Hoshin Kanri: Collaborating to Chart and Manage Strategies

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Agile Alliance 2015
Agile Project Management

Agile Leadership Network
Accelerate Agility.

I'm Speaking at
AGILE 2015
WASHINGTON, D.C.

Scaled Agile Framework Program Consultant

Lean Six Sigma Black Belt
Hoshin Kanri, 方針管理 Agenda

1. Apply Lean principles to the strategic planning process.
2. Increase your understanding of how to develop, manage and execute a strategic plan.
3. Tactically learn about strategic planning using the Hoshin Kanri Method.
4. Define the Hoshin Kanri key elements, processes, and tools.
Lean Principles and Practices

Lean is an enterprise-wide set of concepts and tools aimed at strengthening competitive advantages realized from operating your processes.
Lean Principles and Practices

1. Specify Value as perceived by the Customer
2. Identify the Value Stream
3. Make the Value Flow through the Value Stream
4. Pull the Value from the Value Stream
5. Strive for Perfection
The Define Measure Analyze Control Process (DMAIC)

1. Define the problem, improvement activity, opportunity for improvement, project goals, and customer (external and internal) requirements.


3. Analyze the process to determine root causes of variation.

4. Improve process performance by addressing and eliminating root causes.

5. Control the improved process and future process performance.
Hoshin Kanri and Lean Principles

- Customer Value
- Continuous Improvement
- Management by Fact
- Teamwork
- Operating Philosophy
- Alignment Principle
- Hoshin Kanri
Kaizen “Change for the Good”

Kai
Change

Zen
Good

改善

Kaizen Your Life

Plan
1. Define the areas to improve
2. Take action now
3. Monitor your improvements
4. Identify the root causes of the defect

Do
1. Start small, and then build overtime
2. Loop back to the previous steps

Check
1. Compare your 'check' results to your 'plan'
2. Revise your improvements

Act
1. Apply changes to reach your goal
2. Loop back to the previous steps

Change for the Good
Typical Company

Plan 25%
Do 55%
Check 15%
Act 5%
...or Maybe it’s Like This
Toyota’s Use of Time

- Plan: 55%
- Do: 10%
- Check: 15%
- Act: 20%
Hoshin Kanri, 方針管理

- **Hoshin Kanri** - Japanese term for Policy Deployment
- **Hoshin** is composed of two characters:
  - *Ho* means “method or form”
  - *Shin* means “shiny needle or compass”
  - Taken together, *hoshin* means a “methodology for strategic direction setting”
- **Kanri** means “management” or “control”
Hoshin Kanri, 方針管理 X Matrix

A process to align Innovation + Strategy to Action by using horizontal and vertical alignment in the organization.
Hoshin Kanri, 方針管理

- Provides a step by step planning, implementation and review process for managed and sustainable change.

- Facilitates a set of coordinated processes to accomplish the core objectives of the business.

- Clarifies annual target policies derived from long- and medium-term policies that encompass the long term visions of the company.
Hoshin Kanri, 方針管理

- Translates organizational goals to actions based on priorities determined by management.
- Aligns goals of individuals, teams, and functions to that of the organization.
- Tracks resource allocation to tasks and goals.
Hoshin Planning - Difference between Breakthrough and Control

- **Breakthrough**
  - Attainment of top executive goals
  - Improvement to a higher level of performance

- **Control**
  - Adherence to a current standard
Hoshin Kanri Flow

- **Goals**: The broad outcomes
- **Strategies**: The outcomes you will take
- **Objectives**: The measurable steps you will take to achieve strategies
- **Tactics**: The detailed steps and tools you will use
Hoshin Planning - Relationship between Breakthrough and Control

- Processes often have to go out of control in order to begin a new breakthrough phase
- Out of control organizations use resources to address sporadic problems (Reactive versus Proactive)
“Catch ball”

• A top down and bottom up approach
• Stakeholders ‘catch’ the improvement topic and through Kaizen, VSM etc develop ideal current state, identify other issues etc
• This is then thrown back to the management team with a plan for improvement
Major Strengths of Hoshin Kanri

