ALIGNING YOUR MISSION STRATEGY & SCORECARD

GUEST SPEAKER

✓ Process to Develop a Vision

✓ The 4 Parts to a Great Strategy Plan

✓ Linking Your Strategy to Scorecards

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Aligning Your Mission, Strategy and Scorecard

Presented by Charlie Garrett

What is Strategy Deployment?

- Based on Plan-Do-Check-Act (PDCA)
- Everyone working toward the same ends
- Process to establish goals and measures
- Planning and implementation process
- 1 year plan reflecting 3-5 strategy objectives
- Linking process

Also known as:
Hoshin Kanri
Policy Deployment
Management by Policy
*Management by Objective*
Strategic Deployment

方針管理

Hoshin = "Compass needle" "direction"

Kanri = "Control or management"

Why use Strategy Deployment

1. Promotes the same corporate goals

2. Helps various departments to work together

3. Establishes performance measures

4. Develops implementation plans

5. Identifies needed resources

6. Provides a means to review & communicate

7. Facilitates Involvement and Continuous improvement
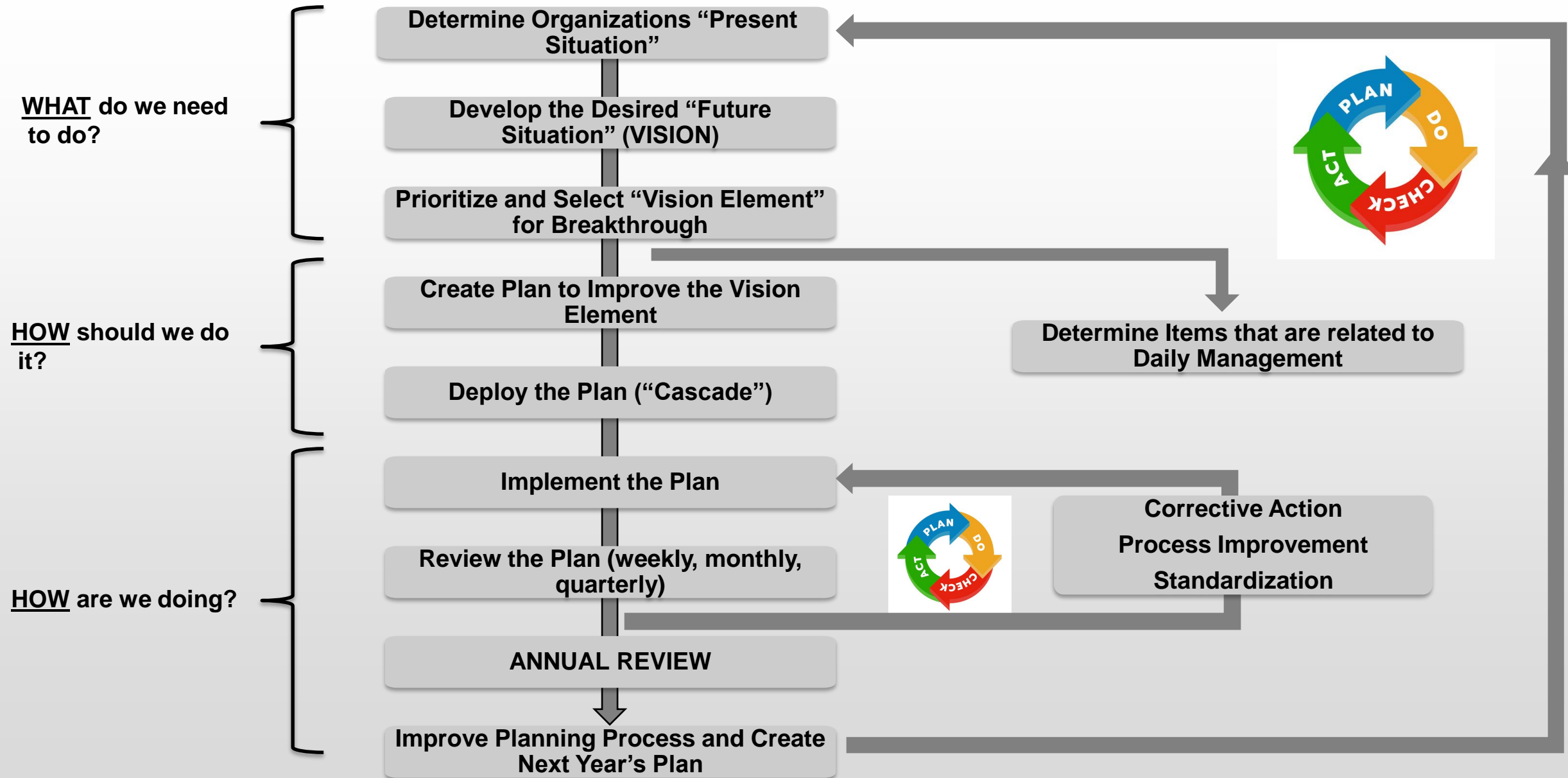
The Present Situation

Potential Sources

- Company strategy
- Corporate mission
- Product reviews
- Value stream maps
- Key process maps
- Stakeholder input
  - Customer, Employees, SMEs
- Market/Industry Analysis
- Direct observation
