Strategy Deployment

- What is it?
- Why should I care?
Keynote Speaker:
John Shook, Lean Enterprise Institute Senior Advisor

Plenary Speakers from:

Plus, Special Learning Sessions:
• A3 101
• Enterprise Mapping
• Provision & Consumption Mapping
• Creating A Lean Culture
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).


What is Hoshin Kanri?

**Hoshin Management** = **Strategy Deployment**

*Toyota’s planning & execution system*

**ho** = direction

**shin** = needle

**kan** = control, channeling

**ri** = reason, logic

“policy, direction”

“management”
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

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

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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

1. Thou shalt! Leader = dictator.
2. Only bosses go to the floor.
3. We have some standards—not sure where they are or if they’re followed.
4. Move the meta! Make the numbers.
5. Good luck! Don’t get caught holding the bag.

Going nowhere fast.

Lean Mental Models

2. Go see for yourself.
3. We have simple, visual standards for all important things.
4. Stop production so that production doesn’t have to stop. Don’t stop work.
5. Make problems visible.

Getting the right things done.

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

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The Foundation of Strategy Deployment

Grasp the Situation

PLAN

DO

CHECK

ADJUST
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

Site
Check/Adjust
Meeting

Department
Check/Adjust
Meeting

Team
Check/Adjust
Meeting
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

Strategy Deployment: What is it? Why should I care?
Very few big problems

Few medium size problems

Many small problems

Strategic planning initiative

Kaizen event

Action plan

Daily individual problem solving

Strategic planning initiative

Kaizen event

Action plan

Strategic planning initiative

Kaizen event

Action plan

Strategy Deployment: What is it? Why should I care?
Problem Solving Image

Grasp the situation
- Actual vs. Standard
- Actual vs. Ideal

5 Why Analysis

Breakdown

Point of Cause
- Point where events cause abnormality

Go see

Countermeasures

Big vague concern

Root Cause

Why?
Why?
Why?

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

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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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