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Strategic planning process Hoshin Kanri (Japanese: 方針管理, "policy management")[1] is a 7-step process used in strategic goals are communicated throughout the company and then put into action.[2][3] The Hoshin Kanri strategic planning system originated from post-war Japan, but has since spread to the U.S. and around the world.[4][5] Translated from Japanese, Hoshin Kanri aptly means "compass management".[6] The individual words "hoshin" and "kanri" mean direction and administration, respectively.[5] Hoshin Kanri requires a strategic vision in order to succeed. From there, strategic objectives need to be clearly defined, with goals being written for long periods of a one to five-year-long timeframe.[3] Once the long term timeframe goals are completed, the team can focus on yearly objectives. Management needs to avoid picking too many vital goals in order to stay focused on what is strategically important.[5] The big goals then need to be broken down into smaller goals, at a weekly and monthly basis and then implemented so that everyone, from management to the factory floor, is in agreement on what needs to be accomplished. The satisfaction of goals should be reviewed on a monthly basis, with a larger annual review at the end of the year.[3] Performance measurement is also a key part of the process.[5] Hoshin Kanri is a top-down approach, with the goals being mandated by management and the implementation being performed by employees. As a result, systems need to be in place to ensure that objectives from senior management are effectively communicated all the way down the chain of command.[5] As such, a catchball system[7] is often used in order to aid in the execution of the strategic plan. A catchball system seeks to get opinions of both managers and employees through meetings and interactions in order to ensure the bidirectional flow of goals, feedback, and other information throughout the organization.[8] Companies that use Hoshin Kanri often follow a Think, Plan, Implement, and Review process which is comparable to W. Edwards Deming's Plan Do Check Act cycle.[5] This is because Deming played a role in the spreading of quality control principles that influenced the development of Hoshin Kanri.[4] The cyclical process is a way to plan for the future, not just to react to what is happening now. The principles of PDCA are heavily embedded into the Hoshin Kanri planning process.[5] Beyond PDCA, Joseph M. Juran also played a role in spreading quality control principles that influenced Hoshin Kanri technique is often aided with a Hoshin Kanri, specifically focusing on management's role in the process.[4] The Hoshin Kanri technique is often aided with a Hoshin Kanri, specifically focusing on management's role in the process.[4] The Hoshin Kanri technique is often aided with a Hoshin Kanri technique is oft objectives and goals. The matrix can also incorporate Key Performance Indicators and priority values and be accompanied by detailed plans, resource assignment demands, or value stream maps. ^ "Origins of Hoshin". Management Coaching & Training Services. Archived from the original on 2022-11-28. Retrieved 2017-07-27. ^ "Hoshin Kanri". www.businessdictionary.com. BusinessDictionary.com. BusinessDictionary. Archived from the original on November 16, 2016. ^ a b c Waldo, William "Wes". "7 Steps of Hoshin Kanri...". MCTS. Archived from the original on May 13, 2017. A b c d e f g Zairi, Mohamed; Erskine, Alan. "Excellence is Born out of Effective Strategic Deployment: The Impact of Hoshin Planning" (PDF). International Journal of Applied Strategic Management. 2 (2). Archived from the original (PDF) on August 30, 2017. Retrieved May 21, 2017. 2017. ^ Linders, Ben (March 23, 2017). "Applying Hoshin Kanri at Toyota". Info Q. Retrieved May 21, 2017. ^ "Use the Catchball". Kaizen News. Retrieved May 21, 2017. A Lean Journey. Retrieved 27 July 2017. ^ Ferraro, Antonio. "What is Catchball". Kaizen News. Retrieved May 21, 2017. Retrieved May 21, 2017. ^ "Use the Catchball Process to Reduce Ambiguity". A Lean Journey. Retrieved May 21, 2017. ^ "Use the Catchball". Kaizen News. Retrieved May 21, 2017. ^ "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball Process to Reduce Ambiguity". A Lean Journey. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". Kaizen News. Retrieved May 21, 2017. \* "Use the Catchball". \* "Use the Catchb as important as the plan itself. Many organizations adopt the Hoshin Kanri method (also known as Hoshin Planning or Strategy Deployment), which integrates daily management with the strategic breakthroughs needed to propel the organization forward. achieve them. An important element of Hoshin Kanri is not just the setting of top-down objectives but also ensuring a two-way dialogue between leadership and employees, known as "catchball." This ongoing feedback loop ensures that strategic objectives are both communicated effectively and adjusted based on input from all levels of the organization. The entire process becomes an iterative cycle that aligns with the Plan-Do-Study-Adjust (PDSA) framework, fostering continuous learning and improvement. Here are the seven steps typically followed in the Hoshin Kanri process: Step 1: Establish the Vision and Assess the Current State Begin by reviewing your organization's current mission, vision, and values. Are they aligned with where you need to be? Assess current processes to identify strengths and your current reality. Step 2: Develop Breakthrough Objectives are long-term goals that require significant change and innovation. They often span three to five years and aim for transformative results, such as entering new markets, developing new products, or adopting radically different service delivery models. Step 3: Define Annual Objectives Once breakthrough objectives are in place, it's time to identify what must happen this year to achieve them. For example, if the goal is to launch a new product in three years, this year's objective might include conducting market research or defining product requirements. Step 4: Cascade Goals Throughout the Organization Cascading goals is not just a top-down exercise. Through "catchball," there's a collaborative process of back-and-forth communication ensuring that every department, team, and individual understands their role in achieving the broader strategy. These goals should be measurable, with clear key performance indicators to track progress. Step 5: Execute Annual Objectives With the goals set, teams take action. Problem-solving techniques such as Kaizen events, PDSA cycles, and A3 thinking are employed to overcome obstacles and drive execution. This phase is where strategy meets daily management practices. Step 6: Monthly Reviews are essential. Regularly checking progress allows for adjustments and reinforces accountability across the organization. This also aligns with the iterative nature of the PDSA cycle, enabling constant learning. Step 7: Annual Review At the end of each year, conduct a comprehensive review of the progress made toward breakthrough objectives. This is the time to reassess