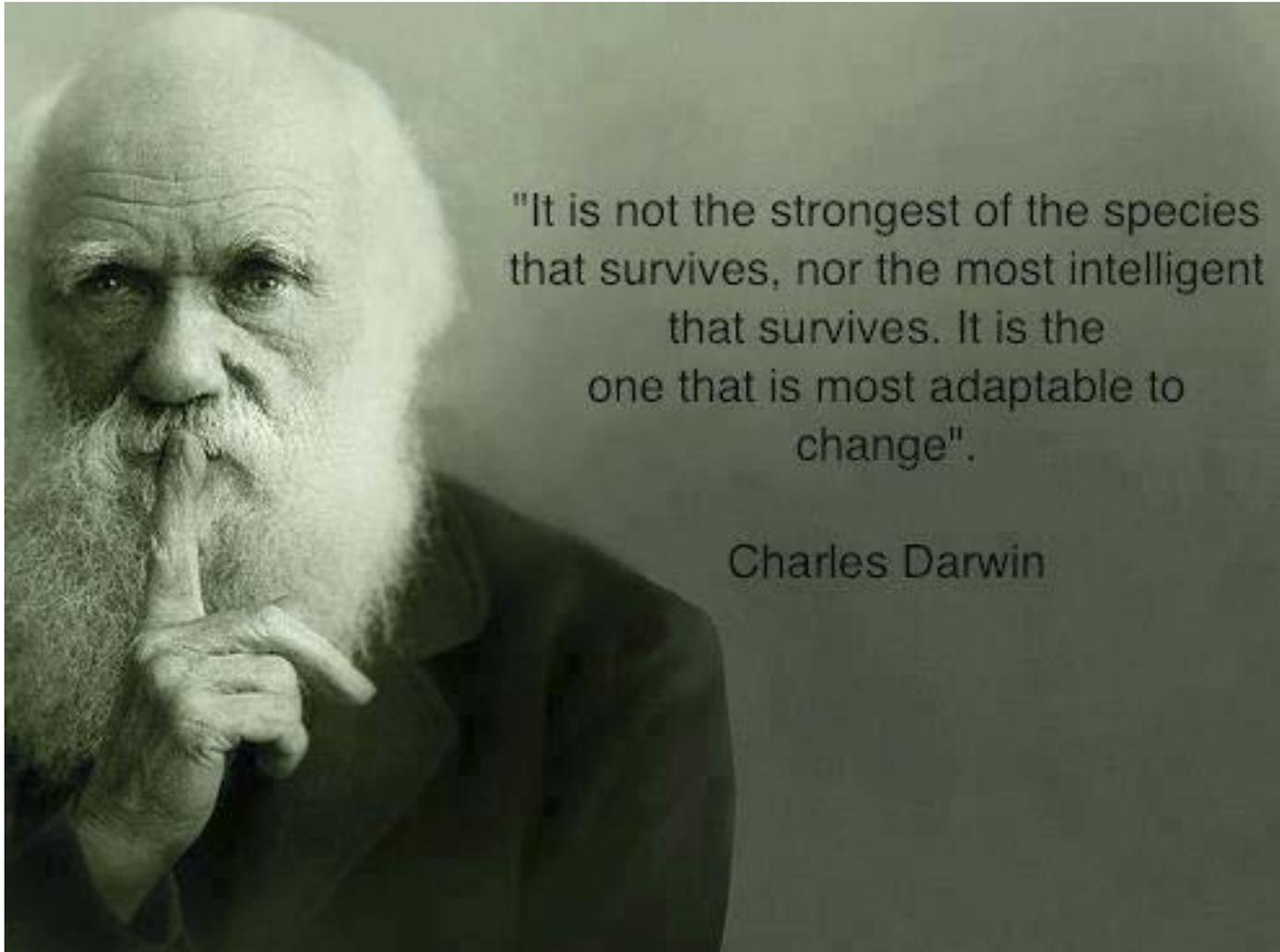
Jim Collins



## 2) Roles of Top Management

---

### “Corresponding to new changes”

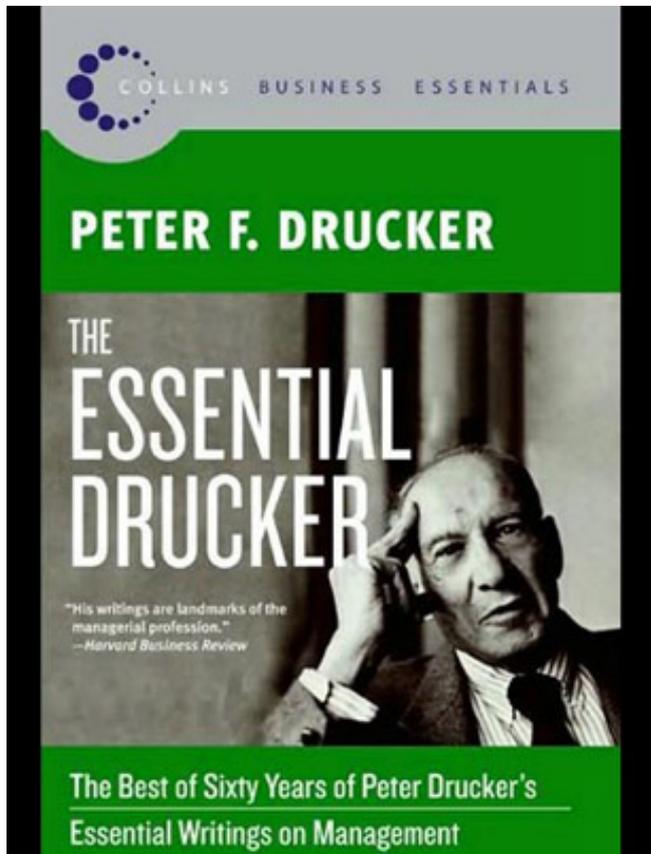


## 2) Roles of Top Management



### Druker's Management Style

Excerpted from “The Essential Drucker on Management”



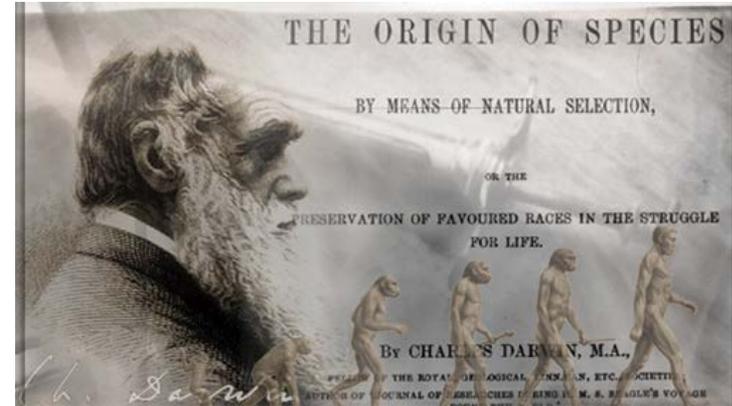
**“Tomorrow will absolutely come. And tomorrow is different from today. Today’s leading company could find themselves in problem if we do not continue to approach to the future. One will lose the characteristics and leadership.”**

- **“Identify the future that has already happened.”**