- Group meetings
- Documents/metrics/financial reviews

The Visioning Process

Vision: A statement, or a picture, of an ideal state of being or existence in the future that is inspiring and empowering for the stakeholders of the organization.
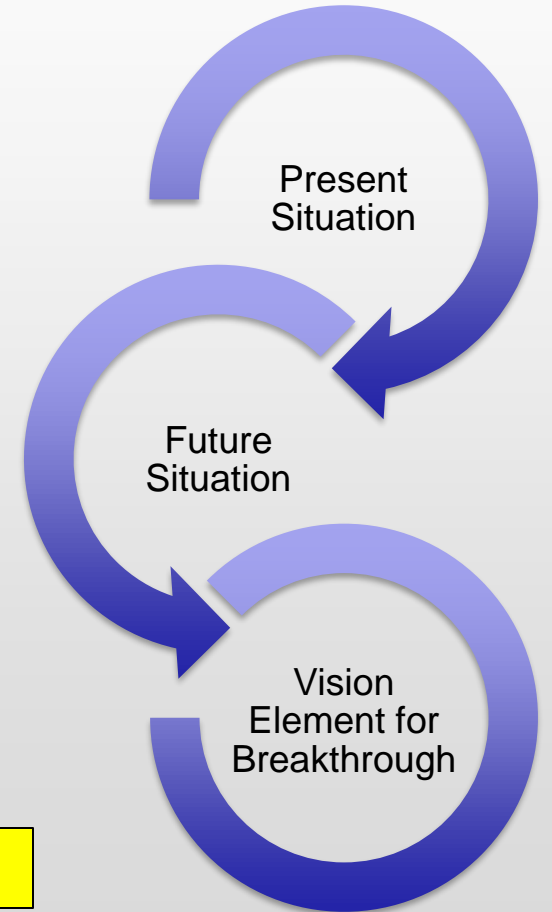
Why have a vision:

Process itself develops team

Shared expression of the future (unity, purpose)

Facilitates determination of strategic priorities and plans

Creates context for objectives (whole vs parts)

"A task without a vision is drudgery"

Present Situation

Future Situation

Vision Element for Breakthrough

Characteristics of a Good Vision

Deployment typically begins with the "visioning process"
- Where do you want to be in the future?
- How do you want to get there?
- When do you want to achieve your goal?
- Who will be involved in achieving the goals?

- Grounded in reality (challenges)
- Should "create" some challenges or tension (Vision vs. Present)
- Stakeholders can see themselves represented in the Vision
- Shared expression of leadership team
- Inspirational yet simple and focused
- Values and measures should be kept out … for now.

Example: An early Microsoft Vision Statement was

"A computer on every desk and in every home"

Examples of Vision Statements

Tesla: "To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."

