

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:

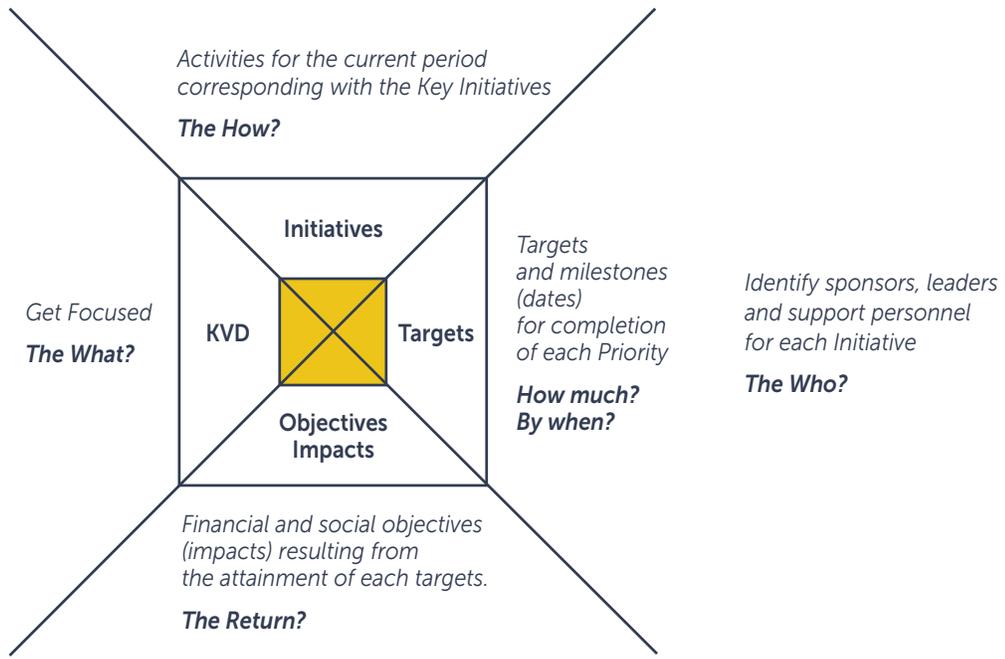
- Plans are developed more systematically.
- Progress on plans is carefully monitored.
- Changes to plans are made where necessary.
- Breakthrough objectives are clear.
- The planning process is standardized and can be continuously improved
- Organizational learning occurs.

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.

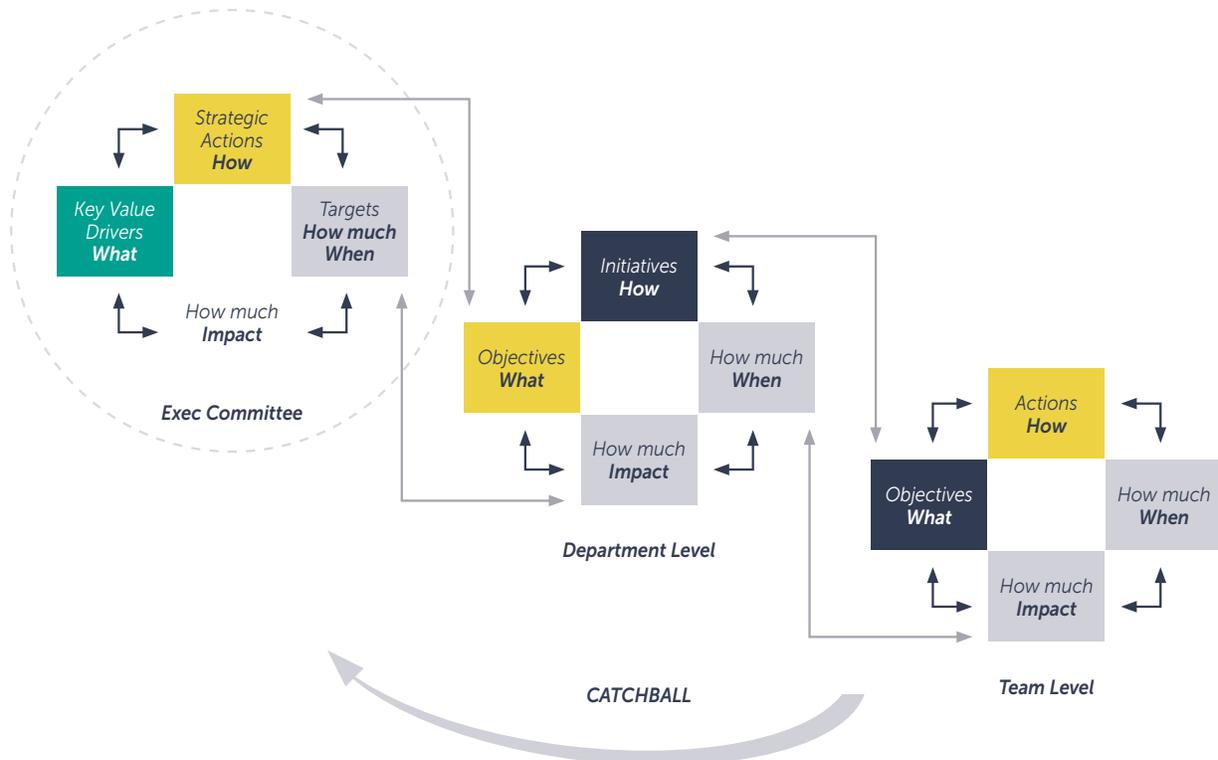
We provide support and coaching to the Management Committee and the different organizational levels to understand the Hoshin Kanri process and how-to best use it in the specific context of their company. We use the **X-Matrix** as a structured way to build and deploy the plan. The X-Matrix shows cause 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.



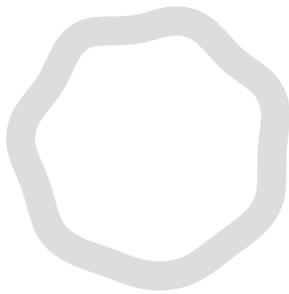
3. Impacts and benefits of Hoshin Kanri

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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