- Synergy between top-down and bottom-up processes
- Continuous, systematic management of processes
- Rigorous application of PDCA cycle
- Emphasis on cause-and-effect relationships
Hoshin Kanri X Matrix

- Articulates intent of the organization’s action through linking vision, strategic objectives and actionable activities.
- Assigns high level ownership to key areas of focus.
- Output is the actionable improvements that are reviewed and modified.
Hoshin Kanri Steps

- Establish Organizational Goals.
- Develop 3-5 year strategic plan
- Develop annual objectives
- Deploy and roll down to departmental level
The 7-Step Hoshin Planning Cycle

1. Establish Organizational Vision
2. Develop 3-5 Year Strategic Plan
3. Develop Annual Objectives
4. Deploy to Depts. to Develop Plans Including Targets and Means
5. Implementation
6. Regular Progress Reviews Monthly + Quarterly
7. Annual Review

PHASE 1: Well-done Strategic Planning
PHASE 2: Heart of Hoshin Planning Process

Optional in some models
Hoshin Kanri X-Matrix

Step 1: What? Breakthrough Thinking

Step 2: How Far? This Year?

Step 3: How? Which Key Processes?

Step 4: How Much & When? Measures

Step 5: Who? Resource Deployment
Hoshin Kanri X-Matrix

Policy Deployment - X Matrix

- 5 Hire additional Sales Staff
- 4 Customer surveys to identify new product
- 3 Value Stream Map 5 processes
- 2 Green Belt projects on top items
- 1 Mistake-proof implementations

Improvement Priorities

Annual Objectives

Targets to Improve

3 Year Breakthrough Objectives

Product portfolio growth of 2 new per year

Lead time reduction of 10% on top 5 products

Overall material expenses reduced by 5%

Final inspection rejects reduced by 10%

RESOURCES

- Jim Jones
- Sally Stoddard
- Bob Barnard
- Cindy Cinder
- Chris Cap

Start Here

A Reduce production defects by 30%
B Reduce material expenses by 15%
C Reduce order to delivery lead time by 25%
D Increase sales from $1 billion to $1.4 billion
Hoshin & Balanced Scorecard

FINANCIAL
To succeed financially, how should we appear to our shareholders?

CUSTOMERS
To achieve our vision, how should we appear to our customers?

Vision and Strategy

BUSINESS PROCESSES
To satisfy our shareholders and customers, what business processes must we excel at?

LEARNING & GROWTH
To achieve our vision, how will we sustain our ability to change and improve?
Linkages of BSC, Hoshin Kanri & MBO

**Balanced Scorecard**
- Company “Report Card” at a glance
- Contains macro measurements related to key success factors (e.g. productivity, revenue, etc.)
- For senior management

**Hoshin Kanri**
- Provides focus and alignment
- Measure key processes
- Reveals what, who and when

**MBO**
- Targets are negotiated between supervisor and subordinates
- For rewarding performance
## Main tactical improvement initiatives or projects

<table>
<thead>
<tr>
<th>3-5 years strategic goals for planning year (short term, one year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade server hardware and software</td>
</tr>
<tr>
<td>Streamline new product development cycle</td>
</tr>
<tr>
<td>Improve on-time delivery</td>
</tr>
<tr>
<td>Market research on new products and competition</td>
</tr>
<tr>
<td>Create supplier scorecard</td>
</tr>
<tr>
<td>Establish lean steering committee and design teams</td>
</tr>
<tr>
<td>Complete kaizen events per value stream maps</td>
</tr>
<tr>
<td>Warehouse redesign</td>
</tr>
</tbody>
</table>

### Initiatives/projects

- **Focus strategies**
  - Review environmental scan/SWOT/vision/mission/strategic initiatives
  - Increase revenue/decrease expenses by 10%+ each year
  - Create a comprehensive customer experience program
  - Streamline and improve internal processes

### Strategic initiatives

- **Target and metrics**
  - First pass yield > 85%
  - 10% cost reduction
  - On-time delivery < 3%
  - Revenue increase > 10%
  - Customer satisfaction scores > 4.5 out of 5
  - Minimum 60 hour of training per person