timelines, make necessary adjustments, and reallocate resources to ensure continued alignment with the long-term vision. Hoshin Kanri (or Hoshin Planning) is not terribly complex, but each step is important to create an action plan that can be effectively executed in the expected time frame. Aligned goals ensure that everyone is working toward the same ends, and frequent reviews help ensure that work stavs on track. If you are looking for a planning method that will help your organization make the leap to the next level, Hoshin Kanri is a great option to consider. In conclusion, Hoshin Kanri is a great option to consider. In conclusion, Hoshin Kanri is a great option to consider. feedback, making Hoshin Kanri a continuous cycle of improvement that aligns every part of the organization with its strategic vision. Hoshin Kanri, also known as Policy Deployment, is a systematic approach within Lean management, aimed at ensuring that the strategic goals of a company are not only clear to every employee but also that they are driving progress and action at every level of the organization. This Japanese management strategy is essential for comprehensive reflection, setting clear objectives, and detailed planning in their annual cycles. Developed as a method to deploy organizational goals in a way that ensures both alignment and full commitment. Companies like Toyota have famously integrated it into their management systems, leading to remarkable efficiency and industry-leading innovations. The strategic planning and execution. The core of Hoshin Kanri lies in its four primary principles: vision setting, communication, and review. A vision is established by top management, communicated effectively through the ranks, implemented via detailed action plans, and continuously reviewed and improved upon, making the process cyclic and dynamic. Hoshin Kanri is best utilized in scenarios where a business seeks to steer their organization towards long-term strategic goals while maintaining flexibility and responsiveness to immediate operational challenges. It's ideal for translating grand visions into actionable steps and measurable objectives. The Hoshin Kanri methodology operates on a cyclical process, deeply ingrained with the core values of vision alignment, effective communication, meticulous implementation, and continuous review. This systematic approach begins with the establishment of a comprehensive organizational vision by top management. strategic objectives. Following the formulation of the vision, breakthrough objectives are delineated. These breakthrough objectives are delineated to realizing its vision. These objectives are delineated to realize that signify substantial progress in the desired direction. Subsequently, these breakthrough objectives are meticulously broken down into actionable annual objectives involves a granular dissection of the overarching goals into smaller, more manageable tasks. These annual objectives are meticulously broken down into actionable annual objectives are meticulously broken down into actionable tasks. These annual objectives are meticulously broken down into actionable tasks. crafted to contribute meaningfully to the attainment of the breakthrough objectives and, ultimately, the overarching vision. The deployment of these objectives throughout the organization is facilitated by the X-matrix, a fundamental tool within the Hoshin Kanri framework. The X-matrix acts as a conduit, ensuring seamless alignment between strategic goals and operational activities. It serves as a visual representation of the interplay between objectives, strategies, owners, and metrics, fostering clarity and coherence across all levels of the organization. However, the mere establishment of objectives is not sufficient. Progress must be monitored vigilantly to ensure that the organization remains on course towards its intended destination. Regular review meetings serve as checkpoints, allowing stakeholders to assess progress, identify obstacles, and recalibrate strategies as necessary. This iterative process of review and refinement ensures that the organization remains agile and responsive to evolving circumstances. Moreover, the Hoshin Kanri process is not static; it is dynamic and adaptive. As market dynamics shift and organizational priorities evolve, the Hoshin Kanri framework accommodates these changes through a disciplined approach to continuous improvement. This flexibility enables organizations to pivot swiftly, capitalizing on emerging opportunities and mitigating potential threats. In essence, the Hoshin Kanri methodology orchestrates a harmonious symphony of strategic vision, meticulous planning, and relentless execution. By aligning every facet of the organization with a shared vision and purpose, Hoshin Kanri fosters cohesion, resilience, and innovation. It transforms aspirations into tangible realities, empowering organizations to thrive in an ever-changing landscape. Implementing Hoshin Kanri can lead to numerous benefits: enhanced clarity of purpose, improved crossfunctional cooperation, effective allocation of resources, and a stronger focus on key business outcomes. It aligns and motivates the workforce, fosters a culture of continuous improvement, and ensures adaptability in the face of changing market conditions. A notable case of Hoshin Kanri in action is seen at a leading automotive supplier. The company faced challenges in meeting delivery deadlines, affecting customer satisfaction. Through Hoshin Kanri, they established a clear objective to improve delivery times by 30% By engaging all levels of staff in the planning and problem-solving process, they not only achieved but surpassed their goal, reaching a 50% improvement within a year. The most common mistakes in applying Hoshin Kanri include inadequate communication of the strategy, failing to involve every layer of the organization, neglecting regular reviews, and resistance to change. To avoid these, it's crucial to ensure transparency, obtain buy-in from all stakeholders, and establish a disciplined review process. For successful Hoshin Kanri implementation: maintain clear, open lines of communication; ensure every employee understands how their role contributes to the strategy; use robust tracking systems to monitor progress; and be open to adjusting plans as new insights are gained. Hoshin Kanri complements other Lean tools seamlessly. For example, it can be integrated with the PDCA (PlanDo-Check-Act) cycle for continuous improvement and Kaizen for promoting incremental changes in the pursuit of efficiency and quality. Unlike traditional planning, Hoshin Kanri is a circular process that involves all employees, focuses on a few key objectives, and is based on continuous review and improvement. Absolutely, small businesses can harness the power of Hoshin Kanri to ensure alignment of their limited resources with their strategic objectives. Regular monthly reviews are recommended, with annual reassessment for setting new objectives or adjusting existing ones. Employees are crucial as they execute action plans and provide feedback for the iterative improvement