Google: "To provide access to the world's information in one click."

Amazon: "To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online."

Zoom: "Video communications empowering people to accomplish more."

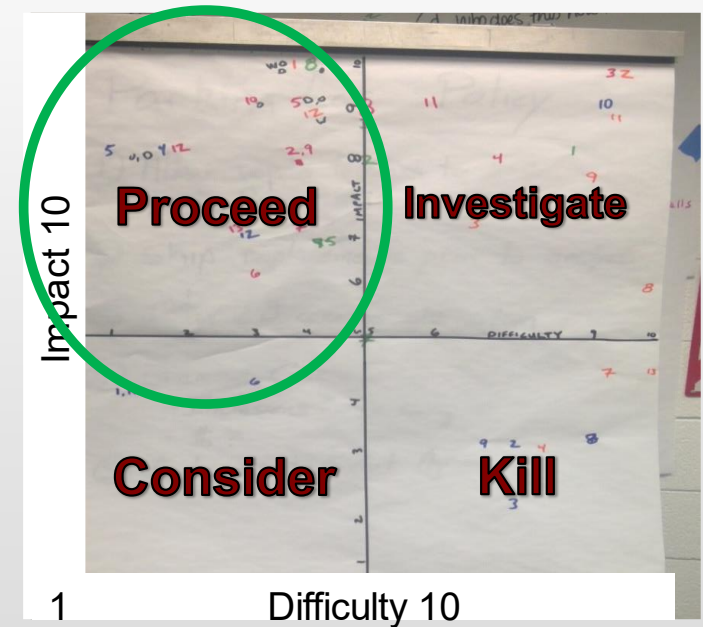# Prioritize & Select "Vision Element" for Breakthrough

Utilizing your Vision Statements as a source:

- Define specific "elements" and "breakthrough" results

- Vision **Elements** become the **Strategic Objectives** for deployment plan

Utilize prioritization techniques to focus your direction and scope

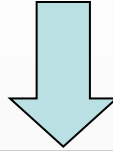- Stakeholder review

- Prioritization matrix
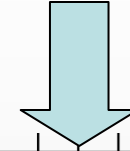

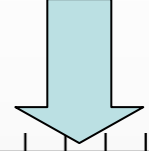*"A vision without a plan is a dream"*

Create plan to improve the vision element

The strategy deployment plan answers:

- **What** objectives will support the Strategy? (3–5 year breakthrough)

- **How** will we achieve those <u>this</u> year?

- **How much** progress will we target for each objective this year?

- **Who** will be responsible for each objective?

"A vision without a plan is a dream"

Strategy Deployment Sample

Management of Strategy Deployment

Based on the model of Continuous Improvement:

- Plan- (Policy Matrix)Describes the goal and sets the target

- Do- (Action Plan)Sets out the actions to be taken to meet the target

- Check- (Targets / Bowling Chart)Did we meet the target?

- Act- (Countermeasures) If we did congratulations! If not adjust again

The "Plan – Do – Check – Act" Process

Strategy Deployment – Plan

Example: Policy Matrix Goals and Targets

Goals (Annual Objectives / What):
- Achieve inventory accuracy (absolute) targets
- Achieve Days on hand targets
- Achieve Production Labor ($/Unit) Target
- Achieve Budgeted volume adjusted conversion cost ($/unit)
- Improve Gross Sales ($/Production Associate)
- Improve Initial Quality (IQ)
- Improve net scrap ($/unit)
- Improve gross scrap ($/unit)
- Reduce multiple backorders
- Reduce missed shipments (ppm) out of CC
- Improve YTD Incident Rate (IR)
- Improve Lost Work Day Rate
- Adherence to HR talent plan

Center labels:
- Improvement Priorities (How)
- Annual Objectives (What)
- Target To Improve (How Much)
- Strategic Objectives

