


# Amoeba: dynamic management system

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INTERNAL TRAINING – FEB 2018  
INSTITUTE OF MANAGEMENT AND TECHNOLOGY PROMOTION



Part 1: general  
impressions and  
management rationale

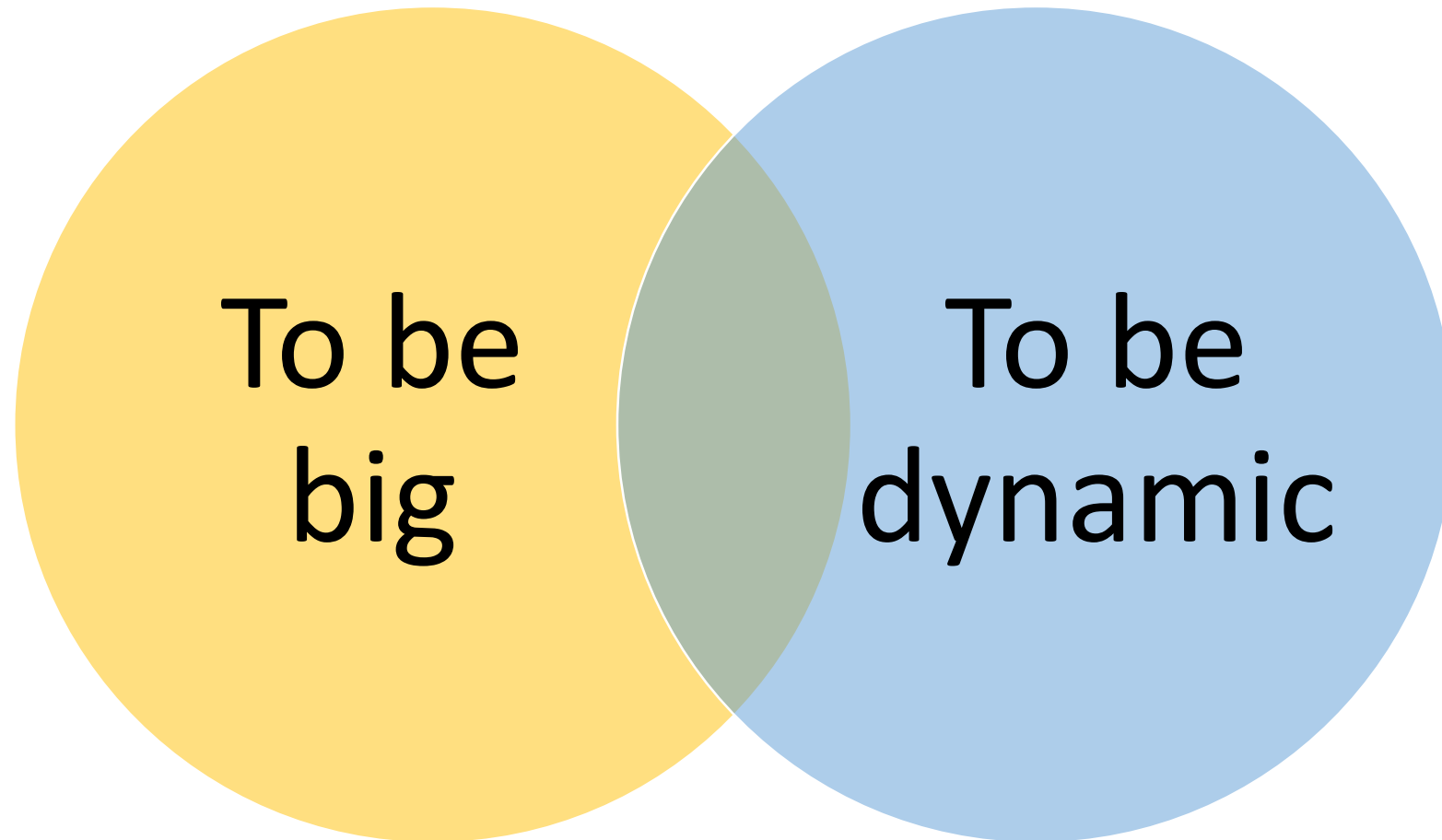
Part 2: AMS in detail


Part 3: introduction  
and improvement  
possibilities

# The big company symptoms

- Can't manage efficiency of each operating unit
- Lack of strategy understanding and market sense
- Can't develop managers
- Not enough room for enthusiasts
- Can't find a simple way to manage the business

# The big company symptoms



The image shows several Amoeba cells against a dark blue background. The cells are irregularly shaped and contain various organelles. A large, semi-transparent white circle is overlaid on the left side of the image, containing the text 'Amoeba' and a list of characteristics. A horizontal line extends from the text 'Amoeba' to the right, pointing towards the cells. The cells themselves are depicted with a dark blue cytoplasm and a lighter blue nucleus. Some cells contain small, yellowish-green granules. The overall appearance is that of a microscopic biological specimen.

# Amoeba

- Basic living organism, single cell with no defined shape
- Immortal

Organization structure: amoeba

Financial accounting simple system

Managerial rationale and philosophy

What is AMS

Corporate Motto

敬天愛人

Respect the Divine and Love People

Preserve the spirit to work fairly and honorably,  
respecting people, our work, our company and our global community.

Management Rationale

To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.

Management Philosophy

To coexist harmoniously with our society, our global community, and nature. Harmonious coexistence is the underlying foundation of all our business activities as we work to create a world of prosperity and peace.

# Maximize revenues and minimize expenses

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The fundamental truth of business management





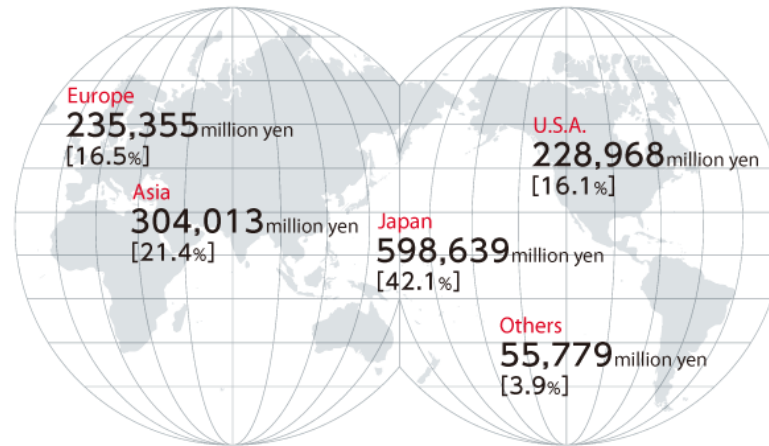
1959: Kyoto Ceramic Co., Ltd. Is Founded in Kyoto, Japan  
Management Based on the Bonds of Human Minds

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To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind

