Perfecting Strategy Execution

Success through Hoshin Kanri
Anthony Shingleton, Principal, BMGI

European Director for Strategy and Hoshin Planning Execution

Country Manager for France and United Kingdom

Confirmed Trainer, Coach and Consultant

Demonstrated success in R&D, Sales, Business Development, Operational Excellence, Finance, & Program Management
Agenda... 20 minutes to cover

• What is Hoshin Kanri
• What a Hoshin Plan looks like
• Top 5 Dos & Don’ts
• Why now?
• Challenges you will face
• How & Where to Start
• Questions & Answers
• Feedback
What is Hoshin Planning?

So, what’s this word ‘Hoshin’ all about?


A Compass! A VISION COMPASS!
7 Step Hoshin Planning Process

1. Establish Organizational Vision
2. Strategic Planning: Develop 3-5 Year Breakthrough Objectives
3. Develop Annual Objectives
4. Deploy Annual Objectives
5. Implement Annual Objectives
6. Monthly Review
7. Annual Review

Innovation Tools
Catchball
Lean & Other Tools

Self Diagnosis
Documenting the Hoshin Process

1- WHAT

2- HOW FAR

3- HOW

Top Level Improvement Priorities
Annual Breakthrough Objectives
3-5 Year Breakthrough Objectives
Targets to Improve

4- HOW MUCH

5- WHO

NOTE: Only Solid dots on a resource deploy to the next level

RESOURCES

● = Primary Responsibility
○ = Secondary Responsibility

OWNER
# The Top Level Matrix

## Top Level Hoshin Planning Matrix

<table>
<thead>
<tr>
<th>Top Level Improvement Priorities</th>
<th>Target to Improve</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Launch 3kW and 4kV Blocks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eliminate Top 2 Causes Voluntary Turnover</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eliminate Top 3 Scrap Causes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cellularize &amp; Product Families</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Improve Total Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Kanban 11/12 P Bolts, Washers, Pre-galvanized</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Achieve Bookings Plan</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Complete Utiliserve Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Complete WEESCO Sales Project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eliminate Inventory Inaccuracy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3.35 Sigma (Total PPM)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>On-time Delivery 16-Day QuickFleet</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Breakthrough Objectives

- **Inventory Accuracy to 95%**
- **WEESCO Sales of $10M**
- **Achieve Bookings of $20M**
- **Complete Kanhistoric Plan**
- **Reduce Scrap to $2.2M/May 2001**
- **Reduce Voluntary Turnover to 0%**
- **Increase Incremental Average Sales $10M/May 2001**

### Breakthrough Objectives

- **Steve Petes**
- **Nancy Backley**
- **Fred Burtenshaw**
- **Jim Glab**
- **Dave Nies**
- **John White**
- **Paul Lindemuth**
- **Dave DeAngelo**
- **John Sekowski**

### Resources

- **Primary Responsibility**
- **Secondary Responsibility**

**Janice Gomez**
Second Level Matrix

Improvement Priorities Cascade to the Point of Action

Cascade as many times as necessary to the Point of Action Level
Symptoms that your Organization would benefit from this

The Organization Will See....

- Too many bad projects on-going.
- Very long lead-times for improvements.
- Constantly missed budgets and forecasts.
- Senior management vision does not match organizational activities.
- Annual objectives rolled out in March instead of January.
- Way too many good projects in process.
- Year to year plans never seem to connect.
- Most employees never seem to feel a part of the team.
- Little connection between strategy and continuous improvement.

Common Issues That Surface

- Too many top level objectives
- Objectives do not cascade deep enough into the organization
- No action plans in place at the point where cascade ends
- Infrequent follow up
- Opinion rather than fact based countermeasures
- Adding objectives at lower levels that do not tie or link to previous levels.
- Deployment of daily management as breakthrough objectives
- Targets not measurable or SMART
- Fear of stepping outside a comfort zone when setting stretch objectives.
So where do you find yourself?
Poll Results – Question 1

What symptoms do you see in your organisation? (Tick all that apply)

- Most employees do not feel part of the team
- Senior Management Vision does not match organisational objectives
- Too many bad projects ongoing
- Link between strategy and improvement projects unclear
- Constantly Missed Budgets and Targets
Poll Results – Question 2

Which common challenges have you experienced? (tick all that apply)

- Resistance to reporting and feedback at lower levels
- Too many top-level objectives
- Targets are not SMART
- Pile-up of objectives at lower levels of the organisation
- Objectives do not cascade deep enough
Dos & Don’ts