### Balanced scorecard

- **Financial**
- **Customer**
- **Internal processes**
- **Learning and growth**

## Team

<table>
<thead>
<tr>
<th>Team</th>
<th>Measurement and metrics</th>
<th>Various departments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Customer service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engineering/research/development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finance and accounting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Human resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal/social/relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing and sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality</td>
</tr>
</tbody>
</table>

### Parties or departments

- **Customer service**
- **Engineering/research/development**
- **Finance and accounting**
- **Human resources**
- **IT**
- **Legal/social/relationships**
- **Marketing and sales**
- **Operations**
- **Quality**

### Correlation legend

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Team</th>
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</thead>
<tbody>
<tr>
<td>○</td>
<td>Very strong</td>
</tr>
<tr>
<td>●</td>
<td>Important</td>
</tr>
<tr>
<td>△</td>
<td>Weak</td>
</tr>
</tbody>
</table>
# Initiative Plan

**Department:** xxx Marketing and Marketing Products  
**Manager:** Don Smith

**Vision:**  
xxxxxxx Revolutionizes Business Communications  
We create a bridge between our internal partners and external customers - Through strategic leadership and company wide collaboration, xxx creates competitive advantage by empowering the balance of the Company to deliver content and applications, creating and managing the publishing model, and increasing awareness of xxx and yyy.

**Alignment Themes:**  
1. Empower xxx via training, consulting, quality methodology, and leadership of strategic programs to meet business critical goals - Extraneal, Commerce, Community, e-learning, & Globalization initiatives increase satisfaction to #
2. Increase the usage of xxx and Internet Commerce Applications and Marketing Products stores to meet business goals measured by each function  
3. Demonstrate leadership in xxx through successful implementation of the publishing foundation enabling modular, marked-up content in multiple repositories with re-use of common content objects for dynamic delivery (focused on e-Learning), measured by each function  
4. Lead the revolution of xxx from a static to a dynamic and personalized function  
5. Support our internal partners - Deliver corp-wide systems that increase effectiveness and productivity  
6. Support the brand - Improve the user experience - Exploit the power of the Internet for our functions

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Projects</th>
<th>Theme #</th>
<th>Due Date</th>
<th>Status</th>
<th>Objective Owner</th>
<th>Project Assistance</th>
<th>Measure</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Evaluate Marketplace to see if it is meeting business needs</td>
<td>A Develop marketing plans and execute programs for individual stores and overall marketplace</td>
<td>2, 6, 9</td>
<td>Ongoing</td>
<td>Joan/Caryl</td>
<td>NONE</td>
<td>Program Response Rate</td>
<td>TBD</td>
<td></td>
</tr>
<tr>
<td>2 Implement demand and retention programs and communications to support xxx, Internet Commerce and Internet applications</td>
<td>A Develop xxx Marketing Plan</td>
<td>2, 6, 9</td>
<td>1/2/00</td>
<td>Joan</td>
<td>NONE</td>
<td>Complete Plan</td>
<td>On time</td>
<td></td>
</tr>
</tbody>
</table>
| | B Develop and execute marketing plans and programs to support LOB Internet Commerce  
  a. Service Provider  
  b. SMB  
  c. Enterprise  
  d. CLOB  
  e. Service Contract Center  
  f. SMB  
  g. Enterprise  
  h. CLOB  
  i. Services Provider | 2, 6 | Ongoing | Sue, John, TBD | Peter N., Eric E., Jill B., Miller Huber, Kevin S., Sheila H., Agency Direct | Usage, Response Rate | 85% usage, 90% stretch, TBD |
| | C Increase awareness by supporting marketing communications for xxx evolution enhancements | 2, 6, 9 | Ongoing | Joan | Kevin S., Miller Huber, Jill B. | Awareness & Preference | TBD |
| | D Provide information and communication internally to support xxx and various Internet business solutions applications | 2, 6, 9 | Ongoing | Team | NONE | Personal Delivery | Meet expectations |
| | E Develop and execute marketing programs to generate awareness and usage of networked and related org NGO program | 2, 6 | Ongoing | Joy | Miller Huber, Kevin Scott, Direct Direct, Rick & Advertising, D.M. | Usage, Response Rate | TBD |
Each department created their own Initiative Plan to align their daily work with departmental objectives.
How do we get one consolidated view?

