Creating Connections with Strategic Alignment
On more than one occasion during my career I have observed different departments within an organization operating at cross purposes, and in several instances actively undermining each other. Many of you have undoubtedly experienced the same thing, and witnessed the infighting and counterproductive behaviors that go along with it. Sadly, yet predictably, the result is the optimization of one department or unit at the expense of others, with frustrated staff members and poor overall service to customers as the outcomes.

In recent years I have had the opportunity to see, and work with, executives to address this problem in their organizations. Although there are different ways to overcome this challenge, I have found that connecting each layer of an organization (i.e., from division or service line to department or unit down to work teams and individual staff members) with the organization’s strategy is one of the most effective ways to align everyone towards a common purpose and ensure all are working together to most effectively serve customers.

Known by many as policy deployment, this multi-layered connectivity forms the essence of Hoshin Kanri. In Japanese, Hoshin means “compass needle” or “direction” while Kanri means “management” or “control.” The name suggests how Hoshin planning aligns organizations toward accomplishing their goals. Based on a guiding principle of inclusion, Hoshin Kanri drills down to the daily activities that leaders and staff must perform in order to make organizations operate effectively and to achieve long-term goals.

The graphic illustrates the alignment that organizations should seek, from strategy to individual behaviors.
3-5 Year Strategic Plan

The process of creating alignment begins with a strategic plan that looks forward at least 3-5 years. Creating a strategic plan for an organization is an undertaking in and of itself, but after a careful analysis of things such as the organization’s existing products and services, changing customer expectations, the competitive marketplace, technological enablers, etc., leaders will be in a position to identify a desired future state for the organization and articulate goals they believe should be pursued to move in the intended direction. Typically, this planning process proceeds and informs the budgeting process.

Without going into too much detail regarding strategic planning, there are three interrelated points to consider:

1. **Focus on a limited number of strategic goals.** There is no exact number that is correct for every organization, but 5-10 is the range within which everyone should strive. Too often, leaders feel a false sense of progress with each additional goal identified. But in reality, a goal is just an expression of intent. Taking action is the hard part, and given the finite resources and energy available to contemporary organizations, focusing on a small number of goals increases the likelihood of success more than dispersing effort across dozens of goals. Or as a wizened leader once stated: if everything is important, then nothing is important.

2. **Focus on high-leverage opportunities.** A distinction can be made between efficiency and effectiveness: efficiency is doing things right while effectiveness is doing the right things. To be effective, strategic goals need to be concentrated on high-leverage opportunities. That is, by pursuing a few of the right things, the organization will achieve its goals faster. Also, if a goal doesn’t have a broad impact, it’s probably not strategic.

3. **Have both evolutionary and revolutionary goals.** Evolutionary goals are incremental goals achieved through continuous improvement, while revolutionary goals are breakthrough ideas with dramatic scope that move organizations into greater innovation and creativity. Both are necessary for organizations and should be incorporated into the 3-5 year strategic plan.
Annual Plan

Based on the organization’s longer-term strategic direction and goals, leaders must next identify the means for reaching these goals in the shorter-term. We’ve found that an annual plan—created to guide the short term tactical initiatives and activities needed to move the organization towards its strategic goals—is an essential element for creating alignment.

At a minimum, the annual plan should include the following components:

1. **A balanced scorecard comprised of key performance metrics (KPMs).** KPMs provide the means for tracking progress towards goals. They also have a considerable potential to drive behavior, so it is important to balance the KPMs across different categories—such as financial, quality and safety, satisfaction, and efficiency and timeliness—in order to drive the desired behaviors without unintended effects. A single-minded pursuit of one KPM (e.g., efficiency) could lead to unintended negative consequences in other areas (e.g., quality, customer satisfaction, etc.) and should be avoided. In addition, not only should there be an organization-wide balanced scorecard, but each business unit (service line, division, department, clinic, etc.) should have its own balanced scorecard that is aligned with that of the organization.

2. **An executive owner designated for each strategic goal.** An executive with the skills and authority to see the goal through to conclusion should be assigned responsibility for each strategic goal. The role of the executive owner is to shepherd the deployment of strategic goals through analysis and catch ball as well as provide support horizontally across the organization, removing roadblocks and smoothing the path to progress. In contrast, it is the job of the existing ‘vertical’ organization to ensure the goals are achieved once agreed upon.

3. **A clear linkage between each initiative/tactic to the departments/units responsible for their implementation.** The hypothesis is that each initiative/tactic will positively contribute to the achievement of at least one strategic goal as well as impact at least one KPM. This linkage is critical because it shows how every part of the organization (service line, division, department, unit, etc.) will contribute to the accomplishment of the initiatives as well as the achievement of the strategic goals.
**Catch Ball**

For the creation of the organization’s annual plan as well as the plan for each successive layer (service line, division, department), leaders at every level within the organization will be tasked with identifying initiatives and tactics they believe will best achieve the strategic goals as laid out by the proceeding level. One of the most important aspects of creating these initiatives and tactics is referred to as catch ball. Like the child’s game were a ball is tossed from one person to another, catch ball is a back and forth exchange with leaders at each level to ensure the strategy and goals are well understood, that there is strong alignment between strategy and initiatives and tactics, and that the KPMs are meaningful and appropriate.

