



May 2012 | Whitepaper



STRATEGIC PLANNING USING HOSHIN KANRI

COMPLIMENTARY WHITEPAPER BY

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GETTING STARTED

In most organizations, some kind of structured strategic planning is necessary to advance the organization's objectives. In a time when the pace of change is fast and the degree of innovation in technology is high, that planning has to be agile, able to sustain a long-term focus, while also allowing for adjustment.

Some Limitations of Standard Strategic Planning



The role of strategic planning is to inform our daily actions and decisions over the course of a year and longer. A strategic plan that is referred back to regularly, helps the employees stay on track with day-to-day relevant tasks that are crucial to the mission and long-term objectives of the organization. Some strategic plans achieve this kind of active use, but *many* suffer from detracting conditions.

Condition One: Too Many Priorities

Executive-level strategic plans often try to do too much. The usual eight to ten major changes, additions or improvements launch out like snowballs from the top of the organization. They roll down the ranks, accumulating heft, until they land on the front line person as an avalanche of requests for action.

The eight to ten are often called strategic 'initiatives.' By definition, initiatives are things that will be *started* this year. Instead, there may be merit to considering what can be *completed* in the next year or two? 'Complete' might be defined here as being done to a degree of quality and sustainability that can be operationalized and that will bring the organization to its next level of performance.

We typically don't have the resources to accomplish, to a high degree of quality and completeness, the eight to ten initiatives often put in place. So the strategic plan document becomes a kind of onerous reminder of all that we must, but realistically cannot, get done.

Condition Two: Insufficient Detail

Strategic initiatives at an executive level have a way of looking very sane and doable. They show up on presentation slides as neat little bullet items. Executive teams sigh with satisfaction, 'Look at all we will do this year.' Boards may feel they have done their duty by overseeing such a fine list of important activities.

The lack of implementation specificity in the bulleted items, though, while appropriate at the executive level, does not reflect sufficient leadership to the organization. Executives often leave out an important transitional step when delivering priorities to their organizations.

Only by overseeing the dissection of high-level goals into smaller pieces, can leaders assess the real scope of each effort and its impact on the organization. Without some attention to detail, we are left with an understanding of *what* will get done, not an understanding of *how*.

Condition Three: Lack of Active Review

Strategic plans often lose momentum along the way of their implementation. In fact, in an unfortunate twist of organizational physics, those plans can develop a kind of inertia. Even

Anything less than hoshin is just playing at planning.

— Geoffrey Crabtree,
Senior Vice President

Methodist Healthcare System,
San Antonio, Texas

motivated leaders who hold parts of the plans can get stuck if they aren't part of a periodic and rigorous check-in. More innovative, less familiar, or slower-to-start parts of the plan sometimes never really get off the ground.

When we do get around to reviewing strategic plans, we can be sloppy, allowing quick status reports to stand in for real assessment of measurable progress. Without meaningful measures that are tracked regularly, activities that are off-track don't get redirected, successes may not be acknowledged, and strategic plan components that are completed may not get retired to allow their leaders to move on to other things.

A Hoshin =
One breakthrough
objective that the
organization will
accomplish over
the next twelve to
eighteen month
period of time.

THE HOSHIN KANRI METHOD OF STRATEGIC PLANNING

HOSHIN = SHINING NEEDLE POINTING DIRECTION,
AS IN COMPASS

KANRI = CONTROL OR MANAGEMENT

The initial steps of hoshin planning look a lot like any strategic planning process. Executive teams gather data on current performance and identify current and future customers and their needs. Strengths, weaknesses, opportunities, and threats are analyzed. The mission and vision are reviewed and refined, and attention is given to making sure the organization's measures of success are still relevant.



Figure 1: Hoshin Planning Macro-Level Process

Hoshin-style strategic planning then departs from standard planning in four important ways: the degree of focus, the involvement of all levels of the organization, the use of planning and process improvement tools, and the rigor of the reviews.

Focus - Selecting 'One' Hoshin

The odds of success for the strategic plan can be increased significantly by agreeing on priorities at an executive level. This can be a difficult challenge for leadership groups. Temporarily tabling an important initiative can feel irresponsible. Executives can ease the tension around this by staging the hoshins that are not chosen for this year in a Gantt chart, assuring their employees, boards, and each other that a hoshin not chosen this year may be one chosen next.