Improvement Priorities (How):
- Reduce Waste (Material Flow, Set-ups, Line Balancing)
- Implement cycle count program
- Utilize quality metrics for process improvements
- Focus on "Top Three" Issues (SQDC)
- Develop and execute to site plan
- Develop TPM execution strategy
- Improve work environment (Ergo, Machine Guarding, 6S, A+Health, Alt. shift scheduling)
- Develop career plans as identified in the talent review

Target To Improve (How Much):
1. As defined by HR talent plan
2. Improve Lost Workday Case Rate (LWCR) 5.13 to 3.85 (25%)
3. Improve YTD Incident Rate from 8.26 to 6.20 (25%)
4. Reduce Missed Shipments (ppm) out of CC from 1435 ppm to 1292 ppm (10%)
5. Reduce Multiple Backorders from 6.2/period to 5.6/period (10%)
6. Improve Net scrap to meet $7.96/unit target
7. Improve Gross scrap to meet $17.66/unit target.
8. Achieve Initial Quality (IQ) target of $883,894
9. Improve Gross Sales to meet target of $1,292,680/Production Associate
10. Achieve volume adjusted conversion cost target of $107.63/unit
11. Achieve Production Labor budget (comshare results)
12. Achieve Days on hand targets (TBD)
13. Achieve Inventory accuracy (absolute) targets (TBD)

Strategic Objectives:
- Develop Human Resources
- Develop Respectful Workplace
- Improve Customer Focused Excellence
- Improve Supply Chain Excellence
- Achieve Faster than Market Growth
- Improve Quality
- Improve Financial Performance

Bowling Chart initiatives

Resources:
- Steve Kirby - Plant Manager
- Larry Bauer - Flexiframe
- Charlie Garrett - PSPD/GDF/CircleTop/Glider Assembly
- Elmer Neiderhauser - FWH/FWO/SLT
- David Jones - FWG/FAB
- Ben Adamson - Performance Engineering
- Sue Raddatz - Fulfillment
- Maintenance
- Jason Hamen - Human Resources
- Scott Egge - Finance
- Kevin Kelley - Safety

● Primary Responsibility
○ Secondary Responsibility

The "Plan – Do – Check – Act" Process

Given our goals and targets, the next step is to develop our course of action

- Plan: Target goals

- Do: Action plans

- Check: Bowling chart

- Act: Countermeasures
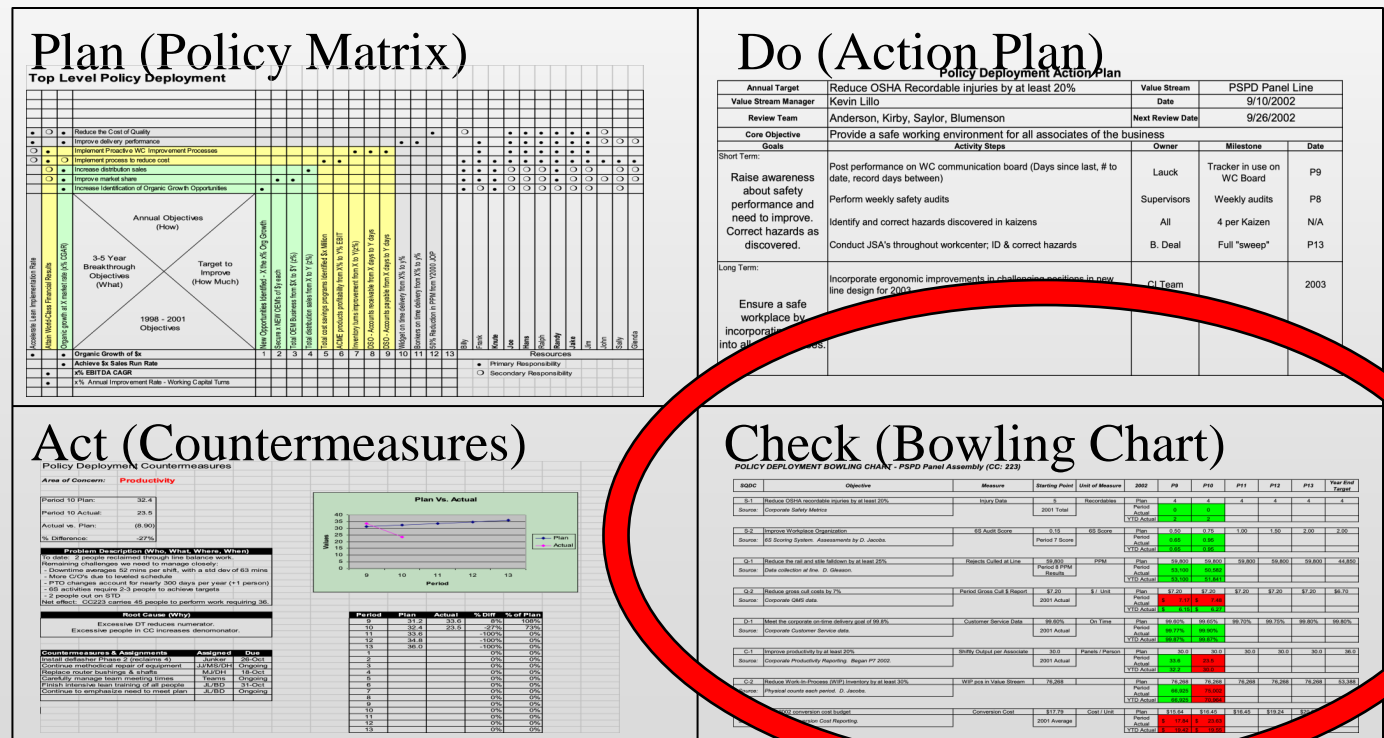
The "Plan – Do – Check – Act" Process

