How to deploy hoshin kanri successfully

FEATURE – Strategy deployment is fundamental to a lean transformation, but managers often struggle to understand its importance amid the day-to-day firefighting. This article will tell you how to make hoshin happen.

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It's a Thursday afternoon at the production facility of a truck manufacturer. The production manager is in his office, catching up on some work. It has been a good day so far, and he is confident that the weekly output requirements will be met. After all, his team leaders have been telling him that production has been running smoothly all week.

Just when he is about to start replying to the 42 unread emails in his inbox, his phone rings. It's one of his team leaders on the shop floor, saying that there was a problem and that production will be lucky if it makes 50% of the expected output.

In a second, the manager is back in crisis mode, but there is nothing he can do at this stage to solve the problem. It's too late to make it to 100%. The call with his boss in the US is not going to be pleasant tomorrow.

Does this sound familiar? It does to me, because I used to be that manager! When I was in that role, I learned very soon how problems tend to surface all of a sudden and escalate even faster.

Most of the managers I support as part of my job at Lean Management Instituut are genuinely interested in improving their organizations and show a lot of enthusiasm at the idea of being able to contribute to making their workplace better. However, they find it really hard to move to that next level because they are simply too busy putting out fires.

They are so caught up in the daily process that the prospect of working on something like hoshin kanri (strategy deployment) is too daunting to them, even though they know it has the potential of solving their problems.

> **The three main tasks of a manager could be defined as:**
> - **Ensuring the value stream is running;**
> - **Helping to take the company to the next level, by acquiring new business, developing people and so on;**
> - **Problem solving using the PDCA cycle**

The first task often corresponds to daily firefighting, while the real value adding activity is the second one.

Typically, we see managers engaged in firefighting for some 80% of their time. This disproportionate number causes them to dedicate very little time (around 5%) to PDCA-based problem solving, which should instead be treated as a critical element to any job. This of course leaves them with a mere 15% that they can dedicate to adding value to the business, be it by coaching team leaders, reaching out to new customers, or engaging with existing ones.

What we at LMI have realized, working with dozens of organizations in every sector for the past 10 years, is that if you properly deploy practical hoshin kanri, the visual management element of it can be used to bring down the time you need to ensure the business is running smoothly from 80% to 20-30%.

There will then be enough time to consistently apply solid problem solving (from 5 to 15% of the manager's time), while still being left with a staggering 65% of time that can be used to develop the business.

Unbelievable as it may sound, this situation is possible to achieve by using strategy deployment to create visibility of problems. What any company needs is one clear overview of the processes, through visual management boards at every level of the organization.

Figuring out what is working and what isn't will make a manager feel in control of the situation again. And this does not need to be a long exercise – it can take a single afternoon, if you start simple.

SIMPLICITY DOES IT

When it comes to strategy deployment, one of the most commonly asked questions is: "Where do I start? Process level? Organizational level?"

The simple answer is that you should start wherever the problems you want to solve are, so long as there is a system for daily accountability in place and the boards are present at every level and communicate with one another across the organization.

If you start at organizational level (as we have in many occasions), you'll soon see that the value streams become more visible and that what you need to do to improve them becomes much clearer.

The next step is to determine what each department must contribute to the overall system. For example, what does the sales department need to do in order to reach that specific goal?

If you were to start at process level, the same principles would apply. How does a cell contribute to the shipping process, for example?

The work must be translated into individual contributions from each level in the organization or, at process level, from each cell in the production area. This way, gaps will soon become easier to spot, and with them the opportunities for improvement.

Communication among levels remains critically important throughout the system.

WHAT ARE THE DIFFICULTIES?

As goals are set at top management level, the need to communicate them (translated into contributions) to people on the shop floor becomes fundamental. The in-between step, which is a very important channel of communication, is often the problem: an overburdened middle management tends to represent the weakest link in the interaction between senior management and front line staff.