- **“Realize the VISION, in other words, it is to create the future by themselves.”**

## 2) Roles of Top Management



“Cope with changes.”



Each “GC Associate” must cope with changes.

“Capability to think and determine”  
“Capability to take an action”

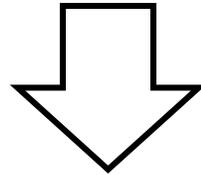


## 2) Roles of Top Management

---



A company needs to constantly change to cope with changes of the times.

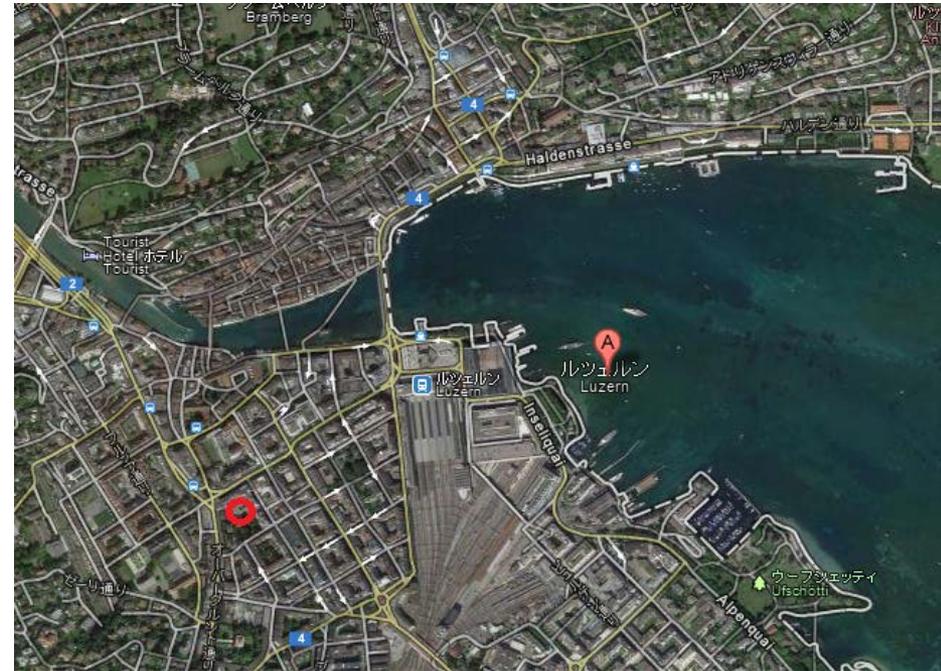


Top Management needs to change with the changing times and lead changes.