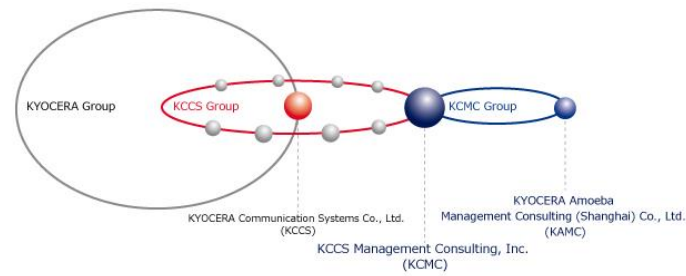



# KYOCERA



1,422,754 million yen (Year ended March 31, 2017)

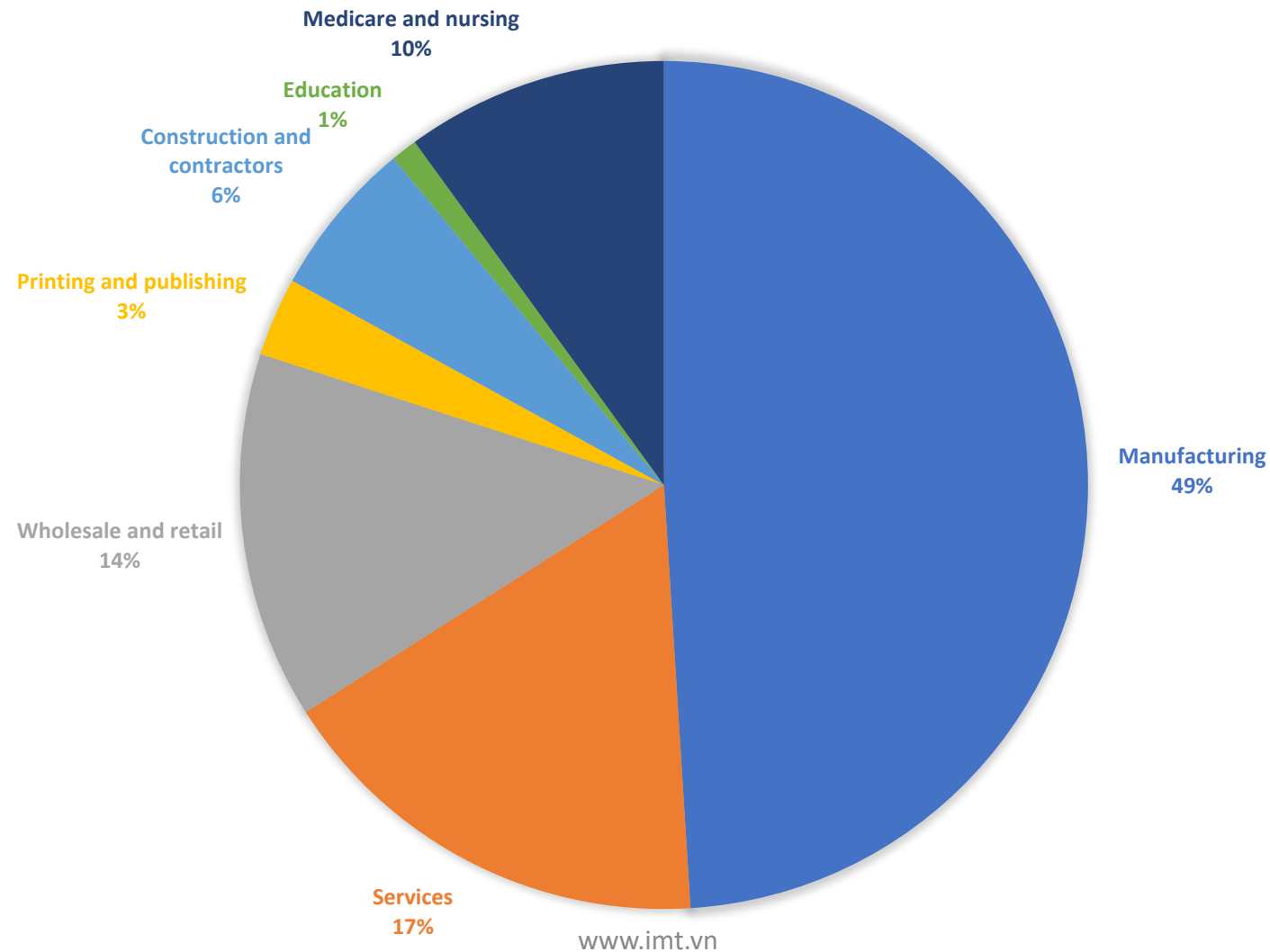
<b>Industrial &amp; Automotive Components</b> 16.2%	<b>Communications</b> 17.7%
Fine Ceramic Components Automotive Components Displays Cutting Tools Optical Components	Smartphones Feature Phones Tablets IoT Modules Information Systems & Telecommunication Services
<b>Semiconductor Components</b> 17.3%	<b>Document Solutions</b> 22.8%
Ceramic Packages & Substrates Organic Materials Organic Packages & Printed Wiring Boards	Printers & Multifunctional Products Solutions Business
<b>Electronic Devices</b> 16.9%	<b>Life &amp; Environment</b> 10.5%
Capacitors SAW Devices Crystal Devices Power Devices Connectors Printing Devices	Solar Energy Medical & Dental Products Jewelry & Kitchen Tools, etc
<b>Total Components Business</b> 50.4%	<b>Total Equipment &amp; Systems Business</b> 51.0%
<b>Others</b> 1.5%	
Hotels, etc	
<b>After adjustments and eliminations</b> -2.9%	
<b>Others + Adjustments and eliminations</b> -1.4%	



- The Inamori Library
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70,000 members  
> 3000 amoebas

