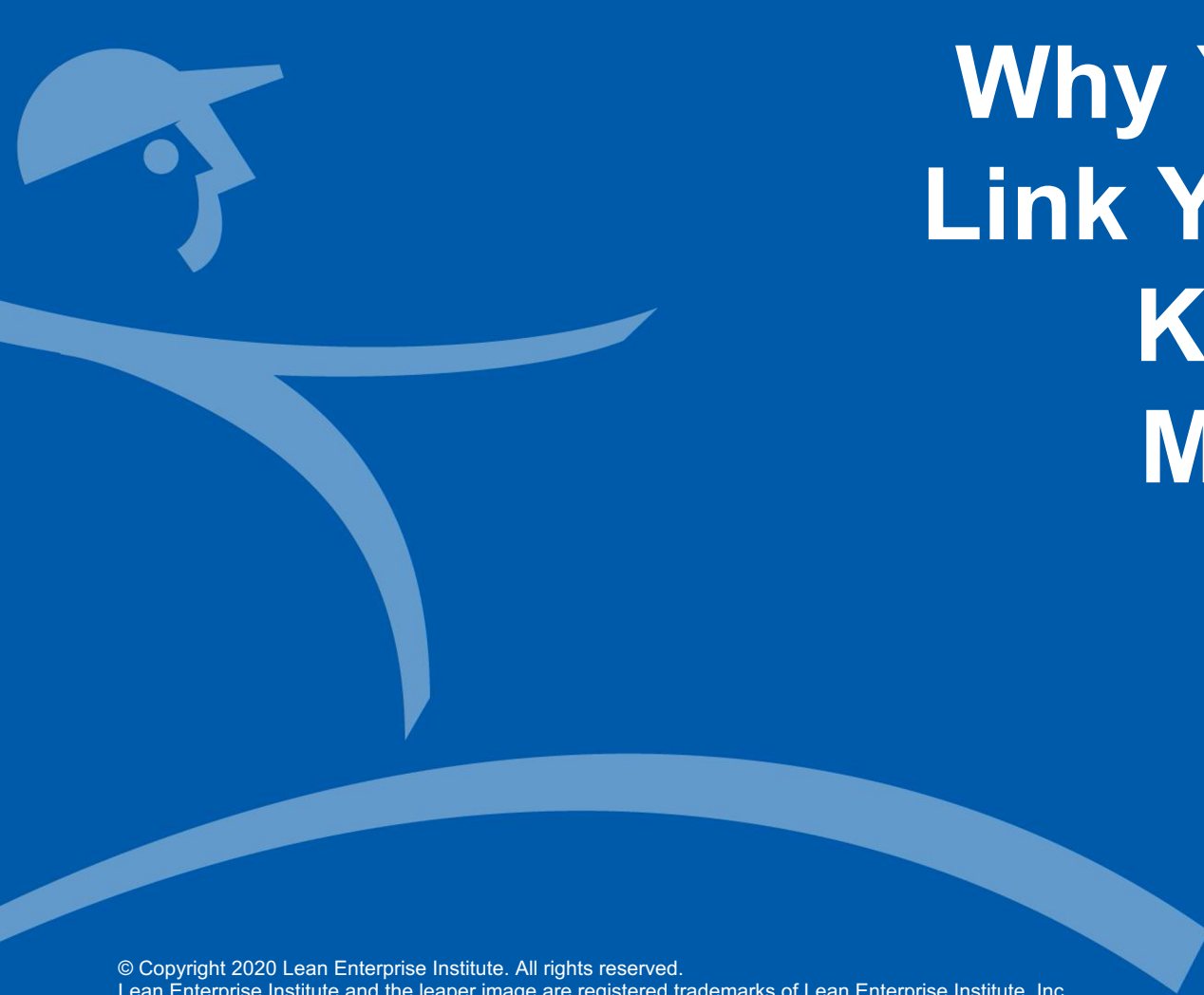




While you're waiting, here are some key notes

- You can see us, but we can't see you. Don't worry about dressing up.
- You can hear us, but we can't hear you. Don't worry about the kids in the background.
- Say "Hello!" and where you're from using the **CHAT** button at the bottom of the window.
- If you're using headphones, make sure they're selected as the speaker in your audio settings.
- To see all speakers at once, click Gallery View in the top-right corner of your Zoom Window.



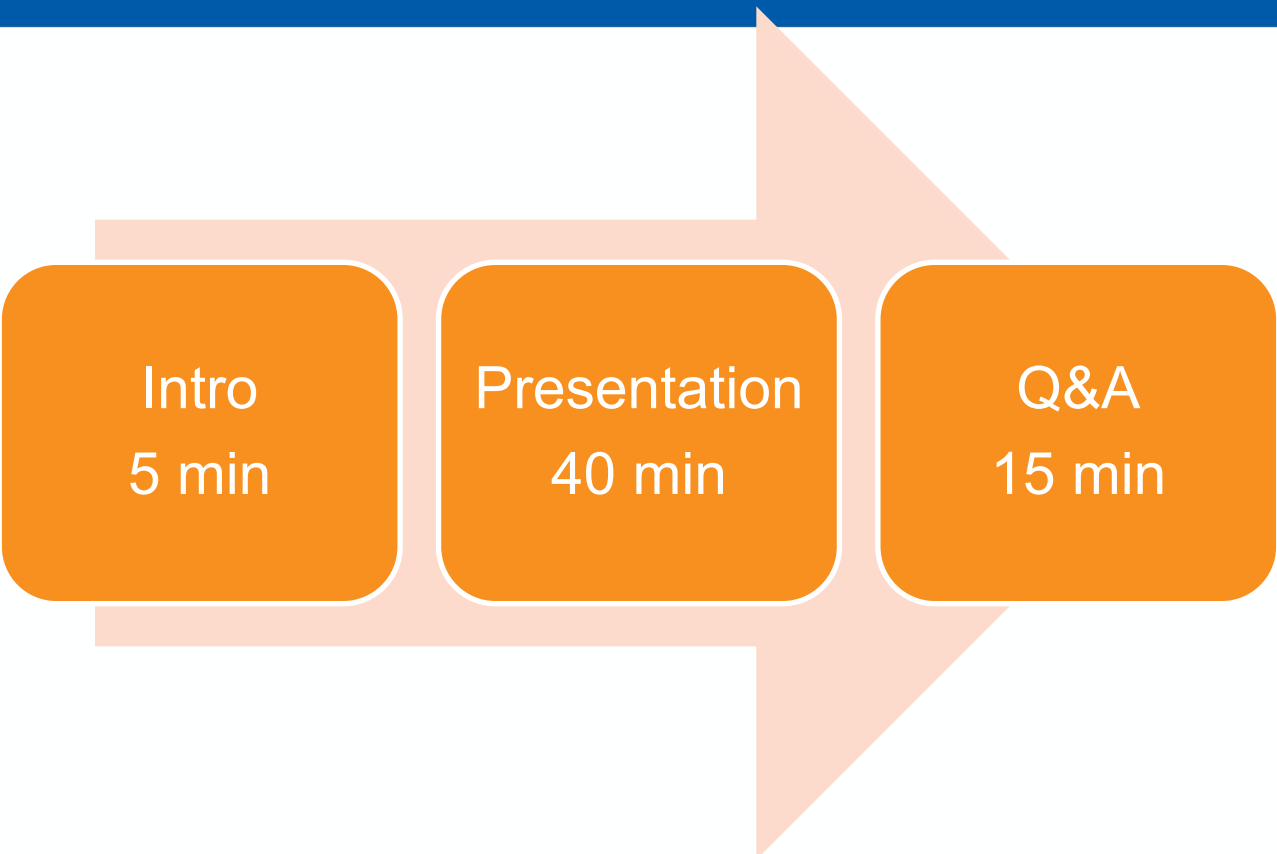
Why You Should Link Your Hoshin Kanri and A3 Management Processes

August 20, 2020

Turner



A Quick Overview of the Webinar



Intro
5 min

Presentation
40 min

Q&A
15 min


What is the Lean Enterprise Institute?