"Are materials in?" "Are the machines running?" "Are we doing any overtime this evening?" Answering these questions and dealing with daily processes is time-consuming and prevents middle management from effectively acting as the necessary vehicle for top-to-bottom communication. The connection between point kaizen and system kaizen is critical, but really difficult to establish.

But if you make it all visible in a simple, mistake-proof way, then you'll be able to make progress. And that is when you get to the central part of the system, the A3 – in this sense, this represents the plan to move forward, so it's no surprise that it sits at the center of the board and at the core of the improvement effort.

In most strategy deployment implementations, visual management and A3 thinking are used separately. What Lean Management Instituut has been able to demonstrate, in years of work and observation, is that the two should be used as part of the same, structured system to identify and solve issues.

HOW IT WORKS

Talking about problems is nearly impossible when they are not visible. With lean we try to solve problems, but in order to do so we need to get topical, and visual management serves that purpose perfectly. It allows you to see the difference that deviation makes at process level – the impact of missing parts, missing people, broken machines, and so on – and how that impacts on the end result.

Problems at process level tend to escalate very quickly. But if you have visibility over what's not conforming to the norm, you can control it, and this gives you the mental capacity necessary to concentrate on other things.

So here are the steps to practical strategy deployment:

1. Translate your organizational challenges into practical plans for the organization

The image contains a diagram with callouts "Making Yearly Plans" and "Measuring Monthly" and a board table.

Translate the organizational goals into tangible goals for your part of the organization.

Understand how you are doing over the last years in relation to the goals you want to achieve. This gives you a good idea of what to work on first.

Now that you understand the gap and the urgency, you can make your improvement A3s. On this level we talk about "strategic A3s". The A3 will give you insight into which KPI (as few as possible) you would like to follow to see if the organization is moving towards the targets. The A3 is really the "pivot point" in strategy deployment.

What are the indicators you are following on a daily basis to see if you are progressing or not on organizational level? These KPIs will be input for the departmental oobeya boards. Measure daily, move once per month.

The real power is in good problem solving. The organization will learn by understanding why something is working or isn't. First do daily problem solving, and then go back to the strategic A3.

	PLAN			DO & CHECK	ADJUST
	Yearly goals for the organization	Understanding the gap	Improvement A3s	Measuring on a monthly basis	Problem solving Move from red to green
SAFETY					
QUALITY					
DELIVERY					
COST					