cycle. Yes, its principles are universal and can be applied across various sectors, including services, healthcare, and education. Useful tools for implementing Hoshin Kanri include the X-matrix for aligning goals and actions, catchball process for idea exchange, and balanced scorecards for performance monitoring. Hoshin Kanri offers a robust framework for aligning an organization's strategic goals with operational execution. By focusing on clear objectives, maintaining flexibility, and engaging every employee, in the process, Hoshin Kanri, here are the top three books on the subject: "Hoshin Kanri: The Strategic Approach to Continuous Improvement" by David Hutchins. Hutchins offers a comprehensive look at the process and its practical application in various industries. "Hoshin Kanri for the Lean Enterprise: Developing Competitive Capabilities and Managing Profit" by Thomas L. Jackson. This book provides a step-by-step guide to implementing Hoshin Kanri; with an emphasis on real-world application and results. Successful TQM" by Yoji Akao. As one of the pioneers of Hoshin Kanri, Akao presents in-depth insights into the philosophy and methodology behind the tool. By adopting Hoshin Kanri, organizations can ensure that their strategic goals are not just aspirations but realities, crafted through the collective efforts of every employee. With a proper understanding of its principles, common pitfalls to avoid, and integration with other Lean tools, Hoshin Kanri becomes more than just a methodology; it becomes more than just a methodology; it becomes the lifeblood of a continuously improving and thriving enterprise. tools in the Lean weaponry for effective strategic management. Hoshin Kanri is a management method that appeared in Japan after World War 2. As it was extremely effective and swiftly adopted by companies in both Japan & the United States, including HP, Toyota, and Xerox. Moreover, Hoshin Kanri is a Japanese word. Furthermore, Hoshin Kanri means Strategic Planning, Policy Deployment, Hoshin Planning, etc. The word, Hoshin means Compass, And the Kanri means Management. If implemented correctly, it assists between strategy as well as execution by creating alignment and focus in VUCA. Certainly, Hoshin Kanri strategy marks the requirement to act on and attain planned goals. Further, It also implies that you need to know where you are going, and a map to get there. We use it for taking strategic goals & progressively communicating them down through the organization, then back up the organization, ultimately put into action by employees with a shared commitment. In today's dynamic conditions a tight control of both planning and execution is essential to both survive and thrive. So, It is in times like these that your whole organization needs to pull together, committed to a method, moving in the same direction. Management requires to avoid choosing too many key objectives to stay focused on what is strategically important. By working on fewer objectives, the organization can achieve them quicker, thus leading to greater desire achievement in the long run, which can appear counterintuitive at first. Read Also: Business Transformation-7 Steps to Successful Business Transformation Hoshin Kanri has Many Features which Make it Unique: It needs planning in several timeframes, from long-term to immediate actions, with direct links between each timeframe. Planning is both top-down & bottom-up, building both company-wide and individual commitment to the plans. Where difficulties appear in achieving targets, it also offers a framework for resolving them. It measures transformation success using both lagging and leading metrics. Develop strategic plans. Set and attain goals. Create consistent schemes. Improve communication between management as well as staff. Allows the staff to focus on performance. We can outline The Hoshin Kanri method with a 7-step process also famous as the Hoshin Planning. So, Hoshin Kanri x matrix involves both planning & execution, in an iterative 7-step process. Furthermore, This planning process makes sure that the strategy of a company gets executed across the hierarchy. Establish Organizational Vision. Develop Breakthrough Objectives. Generate Annual Objectives. Deploy Annual Objectives. Next, implement Annual Objectives. Quarterly & Monthly Review. Annual Review. The 1-4 steps involve planning through a process of catch ball; the last 3 involve execution and review. We generally, Perform this at the executive level and focuses on identifying the current status of the organization w.r.t your vision, planning process, and execution tactics. It is wherein you need the enterprise to be and what on the way the appearance like for business transformation. What do you currently have in place that permits for objectives created and implemented? Do you've to get a current vision? Are there current longtime period plans already in place? These are notable enhancements that will need the whole organization to engage in the process over an established time frame (3-5 years), to complete. So Here, you ought to ask the question: "Which three Breakthrough Objectives a road map for success, allowing management to identify projects & strategies to meet them. So, Choosing what not to do at this stage is critical to success. Each objective should have the following elements that it will be measured by. Particular metrics will measure the progress and show whether the objectives are completed or not. A timetable for the desired completion. Who is accountable for achieving each Breakthrough? It is essential even at this stage that a named individual is listed (generally a member of the leadership team). So, A key precept of Hoshin Kanri x Matrix is that accountability should be with an individual. That person needs to be chosen because they are the best person for the job, not because of their role, seniority, or place in the organizational structure. The leadership team, together with the senior management, breaks down the objectives are ones that you will need to finish in the present year to attain the complete breakthrough objective you are striving for. You can ask like: "For every Breakthrough goal, what Annual Objectives you want to attain within the present year, so you can make sure Breakthrough achievement?" This is generally the point where the Hoshin Kanri Matrix is instilled to help begin the strategy & objective deployment. Focus, accountability, and measurement are again the key elements?" to be agreed upon. Once the annual objectives are discovered they need to be deployed over all the levels of the organization. So, This is the lean transformation process where several parties are involved in an ongoing exchange of information about what it will take to attain a specific objective. It's both a top-down & bottom-up approach that allows for multiple views to collaborate towards the best approach to achieve an objective. It's both a top-down & bottom-up approach that allows for multiple views to collaborate towards the best approach to achieve an objective. It's both a top-down & bottom-up approach to achieve an objective. objectives