Lean Enterprise Institute
lean.org

A non-profit education and research institute based in
Boston, MA, with 32 global affiliates

**Our Mission: Making Things Better Through
Lean Thinking and Practice**



Deploying a Lean Strategy to Achieve Goals in a Disruptive Environment

The Power of Hoshin Kanri

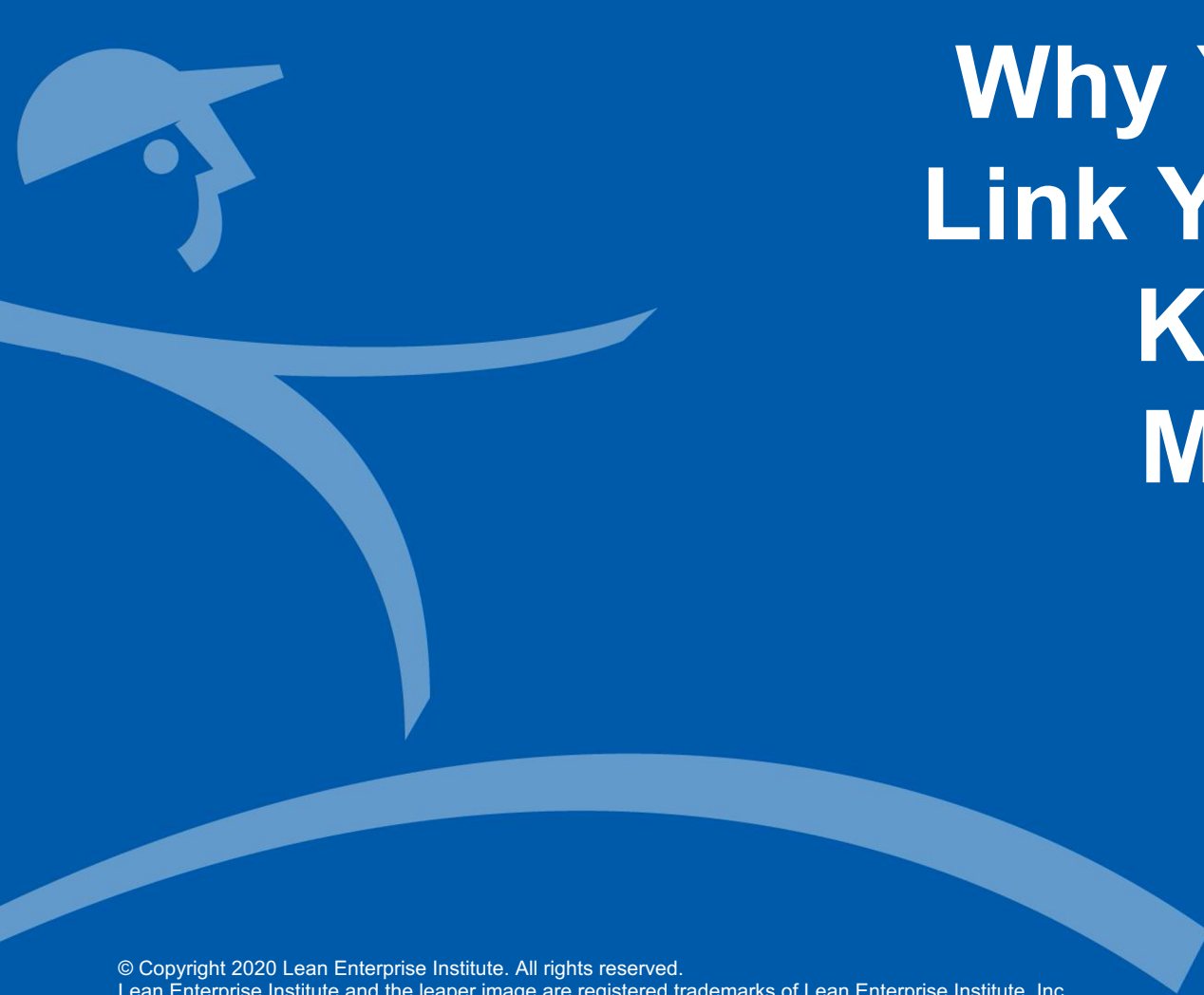
Mark Reich

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Ask questions
here and vote on
questions you
want answered.



Leave



Why You Should Link Your Hoshin Kanri and A3 Management Processes

August 20, 2020

Turner



Our Presenters



Mark Reich
Senior Coach, LEI



Doug Cooper
VP, Active Caring



John Shook
Senior Advisor, LEI

Turner

Lean Transformation Framework



What is Hoshin Kanri?

A strategic framework aimed at:

- Creating an organization capable of sustained high performance
- Producing results through structured PDCA thinking

Defines structure and standards for:

1. Establishing & executing strategic initiatives throughout an organization.

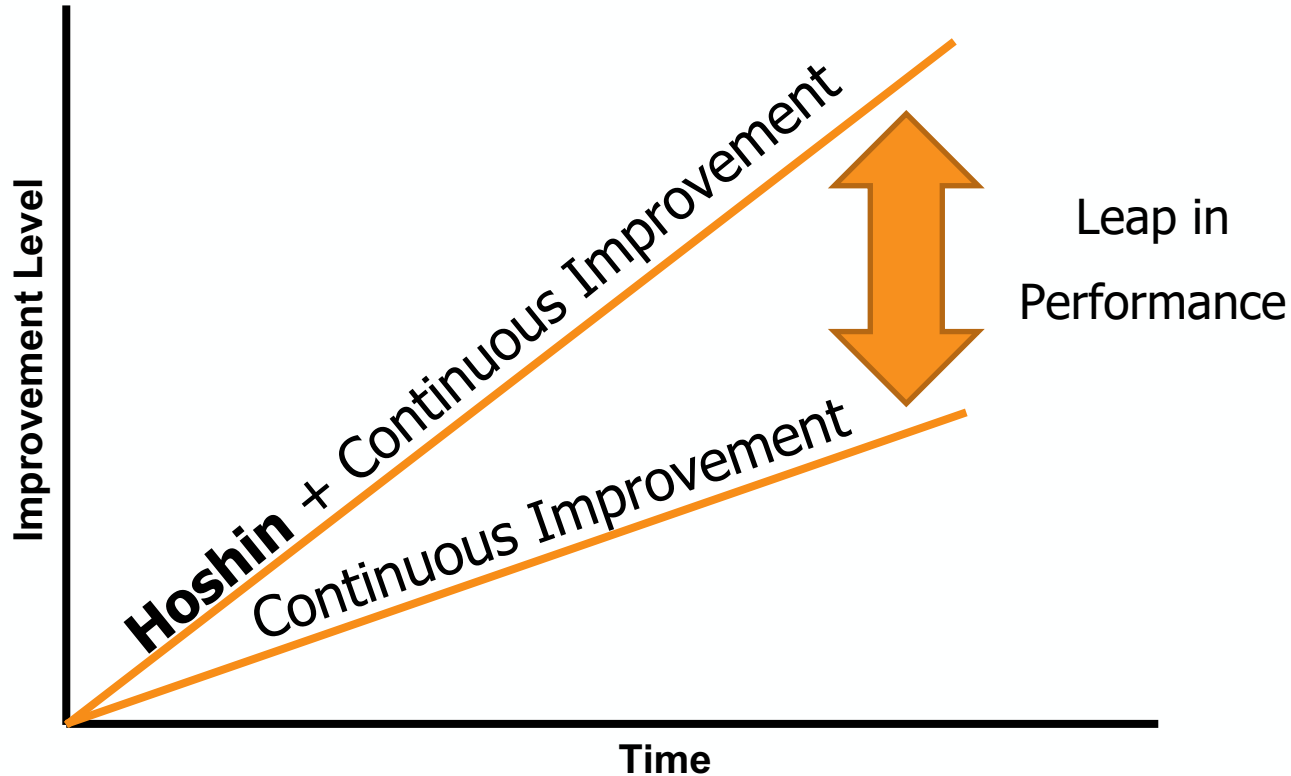
Focuses on Innovation

**Supported by
Continuous Daily
Improvement**

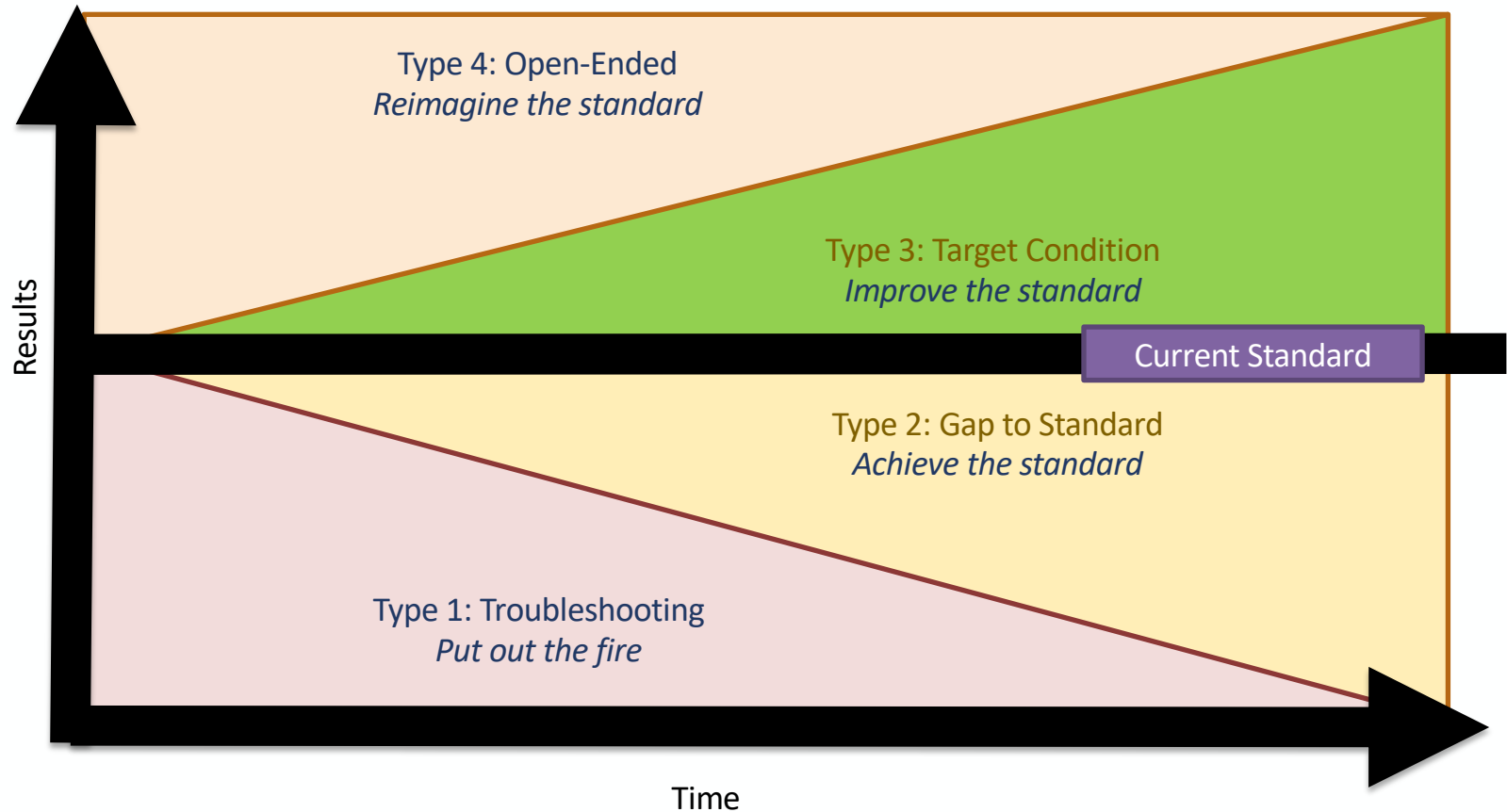
2. Developing capability through strategic delegation of responsibility & subsequent self-development.

