Hoshin Training

Supplier Workshop

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5/1/2014

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What is Hoshin?

Hoshin is a form of Strategic Planning.
Some of the key benefits of Hoshin activity are:

1. Creates an established process to execute breakthrough year after year.
2. Creates Commitment to both direction and implementation paths chosen – a common focus throughout the organization.
3. Increases Interdepartmental cooperation.
4. Reinforces PDCA cycle and periodic reporting.
5. Creates a management system that is responsive, flexible & disciplined.

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The Hoshin methodology provides:

1. Focus on the major organizational objectives.
2. Development of plans that adequately support the objectives.
3. Planned progress review.
4. Changes to plans as required.
5. Continuous improvement of key business processes.
6. A vehicle for organizational learning.

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A common myth is that Hoshin is a "Japanese Company" only process.

NO!

Examples of other companies that utilize this process are:

Intel

Hewlett Packard

Proctor & Gamble

Ford

Xerox

Florida Power & Light

The Hoshin process fits under the management philosophy of Total Quality Management. The Plan-do-check-act process improvement cycle enters repeatedly in the plan's development, implementation, and review.

Hoshin (Breakthrough) vs. Continuous Improvement

Hoshin (Breakthrough)

1. Major Improvement
2. Strategic
3. Will require new systems & methods
4. Usually driven from top
5. Entire Organization should be aligned on objectives

Cont. Improvement

1. Many small incremental improvements
2. Tactical
3. Deals with existing systems & methods
4. Should start with management
5. Teams & individuals lead activity

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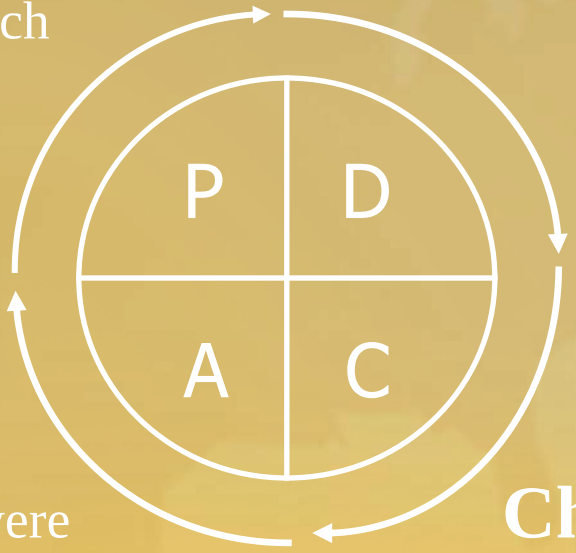
The Essential Elements of the PDCA Cycle are as follows:

1. Plan – Determine goals to be achieved and methods to reach them.
2. Do – Implement the methods.
3. Check – Examine the results: what was achieved? Was the improvement hypothesis validated?
4. Act – If the goals were achieved, adopt the new methods permanently. If not, determine the cause of failure and return to Plan.

The PDCA Cycle is as follows:

Plan – Determine goals to be achieved and methods to reach them.

Do – Implement the methods.



Act – If the goals were achieved, adopt the new methods. If not, determine the cause of failure and return to plan.

Check – Examine the results.