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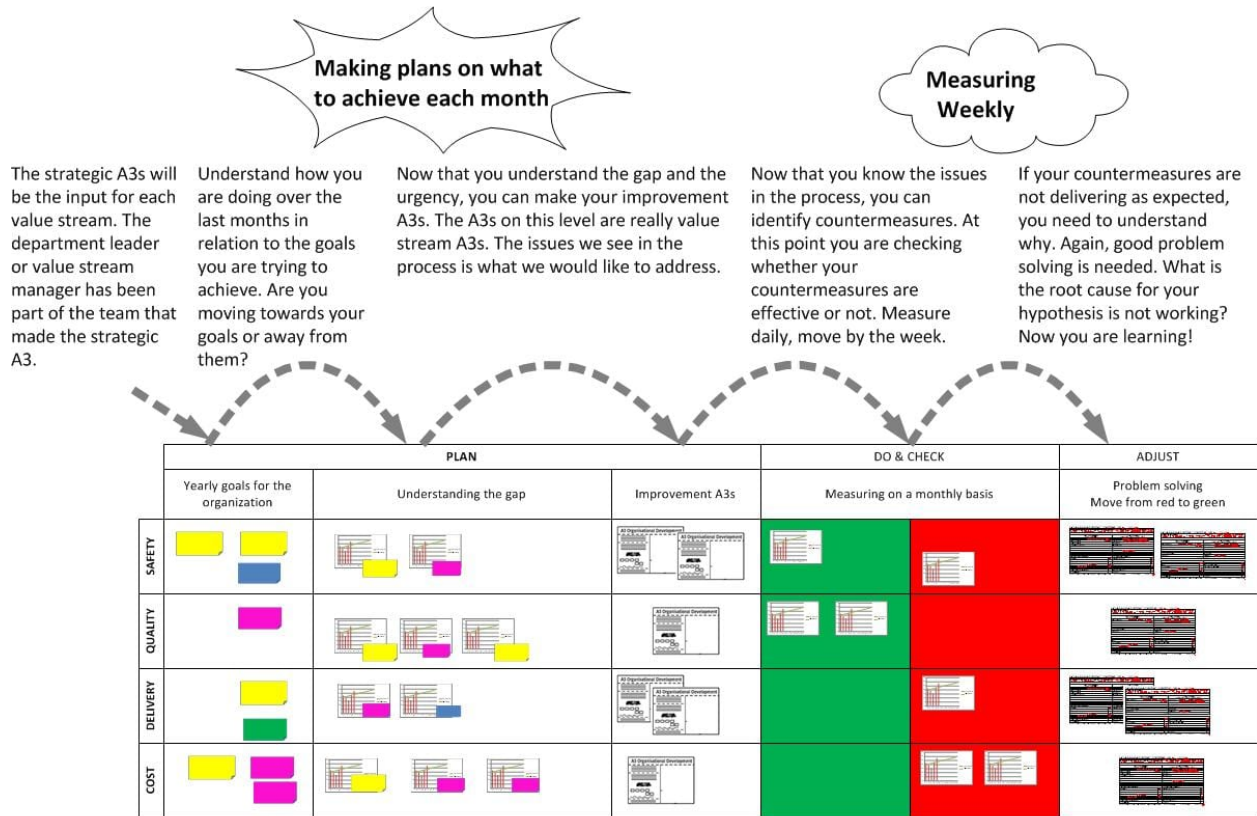
Organizational board

- In this step it's necessary to break down the organization's strategic goals into objectives for each area, by making the strategic A3s for achieving those objectives together with senior management and department leaders and/or value stream managers.

- You then need to create an organizational oobeya board (bear in mind that an oobeya board can only work if it is connected to different levels of the organization).

- An oobeya board per value stream level will also be necessary, to link goals and targets of each level to one another.

- This way, the company goals will break down into process-level goals, as the time frame goes from yearly to monthly and from monthly to weekly, and so on, at the different levels.

A few years ago, I was contacted from a manager running 15 factories across the continent of South America, from Mexico to Argentina. His problem was to convey the corporate message and goals to each of the sites. We sat together and started

discussing how we could achieve this, knowing that sending an email and hoping the right behavior would come out of it would not cut it.

We started with a two-day event at factory level, during which all the relevant data was gathered. This was a big "aha moment" for many in the organization as they finally saw what they had to focus their efforts on.

2. Make sure we deploy the right improvements for each value stream

Making plans on what to achieve each month

Measuring Weekly

The strategic A3s will be the input for each value stream. The department leader or value stream manager has been part of the team that made the strategic A3.

Understand how you are doing over the last months in relation to the goals you are trying to achieve. Are you moving towards your goals or away from them?

Now that you understand the gap and the urgency, you can make your improvement A3s. The A3s on this level are really value stream A3s. The issues we see in the process is what we would like to address.

Now that you know the issues in the process, you can identify countermeasures. At this point you are checking whether your countermeasures are effective or not. Measure daily, move by the week.