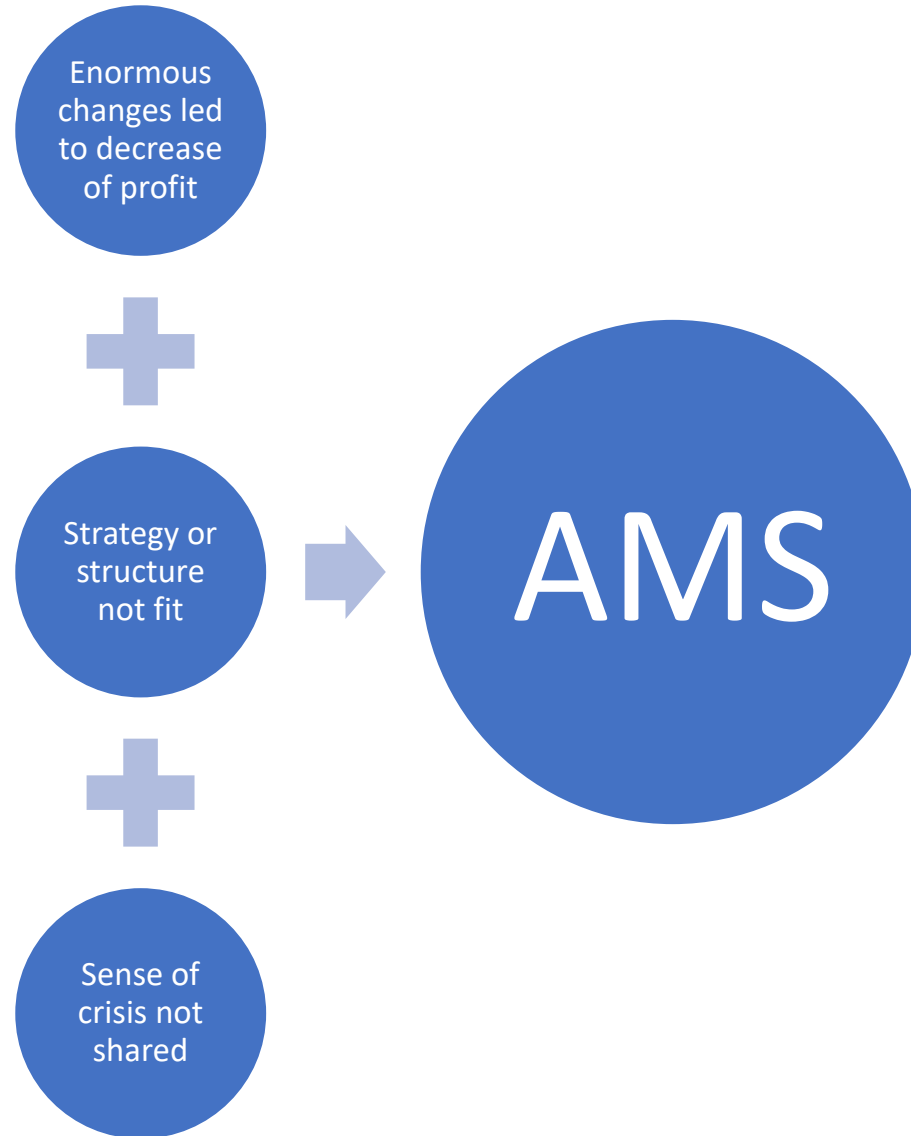
# Companies adopted AMS

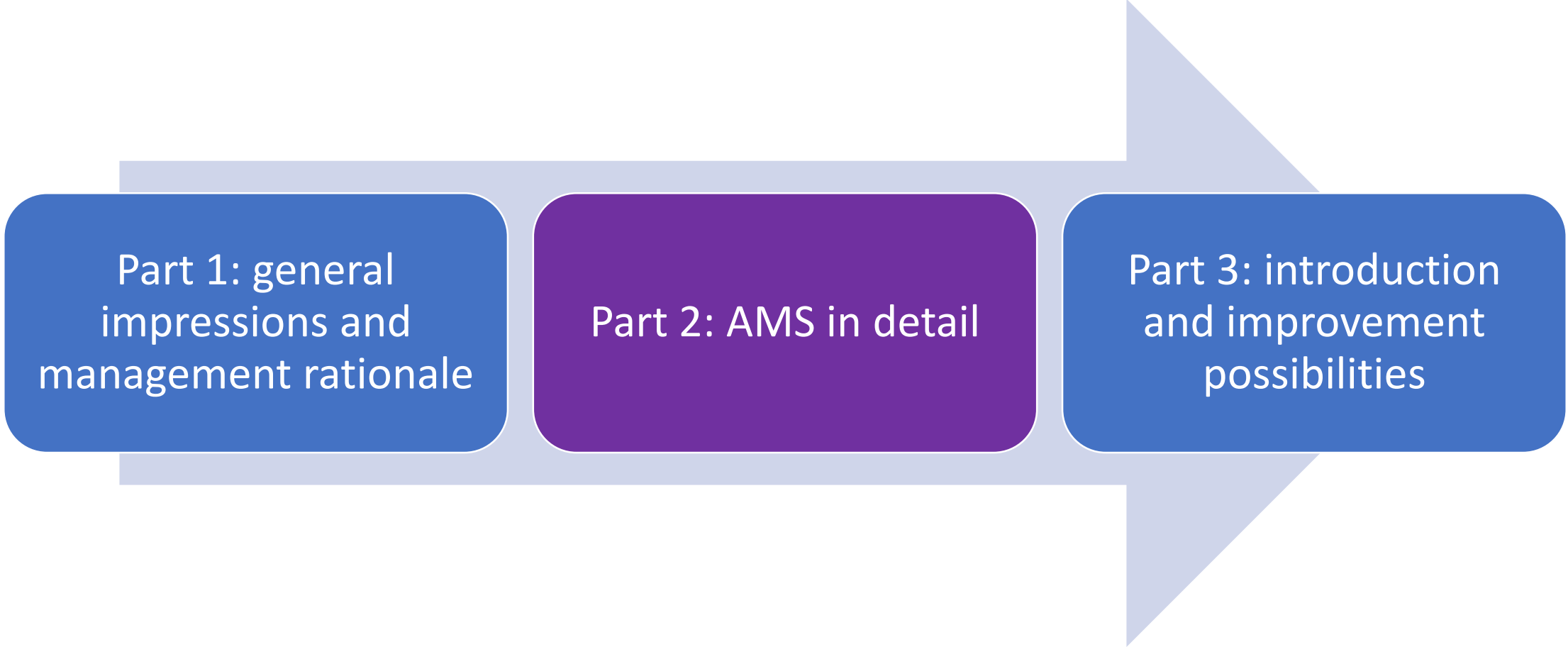


JP: 750 (KCCS  
direct  
consultancy)  
CN: >1000

Source: KCCS, as of March 2016

# Why?





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# Key elements

- Mini profit center
- Internal transaction
- Daily report and meetings
- Amoeba accounting
- Hourly efficiency
- Accounting/management rules

