

Strategy Deployment



- *What is it?*
- *Why should I care?*

Lean Enterprise Institute



Lean Transformation Summit

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Keynote Speaker:

John Shook, Lean Enterprise Institute Senior Advisor

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Plus, Special Learning Sessions:

- A3 101
- Enterprise Mapping
- Provision & Consumption Mapping
- Creating A Lean Culture

Strategy Deployment: What is it? Why should I care?

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Today's Speaker



Pascal Dennis

Began his lean education at Toyota Motor Manufacturing Canada.

Worked with lean masters from North America and Japan implementing lean concepts such as strategy deployment, kaizen, A3 reports, standardized work, visual management.

A former manager of operations, human resources, finance, and health, safety, and environment.

A professional engineer, author, and advisor to North America companies making the lean leap.

Author of:

Getting the Right Things Done: A leader's guide to planning and execution (2007 Lean Enterprise Institute).

Andy & Me: Crisis and Transformation on the Lean Journey (2005 Productivity Press); winner of a 2006 Shingo Research Prize.

Lean Production Simplified - a Plain Language Guide to the World's Most Powerful Production System (2002 Productivity Press) ;winner of a 2006 Shingo Research Prize.



What is Hoshin Kanri?

方針 管理

ho shin kan ri

ho = direction

shin = needle

“policy, direction”

kan = control, channeling

ri = reason, logic

“management”

Hoshin Management = Strategy Deployment

Toyota's planning & execution system



Why Should You Care?

- Nowadays there is little room for error
- Can any firm risk the “random walk” approach?
- Hoshin Kanri addresses the ills of conventional planning



The “Planning School”

- Academic theorists have tried to apply Taylor’s “scientific management” to planning
- E.g. Ansoff, Steiner models →
 - Planning-Process-Budget-Strategy (PPBS)
 - Robert McNamara, 1960+
 - GE, GM, AT&T etc. 1960’s & 1970’s

Characteristics

- Complex, over-managed, prescriptive
- “Building a chemical plant would be easier”

Reference: *The Rise & Fall of Strategic Planning* by Henry Mintzberg



Effect of the “Planning School”

Most large U.S. corporations are run like the Soviet Union economy...a remarkably effective way of killing creativity and entrepreneurship [in] the organization.

*The Mind of the Strategist, by K. Ohmae
(McGraw-Hill 1982)*



The Grand Fallacy

- Conventional planning is all analysis (Left brain)
 - But analysis alone is *not* strategy
 - *Think Like a Grandmaster*, by Alexander Kotov
- Strategy = Analysis + *Intuition* → Synthesis
- We need to be able to tell *persuasive stories*



