

INTRODUCTION TO HOSHIN KANRI

POLICY DEPLOYMENT—STRATEGY DEPLOYMENT

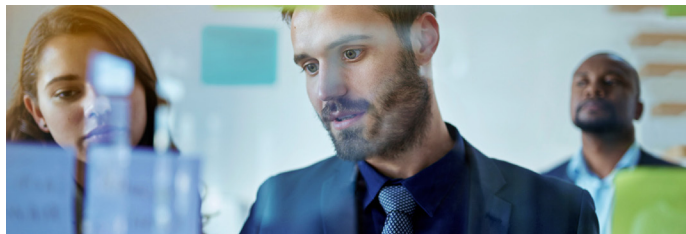
In today's business environment, all organizations are facing the same challenge:

Reducing leadtime – Improving quality – Reducing costs – Managing risks

They all need a **strategic plan**, which must be forward-looking, visionary and achievable, shared by all members of the organization, to define breakthrough projects and to strive toward continuous improvement in the organization's key business processes. They must, in effect, keep "both hands on the wheel" to move forward successfully.

The **Hoshin** strategic planning process has been highly successful in meeting these requirements in organizations over the past 30 years.

It is a key element of Productivity's Management System and is essential to allow any company to build a solid infrastructure, based on teamwork, empowerment and trust, translating to growth and continuous innovation.



1. What is Hoshin Kanri?

Hoshin means—Compass/Vision, Kanri means Management. Therefore, Hoshin Kanri can be translated into Policy Deployment, Vision Management, or Strategy Deployment.

The Hoshin Kanri process is a structured and systematic planning approach for defining long-range key company objectives ('the True North'), deploying them at all organizational levels, and continuously monitoring progress. The Hoshin Kanri process should be established on a 3-year horizon, and reviewed annually.

It allows you to define:

- The breakthrough objectives that typically extend two to three years with little change
- Annual targets to improve with milestones & measures.
- The day-to-day business fundamental actions and measures required to run the business successfully.

This approach provides an extended period of time for the organization to focus its breakthrough effort while continuously improving key business processes day to day.



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From Vision to Daily Work: Alignment

The basic premise behind the Hoshin Kanri plan is that the best way to obtain the desired result is to ensure that all employees in the organization understand the long-range direction and that they are working according to a linked plan to make the vision a reality.

Hoshin Kanri ensures that everyone in the organization is working toward the same end—the achievement of the organization’s strategic objectives.

The plan is hierarchical, cascading down through the organization to key business-process owners, with the Catchball feedback system allowing for plan adjustments. Ownership of the supporting plans is clearly identified with measures at the appropriate level of process ownership within the organization.

Measuring Performance and Monitoring Progress

Fundamental process measures (key performance indicators or KPIs) must be monitored to assure the continuous improvement of the organization’s key business processes. In essence, it assures all are heading in the same direction with a sense of control.



The Plan-Do-Check-Act process improvement cycle enters repeatedly into the plan’s development, implementation and review.

Using the PDCA cycle in strategic planning ensures that:

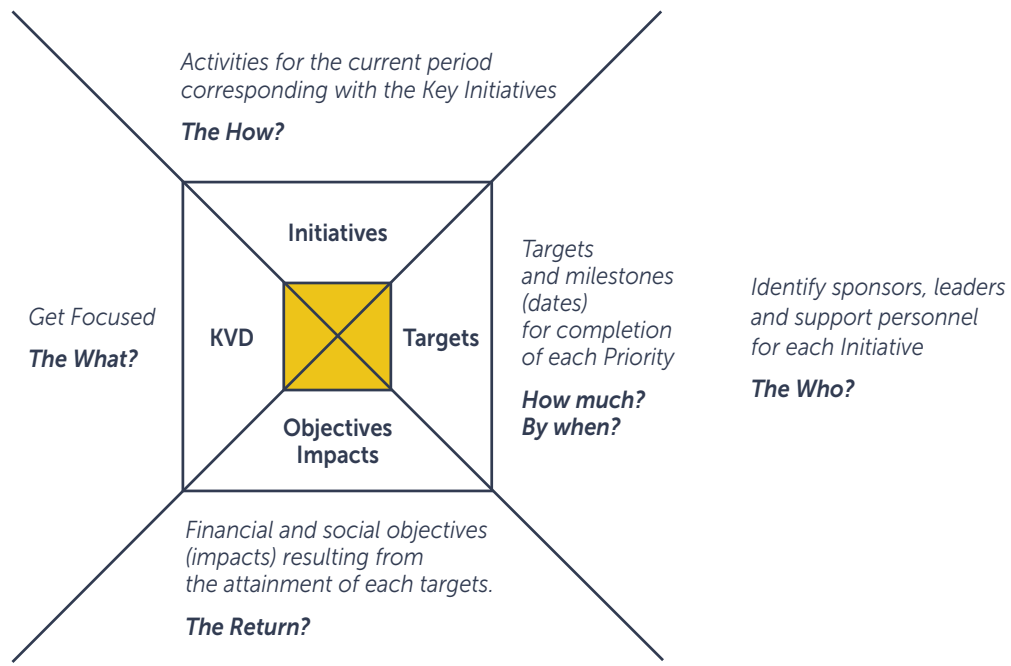
- Plans are developed more systematically.
- Progress on plans is carefully monitored.
- Changes to plans are made where necessary.
- Breakthrough objectives are clear.
- The planning process is standardized and can be continuously improved
- Organizational learning occurs.

The action plans at each level and the corresponding leading and lagging KPIs are visual in the workplace and can be constantly monitored.

2. The Hoshin Kanri Process

Hoshin Kanri is part of Productivity’s Management System *motion*TM, designed by Productivity to sustain a company’s transformation effort.

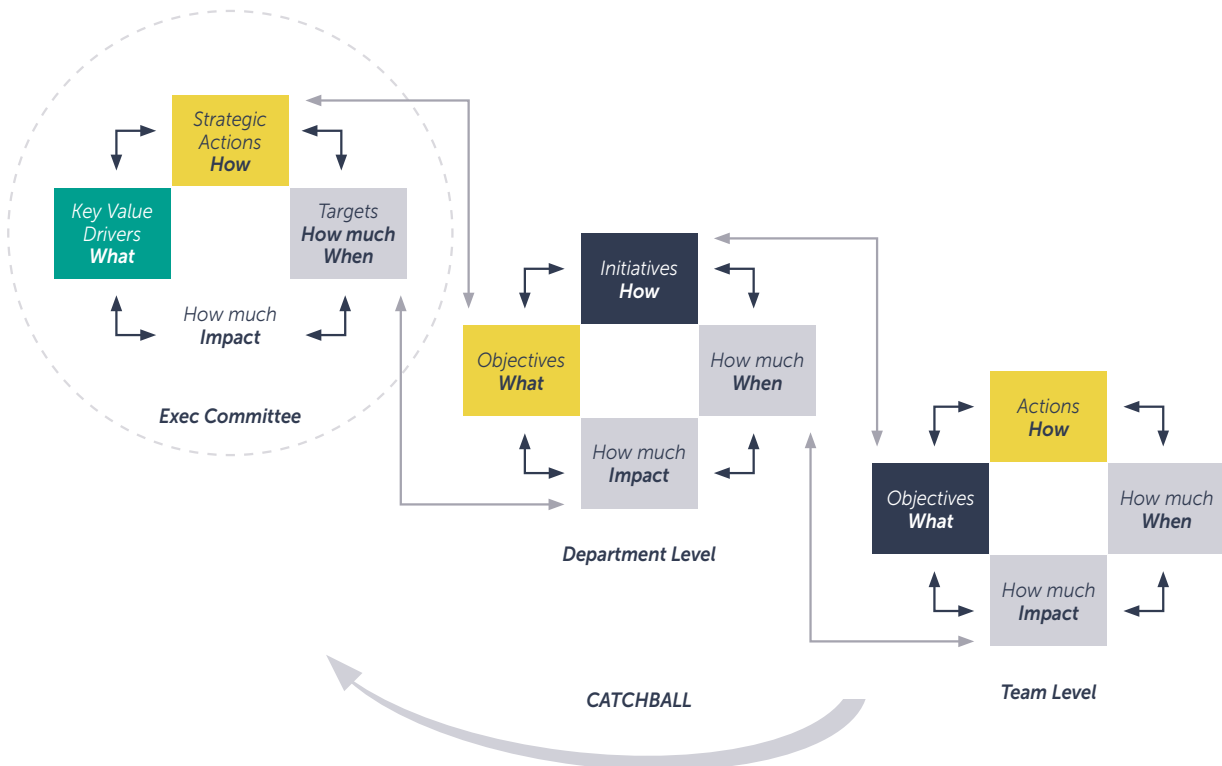
We provide support and coaching to the Management Committee and the different organizational levels to understand the Hoshin Kanri process and how-to best use it in the specific context of their company. We use the **X–Matrix** as a structured way to build and deploy the plan. The X-Matrix shows cause and effect; it connects the dots and visually renders how our daily activities connect to the strategy of the business. The results being the outcome of the actions defined and implemented.