confidently. With this step, the real execution of Hoshin Kanri starts. This step goes equally with the next two. Unlike other approaches, Hoshin Kanri doesn't assume that because you plan, everything will go smoothly. This is in which having the plan in the region with well-understood goals and responsible owners makes a difference. Throughout the review process, you come across objectives that were missed or not met. Hoshin Kanri applies the Plan-Do-Check-Act (PDCA) cycle. Any deviance from the plan needs instant action. Hence, There is a need to evaluate root causes and counteractions developed to restore the progress. At every quarter, reviews tackle a distinct impression. PDCA (plan-do-check-act) becomes very critical in this phase of the Hoshin process. The monthly reviews make sure that the plan. At the end of the year, there is an annual review, which confirms the results are achieved or not. Hence, This is the time to reflect on what did & didn't work throughout the process. It's a time to learn and teach one another what you've learned. Annually, Hoshin Kanri template excel needs a review of the process begins again. The Hoshin Kanri planning is not only a top-down approach. It is a combined effort between a manager & a subordinate who have to mutually agree on the optimal set of goals. If management commands people into attaining certain goals, without gathering feedback first, they risk demotivation as well as costly errors. Hoshin Kanri planning has built-in continuous improvement mechanisms, which are a key element to making the method successful. So, These are the Catchball & PDCA tools. It is one of the practices that make Hoshin Kanri x Matrix template for lean policy deployment one of the practices that make Hoshin Kanri Catchball is a technique for developing & maintaining open feedback loop overall levels of your organizational hierarchy by generating a two-way stream of information sharing. Furthermore, Catchball allows you to align your company's objectives & goals with the people's actions on all hierarchical levels of your organization. It is a simple but exceptionally valuable practice of the Hoshin Kanri planning process in Lean. Thus, Catchball has several benefits: Including a staff that feels as though they took part in the development, which can lead to a sense of ownership & motivation in the process. It leads to a quick increase of engagement in your team. It can help get a better understanding of the practicality of your plans and also decide whether or not they will be a success. The PDCA cycle is a 4-phase graphical model for carrying vour organization. The method is cyclical, so the PDCA cycle should be repeated again and again. Plan - Find a problem or opportunity & set out a plan for consistent change and effective transformation. Create a hypothesis for what possible issues may be. Do - This is the testing phase. So, This will be a small-scale test where you ca easily measure results & obtain a higher understanding of your hypothesis. Check - Evaluate if the problem is fixed. Act - If the preliminary test was successful, repeat it on a larger scale. Use Hoshin Kanri if:Your staff performance isn't improving. You've been struggling to achieve annual objectives in VUCA. You have a distinctly defined top-down management structure. Your decision-makers are ready to listen to staff feedback. The only disadvantage to Hoshin Kanri Planning is the fact that no one can forecast what would happen in a year. So, This annual goal setting has broadly rejected the agile community and this is no wonder. While the big goals & vision must exist, for an organization to be successful, there needs to be a system in place that adapts it to the dynamic world of today. One of the feasible answers is Portfolio Kanban.Leader's Tip: Participate in the X Matrix process as cross-functional teams to ensure varied viewpoints and ownership of objectives. The most famous way of implementing Hoshin Kanri is applying the X matrix.So Now, you will learn what is the Hoshin Kanri X matrix, how to read it & how to get the most of it. The X-Matrix is Hoshin Kanri X Matrix Template is to develop & implement plans that are both strategic, tactical, and coordinated across people across the organization. So, The Hoshin Kanri X matrix template is a single-page document that includes strategies, goals, strategic projects, and owners. Certainly, A typical X-Matrix is to align the long-time period desires with strategic initiatives, identify the most essential activities along the way & list the metrics that you need to improve. A typical X matrix would normally look like this: Long-term Goals (South): The first step is the long-term Goals (South): The first step is the long-term goals. In which direction you need to improve. A typical X matrix would normally look like this: Long-term Goals (South): The first step is the long-term goals. In which direction you need to improve. A typical X matrix would normally look like this: Long-term Goals (South): The first step is the long-term goals. In which direction you need to improve. A typical X matrix would normally look like this: Long-term goals. In which direction you need to improve the long-term goals. term objectives the annual objectives are developed. What do you want to attain this year? In the matrix between the long-term goals & the annual goal. Top-level Priorities (North): Next you develop the different activities you want to do to attain the annual results. In the matrix in the corner, you again connect the previous annual objectives with the different priorities to attain these objectives. Metrics to Improve (East): Based on the top-level priorities, you mark which priorities with the different priorities to attain this year. Among the top-level priorities annual objectives. which person is responsible for what top-level priorities. To people who have in no way seen a Hoshin Kanri X-Matrix before, it could appear complex. So, It moves South and clockwise: from your vision to your 3-year objectives, to your 1- year objectives, to your 1- year objectives, to your 1- year objectives. to plot your strategy, including, on the East face, how the priorities could be measured, and who could be accountable for their achievement. Hoshin Kanri X-Matrix needs both lateral & vertical thinking. Develop or Find a Template- Firstly, you'll want a template in your matrix. Keep a blank one available, as you'll need to repeat the process at regular intervals. Fill in Your Matrix- Place long-term objectives for the next year only best within the left (west) quadrant. Next, the most important tasks that your group wishes to finish so that you can achieve annual objectives. Add these to the top (north) quadrant. And lastly, your metrics to help you recognize whether or not you're hitting your targets. These are commonly the managers. Mark your Dependencies- Everyone performs this step distinctly. Some teams use only a single marker, others use a lot of them. But the aim is to show, at a glance, which objectives, tasks, and metrics are related and (if desired) how. Share the Matrix template throughout your