Drives creativity

Relationship of Daily Management & Hoshin Kanri



Types of Problem Solving





The A3 Problem Solving Process

THE TOOL

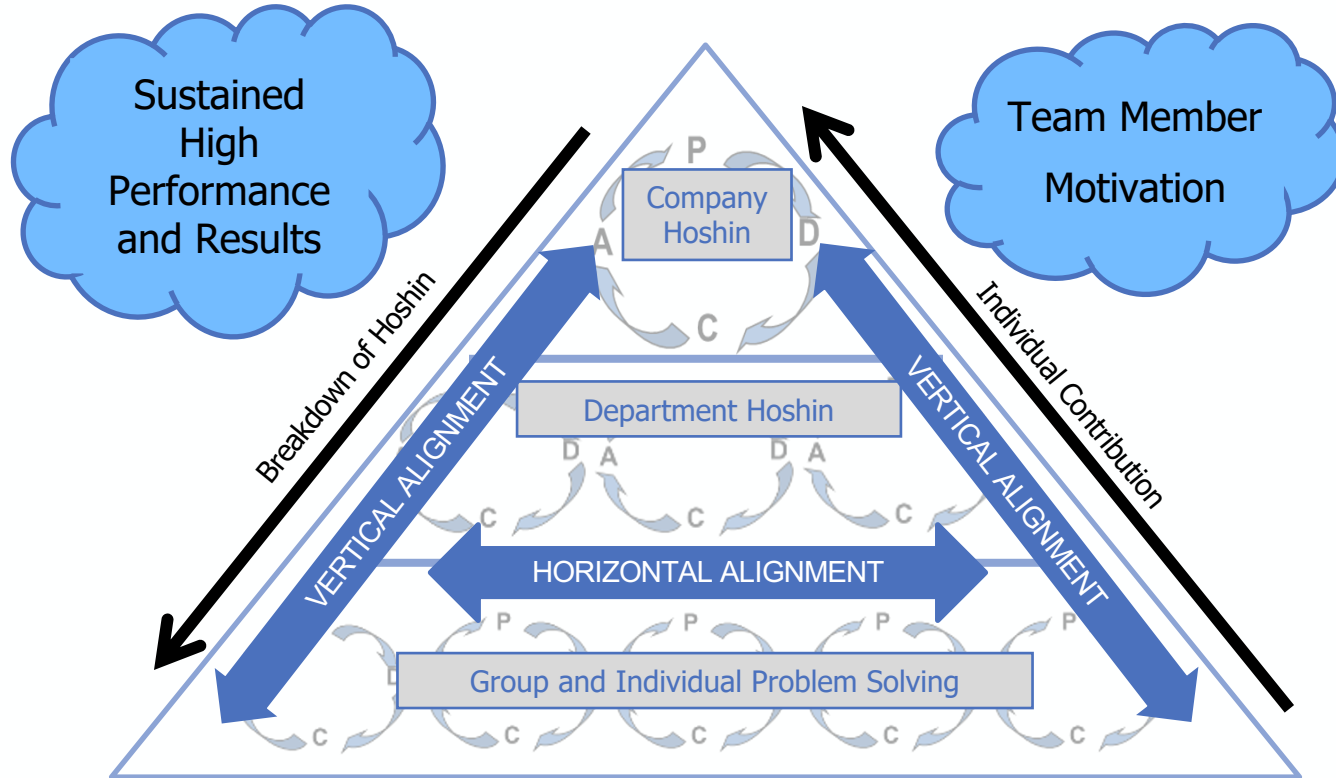
- **A3 is just a paper size**
- **Began in the 60's as the Quality Circle problem solving format**
- **Tells a story, laid out from upper left-hand side to lower right, which anyone can understand**
- **All on one sheet of paper**

THE PROCESS & THINKING

- **Makes it easier for you**
 - **To engage others**
 - **To understand others**
- **Fosters dialogue within the organization**
- **Forces “5S” for information**
- **Leverages PDCA**
- **Clarifies the link between true problems & countermeasures**
- **Encourages front-line initiative**
- **Develops thinking problem solvers**