Conventional Planning – *PowerPoint Junk*

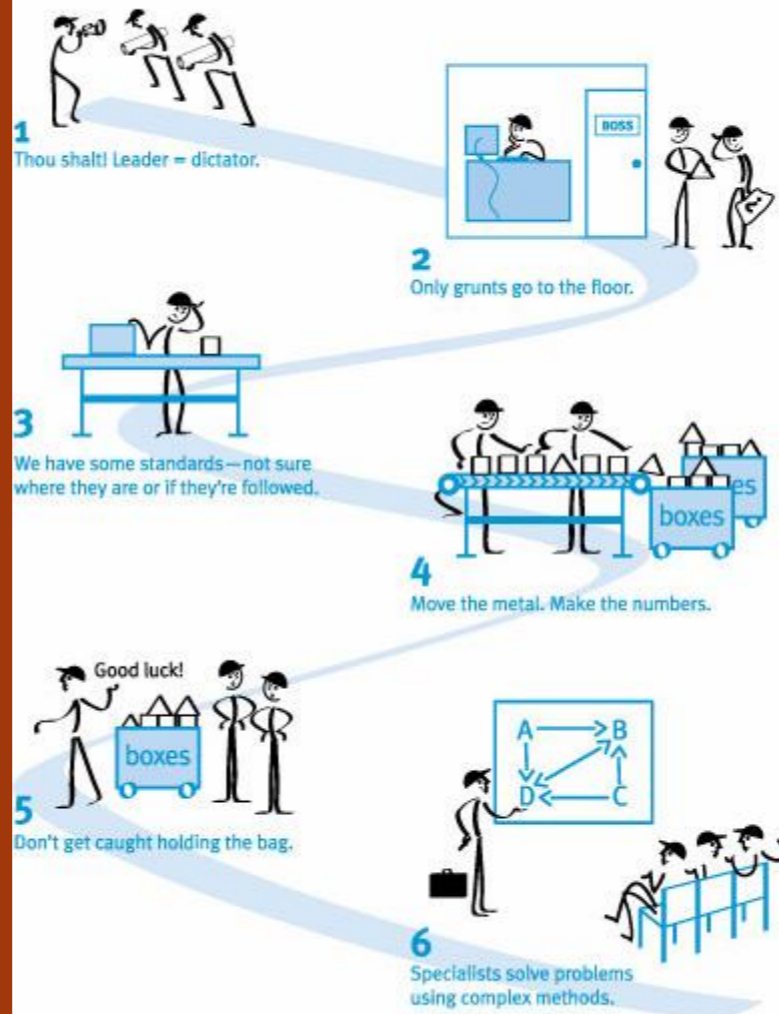


Our Collective Hangover

- The “planning school” has been largely discredited (Mintzberg et al).
- But we’re living with the hangover:
 - Over-managed, overly complex systems,
 - Default to budgeting, plus
 - Dysfunctional mental models, e.g.
 - “Thou shalt do as I say”
 - “Only grunts go to the shop floor”
 - “Problems are garbage. Bury them!”

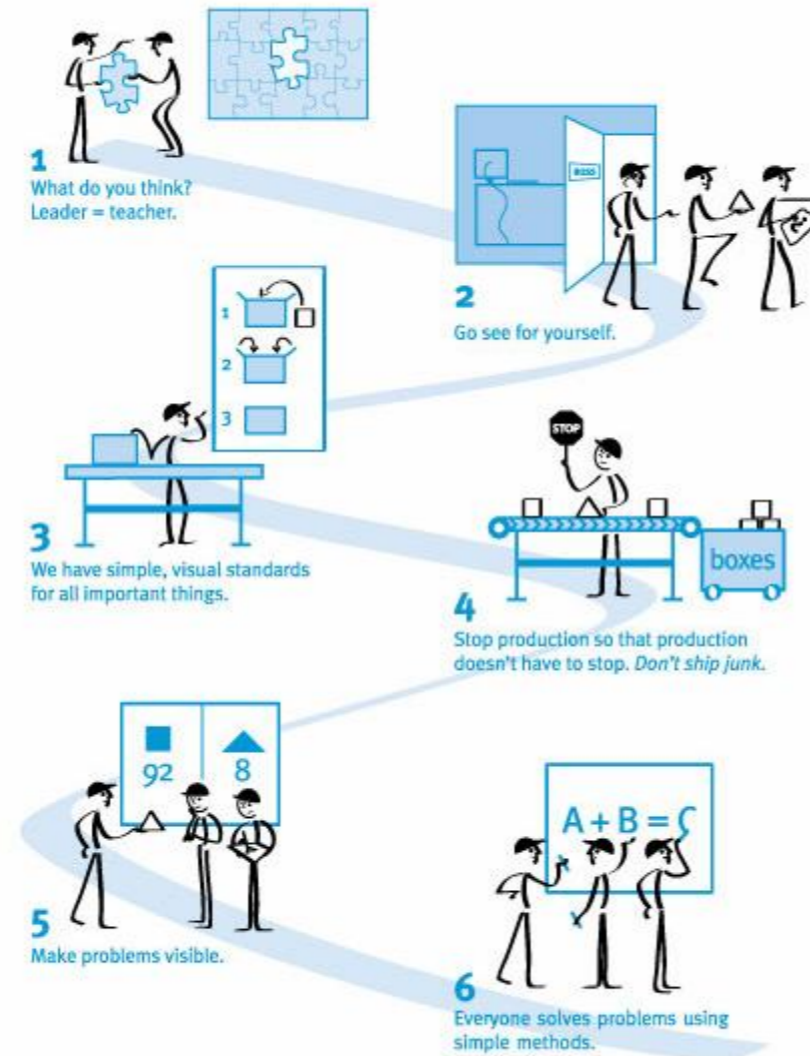


Conventional-Planning Mental Models



Going nowhere fast.