team. Generally, the leader of your organization is responsible for setting up the matrix or any manager who is implementing it on a team level. When filling the Hoshin Kanri X matrix template, you need to list the essential parts of the diagram closest to the center. Begin with the long-term goals of your team which are normally in the timeframe of 3 - 5 years. Put them at the bottom quadrant of the Hoshin Kanri X matrix template. Observe the capacity of your team will have to complete is to break down every initiative into a real plan for execution to the smallest feasible task before list the subsequent long-time period plan in the matrix. After setting long-term goals, plan the most essential goals which you goal to attain in a shorter time frame (e.g.1 year) and place them within the left quadrant of the Hoshin Kanri X matrix. To generate these, you'll want to consider what you need to accomplish first to keep you on track and then build on from there.Now, fill the top quadrant with the most essential activities that your team has to complete to attain the short-term goals. As a Lean manager, this is your to-do list for the upcoming months for effective lean transformation in the organization. The right quadrant is for the metrics that will keep you on track when you execute the company's goals. This is just the perfect time to apply the Hoshin Kanri Catchball & share your plans with the rest of the stakeholders. Collectively, you can agree on the compelling metrics, you need to improve and list them on the diagram. Right next to the key metrics, you need to list the key stakeholders who will be responsible for the completion of the activities within the top quadrant of the matrix. List only the people responsible for the successful delivery of the team's work. In the end, you should complete the picture by defining the dependencies among every listing in your Hoshin Kanri matrix. connect each quadrant to the next. For instance, you can list a primary and a secondary way of correlation. To distinguish one from another, use different figures for visualizing them (triangles, circles, squares, etc.). It allows your organization to focus on limited goals: choosing what not to do is critical, meaning that priorities are set & resources will be maximized resulting in successful organization transformation. It presents the clear linkage from vision through to the next quarter's goals and, once again, means that any disconnects can be easily identified. By asking for a clear measurement of success, it forces people to describe and create a SMART goal. Leader's Tip: Review and modify the X Matrix on a regular basis to provide for flexibility in response to shifting market conditions and priorities. Hoshin Kanri is an important Lean transformation method for ensuring that the strategy of a company gets executed across the hierarchy. If Hoshin Kanri is an important Lean transformation method for ensuring that the strategy of a company gets executed across the hierarchy. creates a flow of complementary goals, which ensures alignment. A fundamental part of Hoshin Kanri is chasing continuous improvement using Catchball & PDCA. What are the 7 stages of the strategic planning process? Hoshin Kanri planning process? Hoshin Kanri planning process? Organizational Vision. Develop Breakthrough Objectives. Generate Annual Objectives. Deploy Annual Objectives. Next, implement Annual Objectives. Next, implement Annual Objectives. Rearistic Annual Objectives. Next, implement Annual Objectives. Next, implement Annual Objectives. Sevent Annual Objectives. Next, implement Annual Obj management. If implemented correctly, it assists between strategy and execution by creating alignment and focus in VUCA. X Matrix Hoshin Kanri is a management method is amid the potent tools in the Lean weaponry for effective strategic management. Hoshin Kanri is a management method that appeared in Japan after World War 2 To promote alignment, establish clear, cascading objectives and priorities for frontline staff. Establish a culture of continuous improvement by regularly measuring and monitoring progress using key performance indicators (KPIs). Hoshin Kanri, often referred to as Hoshin Planning, is a strategic planning method originating from Japan that helps organizations align their goals, policies, and processes across all levels of management or control. It represents a system for setting and and "Kanri" meaning direction or compass and "Kanri" meaning directions align their goals, policies, and processes across all levels of management or control. It represents a system for setting and their goals, policies, and processes across all levels of management or control. guiding strategic direction. Together, it helps organizations align their efforts with their long-term goals. Hoshin Kanri, also known as Hoshin Planning or Policy Deployment, is a strategic management methodology that helps organization, align their efforts with their long-term goals. Hoshin Kanri, also known as Hoshin Planning or Policy Deployment, is a strategic management methodology that helps organization, align their efforts with their long-term goals. Hoshin Planning or Policy Deployment, is a strategic management methodology that helps organization, align their efforts with their long-term goals. Hoshin Kanri, also known as Hoshin Planning or Policy Deployment, is a strategic management methodology that helps organization, align their efforts with their long-term goals. aligning every level from senior management to the operational workforce with common objectives. This ensures that all employees work toward the same goals. By promoting clarity in direction and focus, Hoshin Kanri fosters goal alignment and systematic execution across various departments. The term itself comes from Japanese, where Hoshin means "shining needle" or "compass," representing a guiding direction, and Kanri means "management" or "control." Essentially, Hoshin Kanri is a continuous cycle of planning, execution, and evaluation. This process can be broken down into the following phases: Defining the Vision: The organization's leadership starts by determining a long-term vision or strategic direction, which typically spans several years (often 3-5 years or more). This vision is ambitious and encourages breakthrough thinking about where the company should be in the future. Setting Objectives: Once the leadership sets the long-term vision, they break it down into specific goals, often called "breakthrough objectives: Based on the breakthrough objectives: Based on the breakthrough goals, annual objectives: Based on t are developed. These shorter-term targets are more specific, measurable, and attainable within a year. Developing Plans: After establishing goals, concrete plans are crafted to ensure that the objectives. Deploying the Plans: This step involves communicating the plans throughout the organization. At every level, from top management down to the operational teams, employees must understand their roles and responsibilities in achieving the set goals. Measuring and Monitoring Progress: We create key performance indicators (KPIs) and