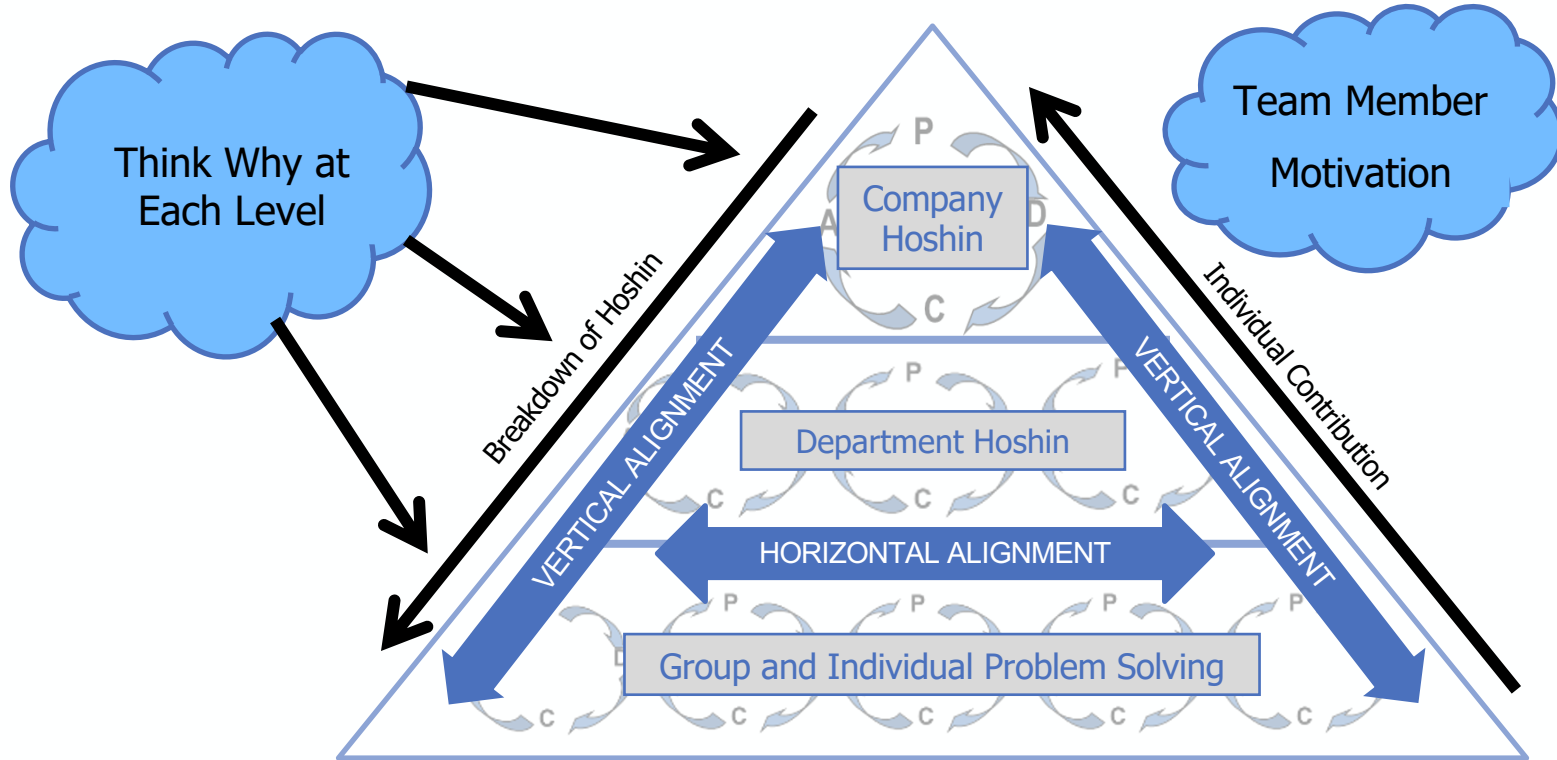
Hoshin Kanri – AKA Strategy Management

Breaking Down Company Problems & Solving Them at Each Level



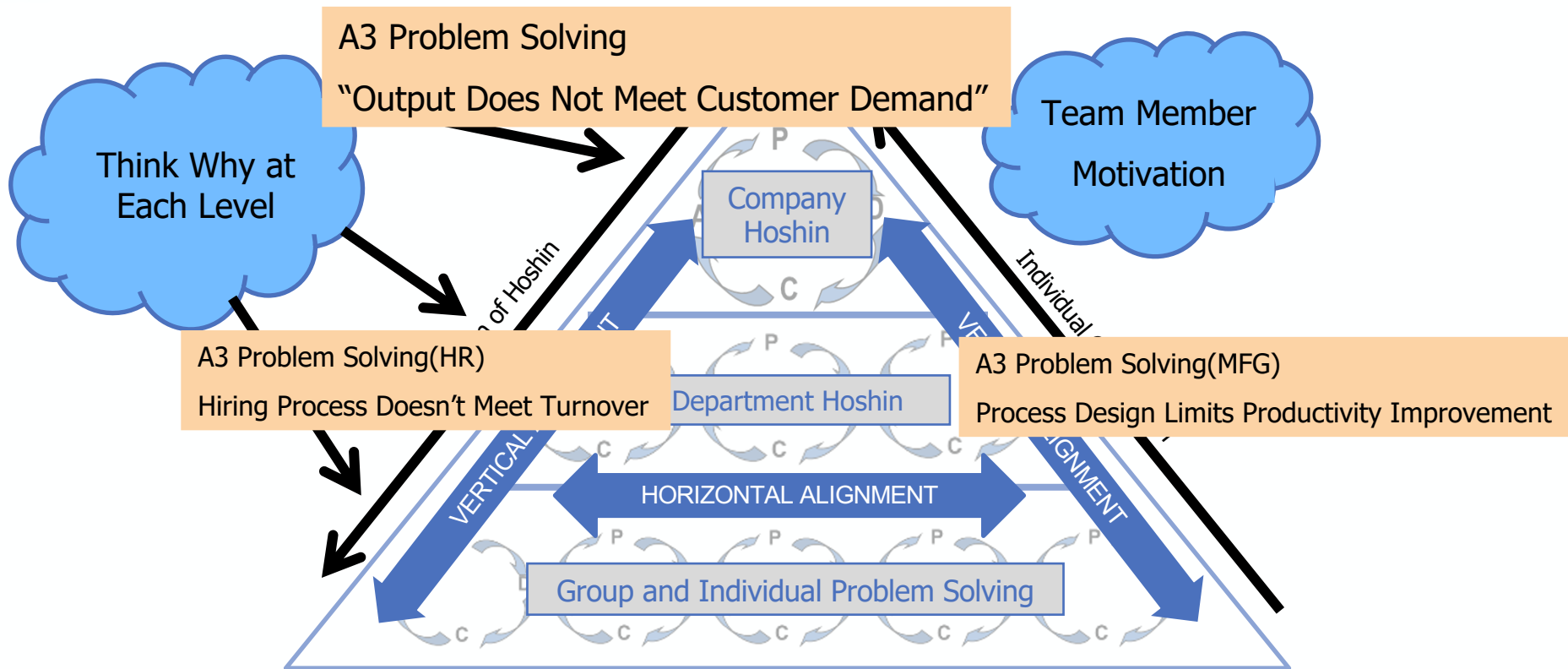
Hoshin

Breaking Down Company Problems & Solving Them at Each Level



Hoshin

Breaking Down Company Problems & Solving Them at Each Level





In Summary

Hoshin Kanri is a management system for the organization to define:

- 1) The prioritized problems to solve for the organization based on business conditions
- 2) The structure to align and break down those problems linking them vertically and horizontally

3) A3 Problem Solving system to:

- 4) Address individual problems to solve based on priorities the organization has established through hoshin kanri or daily management
- 5) Develop capability in the organization to coach and solve problems
- 6) Communicate and support alignment to solving individual problems across the organization

Hoshin Kanri and A3 Management function as interdependent links

The Lean Enterprise Institute and Turner Construction have been **Co-Learning Partners** since 2015 with the purpose of bringing Lean Thinking and Practice to the construction industry:

Turner

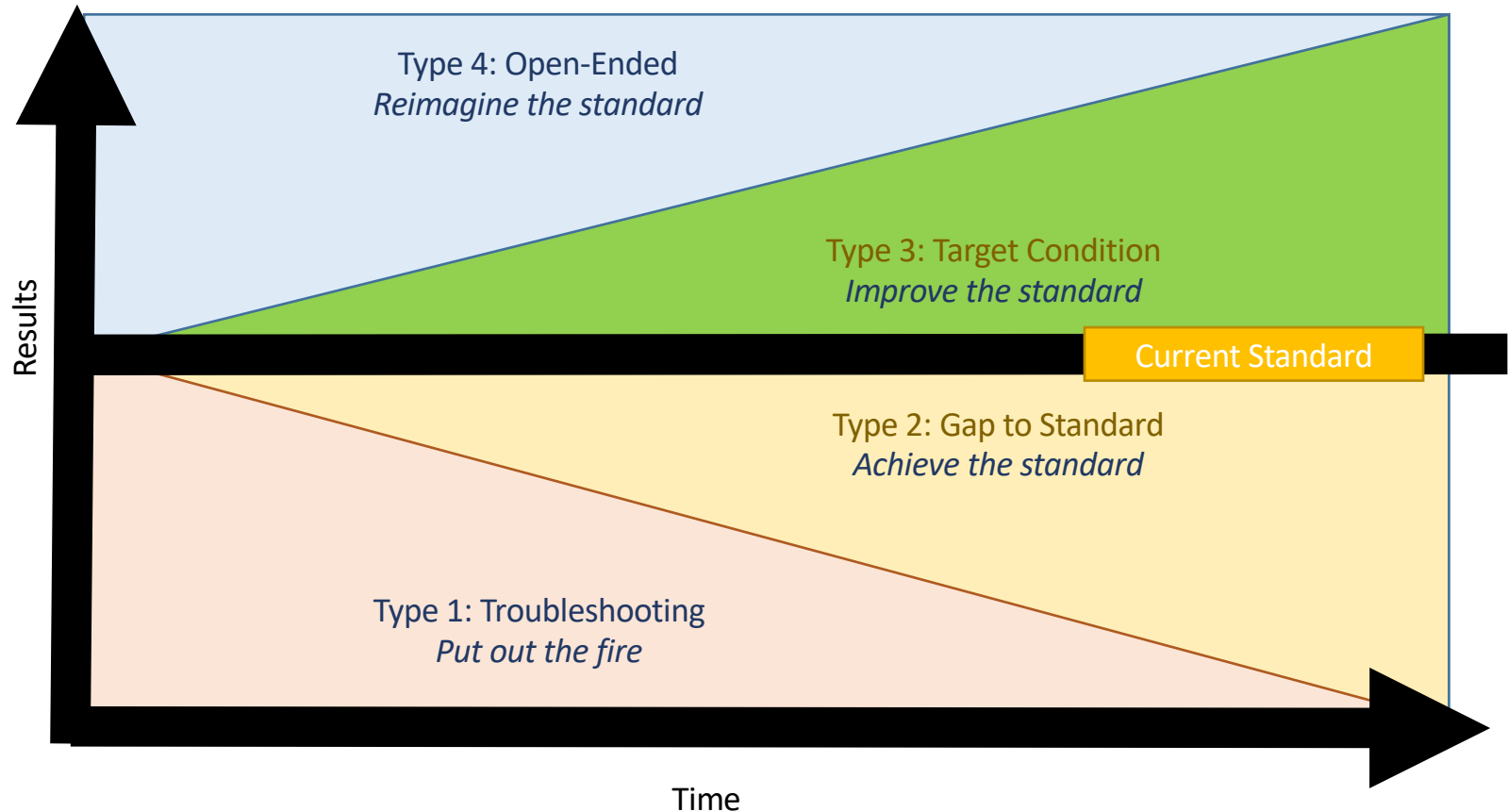


Lean Enterprise Institute
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Doug Cooper, VP of Turner Construction, will explain this structure with a practical example