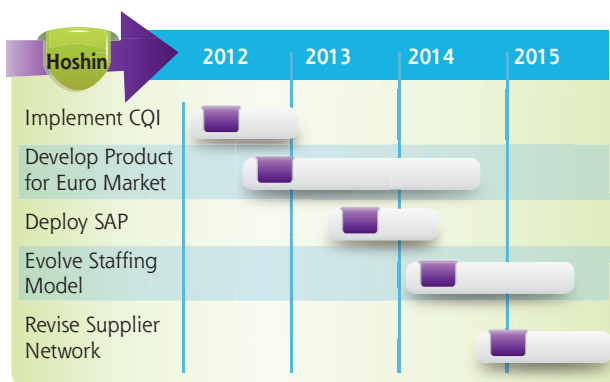


Figure 2: Sample Hoshin Gantt Chart

A note about what qualifies as a 'hoshin'. A hoshin is a breakthrough objective and has three characteristics. First, it requires a fundamental change in the systems of the organization. Second, it requires the involvement of the entire organization to achieve. Third, if accomplished, it will bring the organization to its next level of performance. To accomplish a hoshin is transformative to an organization.

Organizational Involvement - Conducting 'Catchball'

Catchball is the activity that builds the bridge between selecting the hoshin and deploying it. This is where we seriously consider what it will take to get the job done right. The output of the catchball process is a linked set of planning tables – the plan itself.

In Catchball, managers and front line workers develop the strategies, tasks, and metrics to support the accomplishment of the hoshin. They do this by asking, 'What are all the things we need to do to accomplish ____?' inserting in the blank the strategy or task at their own level. The Affinity Diagram, one of the classic hoshin planning tools, will allow a group to accomplish a thorough answering of the question in about an hour. The output of the activity is the creation of an Annual Plan Table shown in Figure 3.

Imagine completing the same exercise one level of detail down in the plan, and then one level down again. Soon it becomes clear what volume and type of work will be needed to achieve the hoshin. For strategies that are unprecedented in the organization, teams look outside for a realistic assessment of what it will take to get accomplish that strategy

Then the detailed plans are delivered back up through the higher levels of the plan, to allow for adjustments in the highest-level strategies. It's the tossing back up of these plans to

which the word 'catchball' refers. Often executives are surprised at the resources needed, when a comprehensive set of planning tables is presented. The entire process of fleshing out the plan through the catchball process can take six to ten weeks, depending on how focused the leadership group is on getting it done.

Using the Planning Tools and Tables

Documentation of the planning process and the plan itself is important, and the hoshin planning process accomplishes documentation in real-time. Planning meetings use group processing tools and planning tables to take the place of traditional meeting minutes. The products of the group's work at a meeting become the components of the plan itself.

Annual Plan Table				
Date: _____ By: _____		Hoshin Objective: _____		
Hoshin or Strategy	Strategies	Owner	Measures	Goals
1.0 This is the end result that must be achieved. It should be the 'what', not the "how"	1.1			
	1.2			
Measures (s) This is the measure which will be used to judge the success of the plan Example: % decrease in error rate	1.3			
	1.4			
	1.5			
	1.6			
Goal Target values of the measure as it relates to the objective Example: 10%	1.7			
	1.8			
	1.9			

Figure 3: The Annual Plan Table

Figure 4 shows one of the tools at the core of the hoshin planning process, the Interrelationship Digraph (ID). An executive group might take up to two hours to have the dialogue that produces this tool. How much time it takes depends on the size of the group, their skills as a team, and their individual interpersonal skills.

There is a saying, 'People support what they help create.' Tools like the ID invite a high degree of interaction and are designed to support consensus decisions. Executives who work with their colleagues to produce a shared picture of drivers and outcomes like this, more often than not, are well-invested in supporting the outcome later.