### 3) Lead changes to create our brilliant future



Accelerate the shift to the next generation and reinforce multinationalization.



Moved to Luzern, Switzerland

### 3) Lead changes to create our brilliant future



September 30, 2013



Extraordinary Shareholders Meeting



Extraordinary Board Meeting

**“Towards realization of  
the Century of Health.”**





# Business Challenges and Solutions

# 1) Change

---

“Make a change proactively.”



Each and every GC Associate can think, respond to the situation and take appropriate actions for himself/herself at Genba (on-site).

① Utilize the “Action Plan Sheet”.

Learn an approach in his/her work, improve and brush-up.

PDCA Cycle

② Reinforce KI (improvement) activities

Find a theme from the Action Plan Sheet



Hold a Global KI Presentation Meeting

## 2) Globalization • M&A

---

Promote the shift to globalization. Cope with increasing M&A's

—————→ Increasing “centrifugal force” away from GCC Head Office

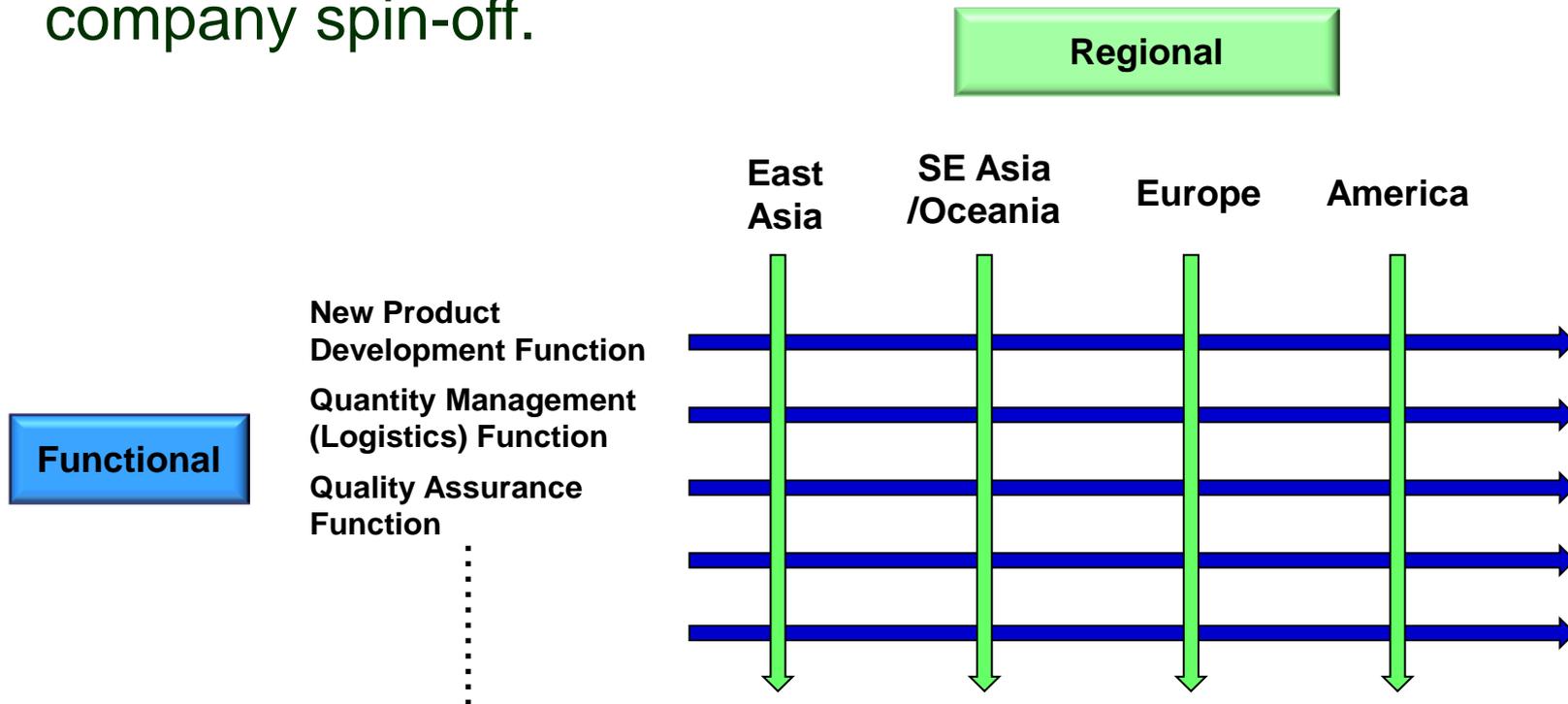
-----→ “Centripetal force” is needed to unify with GCC Head Office.  
= Promotion of GQM is the most effective approach.