other metrics to track progress toward the annual objectives. We conduct regular reviews and audits to ensure the organization stays on course. These measures help us maintain focus and achieve our goals. Adjustment. If targets are not met, corrective actions are developed and implemented to improve performance. Hoshin Kanri helps organizations maintain focus and alignment in a world where competing priorities can often dilute efforts. By ensuring that every part of an organization is working toward the same objectives, the approach enables the efficient use of resources and the coordinated achievement of goals. Hoshin Kanri emphasizes: Alignment: It ensures that everyone from senior leadership to individual employees understands the strategic direction of the company and how their work contributes to it. Focus: Organizations can achieve breakthrough results by focusing on a few critical priorities. This approach helps them avoid being spread too thin. Continuous Improvement: By regularly reviewing performance and making necessary adjustments, Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. History of Hoshin Kanri fosters a culture of continuous improvement, which is critical for long-term success. 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History of Hoshin Kanri fosters a culture of contex a culture of contex part of the Lean management movement. Quality management practices strongly influenced the methodology. Companies seeking to improve operational efficiency and pursue strategic growth quickly adopted it. Prominent Japanese companies, such as Toyota, were early adopted it. their strategic vision and daily operations. Over time, the method spread beyond Japan, particularly to the United States, where various industries, including manufacturing, healthcare, and technology adopted it. Some companies may refer to it under different names, such as Goal Deployment or Policy Deployment, but the underlying principles remain consistent. How Does Hoshin Kanri Differ from Other Strategic Planning Methods? Hoshin Kanri is one of several strategic planning methodologies. Some of the other popular frameworks include: Management by Objectives (MBO): Peter Drucker developed MBO, which involves setting clear, measurable goals for employees to work toward. We periodically review these goals to track progress. Hoshin Kanri is more structured than MBO. It emphasizes cross-departmental coordination and aligns short-term actions with long-term goals. OKRs (Objectives and Key Results): Popular in tech companies, OKRs focus on setting ambitious objectives and defining measurable outcomes to track progress. While OKRs are effective for setting high-level goals, Hoshin Kanri provides a more comprehensive framework that includes plan deployment and execution monitoring. OGSM (Objectives, Goals, Strategies, Metrics): Used in industries like retail and entertainment, OGSM provides a simplified model for goal setting and measurement. Hoshin Kanri, on the other hand, involves more detailed planning and a stronger emphasis on continuous improvement. Five Phases of Hoshin Planning, is a strategic management method. It aligns an organization's goals with its operational activities. This approach ensures that every employee, from top leadership to the shop floor, is working toward the same objectives, promoting organizational efficiency, and continuous improvement. The method incorporates the principles of Total Quality Management (TQM). It structures itself into five key phases: Strategic Planning, Hoshin Deployment, Monitoring, Check and Act, and President's Diagnosis. The first phase of Hoshin Planning begins with the organization's top leadership, typically the President or CEO, defining the company's long-term vision. This vision sets the direction for the entire organization and is based on a deep understanding of both internal capabilities and external opportunities and threats. dynamics, and broader economic conditions to set a clear, forward-looking strategy. In this phase, the leadership needs to ensure that the vision is not only aspirational but also achievable. To ensure a robust strategic plan, account for external factors such as market shifts, technological advancements, and potential obstacles. This consideration helps adapt and strengthen your strategy. This phase lays the foundation for the rest of the process, as it provides the high-level objectives that will guide the company over a defined period. Once the strategic vision is set, the next step is Hoshin Deployment. This step involves translating high-level objectives into actionable plans across all levels of the organization. A key aspect of this phase is nemawashi, a Japanese term for informal consultation and consensus-building. Leaders at various levels engage in discussions to ensure alignment on how to implement the strategy before making formal decisions. At this stage, senior executives assess the feasibility of the strategic vision set by the President They determine how to break it down into specific goals, methods, measures, and timelines. The process repeats through all layers of management, from senior leadership to middle managers and frontline employees. This approach ensures that the vision is communicated clearly. It also guarantees that everyone across the organization understands it.A crucial tool used in this phase is "Catchball." This process involves back-and-forth communication where different management levels exchange ideas to refine and adjust the plan. Catchball ensures alignment at every level of the vision making the deployment process more collaborative and inclusive. After deploying the strategic plan, the organization must monitor its progress against set targets. The company establishes metrics in Phase 3 to track performance. It reviews these metrics monthly and compares actual results with defined goals. If discrepancies arise, adjustments are made in real time to keep the company on course. This phase highlights the need for continuous monitoring and timely realignment. Metrics act as objective indicators of progress, and regular reviews help identify and address issues early. achieving the company's long-term goals. The fourth phase focuses on evaluating the effectiveness of the Hoshin process. Leaders identify shortcomings or areas for improvement. They recommend changes to the Hoshin process. By regularly reviewing both the outcomes and the procedures, the organization ensures that it can adapt to any unforeseen challenges to the Hoshin process. or changes in the business environment. The final phase of the Hoshin Planning process is the President's Diagnosis. In this phase, the top leadership, usually the President or CEO, consults with various business units and divisions to assess the overall performance and outcomes driven by the Hoshin plan. This review helps the leadership understand the strategy's effectiveness. It also shows whether they need to adjust it for future use. Based on the insights gained, the President can make necessary adjustments to the Hoshin process, ensuring that it remains dynamic and responsive to changes, fostering