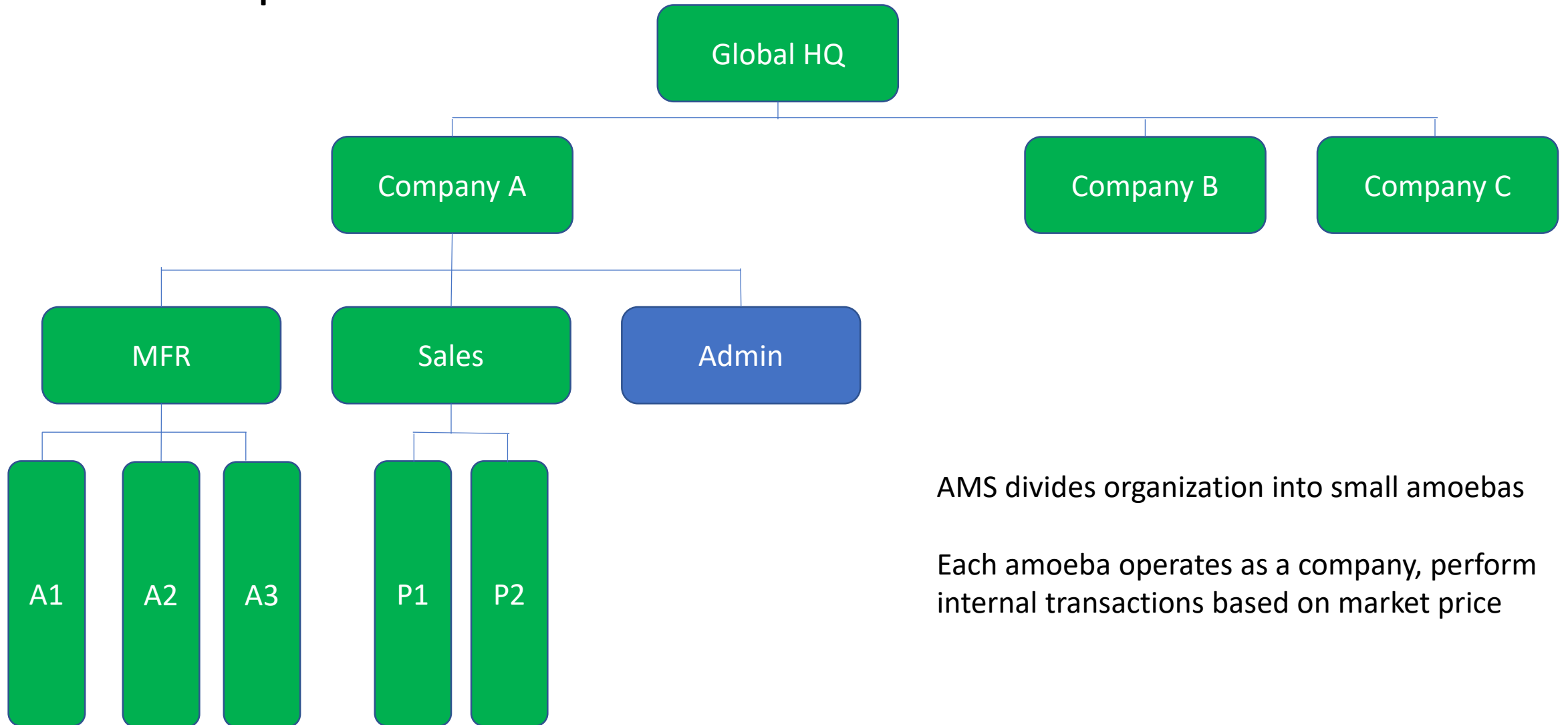


# Point of view on Price

$$\text{Normal} \quad \text{Price} = \text{Expenses} + \text{Profit}$$

$$\text{Amoeba} \quad \text{Profit} = \text{Market price} - \text{Expenses}$$

# Mini profit center

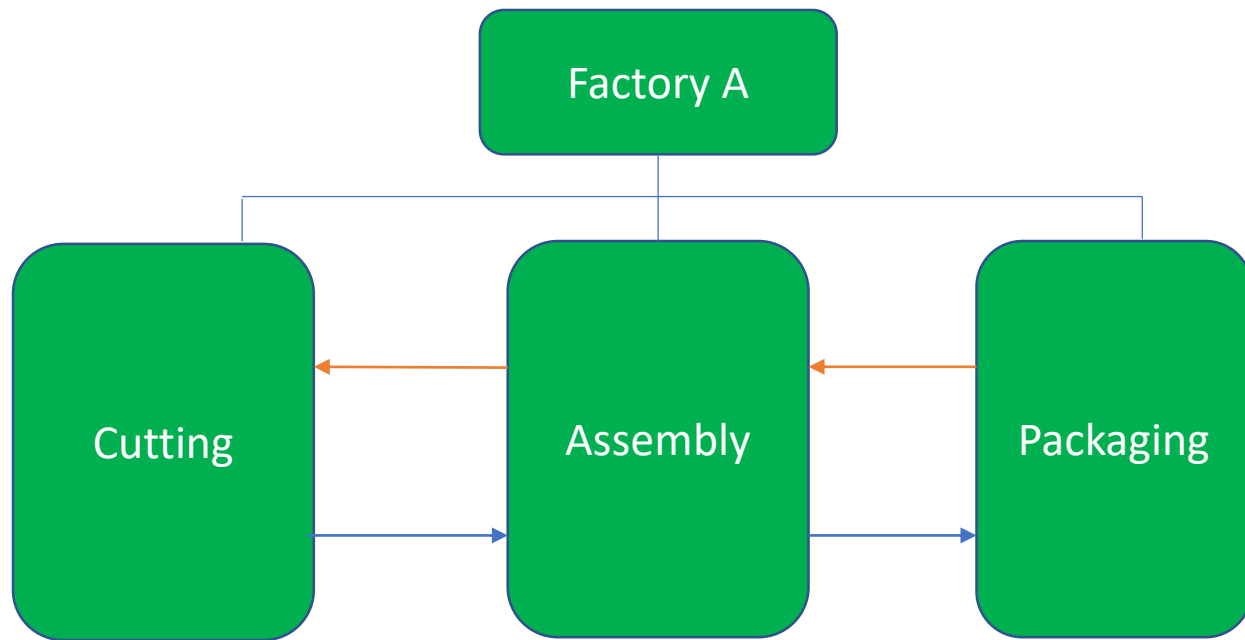


AMS divides organization into small amoebas

Each amoeba operates as a company, perform internal transactions based on market price