If your countermeasures are not delivering as expected, you need to understand why. Again, good problem solving is needed. What is the root cause for your hypothesis is not working? Now you are learning!
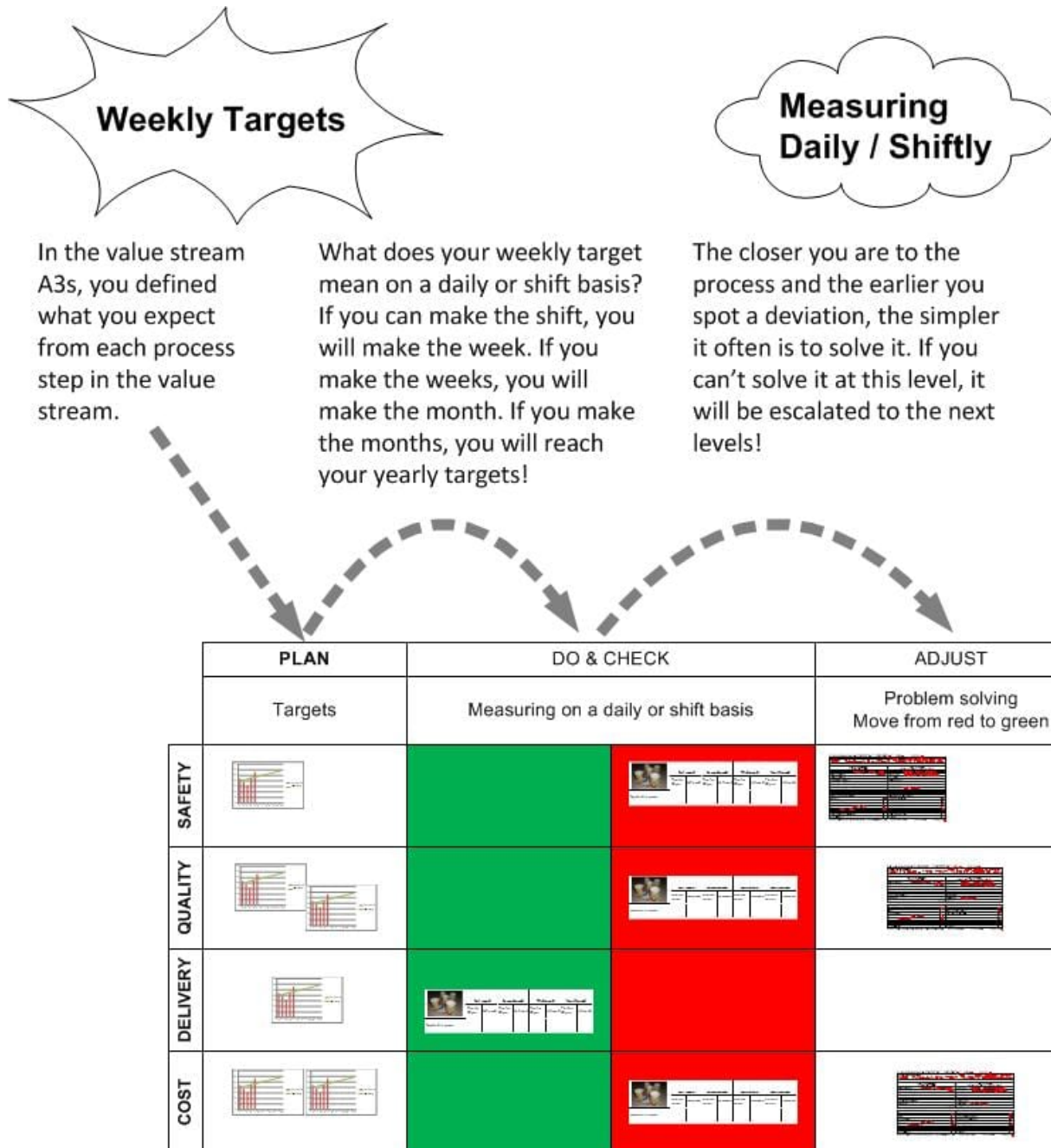
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Value stream level

- Now that you have identified what the value stream contribution to the goals you would like to achieve as an organization is, you need to identify which gaps you need to close at value stream level. With the input of the strategic A3s, managers and team leaders/group leaders and possibly colleagues working in the daily processes will make value stream A3s. Catchball is starting to happen!

