A new method of work needs a new method of managing.

Hoshin kanri, or policy deployment, is a comprehensive quality and financial management system perfectly adapted to the management of modern, decentralized decision-making processes. In the pages that follow, learn about the comprehensive strategic-planning, project-management, and advanced problem-solving services provided by Rona Consulting Group.
What is hoshin kanri?

Hoshin kanri is a way to get the right things done faster than your competitors. It systematically applies the Deming Cycle of PDCA (Plan Do Check Act) to the planning, execution, and monitoring of strategic initiatives and projects, and to the institutionalization of process changes and outcomes. Much more than a planning methodology, it is a comprehensive, team-based approach to the entire management cycle. Hoshin integrates both quality process and financial management into a powerful control system that is optimized to exploit the tacit knowledge of empowered workers.

The A3 system

Don’t leave leadership to the mercy of your intranet. The core technology of hoshin is Toyota’s famous A3 knowledge management system. “A3” stands for the large-format A3 paper on which Toyota publishes its all-on-one-page reports. A3 reports combine the essentials of scientific PDCA thinking, leadership, and good communication: story, number, and graphic image. The A3 document suite ensures that your strategic targets are communicated clearly and are confirmed, and that the means by which your organization achieves those targets are well founded in the know-how of process owners.
In the SCAN phase of hoshin, the leadership reckons the position of the organization vis-a-vis its customers and competitors. Rona Consulting Group offers a variety of services to support you in this phase of the hoshin process.
Value stream maps

Document the current state of your organization’s capabilities and identify opportunities for process improvement in operations, administration, and the supply chain.

Company-wide risk management

Risk management is too important to leave to the accountants. Work together to construct “heat maps” that identify where your financial and real investments may be exposed to risk. Then conduct FMEA3 (Failure Modes and Effects Analysis with the A3) analysis to systematically counteract it. Deploy risk management responsibility from the board to the entire organization with hoshin’s “catchball” process.

Market/technology analysis

Where are your customers going, and what kind of organization do you need to become to keep up with them? Explore the contours of your economic future by mapping what you know about supply and demand. Systematically explore the development of your current markets: Who are your customers today? Who might they be tomorrow? Explore the future of your technologies: How do you create value today? How might you create value tomorrow? Then develop the most promising scenarios for further analysis with scenario planning.

Scenario planning and game models

Use scenario planning and Bayesian game models to document and test how your customers, your competitors and, of course, you will react to the changes in your markets, technologies, and the social and political environment that you identified in your market/technology analysis. We will help you create seven “avatars,” or virtual competitors, to use in thought experiments that test your strengths and weaknesses in you CTS (critical to success) parameters.
In the PLAN phase of hoshin, the leadership charts a course to success and engages managers throughout the organization in working out the details.
Profit management

Think of hoshin kanri as Total Quality Management for financial management. Toyota calls it “profit management.” Minimize the risk of failing to meet your quality and financial targets by optimizing your portfolio of investments in people and technology. Use the A3X matrix to align leadership thinking and maximize the correlation of your strategies, tactics, process improvements, and financial results. Once you have set your targets and optimized your portfolio, use hoshin kanri to manage financial target deployment, using the famous “catchball” process.

Lean econometrics

Having trouble making a business case for investing in your people and suppliers? Integrate process improvement and financial forecasting with econometric techniques pioneered in the aerospace and semiconductor industries to forecast the likely cost reduction potential of improving process reliability and reducing lead time.

Stress tests w/ Monte Carlo simulation

Relying upon single-point forecasts is risky business. Clarify your exposure to risk at any level of your organization by systematically testing your financial and process-improvement assumptions. Let Rona Consulting Group conduct stress tests to highlight the strengths and weaknesses of your strategic options using the same software and techniques used by the United States Treasury to conduct stress tests on U.S. banks.

A3 deployment facilitation

Rona Consulting Group will help you, your executives, and managers draft, critique, and finalize the A3 documents that define the speed with which you find and fix process defects. Hoshin and A3 deployment is also essential to managing the matrix of cross-functional and interorganizational teams necessary to solving today’s complex business problems. Through deployment reconfigure your organization into true value streams and manage them cross functionally. Rona Consulting Group will help you design and facilitate these meetings internally and with suppliers.
In the DO phase of hoshin, the organization expertly navigates the course it has set.
Project management with A3

As decision making is progressively decentralized to the front line, many organizations discover a need to significantly improve the project management skills of their middle and front-line managers. Rona Consulting Group offers training in project prioritization and selection (with the A3X), project planning (with A3T team charter), scheduling, budgeting, and reporting (with the A3SR status report).