Our action plan is monitored (checked) using the Bowling Chart

This tracks how we are performing against the targets

- Plan: Target goals

- Do: Action plans

- Check: Bowling chart

- Act: Countermeasures

Strategy Deployment – Check

Example: "Bowling Chart"

Patio Door Plant
Period: P1

SQDC	Objective	Starting Point	Target %	Measure	Unit of Measure	2006		P1	P2
Safety 1	Improve YTD Incident Rate (IR)	8.26	25%	OSHA Recordables/ 100 Associates	IR		Plan	8.10	7.94
Source:	*Corporate Safety Data*						Period Actual	4.31	7.32
							YTD Actual	4.31	7.92
Safety 2	Improve Lost Workday Case Rate (LWCR)	5.13	25%	Lost Workday Case Rate	LWDR		Plan	5.03	4.93
Source:	*Corporate Safety Data*						Period Actual	0.00	0.00
							YTD Actual	0.00	0.00
Quality 1	Improve Gross Scrap $ / Unit	$17.75	5%	Period Gross Scrap $ Report	$ / Unit		Plan	$17.57	$17.56
Source:	*Corporate Quality Data*						Period Actual	$14.74	
	Based on 2006 Budget by period, adjusted down 5%						YTD Actual	$14.74	
Quality 2	Achieve Initial Quality (IQ) Target	$583,894	Budget	Field Failures within 90 Days	$		Plan	$29,195	$29,195
Source:	*Corporate Quality Data*						Period Actual	$42,849	
	Based on 2006 Budget						YTD Plan	$29,195	$29,195
							YTD Actual	$42,849	
Quality 3	Improve Net Scrap $ / Unit		5%	Period Net Scrap $ Report	$ / Unit		Plan	$ 9.49	$ 8.75
Source:	*Corporate Quality Data*						Period Actual	$6.21	
	Based on 2006 Budget by period, adjusted down 5%						YTD Actual	$6.21	
Delivery 1	Reduce Missed Shipments out of CC	1,400	10%	Customer Service Data	ppm		Plan	1,300	1,300
Source:	*Corporate Customer Service Data*						Period Actual	936	755
							YTD Actual	936	816

The "Plan – Do – Check – Act" Process

Countermeasures help to evaluate our success and what we need to adjust before acting again