The Starting Point

Based on the company vision, the company diagnosis, and shareholder expectations, the executive committee / C-Suite defines

1. The key company objectives on a 3-year/1-year basis
2. The key Value Drivers the company needs to focus on
3. The key initiatives corresponding to each Key Value Driver
4. The targets for each initiative
5. The sponsorship for each initiative.



Deployment

The X-Matrix is then cascaded/deployed down to the next levels, using the Catchball process which allows communication, feedback and agreement between the different organizational levels, thus ensuring the best alignment and buy-in.

Monthly / Quarterly Review


Once the objectives and key actions have been defined at each level, they are translated into executable and detailed projects and process improvements (using the A3 format).

A3T

Proposed team charter


PROBLEM STATEMENT

For the next five years, our engineering process has not changed. Our design cycle for vehicle chassis design has been extended from six weeks engineering lead time to 12-22 days for new products. This has contributed to significant cost increases to our customers.



TARGET STATEMENT

Reduce engineering process and design cycle for chassis design from 12-22 days to 6-10 days.



ANALYSIS

There will be a number of key areas and things that will be critical to design and manufacturing success. Engineering processes, including customer and supplier design, are critical. Engineering, including product design, is the place to start looking for critical design improvements. Our framework and our design process, including our design tools, are critical. Our design capabilities, the vehicle process, also as much as 10-22 days that need to change.

Theme: Design New Products without Delays

PROPOSED ACTION

- Conduct a 5-day process improvement (SIPOC) study for the design engineering process by identifying SIPOC of the entire new engineering process.
- Perform a SWOT analysis for the business vision and process description for this plan as follows:
 - Identifying quality of the system (technical, cost, and service).
 - Listing the entry points for the engineering process by means of a visual mapping.
- Conduct a 5-day process flow definition study to capture the state of the existing design process.
- Conduct a 5-day value stream map (VSM) study to identify waste from existing products.
- Conduct design iteration thinking to create CAD platform.