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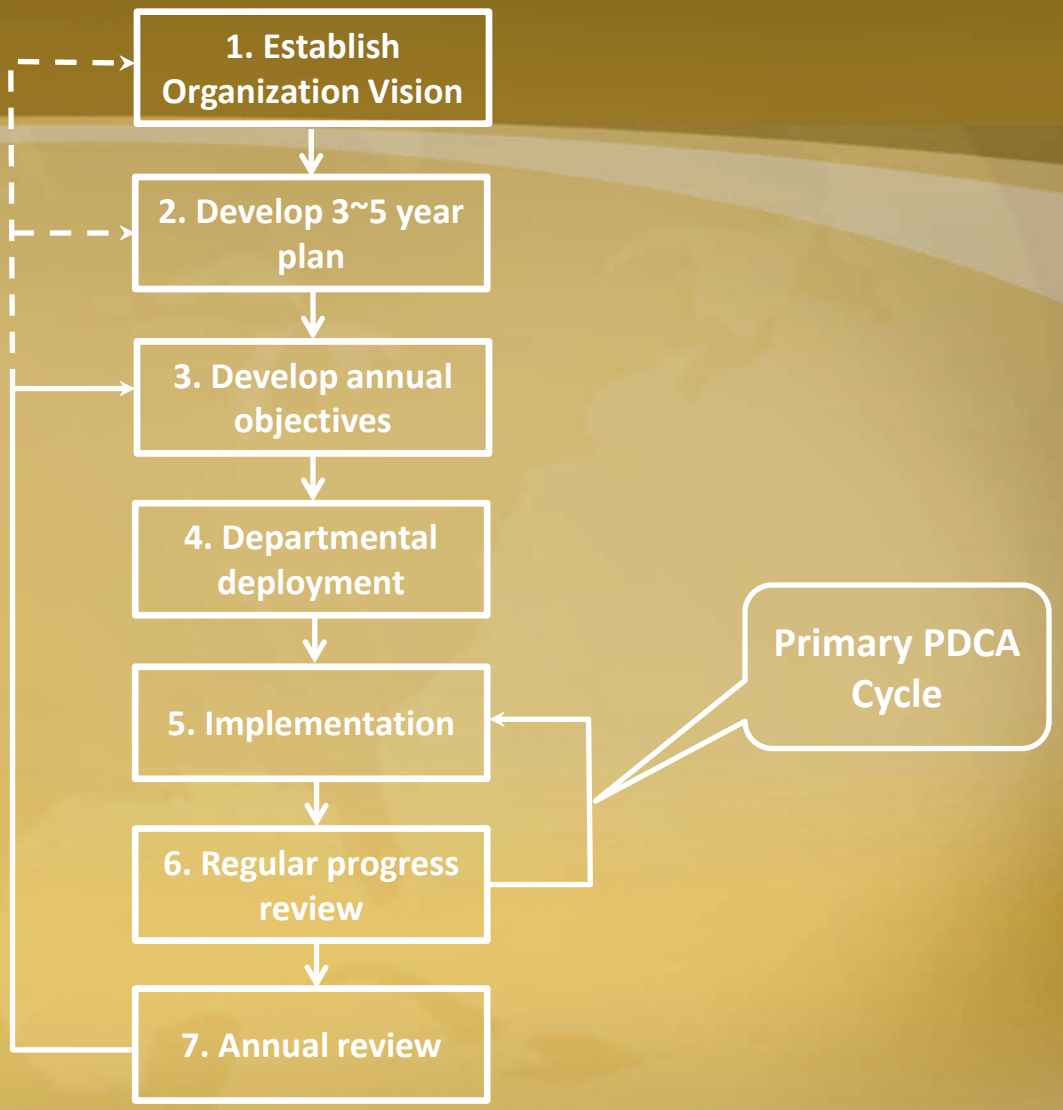
The Core Hoshin Planning Process:

(page 13)



