Hoshin Kanri

And the X-Matrix
What is Hoshin Kanri?

Hoshin: Direction needle
Kanri: Control logic

Hoshin Kanri is a method for controlling the direction in which a company or project goes.
Why?

The cogs on the gears all need to be in synch
Life in a Matrix

Are your people pulled in different directions?

APPARENTLY THEY DON'T FEEL ANY PAIN...

www.global-integration.com
Corporate Objectives / Initiatives

Site Objectives / Initiatives

Functional Objectives / Initiatives

Team Objectives / Initiatives

Specific Tasks

Vertical Alignment

Monthly Reviews to monitor progress and implement countermeasures as required

Cross Functional Alignment

How it will be done

What must be done
1. Pre-work (scan, SWOT)
2. Vision, Mission, Values
3. X-Matrix
4. Catchball
5. SW4L

Baldridge, Shingo

Revisit, brainstorm, Gap and drivers-means-outcomes

Tie it all together

Tree diagrams, sharing the pie

Execution – accountability at all levels
Environmental Scan

• Scan the environment
  – What things are going on in the environment around the company that could impact the company?
    • Politics
    • Technology
    • Economics
    • Social-cultural
    • Regulatory
  – Brainstorm how these things could affect your business
SWOT Analysis

• Strengths and weaknesses
  – Internal
  – Focus on Shingo, Baldrige
  – Organizational not individual
SWOT Analysis

• Opportunities and Threats
  – External
  – Six forces Model
    • Competition
    • New Entrants
    • Buyers
    • Customers
    • Substitutes
    • Government / Public
### SWOT Analysis Template

State what you are assessing here _________________________________________
___________________________________________________________________
(This particular example is for a new business opportunity. Many criteria can apply to more than one quadrant. Identify criteria appropriate to your own SWOT situation.)

**criteria examples**
- Advantages of proposition?
- Capabilities?
- Competitive advantages?
- USP’s (unique selling points)?
- Resources, Assets, People?
- Experience, knowledge, data?
- Financial reserves, likely returns?
- Marketing - reach, distribution, awareness?
- Innovative aspects?
- Location and geographical?
- Price, value, quality?
- Accreditations, qualifications, certifications?
- Processes, systems, IT, communications?
- Cultural, attitudinal, behavioural?
- Management cover, succession?
- Philosophy and values?

**strengths**

**weaknesses**

**opportunities**

**threats**

**criteria examples**
- Disadvantages of proposition?
- Gaps in capabilities?
- Lack of competitive strength?
- Reputation, presence and reach?
- Financials?
- Own known vulnerabilities?
- Timescales, deadlines and pressures?
- Cashflow, start-up cash-drain?
- Continuity, supply chain robustness?
- Effects on core activities, distraction?
- Reliability of data, plan predictability?
- Morale, commitment, leadership?
- Accreditations, etc?
- Processes and systems, etc?
- Management cover, succession?

**criteria examples**
- Market developments?
- Competitors' vulnerabilities?
- Industry or lifestyle trends?
- Technology development and innovation?
- Global influences?
- New markets, vertical, horizontal?
- Niche target markets?
- Geographical, export, import?
- New USP’s?
- Tactics: eg, surprise, major contracts?
- Business and product development?
- Information and research?
- Partnerships, agencies, distribution?
- Volumes, production, economies?
- Seasonal, weather, fashion influences?

**criteria examples**
- Political effects?
- Legislative effects?
- Environmental effects?
- IT developments?
- Competitor intentions - various?
- Market demand?
- New technologies, services, ideas?
- Vital contracts and partners?
- Sustaining internal capabilities?
- Obstacles faced?
- Insurmountable weaknesses?
- Loss of key staff?
- Sustainable financial backing?
- Economy - home, abroad?
- Seasonality, weather effects?
Vision, Mission, Values

• Review or develop
  – Mission – What is our purpose?
  – Vision – What do we strive to be like?
  – Values – What do we stand for?
The X-matrix

• Tool to be used in Hoshin Kanri
• Ties everything together in one place
• Allows everyone to manage together
• Insures alignment of initiatives
communicate and execute business strategy by focusing on those vital few breakthrough objectives that give you competitive advantage.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Metric</th>
<th>Measure</th>
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<tbody>
<tr>
<td><strong>Supplier of Choice</strong></td>
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<tr>
<td>Company</td>
<td>Greater than 90% On Time</td>
<td>OTD</td>
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<tr>
<td>operation process</td>
<td>Reduce setup on &gt;=2 machines by 10%</td>
<td>OEE</td>
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<td>Company</td>
<td>Customer Satisfaction Scores of &gt;50</td>
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<td>customer service</td>
<td>10% reduction in average service hours</td>
<td>AVG svc hrs</td>
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<tr>
<td>Company</td>
<td>10% increase in Quality</td>
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<td>Quality process</td>
<td>&lt;5% late inspector training</td>
<td>On time training</td>
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<td><strong>Strong Financial Performance</strong></td>
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<td>Company</td>
<td>Reduce Operating Costs by 10%</td>
<td>COGS</td>
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<td>Purchasing</td>
<td>Reduce expedite shipping costs by 15%</td>
<td>Shipping Costs</td>
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<td>Company</td>
<td>Increase net income by 12% each quarter</td>
<td>Net Income</td>
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<tr>
<td>Sales</td>
<td>Increase new clients by 4/person/mth</td>
<td>New Clients</td>
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Catchball
Catchball

• Refines ideas for meeting goals
• Promotes buy-in
• Encourages creativity
• Helps create a culture of CI

The Objective
My Plan for Achieving it
Standard Work for Leaders

- Daily, weekly, monthly tasks
- Checklists
- Sustainment activities
- Visual controls
- Daily Accountability
An Example

- Leader std work: working documents!

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<tr>
<th>TASKS</th>
<th>NOTES</th>
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- Once daily
- Multiple times daily
- "Flow interrupters" and other notes
- Daily task assignments - self or others

DW.Mann@comcast.net 3/24/05 14
Visual Controls
Assessment (W^4)

Assignment (C/A or Improvement)

Accountability (for Completing Tasks)
W^4 Assessment

- Was the Standard met?
- What was the gap?
- Who will be responsible to correct the problem causing the gap?
- When will it be complete?
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**Task Assignment Board**
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