IMPLEMENTATION PLAN

Action	Responsible to	Date
• Conduct engineering talent	• Team Leaders	Jan 15
• Conduct technical review of design	• Design Review	Feb 15
• Build new CAD platform	• Design Manager	Feb 15
• Conduct process flow definition	• Design Manager	Feb 24
• Complete CAD mapping	• CAD Manager	Mar 15
• Build CAD platform	• Design Manager	Apr 15

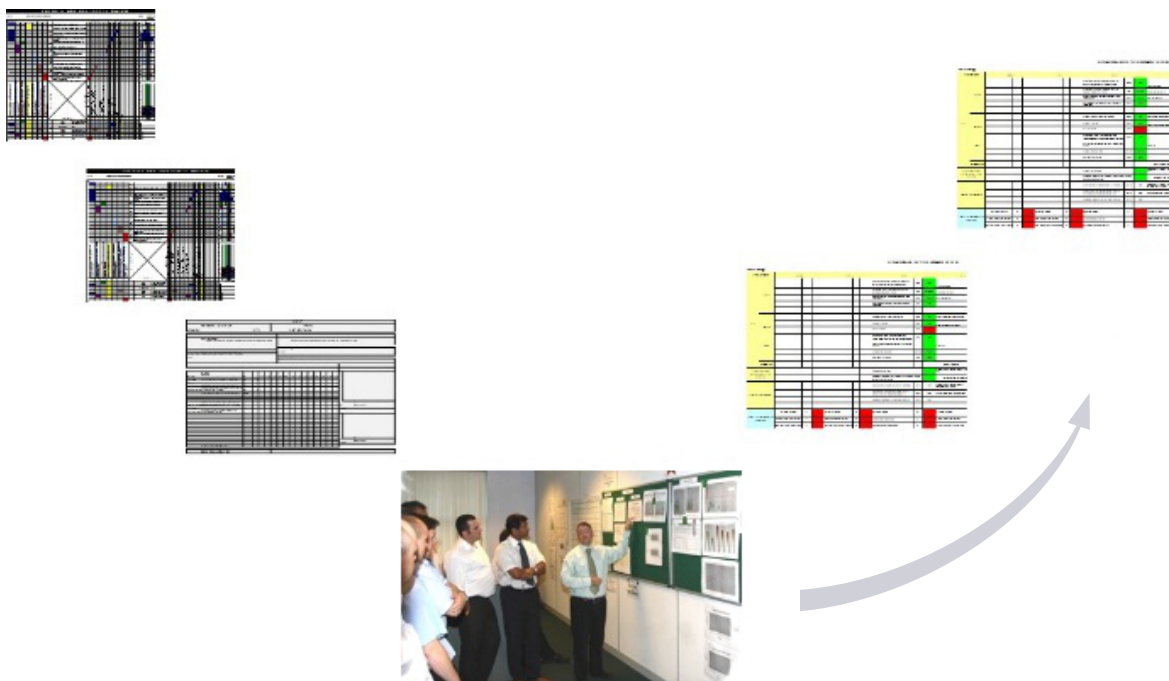
CHECK AND ACT (verification and follow up)

Value	Process	Result	Cost	Quality	OC
jan	Value Stream Map	Result	Cost	Quality	OC
feb	Value Stream Map	Result	Cost	Quality	OC
mar	Value Stream Map	Result	Cost	Quality	OC
apr	Value Stream Map	Result	Cost	Quality	OC

Date: xbc/xx/xx

Reporting Unit: Engineering tactical team

These are then embedded into the team's daily work through a daily management system built in the workplace—a regular monitoring and review system created to ensure progress and counter measures when necessary.



Department teams will establish the periodic review sequences (daily) and the Management team will define their regular review process (monthly). A multi-level meeting can be set up quarterly.

3. Impacts and benefits of Hoshin Kanri

A well-structured, deployed Hoshin Kanri process, built on a 'learn by doing' approach, and based on top-down / bottom-up principles of people engagement allows:

- The development of a disciplined, clear and easy objective-setting process
- A clear and unique deployment framework organization-wide, that all employees refer to
- Clarity of objectives, at each level, and the understanding of their cause and effect relationship
- People buy-in and transparency

Hoshin Kanri creates a system that reinforces and aligns leadership aspirations with company-wide improvement initiatives.

Call us today to learn how to introduce this process to your organization.



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