**Dos**
1. Take the time to setup
2. Align with Budget Cycle
3. Census all improvements
4. Use Innovation Tools
5. Pilot in one Business Unit

**Don’ts**
1. Make this just a Tracking tool
2. Underestimate Resistance to change
3. Cover just Financial objectives
4. Forget to review the process
5. Do this “alone”
4 Growth Strategies

**Core Market Growth**
Bringing better solutions to existing customers to get the job done better

**Disruptive Growth**
Bring disruption by entering the low-end or new markets with lower performing, cheaper products to non-consumers

**Related Market Growth**
Bringing newer solutions to existing customers get related or ancillary jobs done

**New Market Growth**
Bringing newer solutions to perform jobs for which ad hoc or no good solutions exist

What is my best possible Future?
Develop 3-5 Year Objectives

Breakthrough

Kaizen

Daily Management
# Linking to Performance

## Top Level

### Bowling Chart

<table>
<thead>
<tr>
<th>Policy Deployment Top Level Bowling Chart</th>
</tr>
</thead>
<tbody>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
</tr>
<tr>
<td><strong>Quality</strong></td>
</tr>
<tr>
<td><strong>Delivery</strong></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td><strong>Growth</strong></td>
</tr>
</tbody>
</table>

## Second Level

### Bowling Chart

<table>
<thead>
<tr>
<th>Policy Deployments Second Level Bowling Chart</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority</strong></td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
</tr>
<tr>
<td><strong>Quality</strong></td>
</tr>
<tr>
<td><strong>Delivery</strong></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td><strong>Growth</strong></td>
</tr>
</tbody>
</table>

### Action Plan

- **Core Objective:**
  - **Timeline:**
  - **Planned Dates:**
  - **Status:**
  - **Impact:**

- **Owner:**

- **Environmental Situation Summary:**
  - **Department/Location:**
  - **Management Owner:**
  - **Date:**

- **Review Team:**
  - **Next Review:**
**Background:** “Quality of Science”

At present, only XX% of current patients have identified biomarkers which make them good candidates for phase 2 clinical trials. Our objective is to….

This supports the Hoshin Objective of improving the quality of science as measured by increasing the PTS to 60% by 2013.

**Target Conditions:**

- **Hoshin:** PTS 15% Bio 40% 09
- **Targets:** 20% 50% 10
  - Biomarkers is 35%.
  - Industry standard for PTS is 40%.

**Best in Class Statement:** Industry standard for Biomarkers is 35%.

**Results/Metrics:**

<table>
<thead>
<tr>
<th></th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal</td>
<td>0%</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
<td>12%</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Biomarkers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
<td>40%</td>
<td>45%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Action Plan/ Progress to Date:**

<table>
<thead>
<tr>
<th>Major Action Step</th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine which molecules currently have the best Bio rates.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify which molecules have not identified any bio markers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have joint training session with......</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publish biomarker geography map to demonstrate...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Issues/ Action Items:**

<table>
<thead>
<tr>
<th>Problem</th>
<th>Counter Measure</th>
<th>Responsibility/ Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molecule identification is behind due to resource allocation issue.</td>
<td>Move Frankie to new division...</td>
<td>Janice C.- 8.30</td>
</tr>
<tr>
<td>PTS Drastically off target.</td>
<td>See detailed counter measure sheet</td>
<td>Ben Franklin – 9.30</td>
</tr>
</tbody>
</table>

**Date:** 8.08.08
Where & How to start?

1. **Raise awareness** of (lack of) connection between Strategy & Execution at Executive Management Team/Board Level
2. Build the X matrix of the “**Current State**” (“Oh Nooo” data)
3. Clean & **Simplify** current state at Senior Mgt Level
4. Devise your **Hoshins**
5. 2\textsuperscript{nd} Clean & **Alignment** to Hoshins
6. Proceed with completion of X Matrix for the “**Future State**” in one Business Unit
7. **Execute!**
More information on Hoshin

1-day Hoshin Strategy execution Workshops:

• Paris, FR - 22nd March (Innovation 21\textsuperscript{st} March)
• Brussels, BE - 23rd May (Innovation 24\textsuperscript{th} May)
• London, UK - 7th June (Running Kaizens 8\textsuperscript{th} June)
• Amsterdam, NL - 21st June (Change Leadership 22\textsuperscript{nd} June)

Please visit \url{http://www.bmgi.com/training} for more information on course content.

Email: info.eu@bmgi.com
Stay connected.

...on facebook BMGI Page

http://fr.linkedin.com/in/anthonyshingleton
Perfecting Strategy Execution

Success through Hoshin Kanri