- Plan: Target goals

- Do: Action plans

- Check: Bowling chart

- Act: Countermeasures
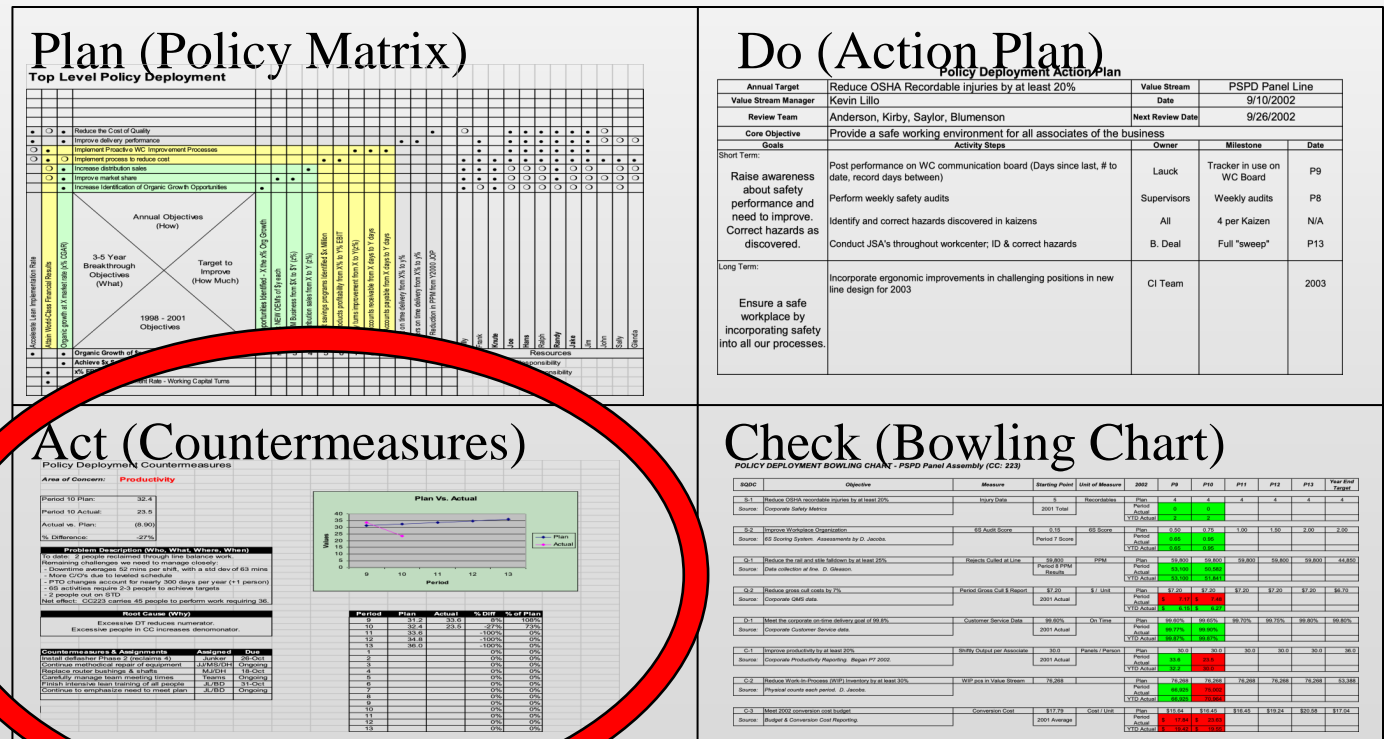
Monthly Bowling Chart Review

- Occurs at each level

- Cross functional

- Countermeasures expected for any area that is red
  - Data driven (Top causes)
  - What is the plan to get back on track?
  - What support is needed?

- No need to spend much time on metrics that are green

Patio Door Plant
Period: P1

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						YTD Actual	936	816

Lessons Learned

- Leadership support is critical

- Communication

- Take your time, be patient

- balance Fundamentals and Breakthrough activities (80/20)

- Plans and Objectives should be balanced (SQDC)

Discipline and Coaching Drives Successful Strategy Deployment