Lean Mental Models



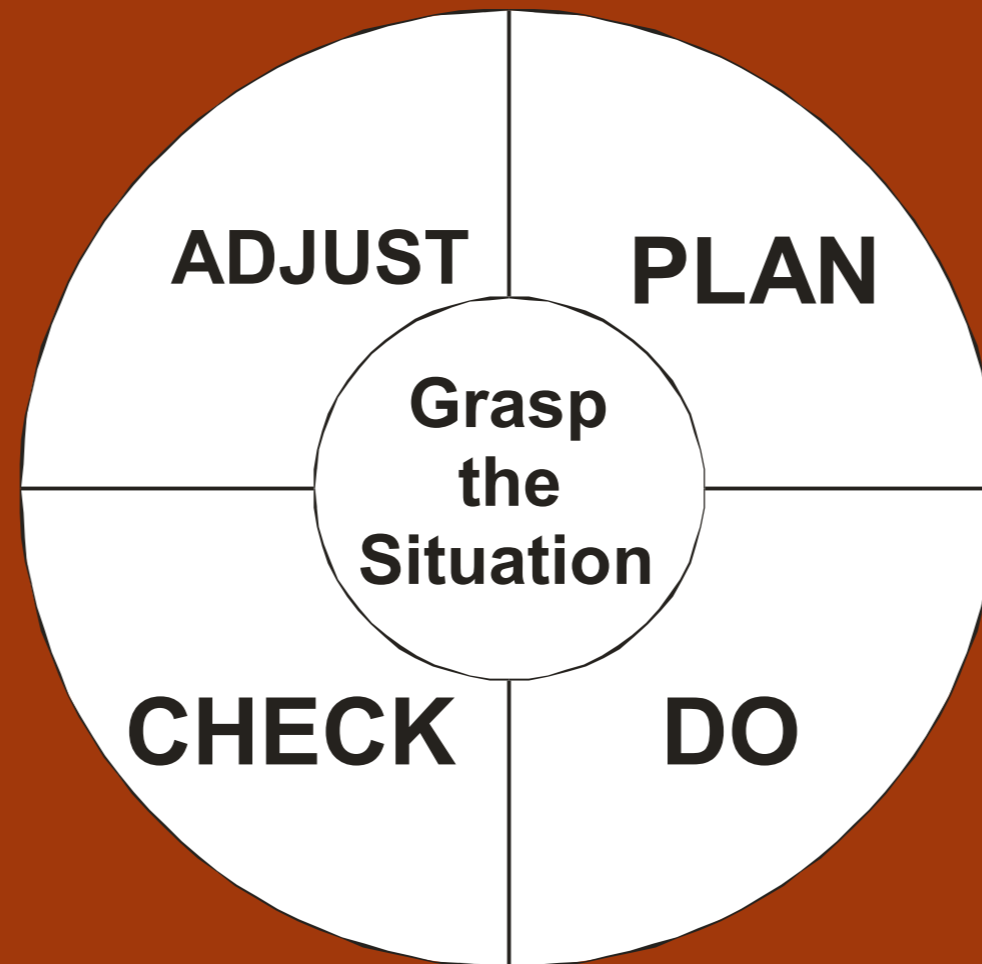
Getting the right things done.

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The Foundation of Strategy Deployment



Plan – Telling Interesting Stories

The A3 report is the “currency” of *Hoshin Kanri*

- One-page storyboard on 11” x 17” paper
- Can you tell a persuasive story?
- Lou Gerstner, IBM: “Let’s talk about our business...”

We call it *A3 thinking*

- The piece of paper is not the point...
- The point is...

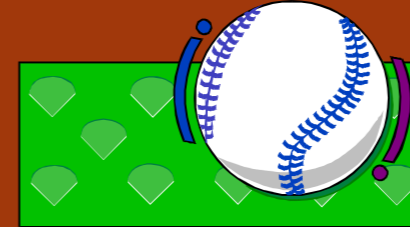


Do – Deploying the Plan

- We can't *tell* people what to do
 - Soviet model
- We need to translate our plans level by level
 - And engage people thereby
 - Mental models: What do you think? vs. Thou shalt
- Keep it simple
 - Result: a tree diagram