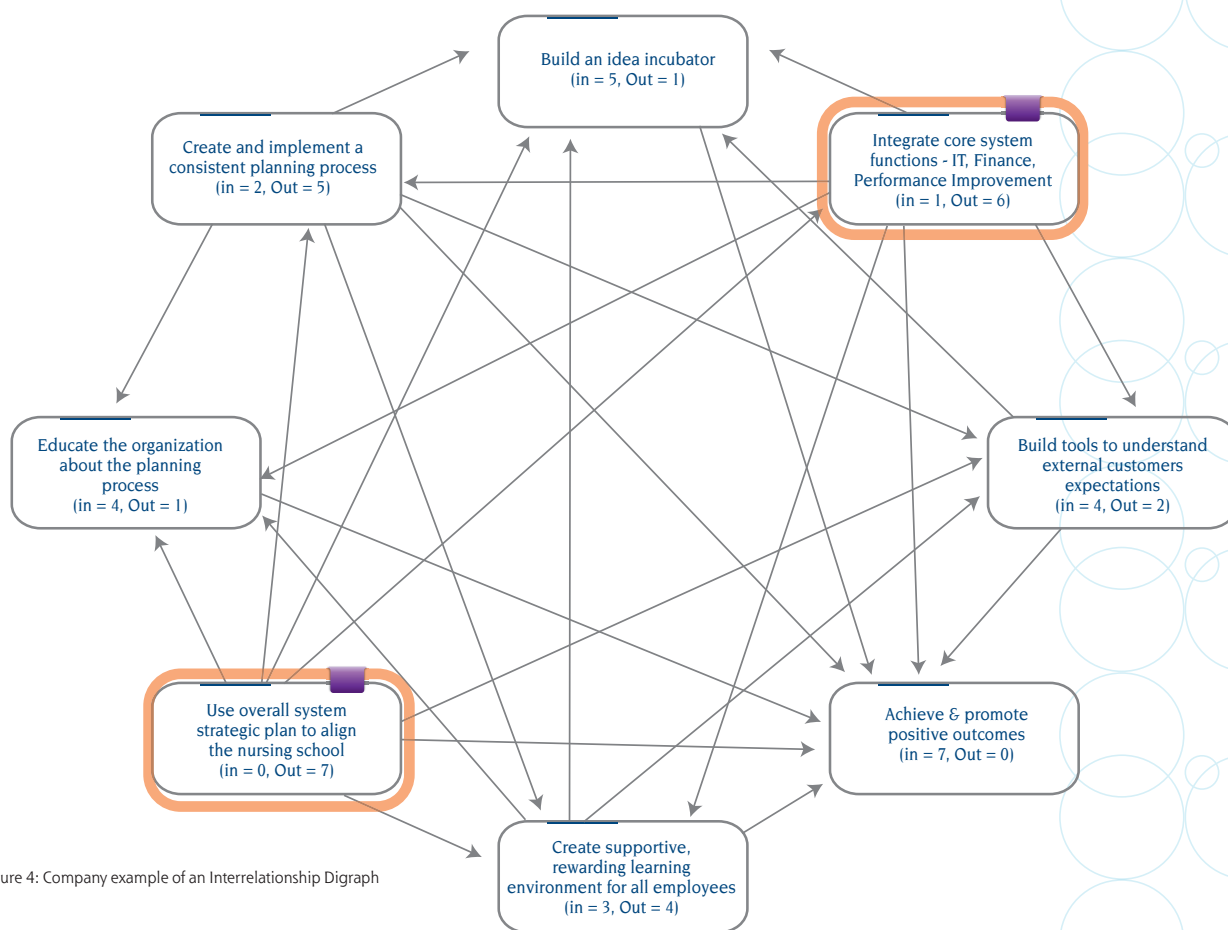


Figure 4: Company example of an Interrelationship Digraph

Reviewing the Plans

One of the less exciting, but strongest features of the hoshin planning process is the review. More than the typical progress report presentation, hoshin planning strategy owners must report regularly on whether metrics were made or missed, and if missed, what the root cause was that led to the result. The expectation is that plan leaders will present data and what their plans are for correction as part of the review.

Care is taken to ensure that review meetings do not become a punitive process. 'Mistakes' are used as learning opportunities. Experimentation is encouraged, and risk-taking is rewarded.

Well-designed and facilitated review meetings:

- allow the plan to be iterative and stay flexible, without changing the overall objectives
- focus on outcomes and deliverables, not activities
- regularly include reflection on the planning process itself, not just its outputs
- require presenters to use a standard reporting tool

Review Table					
Review Date: _____ By: _____ Hoshin Objective: _____					
Strategy or Tactic (Plan)	Goal (Plan)	Actual Performance (Do)	<input type="radio"/> Made <input type="radio"/> Missed (Check)	Root Cause of Deviation (Check)	Corrective Actions (Act)
1.1 List the strategy or tactic that must be evaluated. Anything that has an owner uses this form	The target measurement. This comes directly from the planning table.			Short description of why the goal was missed.	Specific steps that have been, or will be, taken to deal with every goal that has been missed

Efficient, focused review meetings done weekly, monthly, and quarterly remind the organization of what is important, refocus derailed components of the plan, and retire parts of the plan that have been completed.

Figure 5: Standard Reporting Tool - The Review Table

Challenges to Implementing Hoshin Planning

Reluctance to 'Let Go'

It is many times more difficult to remove something from the organizational activity list than it is to put something on it. Projects that no longer contribute to the long-term strategy can be hard to discontinue, but it's essential to do so in order to make room for work that is better aligned to where the organization has decided it's heading.