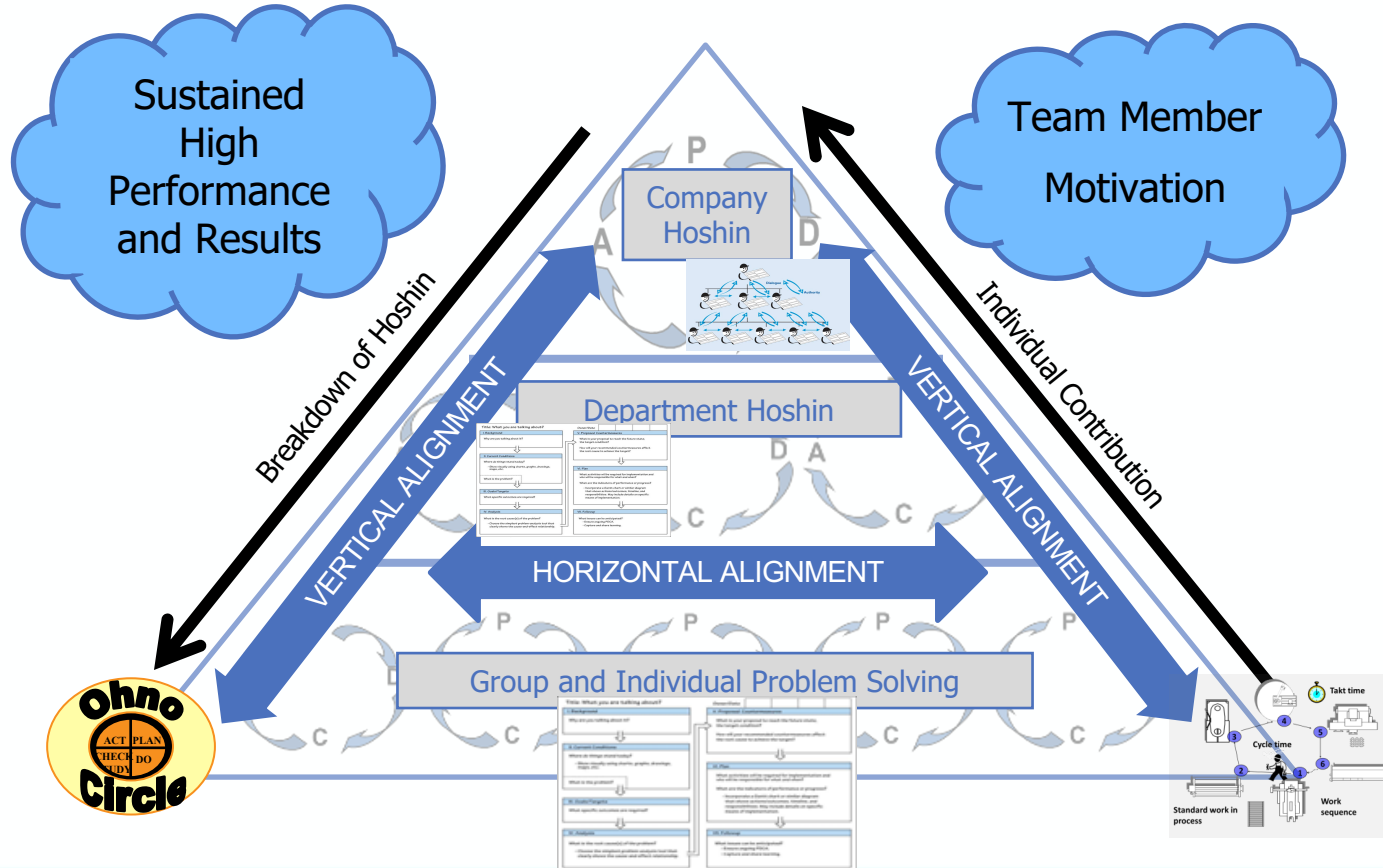
Please note some slides have been redacted.

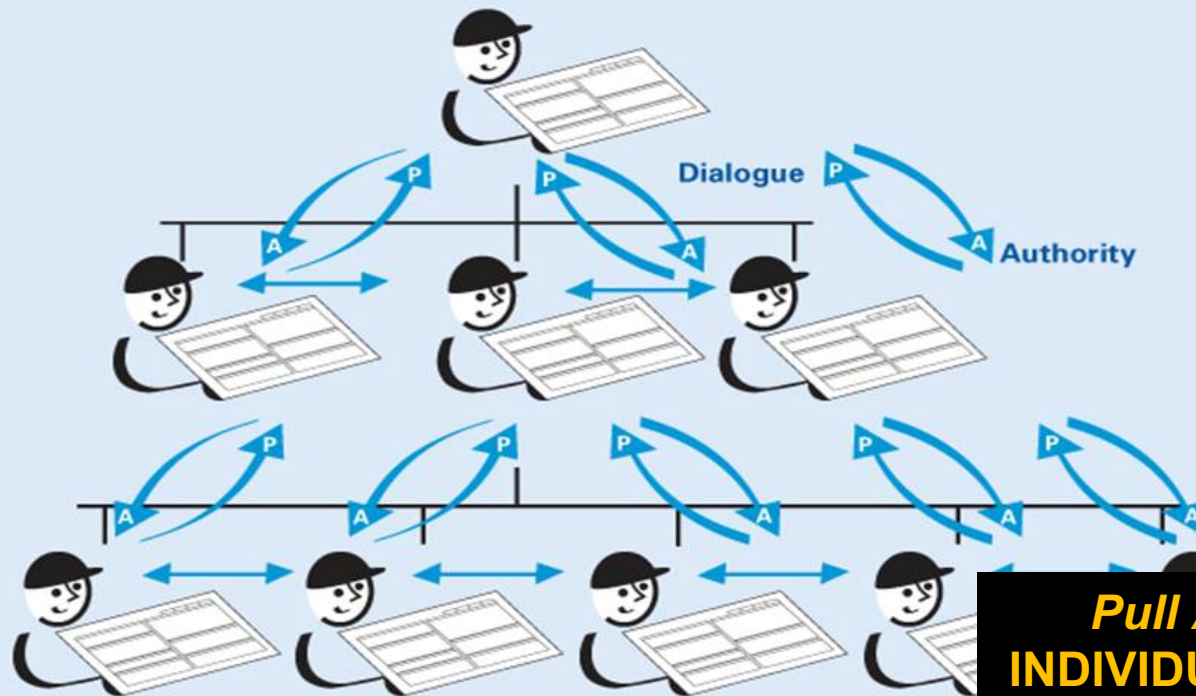
Types of Problem Solving



Hoshin Kanri – AKA Strategy Management

Cascading Challenges and Escalating Problems – Up and Down, Down and Up





Managing to Learn
Using the A3 management process to solve
problems, gain agreement, mentor, and lead



by John Shook

**Pull Authorization:
INDIVIDUAL INNOVATION
and
ALIGNED DIRECTION**

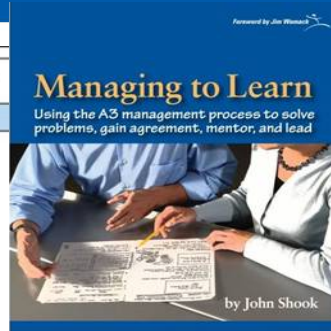
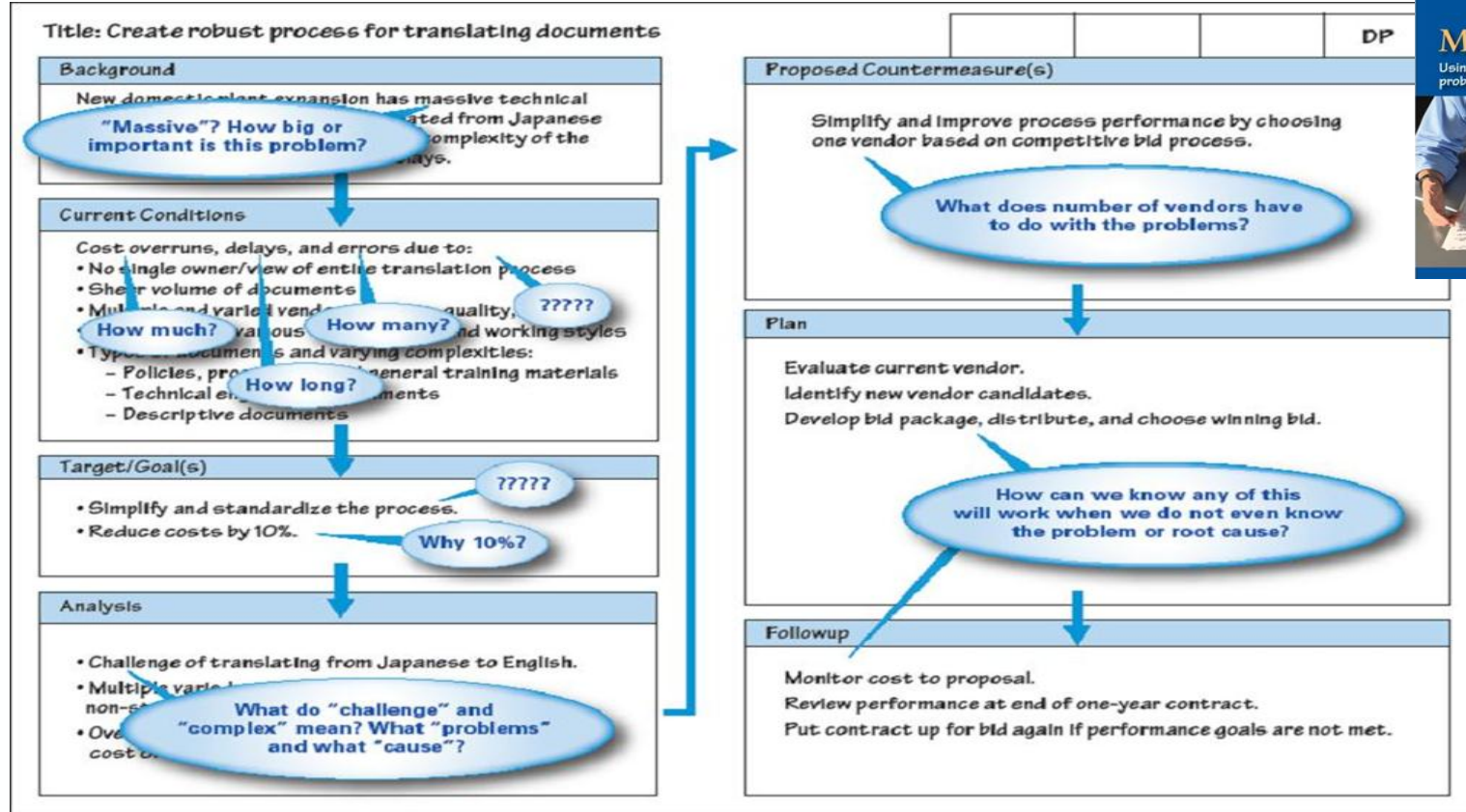
Initiative – Dialogue – Proposal – Authorization