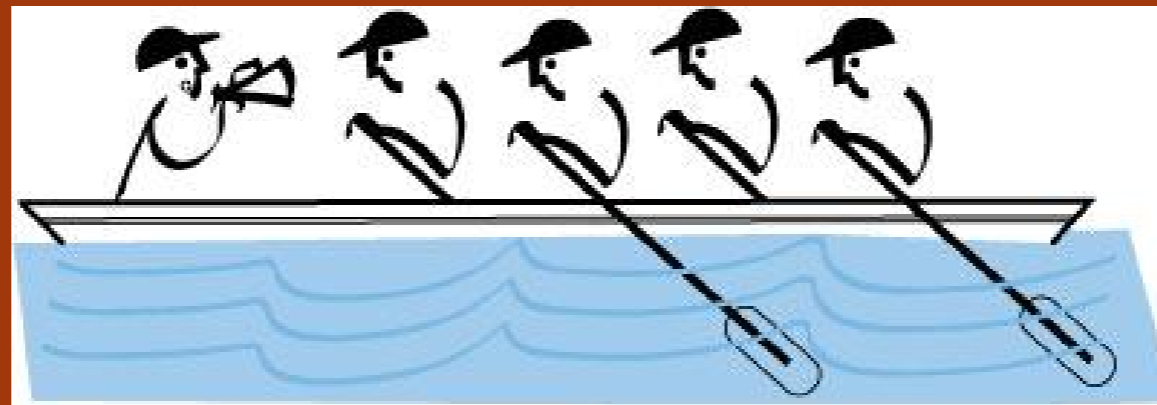
“Catchball”



- Frank, fact-based discussions between & within management levels
 - “Scrubbing” process which helps us understand what’s *real*
 - Nemesis: *happy talk*
- Catchball
 - Aligns & focuses
 - Helps align management vision & workplace activity
- Requires different kind of leadership & mutual trust:
 - Team trusts leader’s judgment in picking focus area & goal
 - Leader trusts team members knowledge & ability



