



greener pastures. This requires a different mindset for most managers who have worked their way up through the ranks. Too often, a manager's perceived limitations and lack of resources limit the amount of imagination needed to truly outperform within your industry. Once the decision is made to make the improvement journey, the Hoshin Kanri Tool will assist you in selecting the best path to support your business's vision.

## The Strategic Planning Process

In a company that has little or no strategic planning process, ideas come to fruition on the fly, some of which may be impactful strategically, but most not. Ideas may be born with the best intentions, but without the understanding of their impact on the "big Y goals" they tend to be a distraction instead of a value-added activity. There is usually little or no understanding and visibility as to what competitors are doing within your industry or what continuous improvement leaders are doing in others. Management is usually locally developed with little or no exposure to outside influences.

Executives who look outside their industry for ideas and incorporate what they see into their business model are more likely to have some impact. They find strategic initiatives—such as Lean manufacturing and Six Sigma—have helped other companies, so they drive management in that direction. The problem here is that these initiatives are so broad that finding the correct elements of the strategy, which will have the greatest impact, is "hit or miss." Choosing "popular" elements, such as "5 Whys" or "5S," without fully understanding what impact they have or why these are important to incorporate—especially ahead of the other elements of Lean and Six Sigma that are known to exist—usually leads to unsustainable programs and confusion for the leaders who are executing the plan.

A good strategic planning process is one which pulls together the members of the management team who have the intuition to reach for the BHAGs (Big Hairy Audacious Goals). Often, BHAGs are considered unreachable or unrealistic, yet those managers are unhindered in their aggressiveness to differentiate themselves from the competition without fear of failure. The planning process would be documented with some sort of tracking tool (Hoshin Kanri), which would give a visible summary of such a strategic plan. Lean Six Sigma resources would be available with a full range of tools—Lean elements—to choose from. Finally, the plan would be reviewed by the entire staff and leadership team to gain full understanding and scope of the plan and its impact to the "big Ys" in order to eliminate barriers to execution.

The following are the steps involved in developing the strategic plan and should be followed carefully.

**1. Goals/Results.** Goals/results are the high-level goals set by the executive staff. The entire executive team should be present in the development of these goals, and they should have a three- to five-year horizon. They should be aggressive in nature, and it is recommended there be VOC (Voice of the Customer) and VOB (Voice of the Business) balance, as focus on one over the other will prove detrimental to the company's long-term sustainability. The goals should be very specific, utilizing actual percentages and values to differentiate the business from your competition within your industry.

Once the goals/results are completed by the executive staff, middle management meets to discuss what annual strategies are needed to accomplish these goals.

**2. Strategies (Annual Initiatives).** These strategies can be vague and general with little attention to detail. They must be methodologies, best practices, or initiatives that will have a big enough impact on the business in order to meet the aggressive goals set in Step 1. A view to other industries should be made in order to bring new ideas into the business at this time. The number of strategies should be limited to five or six, as more than that will create confusion within the organization. The strategies chosen

can have an impact on multiple strategic goals. This should be one criterion when selecting a vital few to pursue and should be marked with an “x” in the cell that shows a correlation between them.

As the strategies are finalized by middle management, a review with executives may be prudent to finalize the annual initiatives. Once this review has been completed, middle managers will meet with department managers and leaders to perform an assessment of the organization to determine where the areas of opportunity lay that will have the biggest impact on the annual strategies. The assessment will be used in determining which tactics will be selected to align to the strategies.

**3. Tactics.** Tactics are projects that need to be aligned to annual strategies and are focused in nature with limited times and teams assigned to drive completion. They should have a clear definition and scope with the ability to produce measured results. Tactics may be selected from contents within the toolbox of the Lean practitioner you selected to project manage your continuous improvement journey. Select those that will have the greatest correlation to the strategic goals and strategies. Currently I have approximately forty-five elements in my toolbox to select from. I utilize the vital few that have the largest impact on my strategic goals (see sidebar for specific categories).

Tactics can be implemented using any problem-solving methodology, from just-do-its to DMAIC (Define Measure Analyze Improve Control) projects, etc., but must have the impact set by the strategic goals. That required impact will also determine to which level each element is executed, as each could range between having a notion of the element or the highest production system level. One tactic could have an impact on multiple strategies, as they will be marked with an “x” in the cell that shows the correlation between them on the Hoshin Kanri tracking tool.

**4. Metrics.** Metrics are how the impact of the tactics is measured and must be quantifiable and sustainable over time. They must not only show correlation to the tactic being measured but must also correlate to one of the strategic initiatives. This final correlation closes the loop and provides the final check to make sure the organization is completely aligned with the business strategy both organizationally and culturally.

**5. Accountability.** Accountability is where the rubber hits the road in strategic development. If management does not make their teams accountable, then goals will be shelved and no progress can be expected. The Accountability section assigns a leader

## Lean Toolbox Elements

**Manufacturing Operating Rhythm.** Quality System Structure, Manufacturing Operating Rhythm (MOR), Short Interval Production and Quality Tracking, MOR Support Functions Efficiency, MOR Support Functions Implementation, Visual Factory and Communication Boards, Suggestion System, 5S, Standard Work

**Built-In Quality.** Voice of the Customer (VOC), Voice of the Process (VOP), Critical to Quality (CTQ) Definition Process, Product Hold/Stop Orders, Material Quality, and Results-Oriented Statistical Sampling (ROSS), Calibration Measurement System Analysis (MSA), Gauge Repeatability and Reproducibility (R&R), Process Audit, Final Product Audit/Outgoing Quality Audit, Product Audit and Check-Do-Check (CDC), Total Productive Maintenance (TPM), Shelf Life, Change Management, Problem Solving and Root-Cause Analysis, Electrostatic Discharge (ESD), Dust Free Environment

**Lean.** Worker Flexibility, Value Stream Mapping, Balanced Production, Production Scheduling Changeover, Manufacturing Time Definition (Auto Workshop and Line Assemblies), Line Capacity Analysis, Production Control System, Single-Piece Flow and Work-In-Process Management, Reception and Warehouse Architecture, Material Process Handling and Internal Material Providing and Handling, Water Spider and Kitting Process, Kanban, Constant Daily Output and Leveling Production, Inventory Management

**Culture.** Training System, Andon System, Lean Walk (Gemba), People Ownership, Influence, Quality Policy

whose role has a strong correlation to the project. It also tracks project involvement, which is done so as not to overwhelm team members and level the workload to be accomplished.

## Summary

The result of your policy deployment should be a clear alignment of the entire organization to the corporate goals. The process of policy deployment is not to be underestimated. As executives and managers driving continuous improvement, it is imperative that this or any other process be established and rigorously followed with discipline. No matter who is executing your plan, it is up to you to ensure the success of your company's future.

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