Hoshin Kanri

“Aligning Operational Goals to Strategic Goals”

Webinar

BMGI India
71B Mittal Court Nariman Point
Mumbai
About BMGI

• Breakthrough Management Group International (BMGI) is the leaders in helping organizations to transform their business performance using Methodologies and Principles of Lean, Six Sigma, and Innovation

• We work with our clients’ to improve bottom-line results and fuel top-line growth by identifying and unlocking the potential opportunity areas in the organization.
BMGI’s Tool kit for Business Transformation

- Innovation
- Performance Excellence
  - Lean
  - Six Sigma
  - Design for Six Sigma (DFSS)
  - Enterprise Process Management
  - TRIZ
- Strategy Deployment
  - Hoshin Kanri
  - Balanced Scorecard

- Awards & Certification
- Corporate Social Responsibility
Faculties

Nirmalya Banerjee
- Leads Lean Practice at BMGI India
- Over a decade of experience in Training and Process Improvement
- Lean Master, Kaizen Champion and Six Sigma Master Black Belt
- Proven success in Organizational Transformation
- Expertise in Organizational and Process Assessments and deploying Strategy
- Keynote Speaker in many Forums
- Thought Leader for Lean and Six Sigma Applications in Construction and Healthcare

Shubhrangshu Barman Roy
- Examiner for Shingo Excellence Award
- Direct Acolyte of Sensei Masaaki Imai and Lean Master
- Proven success in Organizational Transformation
- Expertise in Process and Organizational Assessments, and deploying Strategy
- Extensive experience in Training and successful implementation of Kaizen and Kaikaku
- Thought Leader in Lean Applications in Construction and IT
Webinar “Housekeeping” Tips

- Please disable pop up blockers.
- Please keep your self on mute.

Asking Questions

- Use the “Raise Hand” icon or “Question / Chat” box in the lower right corner.
- Submit questions as they occur to you by typing in the box, then click submit.
- Questions will be answered during Q&A session at the end of the presentation.
Webinar “Housekeeping” Tips

Questions & Answers

• We will do our best to answer as many questions as possible in the allotted time.
• Answer to unanswered questions will be answered on our website/forum soon.
• We shall notify you when they are available

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http://www.bmigindia.com
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   • The X- Matrix
   • Catchball Process
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Hoshin Kanri – Meaning

**Hoshin** – direction or shining needle

**Kanri** – management

**Policy**

Hoshin Deployment is a tool used to facilitate the creation of business processes that result in a sustained competitive advantage in Quality, Delivery, Cost & Innovation.

**Deployment**
Japanese companies struggling with structural changes to become competitive in the open, postwar economy

Japanese Union of Scientists and Engineers (JUSE) added “Policy & Planning” to Deming Prize Checklist as part of their implementations of TQM

Bridgestone Tyre coined the term Hoshin Kanri and published Hoshin Kanri manual which codified principles of Hoshin based on learning from Deming Prize winners

Toyota & Komatsu combine Bridgestone’s version and their own innovative implementations of Cross Functional Management and daily control of QCD

Background

1950
Japanese companies struggling with structural changes to become competitive in the open, postwar economy

1958
Japanese Union of Scientists and Engineers (JUSE) added “Policy & Planning” to Deming Prize Checklist as part of their implementations of TQM

1964
Bridgestone Tyre coined the term Hoshin Kanri and published Hoshin Kanri manual which codified principles of Hoshin based on learning from Deming Prize winners

1970

1990’s

Toyota & Komatsu combine Bridgestone’s version and their own innovative implementations of Cross Functional Management and daily control of QCD
Hoshin Kanri – Basic Elements

- Driven by Organization’s vision – not today’s problem

- A system to translate the vision into tangible and measureable objectives for achieving the breakthrough

- Alignment created by cross functional planning to achieve short term (yearly) objectives

- Fosters learning through the review process

- “Catchball” as the driving force of alignment, clarification and employee involvement.

- At the heart of the Hoshin Process is the PDCA cycle of Continuous Improvement
Why Hoshin Kanri?