long-term success. Hoshin Kanri is essential because it bridges the gap between high-level strategic planning and day-to-day operational activities. It ensures that they align with the company's goals. The method encourages a structured approach to achieving continuous improvement and enhancing operational efficiency. This strategic planning framework was pioneered by Yoji Akao in Japan during the 1960s. Akao emphasized the need for a method that connects an organization's strategic objectives with its production and operational functions. Hoshin Kanri has since become a cornerstone of Total Quality Management (TQM) in many industries, helping organizations align their policies with quality improvement initiatives. In the ever-evolving business environment, traditional methods of strategic planning often fall short in addresses this complex, dynamic problems. challenge by creating a flexible, responsive planning process that adapts to new information and insights. Unlike other methods that focus on solving predefined problems, Hoshin Kanri encourages organizations to continuously redefined problems, Hoshin Kanri encourages organizations to continuously redefined problems. for organizations to translate their long-term goals into concrete actions. By involving employees at every level, Hoshin Kanri fosters a sense of ownership and accountability, motivating them to contribute to the organization's success. This top-down and bottom-up planning approach ensures that strategies are both realistic and aligned with the company's capabilities and resources. Hoshin Kanri operates on a few core principles that distinguish it from other management methodologies. Alignment Across the Organization: Top leadership sets common goals. Every team is responsible for reviewing and improving the Hoshin process. It ensures that corrective actions are taken when necessary. Understanding of TQM and PDCA: Hoshin Kanri integrates Total Quality Management (TQM) principles and follows the PDCA (Plan-Do-Check-Act) cycle. Catchball Communication: The negotiation process spans different levels. It ensures that all stakeholders align with the strategy. Focus on Key Priorities: Hoshin Kanri emphasizes focusing on a small number of key goals that are critical for the organization's success. Continuous Improvement: The method fosters a culture of ongoing improvement and flexibility, where the organization continuously adapts to new challenges Customer-Centric Goals: Customer needs drive the objectives. This ensures that the organization remains competitive and responsive to market demands. Processes rather than merely achieving results. Better processes rather than merely achieving results. process is thoroughly reviewed to ensure that strategies are effective. Top-Down and Bottom-Up Planning: The method encourages both high-level strategic planning and input from frontline employees to ensure practical implementation. The Hoshin Kanri process can be broken down into seven key steps: Establish Organizational Vision: Define where the organization wants to be in the long term. Develop Breakthrough Objectives: Set ambitious goals that, if achieved, would represent significant progress toward the vision. Develop Annual Objectives: Set ambitious goals that, if achieved, would represent significant progress toward the vision. organization. Ensure that all levels are aligned. Implement Annual Objectives: Start executing the plans. These plans were developed to achieve the annual objectives. Monthly Reviews: Track progress using the defined metrics and make necessary adjustments based on performance data. performance and adjust the long-term vision and breakthrough objectives as needed. Hoshin Kanri is versatile and can be applied across different sectors and organizations of all sizes. Whether you're a small company looking to improve focus or a large multinational corporation striving for better coordination, Hoshin Kanri is versatile and can be applied across different sectors and organizations of all sizes. align strategic priorities with day-to-day activities. However, implementing Hoshin Kanri does require a shift in mindset and organization struggles to maintain focus on a few key priorities, Hoshin Kanri can help narrow your strategic options and direct resources toward high-impact goals. Measurable Targets: If you find it challenging to set clear, measurable goals, the framework of Hoshin Kanri offers a structured approach to developing meaningful performance metrics. Team Alignment: If alignment across departments is an issue, Hoshin Kanri's catch-ball process can help by encouraging cross-functional communication and collaboration. Execution: If your organization struggles with follow-through after setting plans, the Plan-Do-Check-Act (PDCA) cycle embedded in Hoshin Kanri can foster a culture of continuous improvement. Like any organizational change, implementing Hoshin Kanri can foster a culture of continuous improvement. Like any organizational change, implementing Hoshin Kanri can foster a culture of continuous improvement. Some of the most common hurdles include: Resistance to Accountability: Some individuals, especially at senior levels, may resist the idea of being held to specific targets. Overcoming this resistance requires strong leadership and buy-in from all levels of the organization. culture of learning and continuous improvement. Failure is seen as an opportunity to learn, not a reason for punishment. This requires a shift in how many organizations with inconsistent or incorrect data system. may struggle to implement Hoshin Kanri effectively. Hoshin Kanri is a powerful tool for organizations looking to translate their strategic vision into practical, measurable actions. By focusing on alignment, structured planning, and continuous improvement, it ensures that every level of an organization is working toward the same goals. While challenges in implementation may arise, particularly around accountability and cultural shifts, the potential benefits make it a highly valuable methodology for organizations across industries. Whether you're in manufacturing, technology, healthcare, or any other sector, Hoshin Kanri can help drive meaningful, breakthrough improvements for your organization. The words "hoshin" and "kanri" mean "direction" or "How do we make sure we go the right way". Hoshin Kanri is (essential in the Lean management) 7 step planning process for ensuring that the strategy of a company gets executed across the hierarchy. The Hoshin Planning Process The Hoshin Kanri method can be summarized with a 7-step process, also known as the Guestion "Why does the company exist?". The leadership team defines key objectives or also a mission. If achieved, they will create a competitive edge for the company. These are major objectives usually requiring every person's effort in the company, not monthly or quarterly objectives. The leadership team, along with the senior management, breaks down the objectives into annual goals. Once the annual goals are crafted, they need to be "deployed" across all levels of the organization. This is the process of "goal-setting," which