

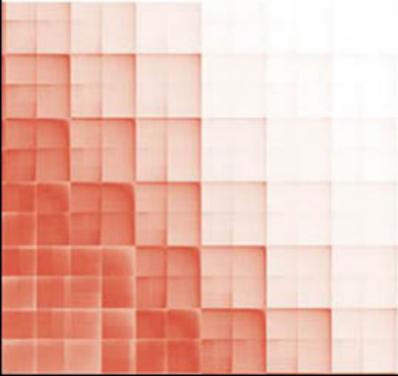
# **Continuous Process Reforms to Achieve a Hybrid Supply Chain Strategy: Focusing on the Organization in Ricoh**

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**Mikihisa Nakano, Kyoto Sangyo University**

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**PEARSON CASES IN SUPPLY CHAIN MANAGEMENT AND ANALYTICS**



The case is reprinted from *The Supply Chain Management Casebook* by Chuck Munson

# Continuous Process Reforms to Achieve a Hybrid Supply Chain Strategy

Focusing on the Organization in Ricoh

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with Mikihisa Nakano

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# Continuous Process Reforms to Achieve a Hybrid Supply Chain Strategy: Focusing on the Organization in Ricoh

Mikihisa Nakano<sup>†</sup>

## Introduction

Are reforms of business processes in a supply chain (henceforth, supply chain processes) time limited or continuous? Global companies in advanced nations that are exposed to rapidly changing conditions in both their domestic and international markets should adopt an approach for introducing continuous reforms to the supply chain. These global companies must develop supply chain processes that can simultaneously achieve two strategic targets—operational efficiency and responsiveness—to continue to mine mature domestic markets and to open up overseas markets in advanced and emerging countries. Achieving both these targets usually requires a considerable period of time.

A hybrid strategy synthesizing a lean strategy to target efficiency and an agile strategy to target responsiveness has been called lean/agility or “leagile.” Because the strategy was proposed by Naylor et al. (1999), a body of theoretical and empirical study has been accumulated (Mason-Jones et al., 2000; Naim and Gosling, 2011; Qi et al., 2009; Stavroulaki and Davis, 2010). However, there has hardly been any discussion regarding what kind of organizations are best suited

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to this hybrid strategy. Continuous reforms in supply chain processes are essential if this challenging hybrid strategy is to be realized. What role, then, should be played by the organizations that conduct these continuous process reforms?

This case study considers Ricoh Company, Ltd. (henceforth, Ricoh), a leading Japanese company with a global presence that created a hybrid supply chain strategy for its office imaging equipment, such as copiers and printers. Ricoh has been conducting process reforms for over 10 years, resulting in a supply chain that is highly efficient and responsive. To advance these process reforms, Ricoh established a cross-functional committee to investigate and conduct reform projects and a supply chain management (SCM) promotion department to support these reform activities. In this case study, we introduce the activities undertaken by the committee and the SCM promotion department to achieve Ricoh's process reforms. With the help of this case study, the author endeavors to stimulate a debate among readers regarding why continuous process reforms are required and what organizational elements are required to make them successful.

## Company Background

Ricoh manufactures and sells office imaging equipment, mainly copiers, printers, multifunctional printers, projectors, and facsimile machines. It also provides services and business solutions for these appliances. It divides its global market into the following five regions: Japan, the United States, Europe, China, and Asia Pacific. Its supervisory headquarters are in Tokyo, New Jersey, London, Shanghai, and Singapore. It provides sales and services to over 200 countries and regions worldwide, with 14 manufacturing plants in Japan and 7 overseas. In fiscal 2011, Ricoh achieved consolidated sales of 1.9 trillion yen (approximately 23.8 billion USD), and at the end of March 2012, it had 109,241 employees on a consolidated basis.

## Process Reforms

The foundation of Ricoh's process reforms is a response to customers' diversified needs through a reduction in product life cycles in the second half of the 1990s that followed the shift toward digitization