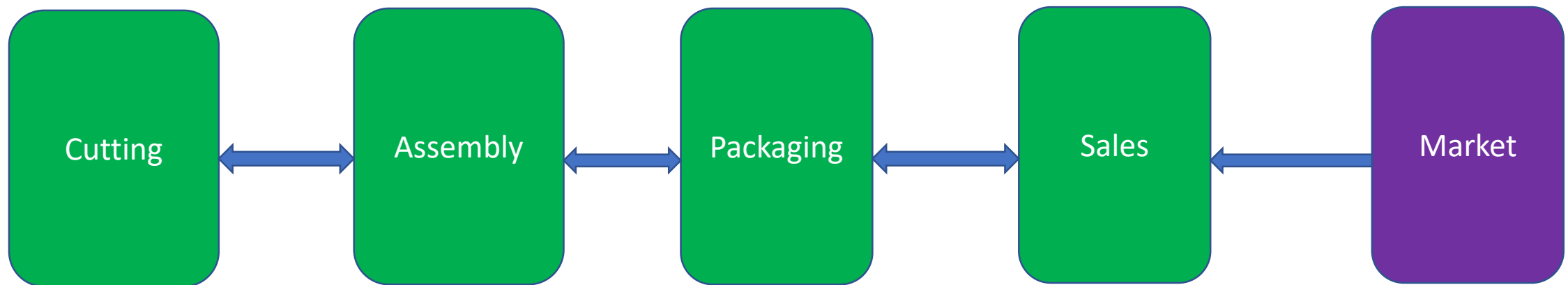
# Internal transactions

- An amoeba performs internal transaction to get its revenue and profit

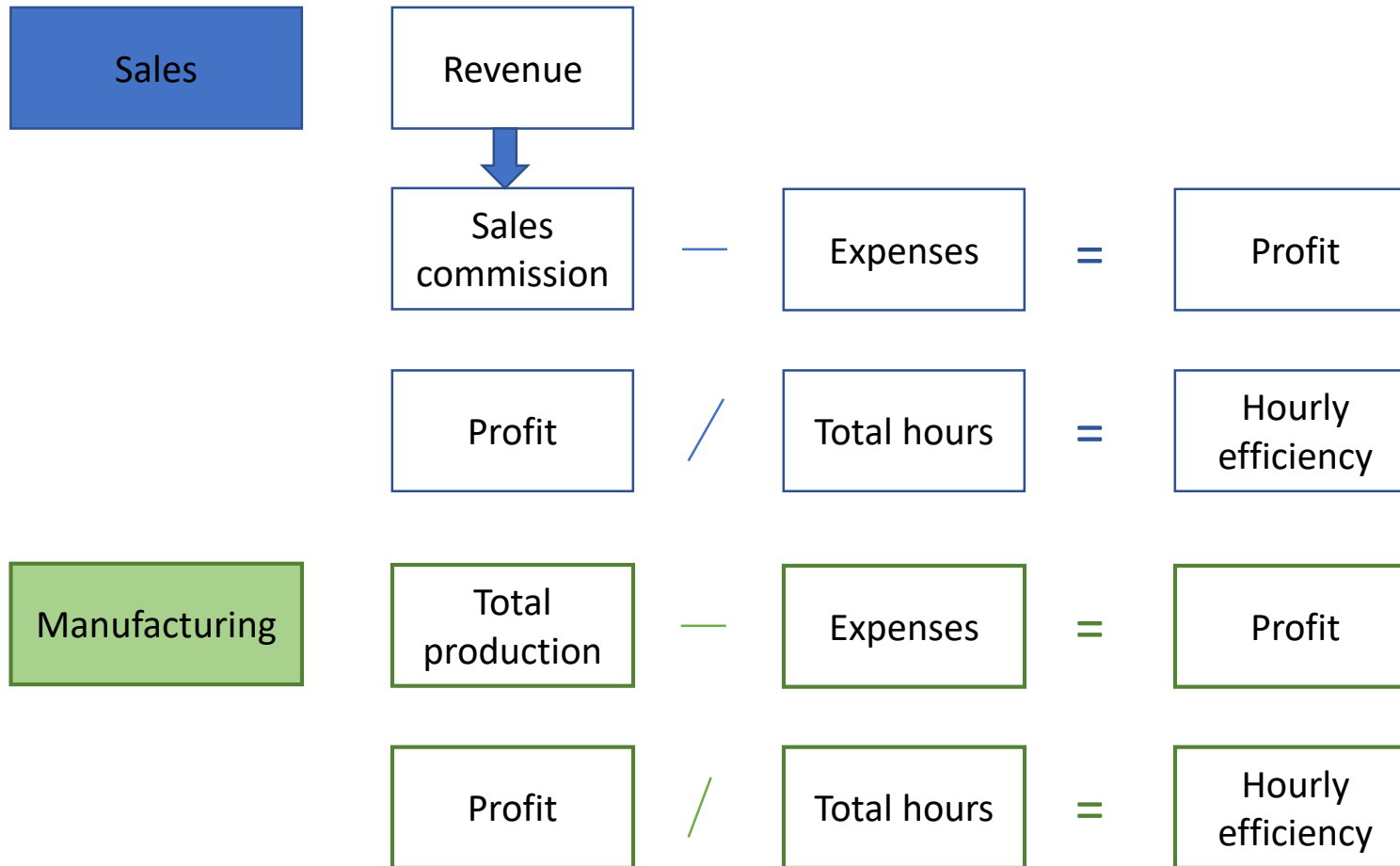


# Price negotiations

- Market prices of the product will be realized via a series of negotiation between amoebas
- To generate profit, each amoeba needs to calculate if they should accept an order at a specific price, taking into account its expenses