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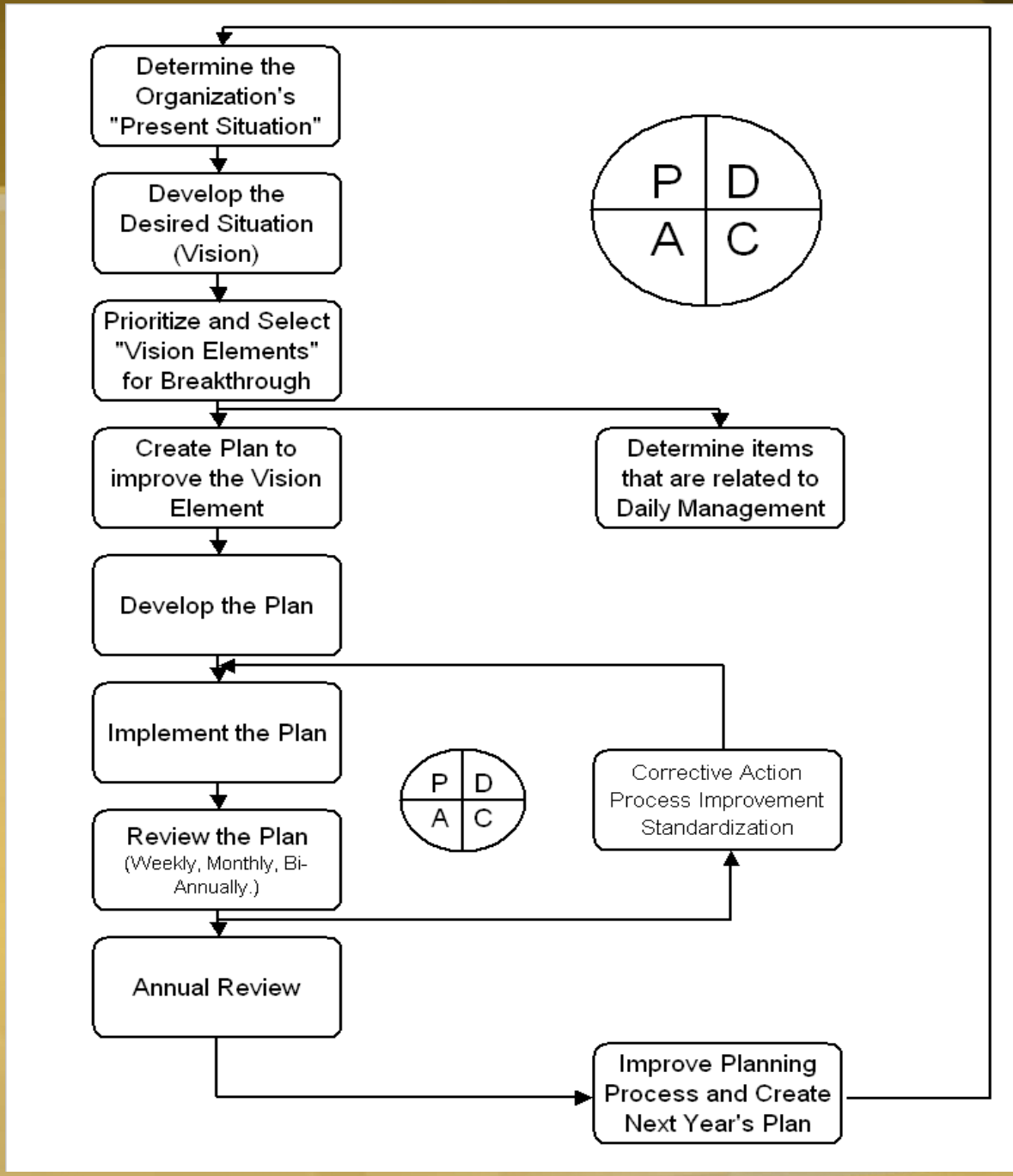
The Basic Hoshin Process Flow

(a slightly different approach)



Hoshin Planning Process

Step 1: Establish Organization Vision (page 14)

Key Features

- Data input from internal and external performance
- Customer Focused
- Includes all environmental factors, e.g., social, regulatory, economic
- Draft of vision reviewed with the organization for reality check
- Finalized vision communicated clearly to everyone at all levels

Key Tools

- **Brainstorming** around issues in the external environment
- **Affinity Diagram** to identify patterns among seemingly unrelated factors
- **Market research** technology to obtain data on the external environment
- **Interrelationship Digraph** to identify bottleneck factors in the environment

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Hoshin Planning Process

Step 2: Develop 3 to 5 year objectives (page 14)

Key Features

- Focus on the "gap" between present organizational capability and required performance to reach the vision
- Accurate data from the past performances determines the present capability and the means that should be pursued over the next 3 to 5 years
- 3 to 5 year objectives communicated clearly to everyone at all levels

Key Tools

- **Market research technology** – identify environmental issues
- **Broad internal performance reports and analysis** Customer complaints, market share, etc.
- **QC Seven Tools** to gather and analyze data
- **Interrelationship Diagraph -** most serious problem areas
- **Matrix Diagram** – action plans versus vision

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Hoshin Planning Process

Step 3: Develop annual objectives (page 15)

Key Elements

- Completely integrated with 3 to 5 year objectives & vision
- Small number of focus points
- Accurate data, minimally filtered is the basis for selecting the one year objective
- Reason for Improvement must be compelling – to keep focus
- Use data to identify broad patterns among problem areas. Identify the truly "broken" systems.

Key Tools

- **Market research technology** – identify key short term ext. environmental factors
- **Data collection & analysis** to identify broad internal performance problems, customer complaints, profit, etc.
- **QC Seven Tools** to analyze and summarize key problem areas.
- **Tree Diagraph –** to explore all of the possible means to address key problem areas
- **Matrix** to choose the best means

Hoshin Planning Process

Step 4: Deployment down to departments (page 15)

Key Elements

- Clear, disciplined action plans with direction for improvement, what is to be measured, etc.
- Continuous give & take between levels around targets
- Emphasizes the plans of departments vs. individuals
- A team coordinates plans across departments
- Responsibilities clearly designated
- A team also ensures that the sum of the plans really reaches the target

Key Tools

- **Market Diagram** to match key departments / functions with chosen objectives & means
- **QC Seven Tools** and problem solving models at all involved levels to identify more specific problem areas to address
- **Tree Diagraph** to identify all the possible actions at all involved levels
- **Matrix Diagram** to match possible actions with the overall objectives in order to choose the best options