“...is less about providing the right answers than asking the right questions and exploring them by engaging everyone in experiments to learn through doing.”



A3 as Job Aid for Managers to Ask Better Questions



THE LEAN POST



1980 Year-end Review

Kan-Pro (Kanri Noryoku Program) 1980 Year-end Review

12.11.1980

Miki Sugita, Kan-Pro Office

1. Review of least year - 1979 - Kan-Pro Results

1) Assessment of Key Managerial Skills - 1979 End

	Tech.	Pro.Pre	Plant	Admn.
1. Story line	○	○	○	○
2. Presentation skill	○	○	○	○
3. PDCA circle	△	○	○	△
4. Role of Manager	○	○	△	△




Note: ○ (very good), ◯ (good), △ (so-so), × (no good)

> Result varied widely among divisions & individuals

2) Issues observed at '79 Year-end Assessment

- ① Shallow understanding of "What is 'management'?"
 - a) Fewer comments on "Check" and "Action"
 - b) Focusing on high-priority items was poor
 - c) Process for "How to attain the goal" was insufficient
 - d) Unclear targets. How to measure results is not shown
 - e) "How to proceed to the next step" was abstract
- ② Review/Reflection on performance of Kan-Pro Office
 - a) Check/follow-up on Gen.Mgrs' Hoshin was insufficient
 - b) Reference were insufficient
 - c) Support for each department was weak
 - d) Grasping situations of each department was incomplete

3. 1980 Implementation Status of Priority Items of Kan-Pro (Year-end)

Priority Items	Evaluation	Results, Issues, Planned Actions
1) Check on Gen.Managers' Hoshin and provide consultation ① Hoshin Review Format created. Hoshin of 90 Depts checked. Managers' Hoshin of 370 sections checked ② Kan-Pro staff travelled to Depts. for advice. Improvement needed: 15% of Gen.Mgrs, 30% of Mgrs. ③ Developed "Check-point" brochure & distributed to all managers	 	① "Hoshin framework" is understood ② Creating awareness among non-line Mngrs (staff) will be our next challenge ③ Enhance support to keep each division excited with Hoshin activities
2) Coaching on "how to clearly explain current situation" (Weak point) ① "Nemoto Lecture" held to reinforce Managers' learning (Jan.) Case Studies booklet "How to Overcome Weakness Vol.1" sent to Mngrs ② Kan-Pro staff travelled to divisions to coach on A3 (Feb. Mar.) ③ Still poor at Mid-year Assessment => "how to conquer Weakness Vol.2" published & distributed (July)		① 80% of Mngrs understood the basics of "management" including presentation skill ② Non-line Mngrs' job has its unique characteristics. Same with Sales & Marketing job. Ample study is required.
3) Propelling Mutual Development (for Managers) ① Proposed "workshop" for all Managers at each Dept. Dinner served. Kan-Pro staff also joined. (4 times/year) ② Proposed a program for Gen. Mngrs to sit in on Mngrs' Workshop (2 times/year) (35% of Gen. Mngrs attended) ③ Held Case Study Presentations by selected Managers (July) (Attendance rate: 80%, Good reception. 4 out of 5-point scale)		① They learned "what is 'management'" deeper.

How the A3 Process Developed to Help Build Better Managers, Part Two

by [John Shook](#) & [Isao Yoshino](#)

August 7, 2020



1. Review of last year - 1979 - Kan-Pro Results

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- Reference were insufficient
- Support for each department was weak
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Questionnaire of Production Preparation Div. (example)

	Mgrs	Gen.Mgrs
Interaction with other divisions	25%	8%
Sharing good cases with others	15%	4%

2. 1980 Hoshin for Kan-Pro Team (based on 1979 reflection above)

1) Attain company's constitutional improvement through further promotion of "Kan-Pro"

Target for 1980: All managers involved in Kan-Pro will "pass" the President Inspection (President Toyoda)

2) First trial to apply Kan-Pro to auto-parts suppliers

Target: Implement Kan-Pro to Tier 1 & 2 suppliers

3) Further enhancement of specific technology & skills

Target: (My personal target) To be appointed **Professor of Nemoto School** by the end of 1980

1980 is the year to establish "katachi" (basic pattern) and, based on that, achieve our original targets.

3. 1980 Implementation Status of Priority Items of Kan-Pro (Year-end)

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4) Expand Kan-Pro to New Generation - Training Courses ① Newly Promoted Mgrs ("management", "kaizen") (Mar.) 4.4pt/spt ② Newly Promoted Asst. Mngers ("Kan-Pro" concept) (Mar.) 4.5pt/spt ③ Mid-level staff (to be promoted soon) ("management"; "kaizen") (May)	◎	① "Action" is the key ② More focus on Admin Mgrs ③ M... th...
5) Coaching to Toyota Group Companies ① Nemoto-san visited auto parts suppliers & held seminars & coaching ② Kan-Pro Office started follow-up & coaching (in rather a small scale) ③ Kan-Pro Office started QC activity at TMS (sales & marketing) (Sept.)	○	① They understand... ② Need to help the Kan-Pro scheme, their conditions

Proportion of 5-
Tech. 63%
Pro.Pre 62%
Plant 73%
Admin 81%

4. 1980 Overall Assessment

- 1980 Target has been attained. But much variation among different divisions
- Reflections (good and bad) after 2-year Kan-Pro campaign:

< Good >

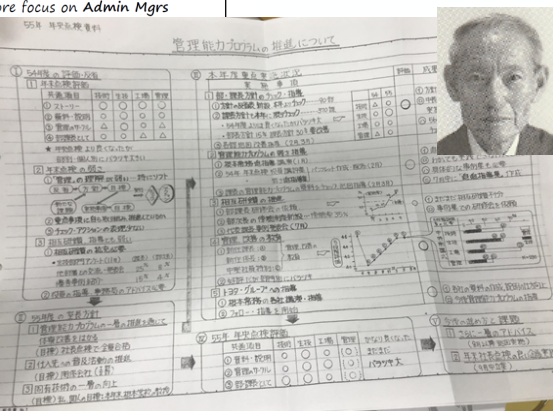
- Witnessed many dedicated people
- Shared common views on "management"
- Gained much invaluable knowledge

< Bad >

- Inconsistent understanding of Kan-Pro
- Insufficient emphasis on develop people
- Big burden on Officers
- Variation among divisions