# Amoeba P/L



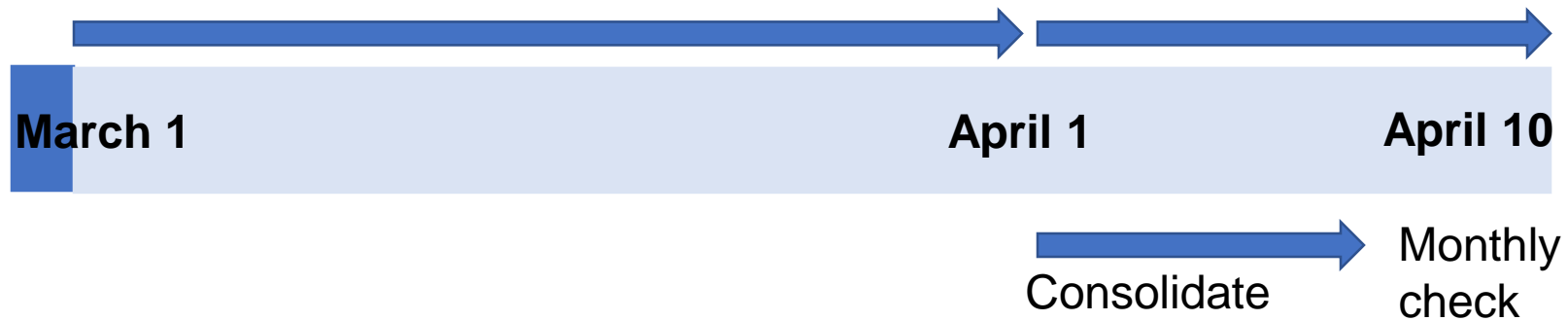
Put philosophy into  
numbers

# Hourly efficiency report

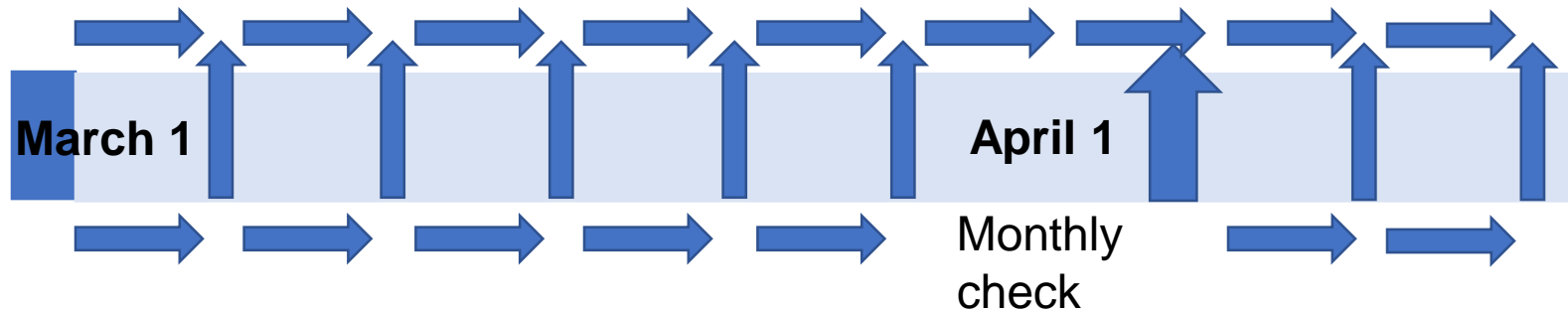
<b>Total shipment</b>	<b>A</b>	<b>28,000</b>
<b>Total cost</b>	<b><math>B=a+b+\dots+p</math></b>	<b>14,000</b>
Material cost	a	700
Outsourced processing cost	b	10,000
Repair cost	c	300
Electricity cost	d	400
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Interest payment cost	m	500
Common expenses inside the department	n	100
Factory expenses	o	200
Sales and headquarters expenses	p	200
<b>Profit</b>	<b><math>C=A-B</math></b>	<b>14,000</b>
Total labor hours (h)	D	2,000
<b>Added value per hour of this month</b>	<b><math>E=C/D</math></b>	<b>7.00</b>

# Daily report and meeting

Traditional accounting



Amoeba daily accounting



Improve everyday by amoeba *chorei* [www.imt.vn](http://www.imt.vn)



# Reflect daily

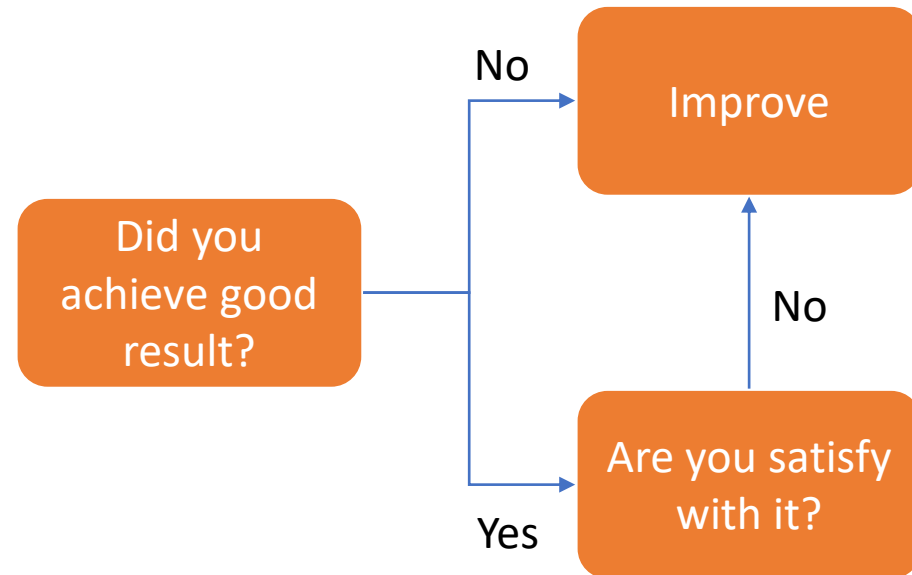
Both good and bad attitudes exist within all of us. A good mind is unselfish and altruistic; a bad mind is self-centered. If you make an effort to always think good thoughts and do good deeds, your life will change for the better.

To begin this process, you must reflect back on each day and everything you did.

For example, seriously contemplate whether you were ever unpleasant or unkind; whether you acted arrogantly; whether you did or said anything that was selfish.

Daily reflection is the process of suppressing the bad mind and developing the good, unselfish, altruistic mind. By reflecting on your actions each day, you can elevate your mind, which in turn will lead you to a wonderful life.

# Remain humble



Junichi Kawasaki  
– *former worker  
of Shiga-gamo  
plant*

Figure is nothing until  
you put soul in it

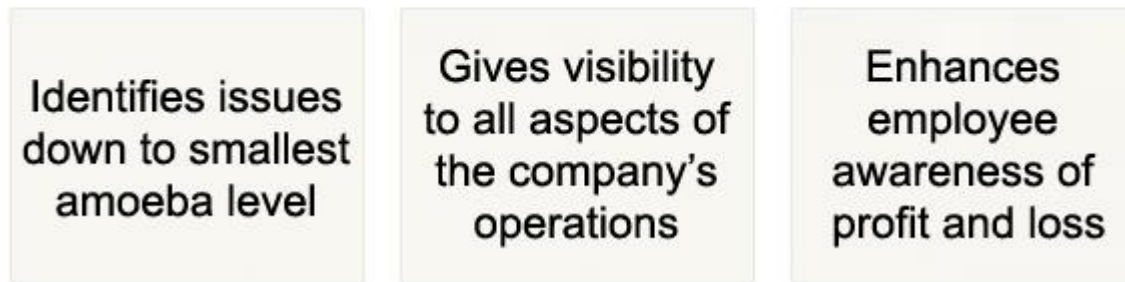
# Hourly efficiency

Hourly Efficiency (added value per hour)

$$= \frac{\text{Net Production - Deductions} \quad \text{(total profit) \quad (total expense excluding labor costs)}}{\text{Total Working Hours}}$$

# Why use hourly efficiency?

- Simple, clear and easy
  - Each amoeba tries to increase hourly profitability
    - 1.) Increase the revenue 2.) Reduce the expenses 3.) Reduce the hours



- Can be used at any size of amoeba
- Easy to benchmark with past performance

# Hourly efficiency

- Labor cost control is excluded
  - Labor cost decided by company policies
  - Reduce conflicts (income is a secret)
  - Increase flexibility in lending/borrowing manpower, or intergrating/splitting amoebas
- Amoeba leaders manage “hour” aspect, not labor cost

# Hourly efficiency

- In Japan, only tiny monetary awards are given to performance related to hourly efficiency
- Rewards come from the work (job ownership – lord of the land game - gamification) and gratitude of others



# Amoeba meeting

- Leader shows results
- Team discuss their actions & measures
- Make plan for the month - debate