GC International AG embodies the same functionality of GCC as Head Office.

- Promote local market-oriented activities of GCIAG.
- Promote education on “GC No Kokoro” and global standardization of personnel evaluation system, etc.
- Promote a shift to seamless “system”.

### 3) For promotion of Quality Management

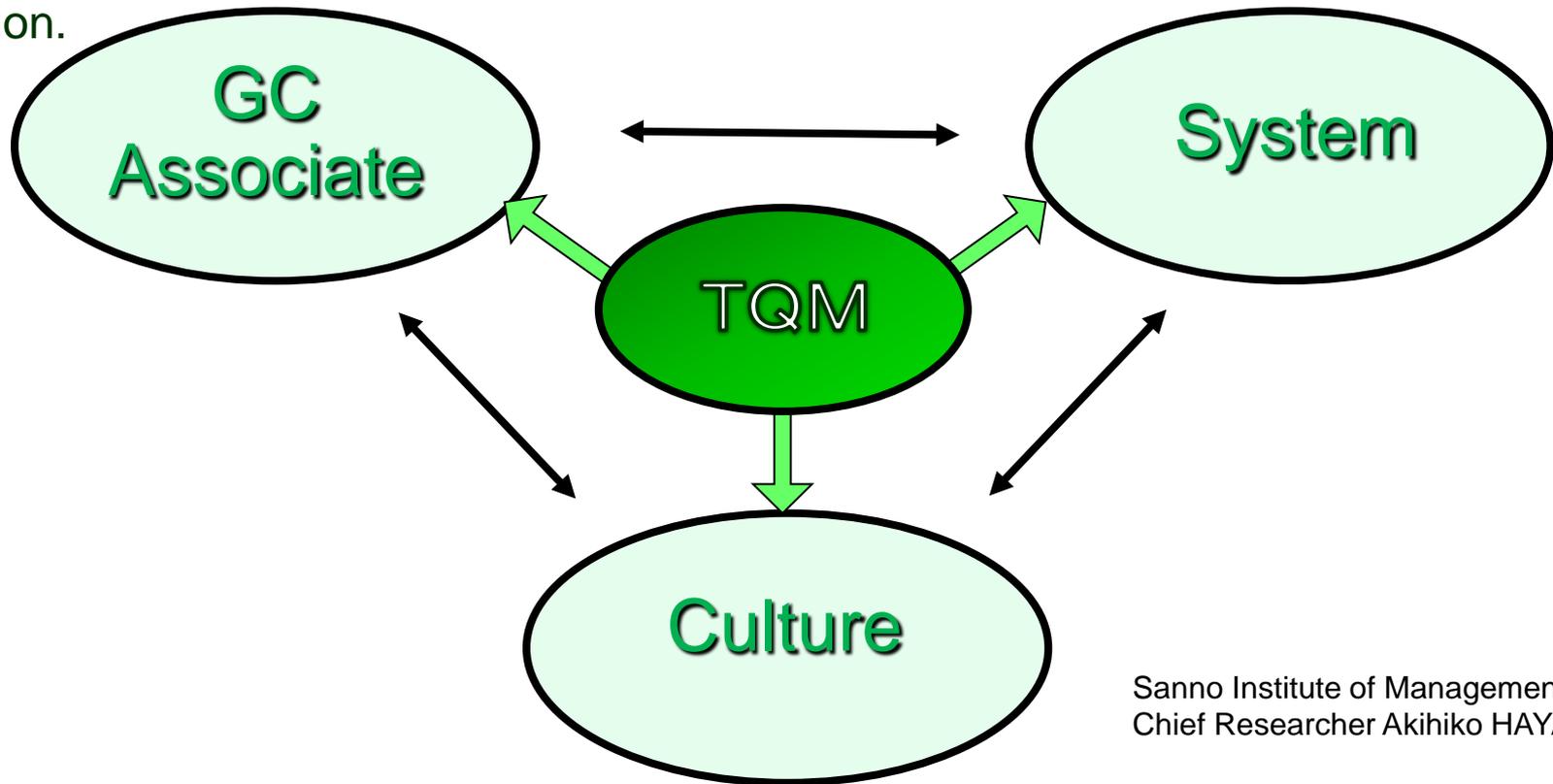
Aiming to clarify business performance, enhance functional management, expand it to global activities and further promote company spin-off.



## 4) What we need to reinforce from now on

Strengthen awareness, ability to make right judgments and take appropriate action.

Make improvement focused on Quality and Speed



Sanno Institute of Management  
Chief Researcher Akihiko HAYASHI

Further develop the basics cultivated over the years