No Central Management

Owners of parts of the plan need both administrative and facilitation support to keep their respective teams linked to the overall plan. Working on the hoshin is extra work for most participants, and providing designated, central support can increase the odds of success and reduce stress.

Underestimated Stress on the Organizational Culture and the Resistance to Change

There are excellent tools and methods available for managing the anxiety and dysfunction that inevitably result from introducing a fundamental change in the systems that make an organization run. Leaders must make resources available for what are sometimes called the 'soft' skills, and include culture and change issues in their implementation plans.

Weak or Isolated Skills in Process Improvement

Just one or two people who know how to complete a good root cause analysis or flowchart a process is not generally sufficient to support the correction of issues that arise during the

implementation of a hoshin. Organizations should consider conducting real-time training in process improvement tools at the onset of the planning process.

Not Changing Current Measures of Success

If the hoshin is unprecedented, we may not know how to measure it. Over-attachment to measures that have been around a long time but are no longer connected to the direction of the organization can distort how the executive team evaluates the success of the hoshin plan.

Weak Documentation

There can be technical and cultural challenges to maintaining the documentation of the plan. The standard tables related to hoshin planning should be linked, centrally accessible, and kept current.



Summary

Hoshin planning is a disciplined method for developing and implementing strategic level improvements in an organization. With focused selection of organizational priorities, involvement of all employees, the use of proven planning and improvement tools, and the application of a rigorous review process, organizational leaders can significantly improve the success of their strategic plans.

Reading Short List

Akao, Yoji. *Hoshin Planning: Policy Deployment for Successful TQM*, Japanese Standards Association, 1988, English translation by Productivity Press, New York, NY, 1991.

Brassard, Michael. *The Memory Jogger Plus: Featuring the Seven Management and Planning Tools*, GOAL/QPC, Salem, New Hampshire, 1988, 1999.

Cowley, Michael and Domb, Ellen. *Beyond Strategic Vision: Effective Corporate Action with Hoshin Planning*, Butterworth-Heinemann, Boston, Massachusetts, 1997.



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Prior to forming **Business Centered Learning** in 1999, Lisa was general manager for the services division of GOAL/QPC. Her work focused on translating the best practices in planning and quality management into the concrete material and services that continue to be the mainstay of support to GOAL/QPC client organizations in transforming the way they run.

Earlier, as research director for GOAL/QPC, Lisa convened and published the collective work of international leaders in quality management from manufacturing, health care, and financial services industries. Her time with these progressive CEO's, as well as the opportunity to engage with W. Edwards Deming, continues to inform her work with clients.

Earlier work includes positions as financial director for Balsam Environmental Consultants, ESL instructor for the Greater Lawrence Community Action Council, and program director for the Bilingual Teacher Assistant Training Program in Lawrence, Massachusetts.

Publishing credits include:

"Successful Relationship Diagrams," Quality Progress, ASQ, 2004.

"Web-Based Learning" Information Systems Management, Auerbach Publishing, 2000.

Case study author, *Breakthrough Leadership: Achieving Organizational Alignment through Hoshin Planning*, American Hospital Publishing, Inc., 1995.

Coach's Guide to The Memory Jogger™ II, GOAL/QPC, 1995, 2011

Putting the "T" in Healthcare TQM, GOAL/QPC, 1994.

Lisa's clients in hoshin planning and process improvement have included organizations like ArchCare, Duke University Medical System, Health Dialog Analytic Solutions, MIT Lincoln Labs, NV Energy, and the US Internal Revenue Service.

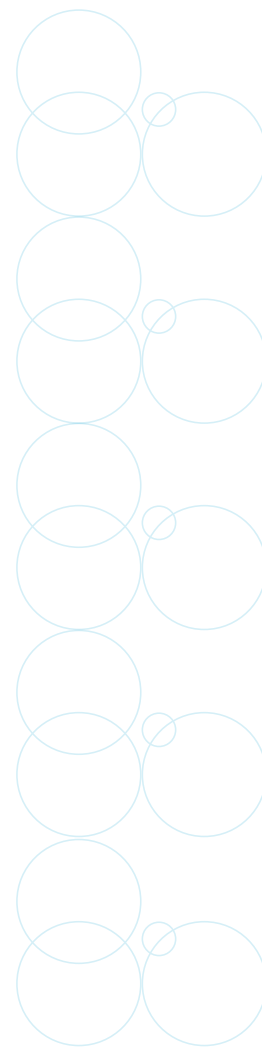
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