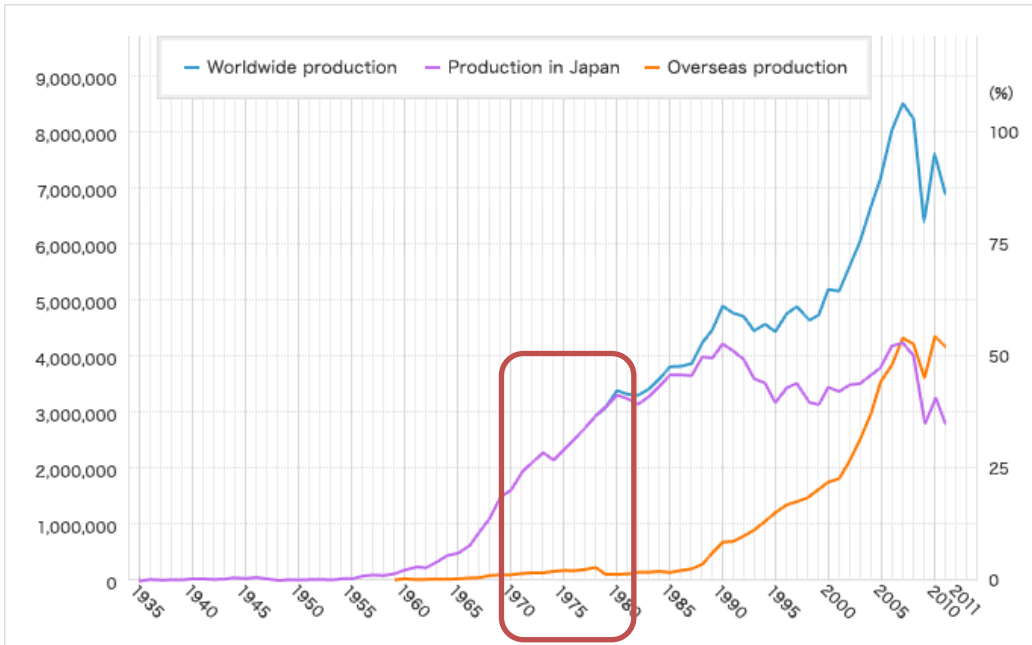
5. Next step

- 1) Establish
 - Train
 - Volun
 - Divisi
- 2) Kan-Pro
 - Detail
 - Expand



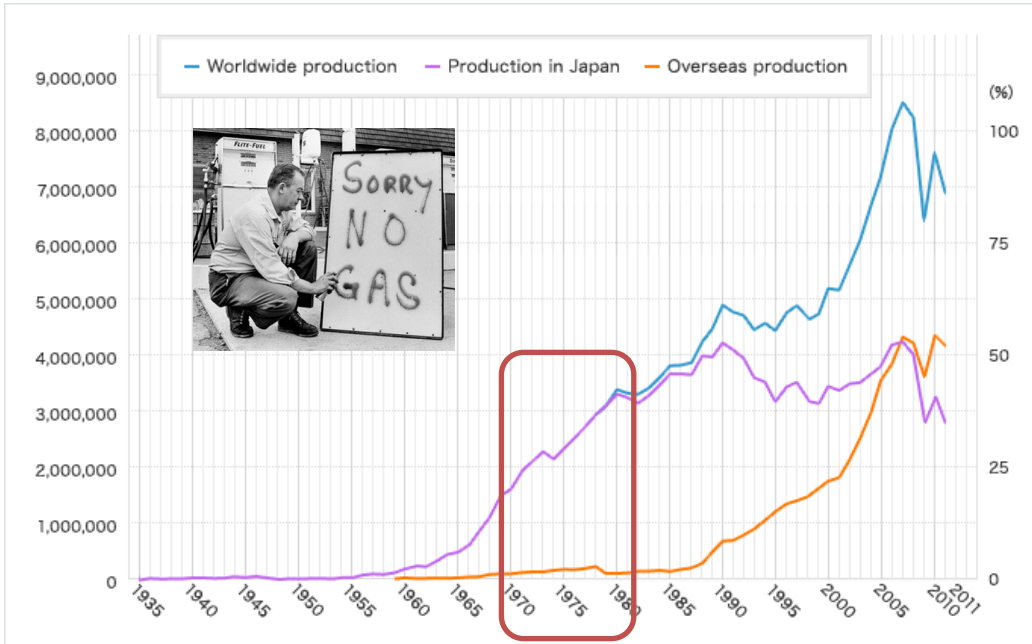
Toyota's Management Capability Problem of Late 1970s

- ❖ The 1970s was a tumultuous decade for Toyota.
 - It began with a scramble to keep up with growing demand.
 - It ended with a scramble to keep up with growing demand.



Toyota's Management Capability Problem of Late 1970s

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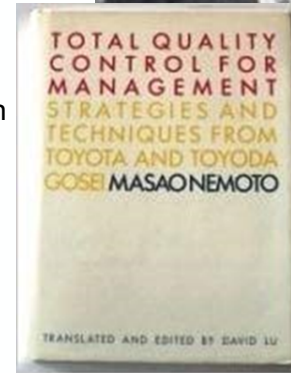


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 - It began with a scramble to keep up with growing demand.
 - It ended with a scramble to keep up with growing demand.
 - In between, the company contended with two global oil crises, newly challenging emissions regulations, and the onset of globalization.
- ❖ Operationally, the demands to develop and produce new and increasingly complex products proved hugely challenging at the time.
 - Product quality began to suffer.
- ❖ Company leaders noticed that enthusiasm for Total Quality Management established in the mid 1960s started to diminish.
 - They felt a pressing need to get back to the basics.
- ❖ Masao Nemoto, architect of Toyota's famous '60s TQM initiative, proposed to heighten awareness of "the role & responsibility of managers" through
 - Two-year program called "Kan-Pro" (*Kanri Noryoku Program*) for managers in the Toyota City HQ area
 - Nemoto formed a "Kan-Pro Task Force". Mikio Sugiura was task force chief; Isao Yoshino was a member.



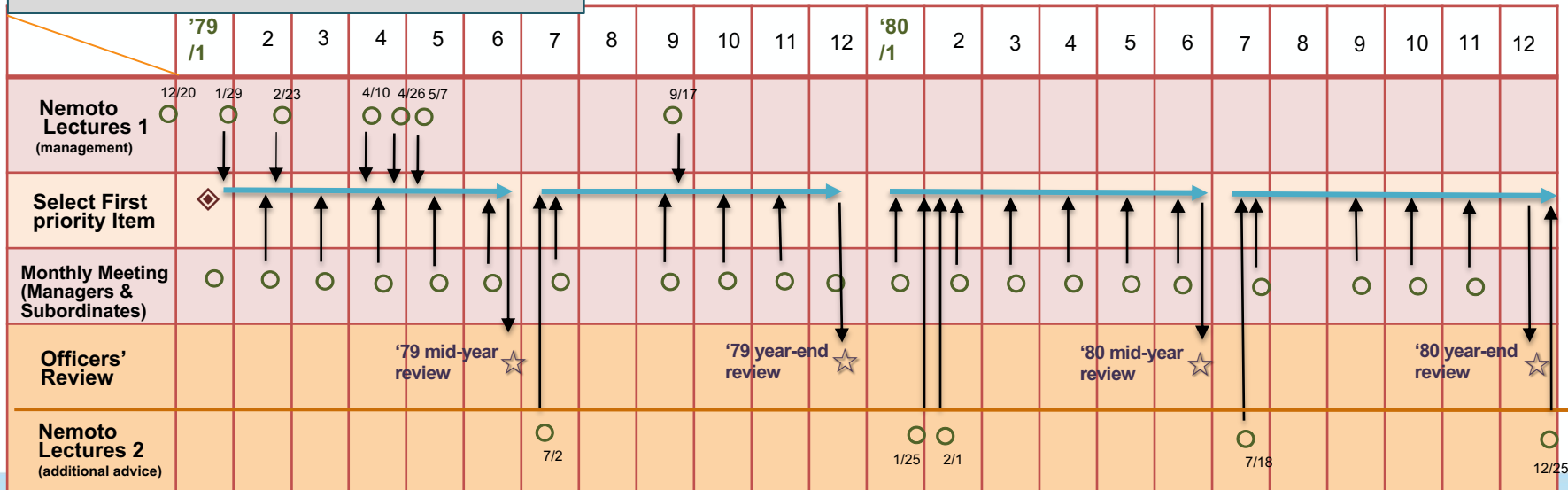
Kan-Pro!!



A Program to Develop Managers and a Management Culture

- 1) Each manager (all participants were managers) was expected to:
 - a) **Prepare an A3** telling the story of **the most important item** from their Hoshin items in which they explained where they stand, where they need to go, and what they are doing about it.
 - b) **Present his A3** (A3s can be shared through other means but are meant to be presented) to the executive officer responsible for his department at **mid-year** and **year-end** for two years (total of four sessions with executive officers).
 - c) **Conduct monthly meetings** to share the A3 and project progress with senior managers and subordinates.
- 2) In Review Sessions, executive officers asked: ***"What did you do to help your subordinates?"***
- 3) All the activities were handled **in-house** (no outside experts involved).