Visual project management

Toyota and other leading companies have learned that e-mail communications can actually slow their problem solving. In some cases, they have shut down the computers and created “big rooms” in which project teams meet physically every day. Face to face, they discuss the progress of projects by referring to visual project management “walls” that unambiguously identify customer requirements as well as monthly, weekly, and daily activities and responsibilities of team members. Let us help you get started.

Visual daily management

The effectiveness of your strategic scan and plan will ultimately depend upon your ability to connect strategic initiatives to the standard work of every single employee. Where do your managers hold their daily standup meetings? How do you effectively communicate changes in standard work? Let Rona Consulting Group help you improve the connection between strategy and standard work by deploying more effective visual process-control systems.

Visual strategy management

An organization’s A3 documents form a visual strategy-management system that unambiguously defines and illustrates your course of action, not least of all for your senior executives and board of directors. Let Rona Consulting Group help you utilize your A3s to design a visual “war room” in which your company’s strategic direction is obvious “at a glance” to your board of directors, your senior leaders, managers, your key suppliers, and your key customers.
In the CHECK phase of hoshin, course corrections can be made based upon the continuous auditing of quality and financial control systems at every level of the organization.
PDCA3® (evidence-based change)

PDCA3 is a visual knowledge-management system that utilizes the scientific method for gathering data and testing hypotheses about how to improve quality, cost, and delivery. PDCA3 combines the classic Deming cycle with elements from CEDAC (cause and effect diagram with the addition of cards), six sigma’s DMAIC (design measure analyze implement control), and hoshin kanri’s A3 document system. The result is a powerful all-weather problem-solving methodology suitable for strategic, tactical, and operational problem solving.

A3 reports

Do away with micromanagement. Focus your report meetings on what counts, and adhere to meeting “takt time.” If it’s not on your A3, it’s not on the agenda. Prepared monthly, A3 status reports encourage managers to manage by exception. Stand-up report meetings are held in “big rooms” in which succinct A3 reports are delivered in rapid fire. Participants are given 7 minutes to cover the status of strategy implementation, including the deployment of countermeasures and the need for additional resources. Serious problem solving is done in small groups off-line.

Real-time auditing systems

Accountants aren’t permitted on Toyota’s shop floor because adherence to standard work means that things are already under control. Let Rona Consulting Group help you install real-time auditing systems for projects as well as standard work by throwing a spotlight on errors, defects, and missed project milestones. Rona Consulting Group methodology generalizes the successful measure of Overall Equipment Effectiveness (OEE) and systematic “loss analysis” to any type of process in manufacturing or service industries, including healthcare.
ACT

In the ACT phase of hoshin, the organization stops to reflect deeply upon things gone well and things gone wrong, and resolves to remember.
The president’s diagnosis

Reinforce the message of transformational leadership by conducting the president’s diagnosis, a technique originally created by applicants for Japan’s coveted Deming Prize. Use Rona Consulting Group’s transformation ruler to identify precisely where you and your competitors are on the lean enterprise “experience curve.” The transformation ruler measures your progress — for eleven different business functions — along four separate organizational learning curves correlated to the speed and cost of solving problems at different levels of organizational complexity.

Book of knowledge

Rona Consulting Group can guide you through the construction of books of knowledge that document each of your value streams in extraordinary detail:
- Current-state value stream map.
- Future-state value stream map.
- Standard work for every process.
- Layout, including the placement of poka yoke devices.

Books of knowledge are key not only to sustaining the gains of kaizen activity but, more importantly, to replicating your Model Lines across the organization.

Board retreats

Can’t see the forest for the trees? Rona Consulting Group will work with your staff or plan, and facilitate board and senior management retreats at which you can concentrate on the future.
Winner of the 2007 Shingo Prize for research, *Hoshin Kanri for the Lean Enterprise* is a book for serious practitioners who are not looking for shortcuts. The book contains extensive material on all phases of the hoshin process and a complementary CD from which you can print Toyota's four classic A3 documents as well as the A3X matrix. The book demonstrates how to integrate hoshin kanri with value stream mapping and includes a chapter on the president’s diagnosis, an integral part of hoshin that is rarely treated.

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Bringing together clinical and manufacturing backgrounds, our team connects through lean to change healthcare. We are former healthcare executives, administrators, and clinicians. In addition to healthcare, our team also has expertise in developing and advising on large-scale transformation programs for Fortune 100 companies. We have an in-depth understanding of authentic kaizen methodology and philosophy. Please visit our website for detailed biographies: ronaconsulting.com/about/team.
Rona Consulting Group is a management consultancy based in the Seattle area. We serve clients in the manufacturing and healthcare industries with strategic-planning, leadership development, and organizational transformation services based upon the Toyota Management and Production Systems. Visit our web site at: www.ronaconsulting.com.

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It is not by accident that you were chosen to be a leader.

— Sensei Chihiro Nakao