Deploying strategy throughout an organization can take considerable time and requires much flexibility as well as ongoing communication. Catch ball discussions may require additional information or cause a reevaluation of conclusions reached at a prior level.

It is even possible that new insights or constraints may emerge that change the prioritization of the goals. It is important that leaders at each successive level work together in a collaborative manner to determine what can realistically be done to accomplish the strategic goals in the most optimal manner. If done properly, catch ball has the effect of enhancing buy-in from those responsible for executing the plan.

At the front-line level, supervisors and team leaders work out the operational details to implement the initiatives and tactics as laid out by mid-level leaders. Once again, the principle of catch ball applies to ensure that activities on the front-line are strongly aligned with organizational strategy and goals. This is important since the front-line is where goals and plans are transformed into results on a daily basis.

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![Diagram showing the process of Catch Ball in an organizational hierarchy from Executive Leadership to Front-Line Management, with objectives and strategies indicated at each level.](image-url)
Ongoing Review Process

So far the Hoshin Kanri steps have focused on cascading strategic goals down through each level of the organization; from senior management all the way down to the front-line. Equally important is the flow of information—about progress and results—in the opposite direction; from the front-line back up to senior leaders. It is this upward flow that creates a closed loop system, enabling control and adjustment of the entire process.

Progress should be tracked continuously and reviewed formally on a regular basis. This will vary by each organizational level as follows:

- **Front-Line: Daily** – At the front-lines in healthcare, work and outcomes occur in minutes and hours (and sometimes even in seconds!) so it is crucial that staff and supervisors meet briefly each day (10-15 minutes) to discuss how they performed against yesterday’s goals, what they need to accomplish today, and what problems need to be resolved. This daily feedback regarding both process and outcomes metrics allows near real-time adjustment of work processes to positively impact patient care.

- **Department Leaders: Weekly** – At the department level, leaders should have their fingers on the pulse of their areas at least weekly. This can be most effectively accomplished through what is known as a gemba walk, the basic idea of which is to go to the place where people create value. By seeing front-line staff where they work, department leaders can accomplish several objectives:
  - By addressing problems where and when they occur, abnormalities can be addressed quickly before they escalate into bigger issues.
  - This also helps to maintain baseline performance levels, which provide the foundation for future improvements.
  - By modeling appropriate behavior, the leadership team helps to build a culture that focuses on solving problems...not blaming people.

- **Senior Leaders: Monthly** – For senior leaders, who typically oversee a much wider swath of their organization, we’ve found that monthly gemba walks are sufficient for them to know what is happening and to provide coaching where needed. With daily business processes under control (via front-line and middle management efforts), senior leaders should spend more time focusing on longer-term, strategic issues. Our experience has shown that monthly gemba walks, along with other aspects of leader standard work, lead to more breakthrough thinking and breakthrough achievements. Rather than stifling creativity, regularly looking at a business processes allows creativity to emerge, resulting in new ideas and work methods as well as new standards that out-perform the old.
At each organizational level, these progress checkpoints and reviews provide an opportunity to adjust tactics and their associated operational details, as well as reallocate resources if necessary to ensure the right work is being done to address key priorities. Gemba walks should take on a mentoring flavor, with leaders asking questions, listening, and coaching. Every gemba walk is a learning opportunity for participants, and by asking open ended questions in a manner of humble inquiry, the responsibility for solving problems falls to the people and teams who are doing the work. This brings out the creativity of everyone, which in turn creates a happier and more engaged workforce.

Coaching and mentoring should occur at every level to build the problem-solving muscle of an organization. A far cry from traditional MBOs, this element of leader standard work is less about achieving specific objectives—although those remain important—and more focused on learning and growing every day. Such coaching can revolve around general performance (How did we make things better? What did you learn? What can I do to support you?) or it could address specific issues (What problem do you see? How is the customer affected? Where is the waste?). By developing individuals’ problem-solving capabilities, this type of coaching helps to build an army of problem solvers as well as contributes to the development of future leaders. Furthermore, such an empowering culture can be more engaging and satisfying on a personal level for both leaders and employees, and tends to attract and retain the most talented people.

Finally, we like to encourage organizations to do an annual evaluation not only of the results they have achieved each year, but also of the planning, deployment and review process itself so that it can be improved each year.

**Conclusion**

Ensuring that the strategic goals of an organization drive progress and action at every level eliminates the waste that comes from inconsistent direction and poor communication. Hoshin Kanri strives to get every employee pulling in the same direction at the same time. It achieves this by aligning the goals of the company (vis a vie strategy) with the plans of middle management (initiatives and tactics) and the work performed by front-line employees (operations). In order for staff at each level to know how their work advances the organizational goals, leaders will need to communicate the specific actions that need to be performed, assure that staff have the knowledge and skills to perform those tasks, and provide feedback on an ongoing basis. Aligning everyone with the strategic goals and objectives also helps to prevent cross-divisional or departmental infighting that leads to dysfunctional and counterproductive behaviors.