Kan-Pro Schedule 1979 – 1980



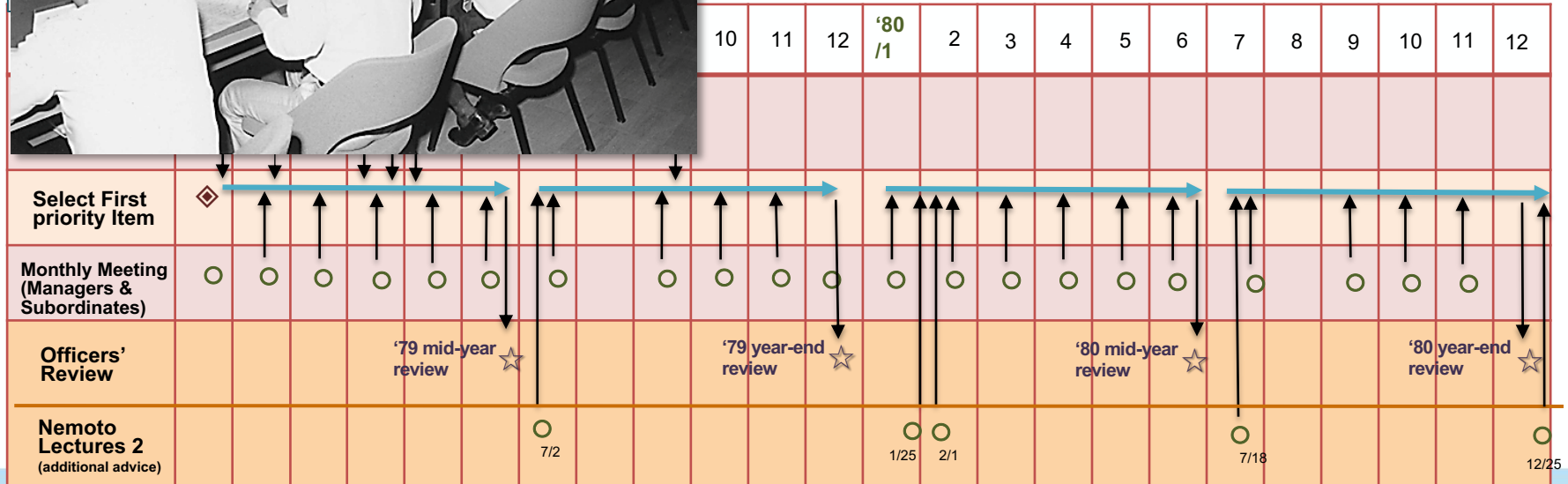
A Program to Engage Leaders

Dr. Shoichiro Toyoda joined each report-out session along with the entire executive staff. He knew that the strength of the program would be fully realized if everyone involved learned together.

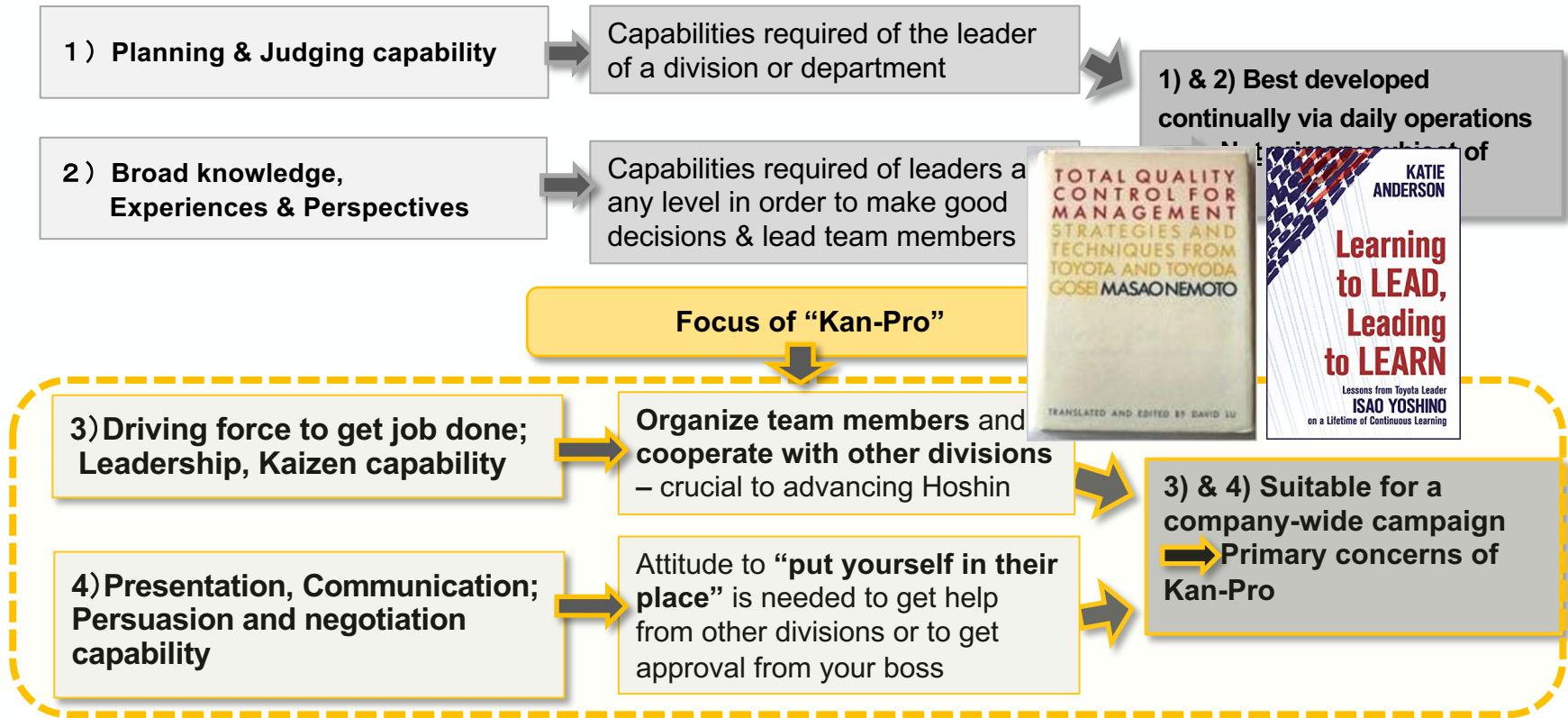


"Kan-Pro was developed for managers. But I expect all Executive Officers will also develop your own management capability."

Eiji Toyoda at year-end executive meeting in 1978



Kan-Pro Focused on Two or Four Management Capability Needs



THE LEAN POST



1980 Year-end Review

Kan-Pro (Kanri Noryoku Program) 1980 Year-end Review

12.11.1980

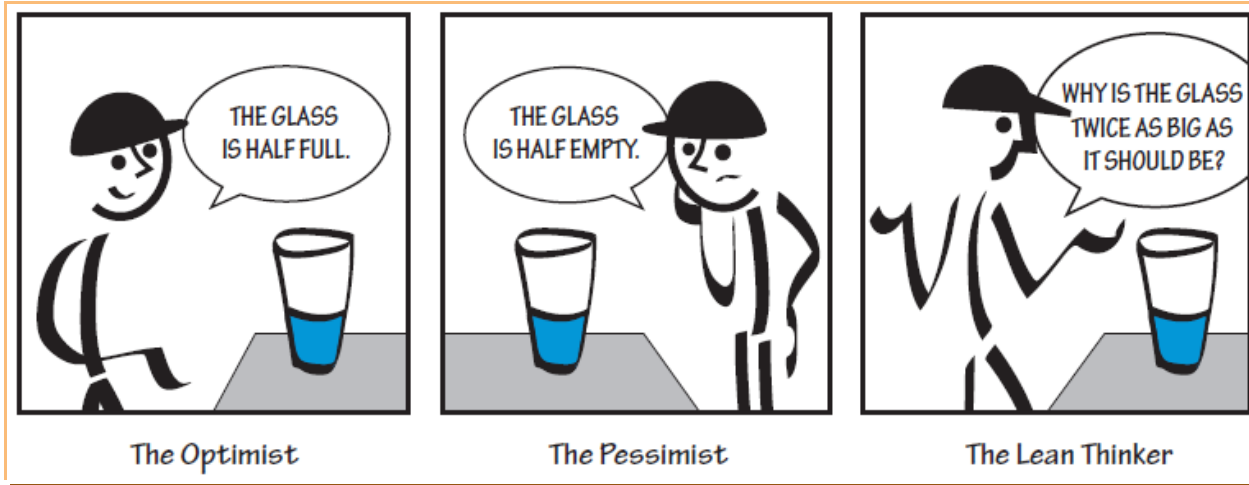
Miko Sugitara, Kan-Pro Office

We think any organization is well advised to periodically assess and take measures to actively develop its managers. Kan-Pro represents Toyota's effort in this regard as its go-go decade of the 1970s came to a close. With the turbulence impacting your organization today, how are your managers faring? Are they equipped as they need to be? How about considering something similar to Kan-Pro in your organization today?

Isao Yoshino, Okazaki Japan

John Shook, Ann Arbor Michigan

Lean Thinking



- Principle of “Just Enough”
- Practice of *Questioning* and *Exploring Together*
- Thinking & Acting Differently
 - Not always easy – enabling structures and practice help



In Summary

- Hoshin Kanri creates the framework and enabling structure to align the organization vertically and horizontally
- A3 is a process to solve problems and make individuals and the organization stronger



In Summary

Why should they be linked?

1. Enables the organization to work on the right problems, linked to aligned direction via the hoshin process.
2. A3 is a critical mechanism to achieve bottom-up problem solving and innovation.
3. A3 is a tool that anyone can use to take on responsibility for a problem - Hoshin is not top-down only so we need a mechanism to bring problems up. This is A3.

Linking Hoshin and A3 enable an effective lean transformation



Q&A

Learn more about

- Lean thinking & practice at [Lean.org](https://lean.org)
- Becoming an LEI Co-Learning Partner at [Lean.org/CLP](https://lean.org/CLP)
- Joining our Hoshin and A3 Workshops at [Lean.org/calendar](https://lean.org/calendar)