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Hoshin Planning Process

Step 5: Implementation (page 16)

Key Elements

- Disciplined data collection & measurement system implemented "in-process," not after the fact
- Visible process (targets & means) allows for recognition & reinforcement in real time
- Standardized methods reduce some manager to manager variability in outcomes
- Problems visible, therefore management can put support where needed

Key Tools

- **QC Seven Tools** in use to collect data as the year's plan progresses
- **Process Decision Program Chart** (PDPC) to anticipate likely implementation problems and prepare reasonable means to prevent them
- **Arrow Diagram** to create an implementation timetable against which to monitor results

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Hoshin Planning Process

Step 6: Progress Review (page 16)

Key Elements

- Strong emphasis on self diagnosis of targets & process
- Standardized review format & language
- Simple analysis emphasized
- Builds PDCA continuously into the process
- Problems are seen as opportunities to be surfaced, not skeletons to be buried
- Emphasizes recognition, support, and corrective action.
- System problems not directly related to plan have a place to surface

Key Tools

- **QC Seven Tools** to define why a target and plan were not met. Emphasize the Cause and Effect Diagram, Run, and Pareto Charts
- **Simple documents** to record any changes to the plan
- **Tree Diagram** to develop revised plans with complete implementation detail.

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Hoshin Planning Process

Step 7: Annual Review (page 17)

Key Elements

- Strong Data collection and review done all year providing accurate and relevant diagnosis of missed targets and poor processes
- Examine plans even when the target is hit, in order to show correlation. The emphasis must be on understanding which plans led to the achievement of which targets so that the resulting processes can be standardized
- Review Hoshin Process itself, aiming to improve for future

Key Tools

- **QC Seven Tools** as the format used to summarize the results of all of the plans for the entire year. The emphasis is on answering the question: Why did we miss any of our targets or plans?
- **Affinity Diagram** to help identify all of the reasons for success or failure and any pattern which may emerge that can improve next year's planning

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How can Hoshin be implemented?
(page 19)

1. Where to start? (page 19)
2. Why start? (page 21)
3. What Sequence? (page 23)

Hoshin Planning Prerequisites (page 28)

Knowledge and Experience	Manager's Role	Motivation	Organization
• Widespread understanding of the basics of TQM including where Hoshin Planning fits • Understanding of PDCA model • Widespread knowledge and use of the Seven Basic QC Tools • Some specialized knowledge of the appropriate Seven Tools for Management and Planning • Widespread understanding of Daily Management/Control	• Set direction - Provide a clean focus - Establish priorities - Communicate it to everyone • Support for people's efforts - Provide resources - Create horizontal coordination - Remove system barriers - Teach and coach • Provide a focus on the process - Practice PDCA - Demand data • Reinforce and recognize employees' efforts	• Clear and compelling answer to the question "Why do Hoshin Planning?" (Find a burning issue) • Desire on management's part to narrow and/or coordinate the focus	• Leadership demand from the top • Develop steering teams at different levels of deployment to coordinate problem solving • Facilitators (preferably bosses) in place • Champion/sponsor in a highly visible, influential management slot • A coordinating mechanism (team, committee, or individual) to integrate plans across functions and departments • A system for making Daily Management/Control work

Key Factors: (page 29)

Driving/Motivation

1. Reduces margins of error
2. Increases use of QC Seven Tools (training)
3. Demonstrated improvement by Japanese companies
4. Supports TQM philosophy

Restraining/Obstacles

1. Hard work – add on to current job.
2. Difficult to focus on implementation.
3. Excessive Control (micro-manage)
4. Can be watered down

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Implementation Strategy – detailed review (page 31)

1. Establish Vision (page 31)
2. Develop 3~5 Year Objectives. (page 32)
3. Develop Annual Objectives (page 34)
4. Departmental Plans & Targets (page 36)
5. Implementation (page 39)
6. Progress Reviews – minimum is monthly (page 41)
7. Annual Review (page 44)

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Process Review is critical to the success of the Hoshin Process.

Weekly Review – A personal review for weekly activity planning and to remain focused on the objectives.

Monthly Review – A management review of the progress on the plan vs. actual activities for the month in question.

Mid- Year Review – A management review of the YTD activities to re-assess plans and resource allocation.

Annual Review – A management review of the total activities and what was achieved and what was not and why. The information is to be used to feed information into the next years Hoshin activities.