Deployment Leader Concept

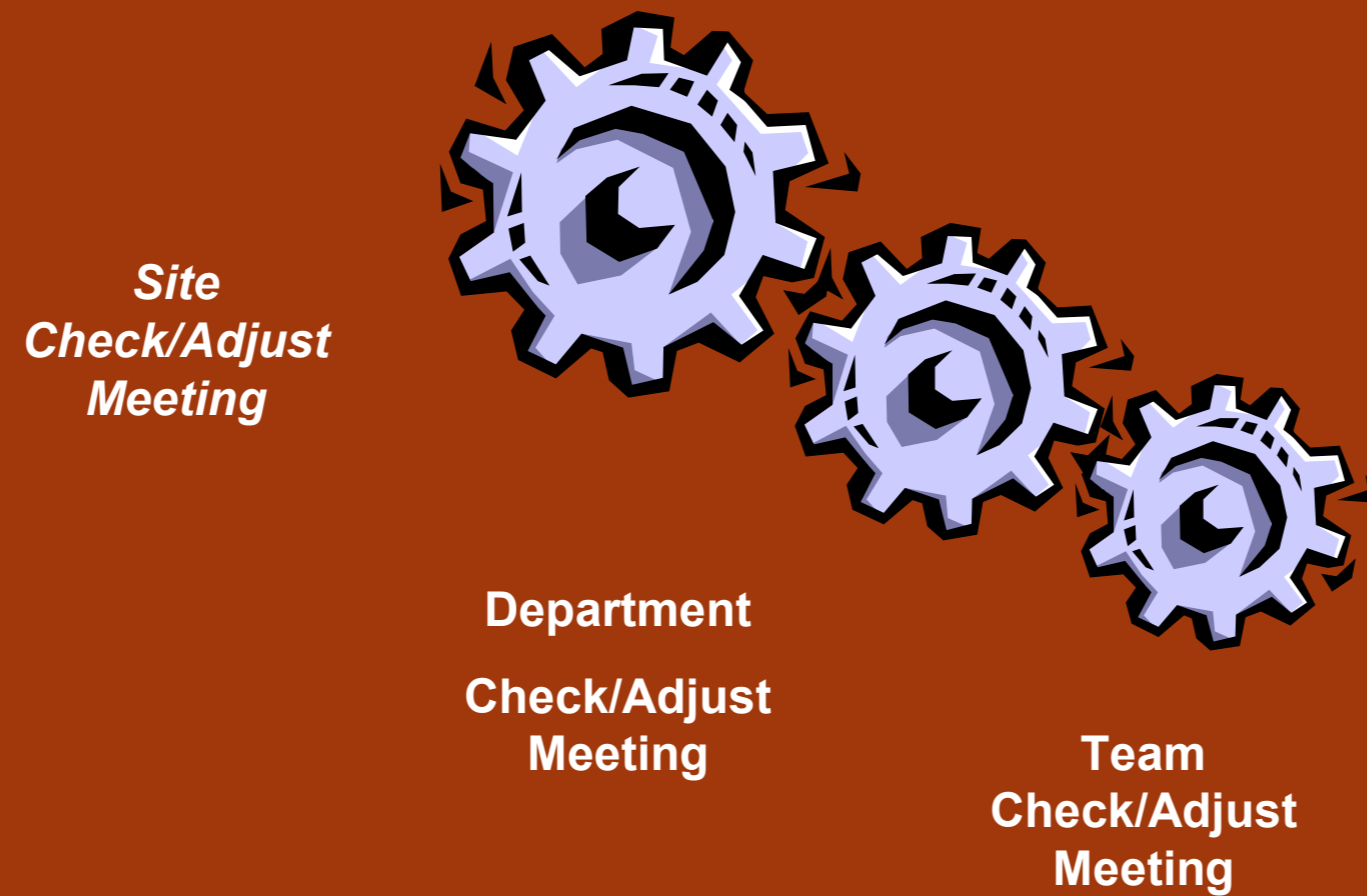


Check – Making Problems Visible

- Check entails
 - Simple, connected meetings wherein the problems become visible to all
- Exception management
 - What are the hot spots?
 - What are you doing about them?
- Mental model:
 - Problems are treasure - not garbage to be buried
- Image: a series of gears



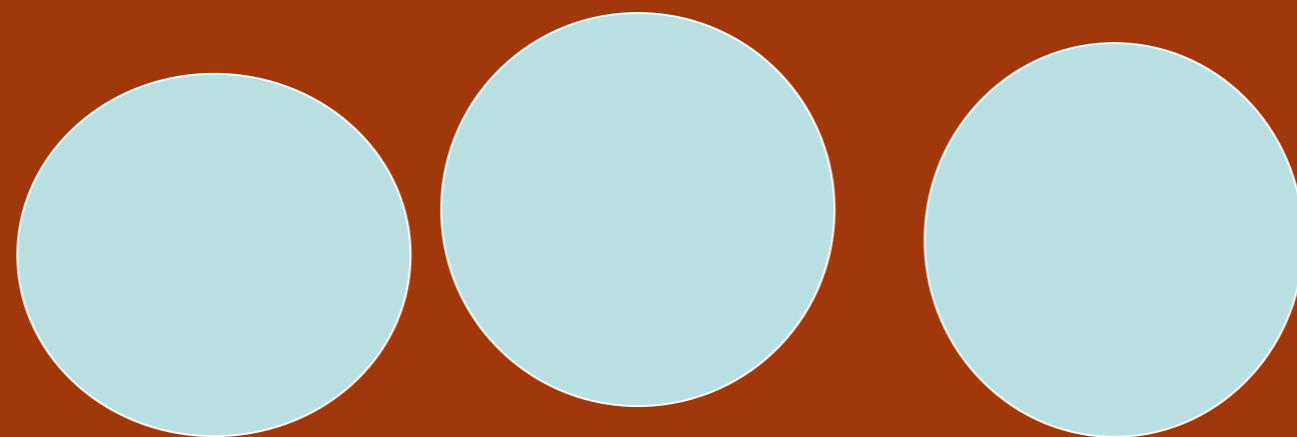
Checking as a System of Gears



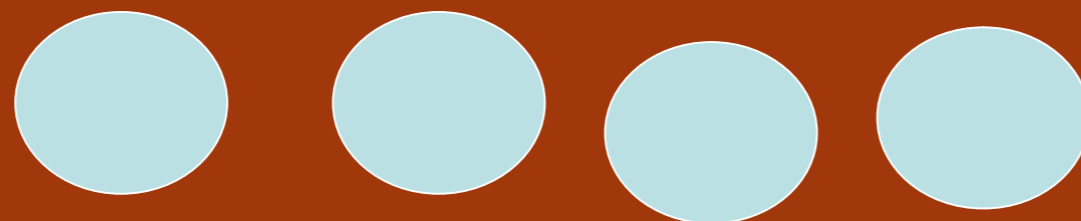
Adjust – Solving Problems

- Adjust phase requires *simple*, shared problem solving approach
 - Advanced tools are needed for ~10% of problems
- Problem solving requires a support strategy