- Create oobeya boards at value stream level, by identifying the targets first, and visualizing them secondly.

- The real goal here is to use the input of every employee to make a plan for each value stream and see if the plan you made is working.
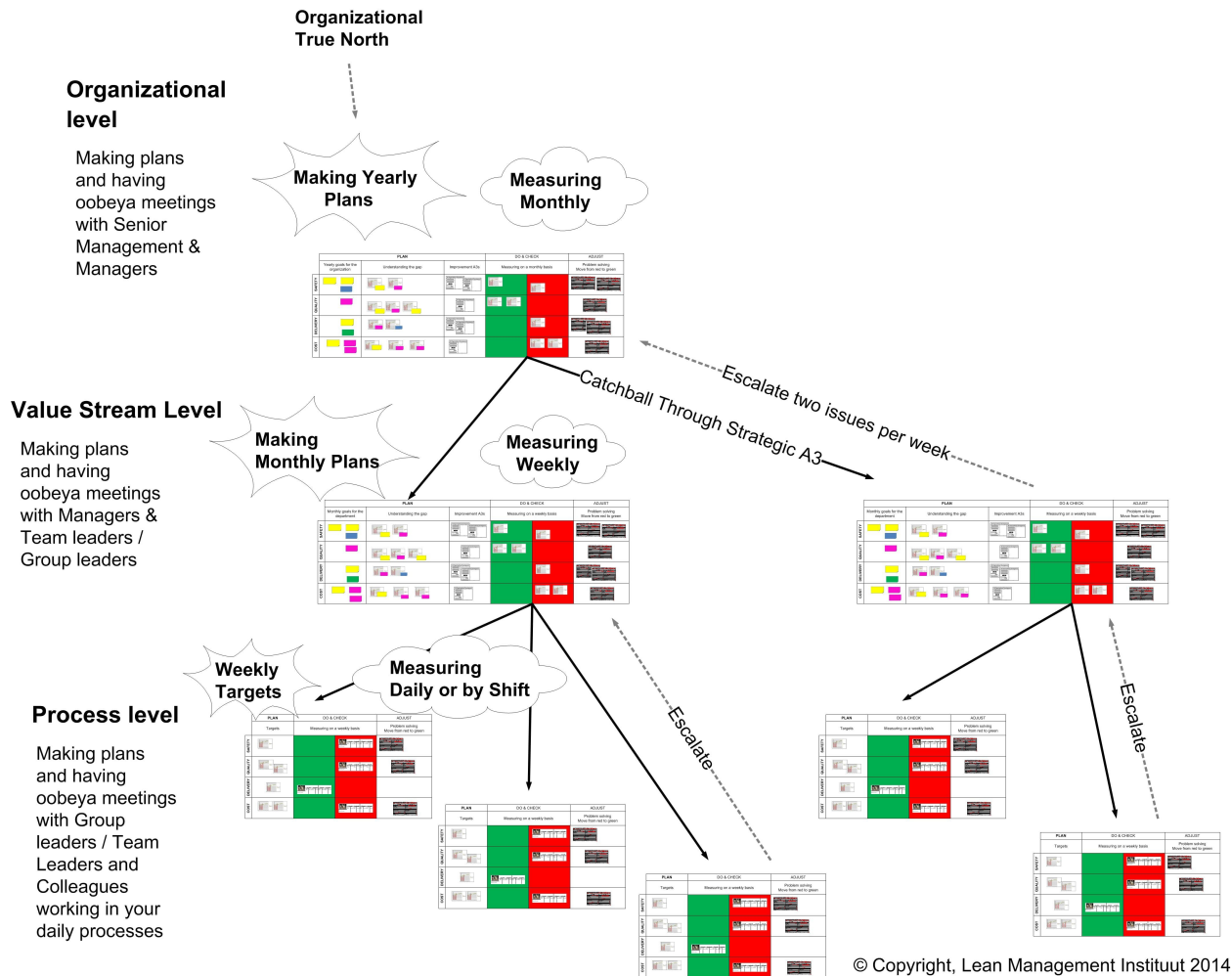
3. The real progress is made at process level

Weekly Targets

Measuring Daily / Shiftly

In the value stream A3s, you defined what you expect from each process step in the value stream.