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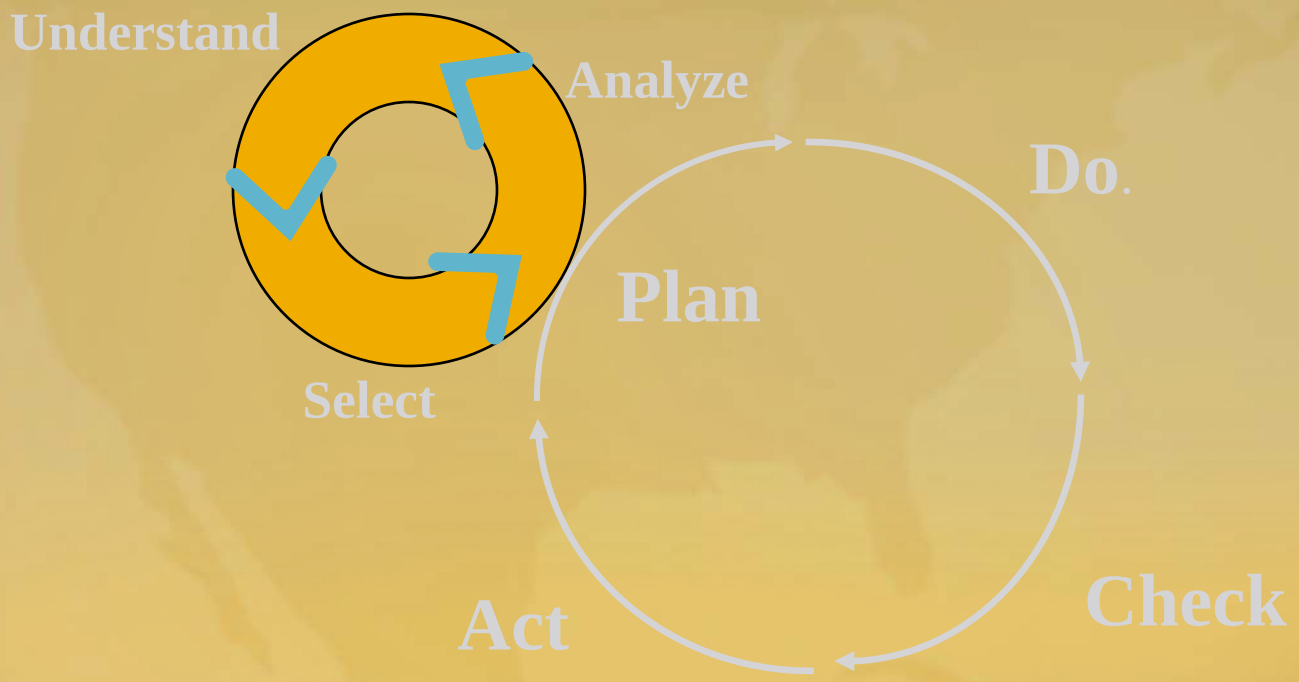
Some tools that can help



Process Improvement & Problem Solving: USA-PDCA

Tool	Plan				Do	Check	Act	Type		
	U	S	A	P	D	C	A	Creative	Analytic	Decision
Brainstorming	X			X			X	X		
Flow Chart	X			X		X	X		X	
Cause/Effect (Fishbone)	X	X					X	X	X	
Checksheet			X		X	X			X	
Pareto Chart		X	X		X	X			X	X
Run (Trend) Chart	X		X		X	X			X	
Control Charts	X		X		X	X			X	
Histogram	X		X		X	X			X	
Scatter Plot	X	X	X						X	X

