Policy Deployment

Hoshin Kanri

Policy Deployment

…Turning Theory Into Action

Heinrich Moormann
What is Policy Deployment?

Hoshin Kanri was developed in the 1950s in Japan in order to drive down strategic key entity goals systematically and sustainably into operations.

⇒ Ho = direction
⇒ Shin = needle
⇒ Kanri = Management and control

*Hoshin Kanri = management and control of the organization's direction needle (compass) or focus.*

Hoshin Kanri provides us with standardized tools for step-by-step entity wide strategic planning, an inherited continuous improvement process and the control of success.
Hoshin Kanri
*a companywide planning and controlling system*

Policy Deployment or Hoshin Kanri

- All employees and managers are involved
- Starting with the corporate vision key long term objectives are deduced (Breakthrough‘s)
- These Breakthrough objectives are cascaded systematically and stringent to different levels
- At the end every employee or manager has his own strategies and objectives deduced from the top level.
- All employees are aligned to the corporate vision and the same objectives.
Why use Hoshin Kanri?

The goal is to build a sustainable competitive advantage.
The Hoshin Kanri Process

From Mission to Action

1. Develop corporate vision and mission
2. Define Breakthrough objectives for 3-5 years
3. Define the goal for the next year
4. Cascade objectives to different levels and functions
5. Execute monthly review process
6. Execute yearly review process
The Hoshin Kanri “core”

The “X” Matrix

The X-Matrix is the „helmstand“ for the Hoshin Kanri System:

- In 6 h position Financial Breakthrough objectives are defined for the next 3 years
- In 9 h position the annual objectives are developed and established
- In 12 h position top level strategic priorities and action are created and set
- In order to measure and control the actions Targets to Improve (TTI´s) are created in 3 h position. Furthermore responsible employees for the actions are assigned
Cascading the objectives

The objectives are cascaded from top to bottom and back during the reconciliation process.
At the end there are action plans for every level.
An Action Plan must be created for **every** strategic priority at the point of impact.
The monthly review process

- The results are controlled from the management on a monthly base
- The review process is also cascaded and drives down to all necessary levels
- If objectives are not reached the responsible person has to analyze the root causes and define countermeasures in order to get back “on track”
Monthly Review Process

3 in 1 charts

Metrics Tracking, Pareto and Countermeasures

A “cause” is something you want to remove – A “Why”

The measurements which describes your process

The action must relate directly to the causes in the Pareto

The status is a choice of “On Track”, “Caution”, or “Problem”

By name, who’s the owner of this action?