What does your weekly target mean on a daily or shift basis? If you can make the shift, you will make the week. If you make the weeks, you will make the month. If you make the months, you will reach your yearly targets!

The closer you are to the process and the earlier you spot a deviation, the simpler it often is to solve it. If you can't solve it at this level, it will be escalated to the next levels!

	PLAN	DO & CHECK	ADJUST
	Targets	Measuring on a daily or shift basis	Problem solving Move from red to green
SAFETY			
QUALITY			
DELIVERY			
COST			

Process level

- The real progress happens at process level (whether you are working in an office environment or a factory). With the input of everybody in the organization, you broke down your organizational goals into understandable and achievable steps you need to make every day. If you are not able to make the improvements you thought you could make, escalate to the level above (the same goes for each level in the organization).

- During every shift, hold a short meeting to assess whether plans are working and measure progress against the monthly target you have to reach. The measurement is really simple: OK = green (but make sure to observe where the trend is going); not OK = red.

- Use visual management to document what you find out: progress is measured by actually moving the KPI graph sheet to the red or to the green field as necessary. This is extremely visual and intuitive, and tells you immediately what KPIs are not OK. If a target is in the red field, you have to define a countermeasure to move it back to the green field. You might also have to review the A3 again.

- What do you do with problems that pop up on oobeya boards? Handle two issues per week (focusing on the really vital few and getting them fixed) using simple problem solving tools to attack simple problems and A3 thinking to tackle the more complicated ones.

- Go to the gemba to see progress (or the lack of it) first hand and determine whether targets will be met. Spotting deviation in reaching targets is a fundamental step towards meeting them. Bear in mind that it might be difficult to link the things that are actually happening on the floor to reaching the targets.

During this phase you might notice that the group finds it difficult to define countermeasures; consequently, the need for problem solving training might arise.

The key to the success of the implementation of hoshin kanri is keeping visual management boards as simple as possible, with the red and green system.

No information has to be searched for; it should be all there at all times, readily available and easy to spot.

Organizational
True North

**Organizational
level**

Making plans
and having
oobeya meetings
with Senior
Management &
Managers

Making Yearly
Plans

Measuring
Monthly

Escalate two issues per week

Catchball Through Strategic A3

Value Stream Level

Making plans
and having
oobeya meetings
with Managers &
Team leaders /
Group leaders

Making
Monthly Plans

Measuring
Weekly

Weekly
Targets

Measuring
Daily or by Shift

Process level

Making plans
and having
oobeya meetings
with Group
leaders / Team
Leaders and
Colleagues
working in your
daily processes

Escalate

Escalate

The catchball process

Over the years, we have seen this system succeed in several working environments, from factories to government agencies.

Of course, accepting to engage in strategy deployment can seem counterintuitive at first. In appearance, the fixed rhythm and repetitive actions that hoshin kanri calls for could stifle creativity. "You are giving me more things to do and asking me to dedicate time to this every day, even though I'm already extremely busy," a manager might think. On the shop floor, a team leader might in turn think: "We are already behind schedule? What's this nonsense now?"

However, in the longer term strategy deployment will help a manager and the entire organization to solve more problems, which means of course less fire-fighting. And isn't fire-fighting the cause of many of the emails filling up your inbox and of many of the calls you receive every day?

Visual management is often restricted to solving problems in a specific context, with A3 thinking used as a separate element. However, combining the two - structured problem solving (giving people to opportunity to find problems for themselves) with the ability to see where the process works and where it doesn't - is the only way to consistently improve a business.