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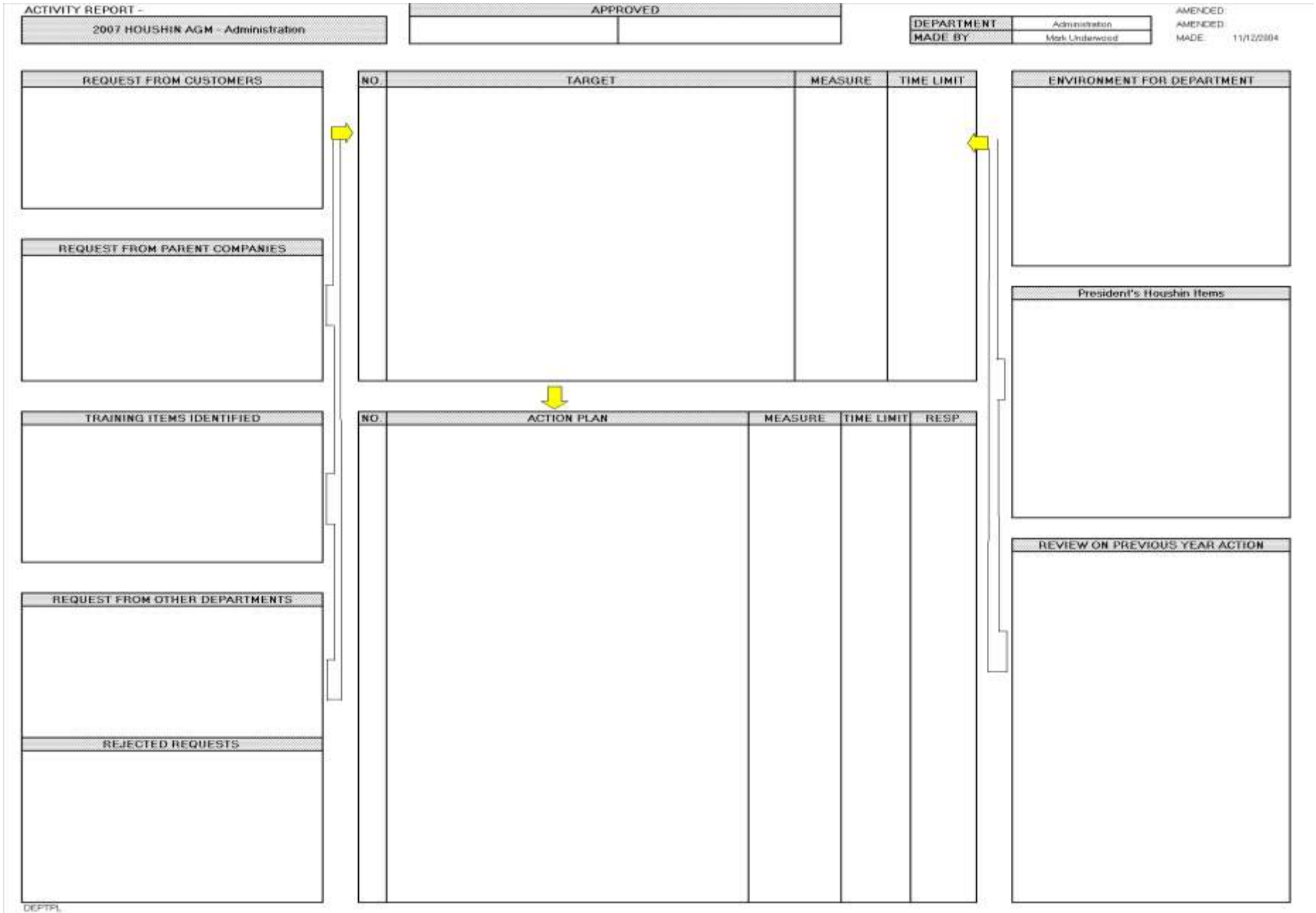
Plan Development Example



Annual Plan Example

Background for priorities
①Company/President Policy
②Division Objects
③Mission(Your Division)
④Request from others

Priority for 20??

For (department)

(Division)

Issued Date / / Page ?／?

	VP	ECO/CO	AGM

Back-ground	Item of Priority/Activity/Action	Controllitem/KPI	Target	Responsi-bility	Related	Development Schedule 1	2	3	4	5	6	7	8	9	9	11	12	Control-sheet	Check Plan Month	Checkers
①②																				

Weekly Review Example

Weekly Report - Manufacturing Division

Department: Meeting Date:

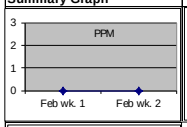
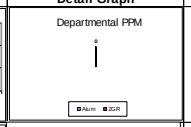
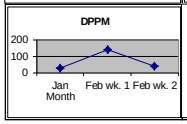
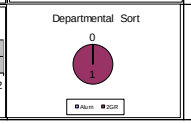
Section 1: Houshin Items Review

Item	Plan (last week)	Actual	Plan (this week)
Safety & 5S: 1. Safety reporting. 2. Benchmarking for 5S. 3. 5S visualization.			
ISO 14001 1. CO2			
Quality 1. Quality.			
Productivity 1. Labor.			
Cost 1. Budget items.			
TPS 1. L.T. reduction.			
Human Development 1. Kaizen presentation.			