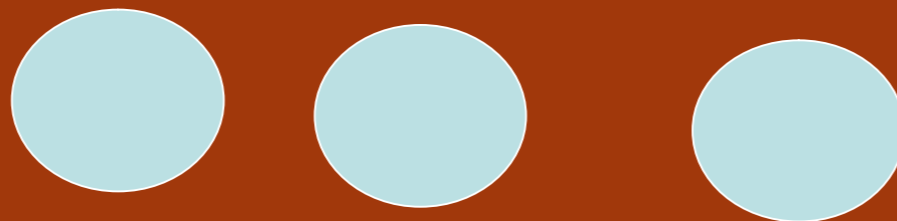




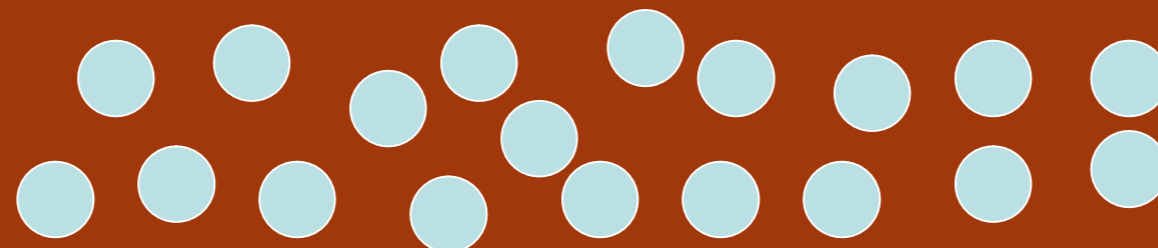
Very few big problems



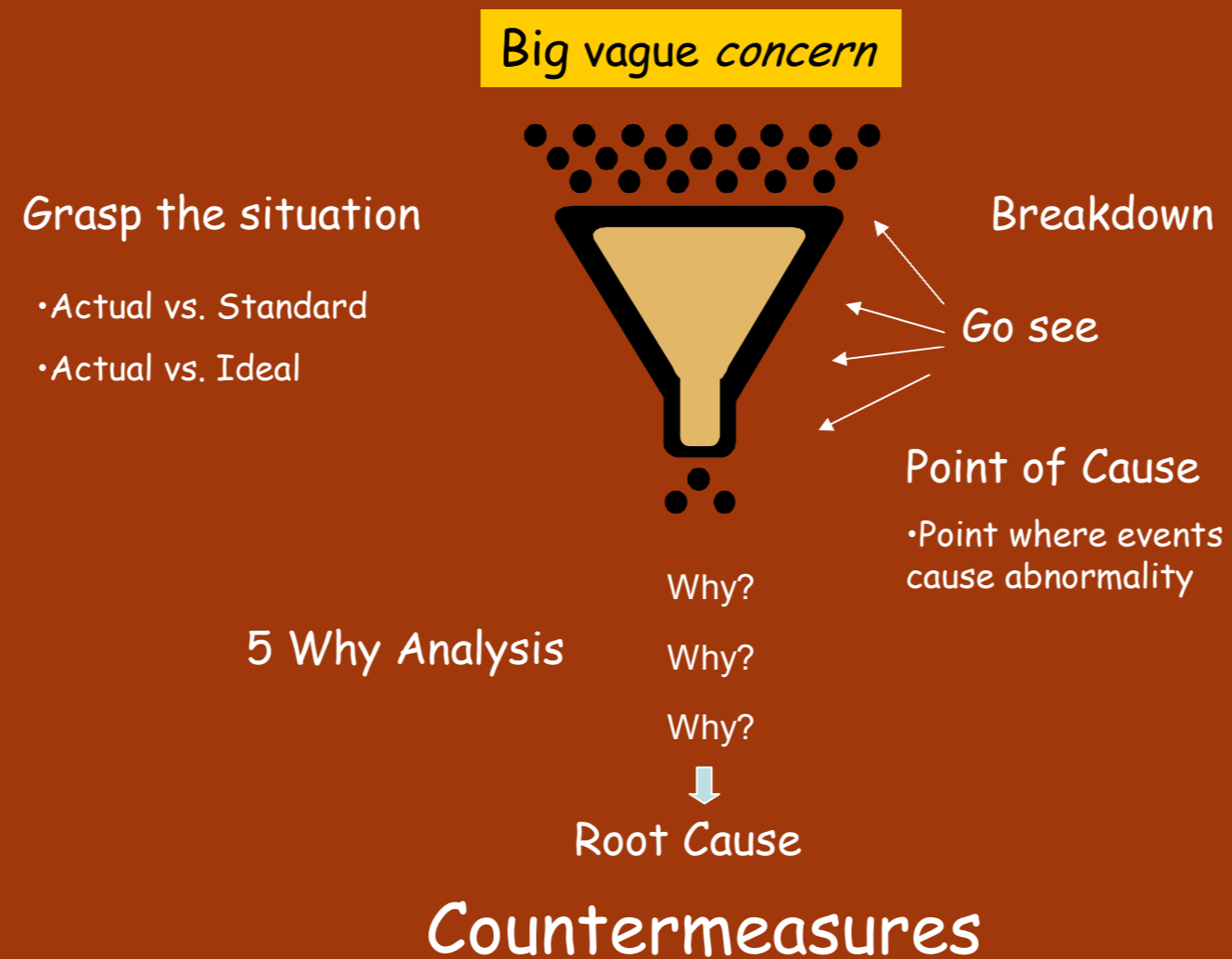
Few medium size problems



Many small problems



Problem Solving Image



Strategy Deployment Process

1. Develop the plan

- Where are we going? (What's True North?)
- How do we get there?
- A3 strategies

2. Deploy the plan

- Catchball