As many organizations establish KPIs at corporate level and try to cascade them down the levels of the business, A3 is the only tool available to managers to gain visibility and know what to focus on.

Take safety as an example. If a company's KPI calls for the reduction in the number of injuries, it's necessary to drive the right behaviors at process level in order to prevent further accidents from occurring.

This is not possible unless the root causes of the accidents are identified and proper countermeasures put in place (by using A3s, which will tell you how many accidents have occurred and why).

Are people wearing safety gear? Are the right precautions in place? Those are the kind of questions you want to ask standing by the visual management boards. That's where the data is.

HOW CHANGE HAPPENS

Let's go back to the example I shared at the beginning. If a manager worries about a late shipment, or about production not being able to meet demand at a specific point in time, that level of stress can quickly become unbearable.

The manager's boss, too, will suffer from that uncertainty, which translates of course into even more emails sent the poor manager's way.

But establishing a solid and reliable system for daily accountability and problem solving can quickly turn things around. Starting at the lowest level and putting in place a structure whereby team leaders can immediately spot a problem as soon as it happens (green/red; working/not-working; conforming/non-conforming) has the power to transform an organization.

In a daily management scenario, managers can quickly ensure things are working properly, and that gives them more time to coach their team and focus on advancing the business, as opposed to barely keeping it afloat.

As a result, communication improves and the level of stress drops. They are still going to have to chase people, but meeting goals and solving problems will become concerted efforts. In organizations that successfully implement strategy deployment, as soon as an operator highlights an issue, that issue stops being the operator's and becomes the team's prerogative.

Operators and team leaders will have a better understanding of their work, and feel in control again. Managers, in turn, will learn to be better coaches; they will enable teamwork and spend time on the overall improvement of the organization.

Setting up this system of mutual support and effective communication (with guidance coming from the top and problems identified at the bottom line) takes time, and it will be difficult to convince people of its value at first. But once those boards are in place – and A3s become part of the daily life of a business at every level – they become an invaluable tool to a manager's coaching.

While getting buy-in might take time, proving that the system works can happen very quickly: in just a couple of days, a manager can have a good idea of where to go next.

SUMMARIZING

In a nutshell, this is how the process works:
- **Analyze the strategic goals set at corporate level and translate them into a clear contribution that a factory, department, and cell can give;**
- **Make that contribution tangible, using data and figures. It's necessary to understand what the trend has been, what the current state is and where you want to be in six months, then a year, then two and so on;**
- **Determine what processes are moving towards the target, what processes are moving away from the target, and what processes are already on target: this will tell where an intervention is needed.**
- **Use this input to build your A3 and, with it, your plan for the four dimensions of quality, safety, delivery and cost;**
- **Break down measures and goals (daily accountability) all the way to process level.**

This exercise will tell you what you need to change in the monthly measures if you want to achieve your annual goals, what you need to change in the weekly measures if you want to achieve your monthly goals, and so on. It's root cause analysis brought to every step of the process.

Before you know it, attending these meetings will become a routine, and not going will feel awkward. Before you know it, going straight into your office without walking through production and by the boards will leave with the impression that something is not right.

It makes me happy to know that over the past few years I have been able to change the daily life of many operators, managers, team leaders and directors by helping them to gain control over the process rather than letting the process control them. If you want to know more about practical hoshin, please feel free to contact me.

THE AUTHOR

Wiebe Nijdam is Director at the Lean Management Instituut in the Netherlands, responsible for training and for the development of educational material. With a background in education and engineering, Wiebe has been applying lean principles and methods since 2001, when he worked in the automotive industry. He trained in lean in the United States and is a former factory director at a truck and trailer manufacturer. Wiebe has led several lean implementations at different levels and departments. With a keen interest in training management in lean management and lean leadership principles in organizations where lean is recognized as a systematical approach for continuous improvement, Wiebe is supporting companies around the world as they progress on their lean journeys.