Table of Contents

..... 1
Acknowledgments 3
Introduction 5
Chapter 1 9
How Hoshin Kanri Is Different from Other Management Approaches 10
Chapter 2 14
Managing from the Gemba 15
Chapter 3 26
Developing a Mission Strategy, Vision, and Values and Aligning the Goals 27
Chapter 4 37
Motivating the Right Behavior 38
Chapter 5 43
Setting the Right Direction and Determining Business Needs 44
Chapter 6 47
Kata and the Routine of Culture Change 48
Summary 56
Are You Ready to Deploy a Real Business Strategy? 57
Appendix I 59
Process Improvement and Value Stream Mapping 60
Appendix II 62
Cost-Benefit Analysis Involved in Decision-Making 63
Appendix III 66
What Toyota's Production System Is Really About 67
Lean Resources 76

Hoshin Kanri

How Toyota Creates a Culture of Continuous Improvement to Achieve Lean Goals

Mohammed Hamed Ahmed Soliman

© 2016 Mohammed Hamed Ahmed Soliman

All rights reserved.

Acknowledgments

I created this book with the help of more than fifteen different business resources. These academic articles and books are all cited at the end of this book. A number of people have influenced my learning journey and my entire career. I would like to acknowledge them here.

Esraa Soliman: My lovely wife and partner. She encouraged me to write and publish this work. In fact, she always encourages me to do creative work.

Jeffrey Liker: Professor at the University of Michigan and author of *The Toyota Way* and the amazing Toyota series of books. His impressive work on Toyota inspired and influenced my learning about the Toyota Production System. I would really like to thank him for his indirect involvement in this work. Many examples included in this book were originally from his books. Although I have never met Jeff face to face, we have had great communications over social media platforms.

Chris Duklet: A lean manufacturing leader from the United States who works in the field of health care. He has contributed to this work by reviewing the book prior to publication and giving me useful recommendations and advice.

Attia Gomaa: Professor at the American University in Cairo who influenced my teaching career at the university and taught me how to become a good trainer.

Steven Borris: A business consultant, author, and friend from England who influenced my writing career. He encouraged me to write and publish. Steven was my mentor on lean manufacturing, helping me first to understand the basics, after which I developed my understanding through deep practice and self-directed learning.

Eslam Soliman: My friend and a professor at the Assiut University. His PhD is from the University of New Mexico. He has influenced my entire writing career by giving me recommendations and advice on how

to write and publish. He revised my published works many times and kept inspiring me after every piece I wrote and published.

Introduction

I started writing after several years of experience using the Toyota Production System (TPS) and leading improvement projects for various industries and businesses. I have read many business resources and lean books. I studied the Toyota series of books by Jeff K. Liker. I wrote many publications about lean production and leadership, and I teach at the American University in Cairo.

For most of my career I have worked as a regular employee while educating people about the culture of continuous improvement. I have seen and lived in both bad cultures and good ones. Bad culture involves not putting people first or investing in them. People are the value in a system. Two main pillars hold up the Toyota Way: continuous improvement and respect for people. A good industrial manager knows that respect for people, which is about coaching, developing, supporting, and valuing the workforce, is the foundation of continuous improvement for any business process.

People are actually more important than the process, and companies that put process before people will not earn sustainable results. It's people who build, operate, modify, and improve the process. Therefore, developing people should be your company's highest priority. Focusing only on the process often leads to system failure.

Early on, Taiichi Ohno, codeveloper of the Toyota Production System, refused to document or write the system down for fear people would focus narrowly on the tools and theories. When he finally wrote it down, he presented it as a house (see figure 1.1) because a house is a good example of a system. Take away the supporting structures, and the roof and entire system will collapse. One of Ohno's students said Toyota made a mistake calling it the "Toyota Production System." Instead, Toyota should have called it the "Thinking Production System" because the real point was to make people think, and people are the value of any system.

People created, adapted, and improved the TPS and its tools, and people are still improving them every day.