By Level, by work content, by projects?
**Hoshin Kanri: Pre 2000 (Goal QPC)**

**Definition:** a systematic & disciplined process to align, communicate & execute business strategy

**Focus:** those few breakthrough objectives to give an organization a competitive advantage

**Processes & Tools:**

- **A1 & A-4 Matrix** (from QFD)
- **Annual Planning and Review Tables**
- **Catch-Ball**
Hoshin Kanri Resources HOQ: A1 Matrix
Pre 2002

- High Relationship
- Medium Relationship
- Low Relationship
- None

Objectives

- Leverage Best in Class program execution to enable market share growth
- Achieve competitive advantage through our HR program and practices
- Leverage group technology to expand new customers in selected markets

Projects

- New Business Acquisition
- Manufacturing
- Software Engineering

Objectives

- Improve contract slippage performance
- Develop a Digital Channelized Receiver
- Develop & retain a diverse mix of high performance employees
ASQ Presentation: A-4 Matrix
Bob Mitchell Lean 6S Mgr, 3-M
2010+: Hoshin Cascading strategy with Catch-ball

Company
- A Company Performance
- B C Goals & Objectives

Group
- D Group Objectives
- E Group Goals & Objectives

Department
- F Group Objectives
- G Dept Goals & Initiatives

Reports
- Reports
- Reports
- Reports

Programs
- H Programs, Projects, Tasks
## Strategy, Objective, Metrics & Project Cascade

### Objectives, Initiatives & Actions

<table>
<thead>
<tr>
<th>Objective</th>
<th>Area</th>
<th>Current Quarter</th>
<th>Metrics</th>
<th>Date Due</th>
<th>Owner</th>
<th>Progress Details</th>
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</thead>
<tbody>
<tr>
<td>1 Financial</td>
<td>Consumer Products</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>Matt Gardner</td>
<td></td>
</tr>
<tr>
<td>1.1 Gross profit</td>
<td>Consumer Products</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>John Lively</td>
<td>Why is this behind schedule</td>
</tr>
<tr>
<td>1.2 Margins</td>
<td>Consumer Products</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>Paul Gardi</td>
<td></td>
</tr>
<tr>
<td>1.3 Reduce Overall Expenses by 25%</td>
<td>Consumer Products</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>Joel Weeds</td>
<td>Are expenses within target as planned</td>
</tr>
<tr>
<td>1.3.1 Financial Cost Analysis Project</td>
<td>Finance</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>Jim Carl</td>
<td>Dwight not up to speed yet</td>
</tr>
<tr>
<td>1.3.2 Reduce costs of all major product lines by 15%</td>
<td>Operations</td>
<td></td>
<td></td>
<td>12/31/2014</td>
<td>Susan Rutherford</td>
<td>Please review GP report for Marento</td>
</tr>
<tr>
<td>1.3.2.1 Big Sandy Project</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td>5/14/2014</td>
<td>Laurie Bacopoulos</td>
<td>All deliverables or on track</td>
</tr>
</tbody>
</table>

### Task Progress

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
<th>% Complete</th>
<th>Owner</th>
<th>Start</th>
<th>Planned End</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>✔</td>
<td>0</td>
<td>Laurie Bacopoulos</td>
<td>1/4/2014</td>
<td>2/4/2014</td>
</tr>
<tr>
<td>Define</td>
<td>✔</td>
<td>0</td>
<td>Laurie Bacopoulos</td>
<td>2/5/2014</td>
<td>3/5/2014</td>
</tr>
<tr>
<td>Measure</td>
<td>✔</td>
<td>0</td>
<td>Laurie Bacopoulos</td>
<td>4/5/2014</td>
<td>5/5/2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective</th>
<th>Area</th>
<th>Date Due</th>
<th>Owner</th>
<th></th>
</tr>
</thead>
</table>
# 2015 Objectives Cascade: ASQ Division Tactics