starts at the top and is propagated to each employee. With the next two. The monthly reviews make sure that the plan is being executed according to the plan. At the end of the year, there is an annual review, which validates the end result that has been achieved. Continuous Improvement - Integral Part of Hoshin Kanri As shown in the image above, the Hoshin Kanri planning is not only a top-down approach. It has built-in continuous improvement mechanisms, which are a key element to making the method successful. These are the Catchball and PDCA Hoshin Kanri Catchball A crucial detail about the Hoshin Planning is that it is not executed strictly top-down. On the contrary, it is a joint effort between a management directs people into achieving certain goals without collecting feedback first, they risk demotivation and costly errors, should some details happen to be missed. The benefit of discussing the goals with the people who will be actively working on them is that they will think through the details much more thoroughly than the management. Practically speaking, this is the essence of the Catchball. Having well-communicated, realistic, and agreed-upon goals is important because it enables ownership and motivation, creates a valuable feedback loop, and improves the commitment to the execution process. Plan-Do-Check-Adjust / PDSA) was first introduced by Deming as a continuous quality improvement model. It consists of four steps: PLAN: plan an experiment and forecast what the results will be DO: implement the plan CHECK: validate the hypothesis ACT: if successful, standardize the experiment results and restart the sequence. The PDCA model can be considered as the scientific approach to continuous improvement, and as such, it requires some additional practices: Achieving continuous improvement is only possible if you make PDCA a continuous effort. If you try it a few times, PDCA is likely to generate improvements, but unless you iterate constantly, it will be of less value. It is important to execute the experiment results do not lead to meaningful results, the experiment is of no value, as the results cannot be treated as the baseline of a future PDCA cycle. When running PDCA experiments, always pursue the system level because they can lead to excessive levels of work in progress (WIP). Why Hoshin Kanri? It has never been easier to start a business and reach a seven-digit revenue. However, in the history of mankind, it has never been harder to make sure they have a wellthought-out strategy and can execute relentlessly. It is not about having a strategy or execution. It is about both! Additionally, alignment is among the big enterprise's greatest challenges to successful strategy execution. It is about both! more dynamic, and the big picture can easily be lost. When Hoshin Kanri is implemented effectively, it forces the leadership team to develop a vision and a list of breakthrough goals, creates a cascade of complementary goals, which ensures alignment, and provides the necessary leverage for successful execution. In other words, Hoshin Kanri bridges the gap between strategy and execution by creating strategic alignment and focus. How to Implement Hoshin Kanri? The first logical question to ask once you get convinced about the benefits of Hoshin Kanri? The first logical question to ask once you get convinced about the benefits of Hoshin Kanri? Tools" you will most likely find information about the "Hoshin Kanri X Matrix", which looks like that: Image Credit: LinkedIn Mapping everything on such a spreadsheet is definitely going to help you during the planning process. However, there is not much help as far as the actual execution goes. One of the methods for Hoshin Kanri execution that has been successfully tested and validated is Portfolio Kanban. The Portfolio Kanban is a holistic method that aims to improve your organization's ability to deliver by applying visualization principles, limiting work in progress, and flow management on a system level. Hoshin Planning with Portfolio Kanban is a convenient tool for executing the Hoshin Kanri goals because it allows mapping them on a Kanban board and tracking the progress visually. In reality, the breakdown of the goals, they work with the Program Level to define the programs that will deliver on these goals (they play the Catchball). On the next level, the program management layer works with the projects to deliver on the program's goals (again, Catchball). The process continues until all levels in the hierarchy have clearly defined goals. Then, the execution starts. Executing the Hoshin Planning with Portfolio Kanban Businessmap (formerly Kanbanize) is a powerful software for implementing Hoshin Kanri, allowing you to visualize all goals and related work items as Kanban cards across team and management (Portfolio Kanban) boards. The platform provides real-time visibility into progress, eliminating the need for time-consuming status meetings and reducing the risk of human error or reporting bias. The automated way of status reporting makes the monthly reviews easy and data-driven. When a digital system automatically collects all metrics, the PDCA cycle is much easier to implement, and you can do it retroactively. In other words, you could go back in time and analyze past events as if they were happening today. An even greater addition to this approach is the ability to forecast on the Portfolio Kanban level. When the data is in place, you can accomplish by a given date. With this information in place, you can use sophisticated Monte Carlo simulations that project how much work you can accomplish by a given date. them monthly. This will create a much faster flow of information upwards, allowing the leadership team to take corrective actions, should they need to. Disadvantages of Hoshin Kanri The only disadvantage to Hoshin Planning is that nobody can predict what would happen in a year. As a matter of fact, this annual goal setting has been widely rejected by the agile community, and this is no wonder. Each company is like the human body - the departments and the teams represent the organs, then the blood to reach the organs, then the blood circulation needs to be regular and stable for the body to be healthy. The same holds true with information. While the big goals and vision must exist, for an organization to be successful, there needs to be a system in place that adapts it to today's dynamic world. One of the possible solutions is Portfolio Kanban. Businessmap is the most flexible software to align work with company goals In Summary Hoshin Kanri is an essential Lean management method for ensuring that a company's strategy gets executed across the hierarchy. An integral part of Hoshin Kanri is implemented effectively, it forces the leadership team to come up with a vision and a list of breakthrough goals, creates a cascade of complementary goals, which ensures alignment, and provides the necessary leverage for successful execution of the goals. Hoshin Kanri must be adapted to the dynamic world of today by shortening the communication cycles and creating a more fluid way of information sharing.