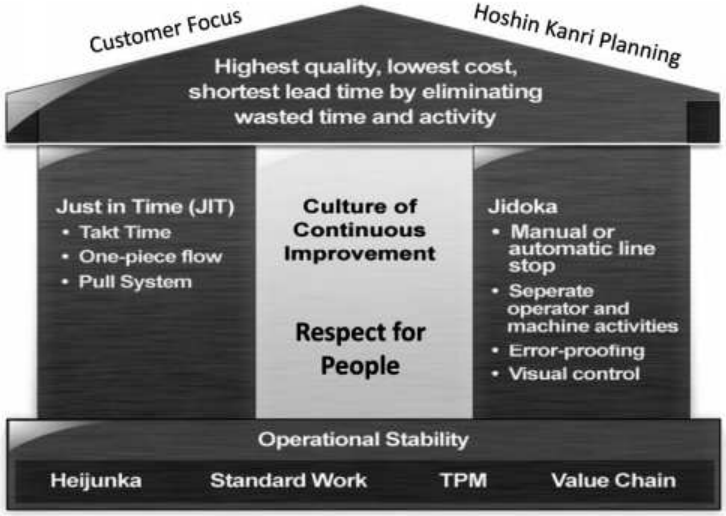


Figure 1.1 The House of the TPS

This Book

This book focuses more on people than process, and I made it like a handbook—short and effective.

This book's purpose is to help leaders improve critical business processes, achieve strategic lean objectives, and improve focus, linkage, accountability, buy-in, communication, and involvement in a corporation. This requires a complete transformation in the management culture. People need to work together toward a clear purpose that aligns all people, plans, methods, and efforts with the business's needs.

It doesn't matter if you are a business manager or a young leader. You'll benefit from this book. If you're a CEO, director, or business consultant who seeks the right process to turn around your company, this book is certainly for you. Middle managers and business leaders can learn the method and techniques used by the world's greatest

manufacturer (Toyota) as described in this book to deploy lean strategies and develop leadership. Shop floor managers and operational leaders can benefit from this book by learning how to develop themselves, align their goals with the company's vision, and be in accordance with the company's values and strategies.

This book's main purpose is to establish a successful implementation model for the *hoshin kanri* process. This is a Japanese method of aligning goals and deploying a business strategy. Hoshin kanri has been Toyota's method of setting and achieving its vision. This technique, if used properly, will help organizations improve performance and align plans. This method values efforts and behaviors with clear purpose and develops a new culture of continuous improvement throughout the organization and among all employees. Culture and people development are important to sustain performance results.

How to Read This Book

The book does not present a traditional business model but considers a successful one from the best Japanese automaker. This book's main focus is on the human side and the management culture. Because the book is short, I recommend reading it in order. Chapter 1 discusses the lean management concept and how traditional management approaches have created barriers in the improvement journey. Chapter 2 discusses how to link strategic thinking to the shop floor and the role of *gemba* as a place to teach and learn management. Chapter 3 discusses the development stages of the business vision, strategies, and values with a focus on the five core values of Toyota. Chapter 4 discusses motivation as part of the process. Chapter 5 discusses the lean turnaround process. Chapter 6 discusses the routine of culture change as well as improvement and coaching behaviors (*kata*).

Hoshin Kanri and Strategic Business Improvement

Many organizations are trying to improve their businesses without shared visions or clear purposes that align people, plans, methods, and efforts with strategies to achieve their business objectives. If you have

well-trained people capable of taking on challenges, you just need to let them focus on your needs and utilize their energy for business survival and improvement. Other businesses have shared visions but no capabilities. They have no real leaders capable of taking on the challenge, developing people, and empowering them to improve the process.

People often ask which comes first: developing vision, clear purpose, and alignment or improving people's capabilities.

It makes sense to develop people first and then roll out the hoshin kanri. Liker and Convis (2012) initially mentioned the leadership development stages, and Liker and Trachilis (2015) summarized them as follows: (a) committing to self-development, (b) learning to lead at the gemba, (c) learning by teaching and developing others, and (d) learning by doing and implementing real projects using the continuous improvement philosophy. Those points will be discussed briefly in chapter 2.

The Origination of Hoshin Kanri

Hoshin kanri originated in Japan. "Hoshin" means "direction." It means we are all moving in the same direction and playing the same game. Imagine each department is working on its own piece. There is no alignment or movement toward a common goal to push the organization forward and higher. These departments will not function well together. You really need to get those departments moving in the same direction.

"Kanri" relates to how you do it. To do it, you need to develop leaders. However, an organization still needs a clear purpose to align people and move forward in the right direction. It also must know what to do to align people with that direction using the appropriate management behavior. Hoshin kanri literately means the management method of setting a strategic direction and pursuing achievement.