<table>
<thead>
<tr>
<th>ASQ &amp; DIVISION OBJECTIVES, ACTIVITIES</th>
<th>AREA</th>
<th>DATE DUE</th>
<th>CURRENT QUARTER</th>
<th>LEAD MGR</th>
<th>MEASURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Increase Impact</td>
<td>ASQ Objectives</td>
<td>12/31/2015</td>
<td>●</td>
<td>Bill Troy</td>
<td></td>
</tr>
<tr>
<td>2 Grow MOC</td>
<td>ASQ Objectives</td>
<td>12/31/2015</td>
<td>▲</td>
<td>Bill Troy</td>
<td></td>
</tr>
<tr>
<td>2.1 Introduce ASQ Members and members of outside organizations to the Inspection Division and its services.</td>
<td>Inspection</td>
<td>12/31/2015</td>
<td>●</td>
<td>Jim Spichiger</td>
<td>1) number of 2.2, 3.0 New Members 2) number of Visitors and Engagement 3) Booth at Annual Conference</td>
</tr>
<tr>
<td>2.2.1 Attend Section meetings or conferences. Present information on the Inspection Division</td>
<td>Inspection</td>
<td>12/31/2015</td>
<td>PL</td>
<td>Jim Spichiger</td>
<td></td>
</tr>
<tr>
<td>2.2 1. Promote ASQ MQD at other professional metrology organizations by recruiting new members. 2. Publish Division newsletter. 3. Present at section meetings.</td>
<td>MOD</td>
<td>12/31/2015</td>
<td>PL</td>
<td>Bill Troy</td>
<td>“95% Retention Rate”</td>
</tr>
<tr>
<td>2.2.1 1. Exhibit and present at MSC, WCQI, ASEE, NCSLI, and AIAG Conferences. 2. Publish division newsletter at a regular frequency. 3. Promote MQD at section meetings.</td>
<td>MOD</td>
<td>12/31/2015</td>
<td>PL</td>
<td>Jim Spichiger</td>
<td></td>
</tr>
<tr>
<td>2.3 Deliver 4 Quality Forums on solstice /Future format of forum, review options eg e version</td>
<td>QMD</td>
<td>12/31/2015</td>
<td>PL</td>
<td>Robert Spencer</td>
<td>1. Number of 2. Core Tool 2. Core Tool</td>
</tr>
<tr>
<td>2.4 DEVELOP AWARENESS OF ASQ AUTOMOTIVE IN TARGET AREAS</td>
<td>Automotive</td>
<td>12/31/2015</td>
<td>●</td>
<td>D Butler</td>
<td></td>
</tr>
<tr>
<td>2.4i 1. Create Quarterly email blasts with activities</td>
<td>Automotive</td>
<td>12/31/2015</td>
<td>●</td>
<td>D Butler</td>
<td></td>
</tr>
<tr>
<td>2.4II 2. Further establish relationships with Regions</td>
<td>Automotive</td>
<td>12/31/2015</td>
<td>●</td>
<td>D Butler</td>
<td></td>
</tr>
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</table>
## ASQ Automotive Division Metrics

### Example

<table>
<thead>
<tr>
<th>TITLE</th>
<th>TTD</th>
<th>STATUS</th>
<th>TREND</th>
<th>DATA TYPE</th>
<th>TOTAL TO DATE</th>
<th>Q1 2015</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>GOAL</td>
<td>ACTUAL</td>
<td>GOAL</td>
<td>ACTUAL</td>
<td>GOAL</td>
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<tr>
<td><strong>Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet with members</td>
<td></td>
<td>▲</td>
<td>-11.11%</td>
<td>Percent</td>
<td></td>
<td>Avg</td>
<td>5.76%</td>
<td>4.26%</td>
<td>15%</td>
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<tr>
<td>DEVELOP AWARENESS OF ASQ AUTOMOTIVE IN TARGET AREAS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Create Quarterly email blasts with activities</td>
<td></td>
<td>▼</td>
<td>0%</td>
<td>Number</td>
<td></td>
<td>Avg</td>
<td>1.5</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3. Establish partnerships with other Divisions/Sectors</td>
<td></td>
<td></td>
<td>-100%</td>
<td>Number</td>
<td></td>
<td>Avg</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>DEVELOP MATERIALS AND ENSURE COVERAGE ACROSS MEMBER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Attend TCC Monthly Meetings</td>
<td></td>
<td></td>
<td>-100%</td>
<td>Percent</td>
<td></td>
<td>Avg</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Status</td>
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</tbody>
</table>
ASQ 2015 Objectives to ASQ Headquarters
Strategy & Tactics/Projects (Example)
Hoshin Kanri 2015: Bottom Line