PQCDSM Objectives

BUSINESS PLAN

IF WORK
ELSE $

Performance Excellence

Outcomes:

Sustained Profitability
Customer & Employee Satisfaction
Growth & Innovation
Non-Hoshin v/s Hoshin Management

Typical Organization

- Low Performance
- Clarity of Vision?
- Opinion based decision.
- Blaming culture
- Lack of empowerment
- Departmental goals not aligned to Organizational goals
- Result based management

Non-aligned departmental goals

Aligned Organization

High Performance

Operational Goals aligned to Organizational Goals
A recent study by Dan Jones (author- The Machine that Changed the World) and his colleagues at Cardiff University’s Lean Enterprise Research Centre stated four characteristics of highly successful businesses:

**Hoshin Kanri – The Importance**

Hoshin Kanri topped the list

**-Hoshin Kanri**
- helps transform any organization
- key to superior organizational learning
- sets direction to make customers happy / beat competition
- involves & aligns everyone in the organization
Hoshin Kanri Road Map

SCAN
- Scan environment
  - Porter matrix
  - Product/market matrix
  - Market/Technology Matrix
  - VS Profit/Loss statement
  - Business Assessment
  - VSM's

PLAN
- Build Mid-Term strategy and the Annual Plan
  - Identify 3-5 year breakthrough opportunities
  - Identify 6-12 months tactics
  - Establish annual targets for process & Results
  - Involve Tactical Teams & Operational Teams by playing CATCHBALL
  - Complete & Confirm action paths

DO
- Finalize project plans
- Develop leaders
- Eliminate waste and variability
- Implement improvements
- Standardize reporting / review mechanism

CHECK
- Daily Management
- Check progress
- Self-diagnosis
- Analyze and score achievement
- Recognize achievement
- Make corrections if any

ACT
- Promote adherence to standard process
- Develop leaders and make succession plan
- Train, coach & mentor
- Repeat Hoshin cycle
Teams and Experiments- The 4/8 Model

**Strategy is like a scientific hypothesis, the Hoshin Process involves every manager and employee in “testing” your company’s hypothesis about its strategy.**

- **Hoshin Team**
  - Long-term strategy
  - Mid-term strategy
  - Annual Hoshin

- **Functional Teams**
  - Campaigns

- **Performance Excellence Teams**
  - Operations

- **Action Teams**
  - Kaikaku
  - Kaizen
  - Six Sigma projects

General plan of action over very long period of time -5 to 50 years

3 to 5 years plan aligned with long term plan, including financial targets

Concrete plan that aims over the next 12 to 18 months which will help us achieve our Mid-term Breakthrough Objectives

Concrete initiatives of 6 to 12 months, defined by Annual Hoshin

Concrete projects defined by Annual Hoshin to improve operations

Problem solving & Implementation to address Waste, Defects & abnormalities as well as improvements resulting from employee suggestions.

**source: Hoshin Kanri for the Lean Enterprise**
Hoshin Kanri Road Map & The Teams

**SCAN**
- Scan environment
- Porter matrix
- Product/market matrix
- Porter’s Five Forces
- BCG Matrix
- VS Profit/Loss statement
- Business Assessment
- Value Chain Analysis
- Strategic Audit

**PLAN**
- Build Mid-Term strategy and the Annual Plan
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**Teams**
- Hoshin Team
- Functional Teams
- Per. Ex Teams
- Action Teams

**Action Teams**
- Involves Tactical Teams & Operational Teams by playing CATCHBALL
- Complete & Confirm action paths
Scanning the Environment - The Tools

Product Margin/Market Matrix

Porter Matrix for Competitor Analysis
Scanning the Environment - The Tools

SCAN

Porter’s Five Forces Model

- Document the research, analysis & breakthroughs you do for the market & industry
- After the SCAN, the Hoshin team is ready to move to PLAN Phase

BCG Matrix
- Hoshin team begins to build the Midterm Strategy and Annual Hoshin.
- The team chooses breakthrough objectives to eliminate specific gaps between company’s vision and its current capabilities.