- Deployment leader ("Key thinker") concept

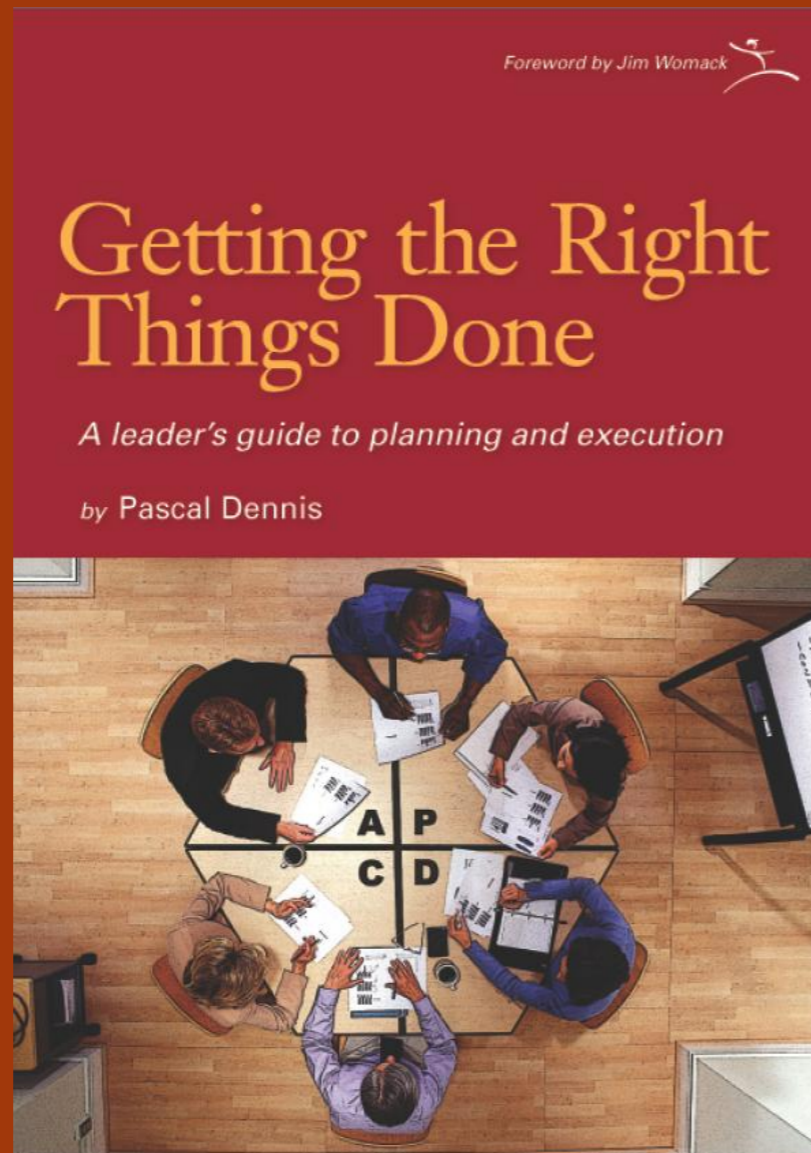
3. Monitor the plan

- Check/Adjust process
- Management standardized work concept

4. Improve the system

- Reflection & learning points
- "Book of knowledge" or database concept





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Questions & Answers

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