- Initiative, Project & Performance Alignment
  - Linkage between and among company departments and levels
  - Common definitions, language, and process
  - Reduced resources on non-strategic initiatives/projects

- Improved Communications
  - Increased efficiency with centralized, real-time information
  - Accelerated strategy & initiative buy-in and deployment

- Company-wide Accountability
  - Strategies and initiatives are linked down to the project level with real-time, on-line monitoring
  - Responsibilities and costs are clearly defined and accessible
Hoshin Kanri Case Studies

Quantum DSS (Hard Drives) 100K Disk Drives MADE Per DAY
(Nearly as many as objectives)

Y2K hangover

Extreme Networks
Industry inventor Of Ethernet EVERYWHERE
100 Million spent n developing products no one bought
Grew 50% to ¾ Billion Dollars Revenue
3 Founders CEO, CTO, EVP Engineering

Hoshin familiar to HP trained Leadership
2000, 2001 Implemented Hoshin For 3 Corporate THEMES

Honest analysis during Hoshin Planning caused biz to be sold in 2001 to Maxtor at a nice PREMIUM

“Holding the Team Accountable”
Selected Customers

- **Cisco Systems**: Telecommunication equipment supplier
  - Varied uses including: cascading vision, strategy, execution, tactics/projects through selected organizations, 6-Sigma Portfolio, Program & project mgmt.

- **Amgen**: Discover, develop, manufacture & deliver innovative human therapeutics
  - Cascade & manage goals, objectives & projects. Program & project management

- **Abbott Medical Optics**: Improving vision care for patients around the world
  - Managing/reporting of linked global strategies, initiatives, metrics & projects

- **Great River Energy**: Provides wholesale electric service to distribution cooperatives
  - Alignment and cascading of strategic imperatives to organization work plans

- **Alameda County**: Department of Public Works
  - Linking and cascading initiatives, programs and work plans throughout the organization
Operations Dept. Strategy
ISM: Strategy Rollup

Plan Rollup Summary

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Hoshin Planning

- Hoshin is a planning and implementation process which gives ‘direction’ to an organization when looking at future strategy.
- The analogy that is used is directing a fleet of ships to all arrive at the same destination, at the same time!!
Hoshin Planning

- Facilitates the creation of business processes that result in a sustained competitive advantage in Quality, Delivery Cost and Innovation.
- Aligns the major strategy objectives with the specific resources and action plans.
- Consists of a seven step process that begins with high level strategic objectives and ends with the local level improvement targets.
- ‘Catchballing’ is the driving force of alignment, clarification, and employee involvement.
Summary

- Hoshin Kanri is a management tool that helps organizations map strategy to action.
- Focus and alignment of organizational objectives is a key purpose of Hoshin Kanri.
- Hoshin deployment is based on basic principles of Lean.
- Other tools such as the Balanced Scorecard can be used to complement Hoshin.
Exercise

- Create an X Matrix - take a piece of paper and break into four quadrants (Strategic Initiatives, Focus Strategies, Initiatives/Projects, Target & Metrics)

  - Strategic Initiatives: In groups, list down all the management goals based on organization’s mission, vision and values.
  - Focus Strategies: For each strategic initiative, create 3-5 Focus Strategies using the same color as the related strategy.
  - Initiatives/Projects: For each focus strategy, create 3-5 initiatives or projects that maps to each Focus Strategy, using the same color as the Focus Strategy.
  - Target & Metrics: For each initiative or project create 3-5 target metrics that can be used to chart progress, using the same color as the adjoining initiative or project.