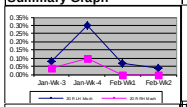
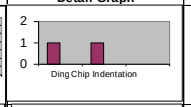
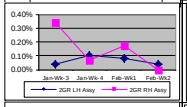
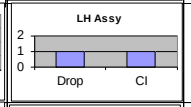
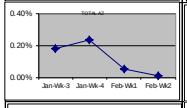
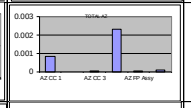
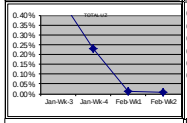
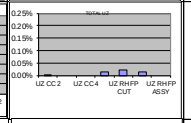
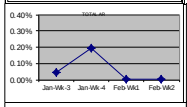
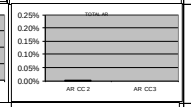
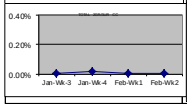
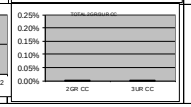
Section 2: Current issues (New Project, ECI, Quality issue, Downtime issue, etc.)

Item / Issue	Investigation / Root Cause	Containment / C/M	Next Step / Weeks Plan

Section 3: Customer & Dock Audit Review

Summary Graph	Detail Graph	Investigation	Countermeasure & schedule
			
			

Section 4: Internal Defect Review

Summary Graph	Detail Graph	Investigation	Countermeasure & schedule
			
			
			
			
			
			

Monthly Review Example

ACTION ITEM PLANNING & FOLLOW-UP CHART

Year: 2006	Department:

MADE BY	
DATE ISSUED	

REVISED:
REVISION #:

	ACTION ITEM	CONTROL ITEM	TARGET	TIME LIMIT	RESPONSIBLE PERSON	SCHEDULE 1	2	3	4	5	6	7	8	9	10	11	12	CONTROL DOC. (NO. DOC. NAME)	CHECK PLAN CONTROL CYCLE	CHECK PLAN CONTROL PERSON
DETAILED ACTION ITEM																				

MONTH	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
REVIEW (WRITE CONCLUSION ONLY)												
CHECKED BY												

Mid - Year Review Example

Issued Date / /2008 ? / ?

VP	GM	EX. CO	CO.	Manager

Hoshin Mid-Year Review for 20??

Department

Item of Activities	Target	Accomplishment Status	Estimation	Problems/Issues & Reflections	Viewpoint/Idea for Achievement

○…８０％ & Above、△…５０～７９％、×…５０％ Under

Annual Review Example

Issued Date / /2008 3 / 3

VP	GM	EX. CO	CO.	Manager

Hoshin End of Year Review for 20??

Department

Item of Activities	Target	Accomplishment Status	Estimation	Problems/Issues & Reflections	Required Challenges to carry over to following year

○…８０％ & Above、△…５０～７９％、×…５０％ Under

Goal or Target Setting for the Hoshin Process

Creating S.M.A.R.T. goals

S – specific
M – measurable
A – attainable
R – realistic
T - timely

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Creating S.M.A.R.T. goals.

S – specific

Specific – A specific goal has a much greater chance of being accomplished than a general goal. Goals should be straight forward and what you want to happen. To set specific goals – you need to answer the 6 “W” questions.

Who

What

Where

When

Which

Why

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Creating S.M.A.R.T. goals.

M – measurable

Measurable – Establish concrete criteria for measuring progress toward the attainment of each goal you set. When you can measure progress it is easy to stay on track, reach your target dates, and achieve the results that are needed. It is often said, “If you cannot measure it, you cannot manage it.” To determine if your goal is measurable, ask these questions:

How Much?

How Many?

How will I know when it is accomplished?

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Creating S.M.A.R.T. goals.

A – attainable

Attainable – Establish goals that will stretch your capabilities. A significant part of the Hoshin process is for personal and company growth. Stretch goals will encourage growth and learning. The attainment of stretch goals builds confidence and strength in the organization.

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Creating S.M.A.R.T. goals.

R – realistic

Realistic – This is not a synonym for “easy.” Realistic means that the skills and abilities needed to attain the goals are achievable. To be realistic, a goal must represent an objective toward which you are both willing and able to work or achieve. Devise a plan or way of getting there which makes the goal realistic. If a goal is too high – you set the stage for failure. If you set a goal too low – you send the message that you are not capable.

Creating S.M.A.R.T. goals.

T – timely

Timely – There are two aspects of "timely."
First: Timely relates to the timing of the goal itself. Overall company objectives have to be prioritized and in time with each other.

Second: Set a timeframe for your goal. If the timeframe is not established the commitment is too vague – there is no sense of urgency to start to take action. Putting an end point on your goal gives you a clear target to work towards

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Let’s get to WORK!