Strive Harder than  
Anyone Else

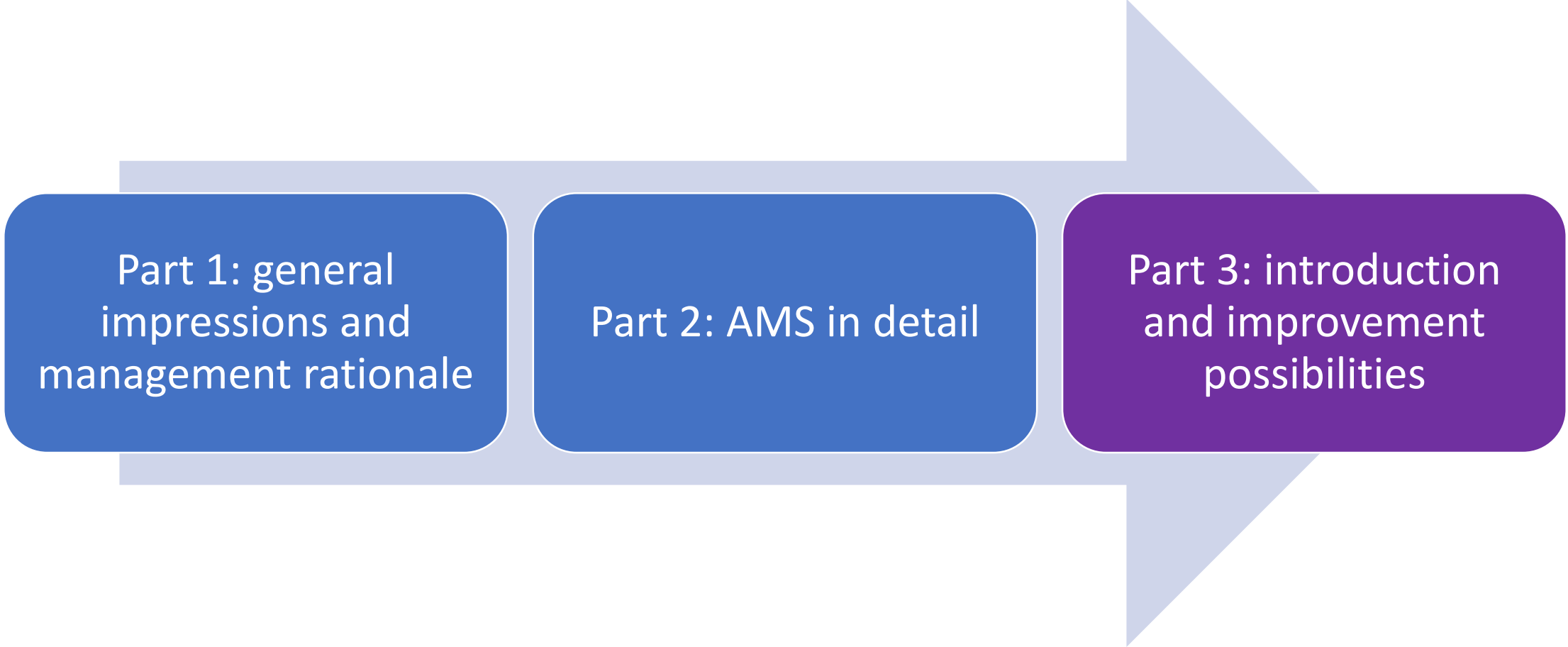


# Accounting rules/Amoeba management rules

- One to one correspondence
  - Any movement of money or goods must be accompanied by the correct documentation
- Double check
  - Checked by multiple people or departments
- Perfectionism
  - High target should be 100% met
- Muscular management
  - No extra fat

# Accounting rules/Amoeba management rules

- Efficiency improvement
  - Maximize sales and minimize cost
- Cash-based management
  - Focus on money management
- Transparency
  - Information is disclosed to every member



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# Effects of Amoeba management

- Prompt decision making
- Site vitalization
- Management visualization
- Manager development
- Profit awareness everyday
- Market sense
- Management by All: problem solving, work with numbers, planning...
- ...

# Altruism

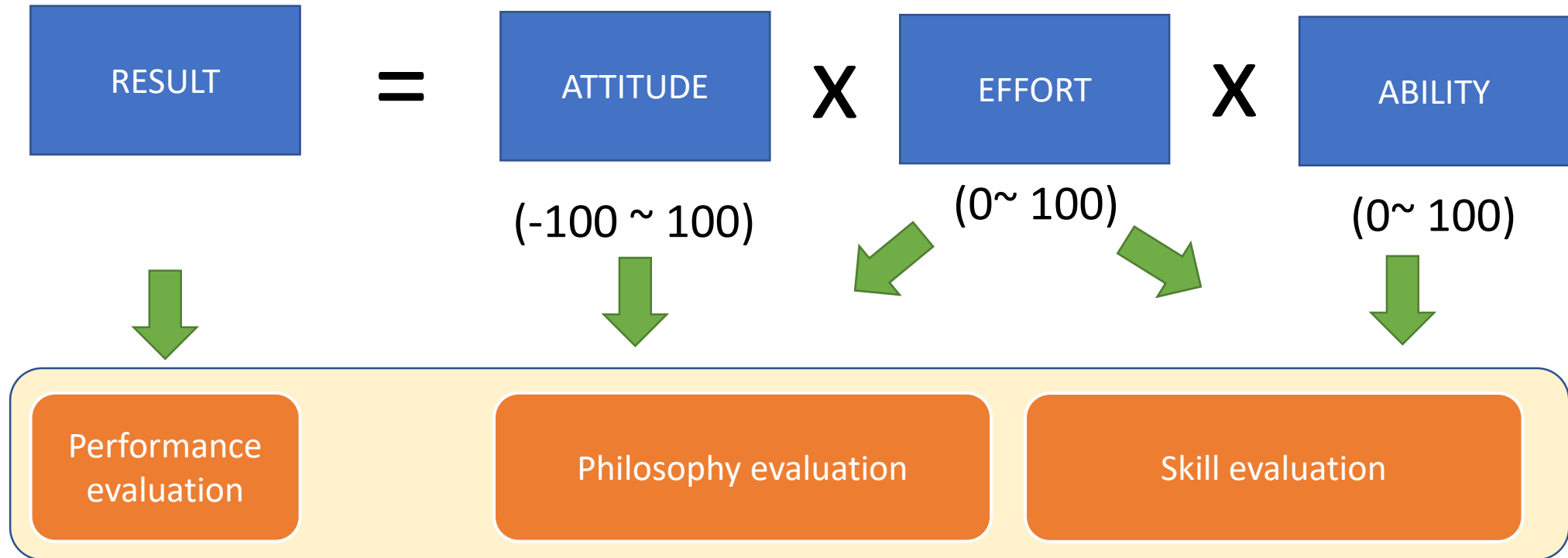
# Constraints

Altruism or selflessness is the principle or practice of concern for the welfare of others

# Building a good culture is a pre-condition

- Truly decentralized organization: act on own interest
- Excessive competition between amoebas
- Speed of the amoeba pushes everyone to make decision promptly