**source: Hoshin Kanri for the Lean enterprise**
## The X-Matrix

<table>
<thead>
<tr>
<th>HOW</th>
<th>HOW FAR</th>
<th>HOW MUCH</th>
<th>WHAT</th>
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<tbody>
<tr>
<td>HOW</td>
<td>On-time Delivery to 39%</td>
<td>Expense Reduction to 35%</td>
<td>On-time Delivery to 39%</td>
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<td>HOW FAR</td>
<td>Achieve 5 Sigma Quality</td>
<td>Achieve 5 Sigma Quality</td>
<td>Culture Change</td>
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<tr>
<td>HOW MUCH</td>
<td>Operating Profit 12% to 15%</td>
<td>Revenue Growth to 12% by 2011</td>
<td>Cultural Change to 5%</td>
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<td>WHAT</td>
<td>Target to Improve</td>
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<td>Top Level Improvement Priorities</td>
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<td>3-5 Year Breakthrough Objectives</td>
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<td>Eliminate Top 2 Causes Voluntary Turnover</td>
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<td>Achieve Bookings Plan</td>
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### Resources
- **Primary Responsibility**
- **Secondary Responsibility**

**Janice Gomez**
The X-Matrix

- Identify Potential Breakthroughs
- Prioritize Breakthrough Opportunities
- Analyze Promising Opportunities
- Store extra ideas in Project Bank
- Record Breakthrough Objectives on an X-Matrix
- Check for Interrelationship of Major Opportunities

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

- On-time Delivery to 39%
- Achieve 5 Sigma Quality
- Culture Change
- Operating Profit 12% to 15%
Annual objectives are those that we need to achieve this year which will enable us to reach our overall 3-5 year Breakthrough Objectives. Carried out by the Hoshin Team.
## The X-Matrix - The First Draft

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### Resources
- **Primary Responsibility**
- **Secondary Responsibility**
Organizational Alignment through Catchball

Site Level Deployment

Hoshin Team

Functional Teams

Per.Ex Teams

Action Teams

Rounds of Catchball

DO
Example
Learning by Doing

DO

Change Culture

Education

- Trainings
- Tools
- Leadership
- Methods (PDCA/DMAIC)
- Certifications
- Develop Internal Trainers

Implementation

- Finalize implementation plans
- Eliminate Waste/Variability/Fatigue
- Use STM techniques
- Actions Teams are required at all levels

At all Levels

EASIER  BETTER

CHEAPER  FASTER

Objectives of Improvement
Validate the progress

CHECK   ACT

Check Progress in *Real* Time

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<tr>
<th>Visual Hoshin Management</th>
<th>Daily Management &amp; Leader Standard Work</th>
<th>Performance Audits</th>
<th>Cultural Audit</th>
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BMGI

BREAKTHROUGH MANAGEMENT GROUP INTERNATIONAL
Institutionalize Hoshin Kanri

ACT

1. Repeat Hoshin Cycle
2. Make succession plans
3. Promote Standardized Work & Develop Leaders
Hoshin Kanri – Benefits / Limitations

**Benefits:**
- Participative creates alignment & involvement towards breakthrough objectives
- The planning process is continuously improved – the built in CI cycle helps.
- Helps organization to focus on Vital Few, rather than Trivial many.
- Integrates & encourages cross-functional co-operation to achieve breakthroughs.
- The progress on plans is carefully monitored & feedback is fast.
- Lets you think differently!!

**Limitations:**
- Complete Involvement & Commitment required. Difficult in some cultures
- Needs long term commitment, patience and support from Top Management
- Because, its a learning process, at times it is slow
New Thinking

“If you always DO what you’ve always DONE, you’ll always GET what you’ve always GOT

Yogi Berra, Baseball Philosopher

“If you always THINK what you’ve always THOUGHT, then you’ll always DO what you’ve always DONE, and you’ll always GET what you’ve always GOT.

Greg Howell, Co-founder LEAN Construction Institute
“The Greatest Mistake we make is living in constant fear that we will make one.”
Questions?
BMGI Today

200+ World-Wide Customers

$15+ Billion in Benefits

BMGI Facts & Figures

• World Leader in Performance Excellence

• Global headquarters in Longmont, CO USA with 15 International Offices

• Over 200 active clients worldwide

• Over 100 successful deployments worldwide

• More than 150 full-time consultants across the globe