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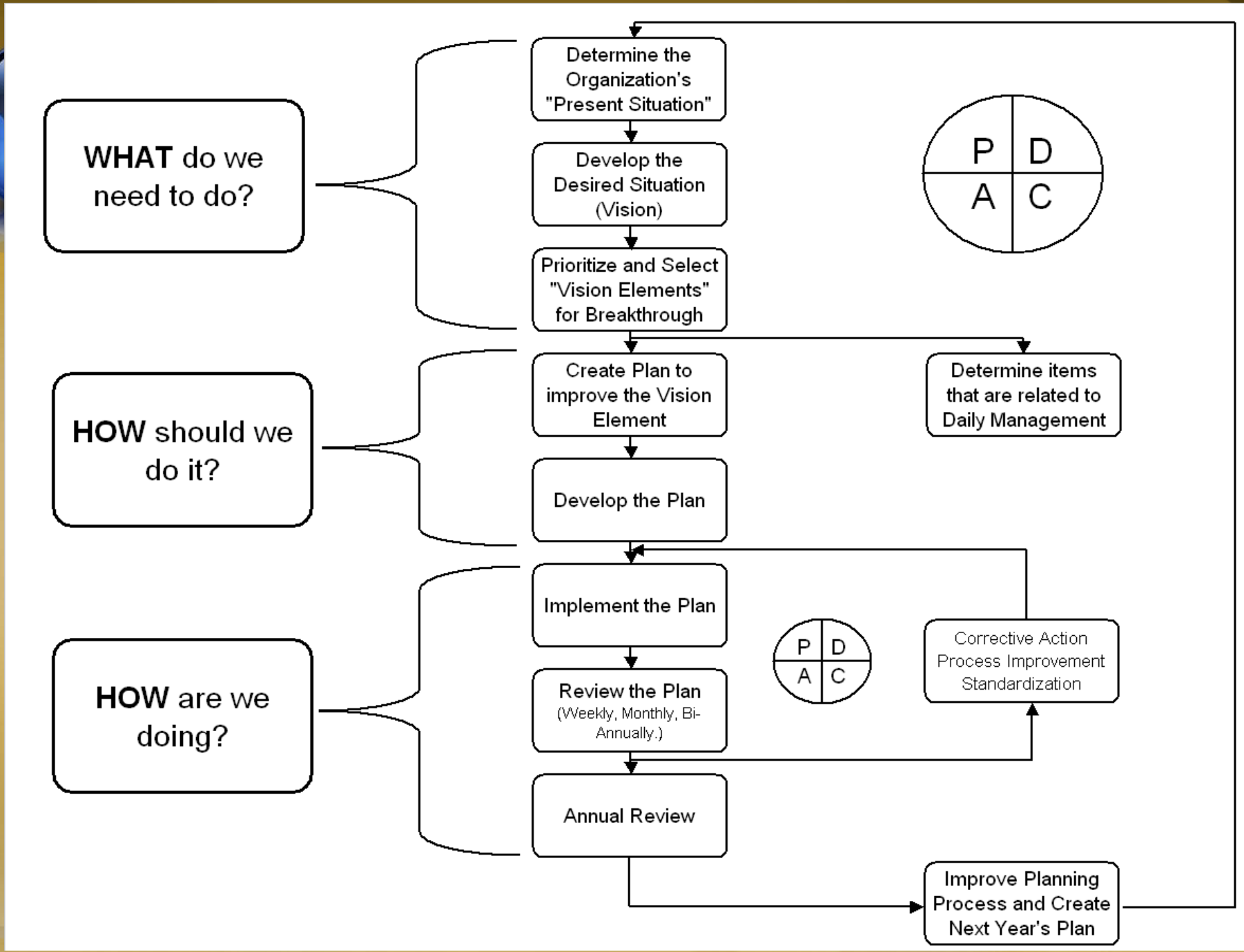
WHAT do we need to do?
Determine the Organization's "Present Situation"
Develop the Desired Situation (Vision)
Prioritize and Select "Vision Elements" for Breakthrough
P
D
A
C
HOW should we do it?
Create Plan to improve the Vision Element
Determine items that are related to Daily Management
Develop the Plan
HOW are we doing?
Implement the Plan
P
D
A
C
Corrective Action
Process Improvement
Standardization
Review the Plan
(Weekly, Monthly, Bi-Annually.)
Annual Review
Improve Planning Process and Create Next Year's Plan

Questions?

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