# Inamori formula of life





Internalize  
values

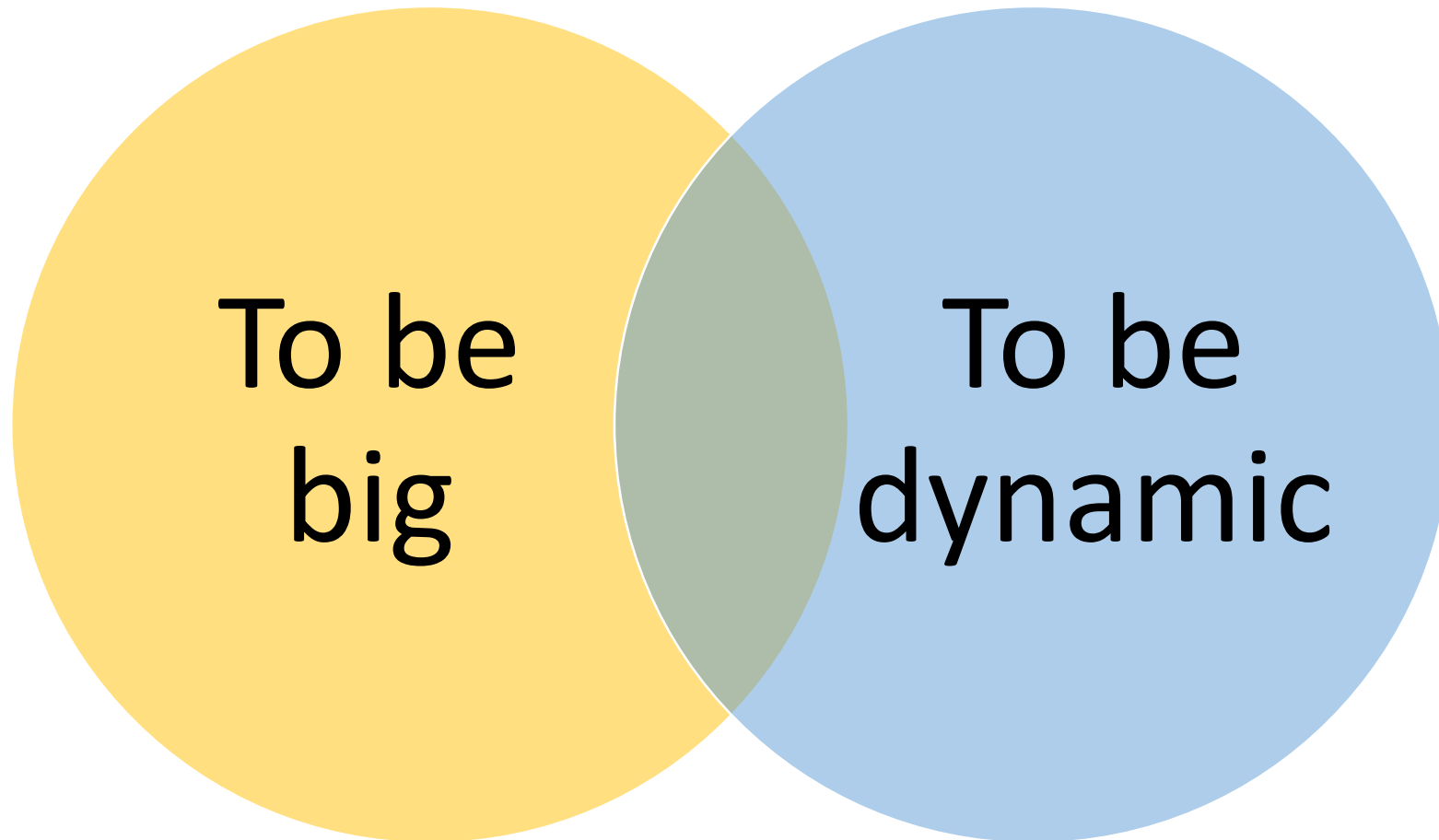


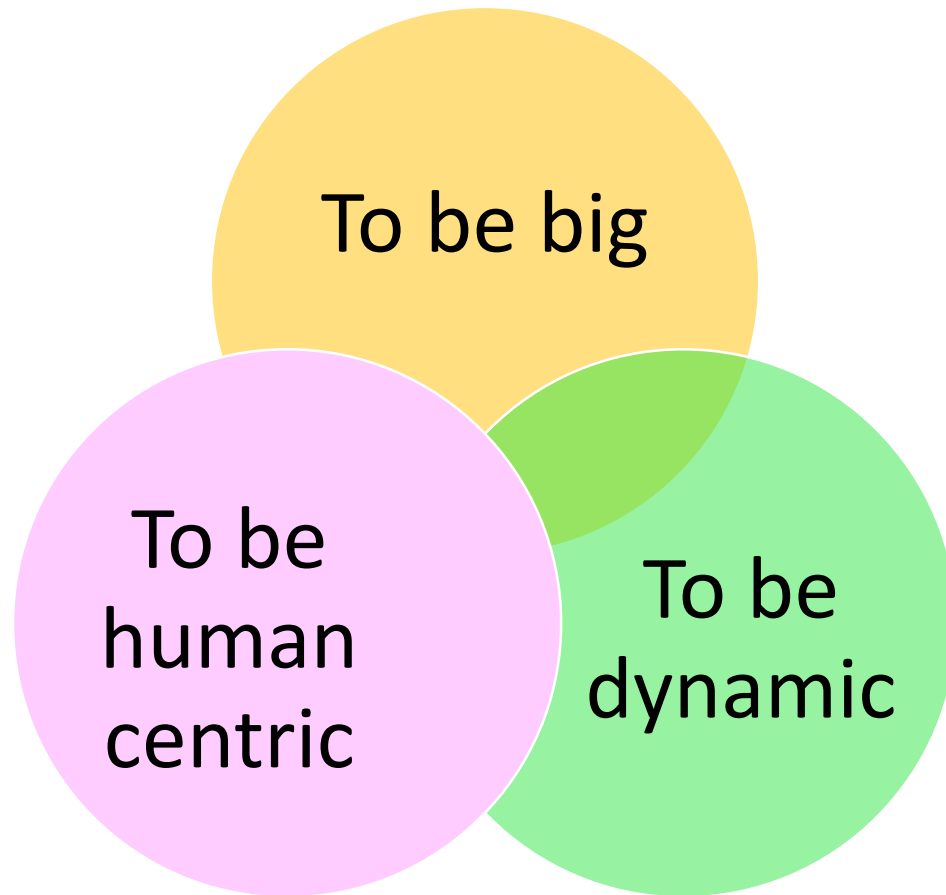


# Discussion

- How to apply AMS to Vietnamese companies?
- Any better way of doing this?







# Reference

- Liu Meiling (2018), *Amoeba and its introduction*, Kamoshiga University
- Naoki Hori (2018), *The Amoeba management system*, KCCS
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- Shoji Ashida (2018), *What happened when Amoeba Management was introduced into an SME*, Actec Co. Ltd.
- Truong Van Tho (2017), *Amoeba Management System*, Sspace Group