

# Strategic Planning Using Hoshin Kanri

## FROM THE FIELD

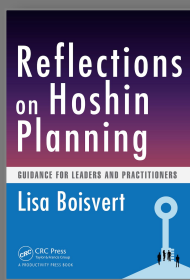
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### ON LEADERSHIP AND FOCUS

*“If you honestly look at the most important thing for your business, in a disciplined way. If you’re super focused on the top thing that will make a difference, it’s just going to make you better!”*

This white paper is an excerpt from Chapter 7 in the 2016 book *Reflections on Hoshin Planning*.



## M&A and Hoshin Planning

By **Lisa Boisvert**

Hoshin Planning is an accelerated and highly focused method for identifying and completing strategic level improvements in an organization. A “Hoshin” is a breakthrough objective that the organization will accomplish over a period of twelve to eighteen months. This objective is chosen for its ability to, when achieved, take the organization to its next level of performance.

Here are six ideas for executives leading Hoshin Planning during an acquisition.

### **Idea One — Establish a Plan for the Hoshin Early**

Ways of leveraging new business models, process re-designs, proprietary technologies, and other organizational assets gained from the Hoshin Planning process should be considered as soon as legal and proprietary information sharing limits are eased. Left to chance, those assets, and the investment the company has made in creating them, may be undervalued or lost during acquisition transaction discussions. Leaders should get discussions

on what will be done with the deliverables of Hoshin Planning onto the agendas of transaction and integration meetings, just as soon as it is practicable and legal to do so.

### **Idea Two — Maintain Hoshin Visibility Through Measurement**

Hard data are meaningful currency in acquisition discussions and should be used as a means for building credibility and expressing the value of the Hoshin work. As a way to educate a new partner organization on the work accomplished through Hoshin Planning, executives should present and discuss the data that were used to choose the Hoshin and the metrics being used to monitor its progress.

### **Idea Three — Prioritize Communication**

Leaders should ease the transition into a merger or acquisition by getting out in front with a message. Delays in providing information to the organization and its stakeholders can produce anxiety. During this state of uncertainty, Hoshin Planning

can quickly be seen as too much trouble or too exotic to a new partner organization. Once it is generally known in the organization that a transaction is happening, it's time to get moving with delivering any information that is legal and practicable to share.

***Specifics to consider when building a communication plan:***

- ◆ Leverage the excellent skills and high visibility of the people who earn leadership roles in the Hoshin Planning process by using them as spokespersons during the acquisition and integration.
- ◆ Invite a combined team of people from the acquiring and the acquired organizations to come to consensus on how to handle the Hoshin work. Be clear about what is still open for discussion and what is not, in terms of the disposition of Hoshin Planning assets and processes.
- ◆ Develop one shared and consistent leadership message in talking about what will happen with the Hoshin Planning process and its deliverables.

**Idea Four — Conduct a Review**

Remember that Hoshin Planning at its core is a large scale Plan-Do-Check-Act (PDCA) cycle. It is

performance improvement conducted at the highest level of the organization. An acquisition can interrupt the usual calendar of “Checks” in the cycle, creating an opportunity to do a summative review of the Hoshin work earlier than planned.

Leaders should re-purpose routine Hoshin review meetings to make decisions about what parts of the work are going to be sunsetted and what parts will travel forward and integrate into the organization's post-acquisition work.

Completing a formal review can help reboot the thinking about the Hoshin, using new information from the acquisition to adjust the strategies that will get the Hoshin done. A pause to review and reflect can be very productive and save time later.

**Idea Five — Provide Leadership During the Redistribution of Resources**

Money and people will begin to move around almost immediately after an acquisition transaction. Resources dedicated to Hoshin may be boosted, maintained, or cut. While the removing of redundancies and waste should always be happening in a process improvement system, it is especially common practice after an acquisition to see an extra round of clean up.

After the post-acquisition wave of cuts, organizations may experience a focused and abundant redirection of capital. Leaders may get the best results during this time by slowing the cutting and spending processes down a little, including Hoshin performance data in discussions about the disposition of resources, and showing savings and new revenue that can be contributed by continuing work on the Hoshin.

**FROM THE FIELD**

**ON THE HUMAN SIDE OF M&A**

*“In a survey of 100 senior executives done by Mergermarket in 2013, a majority of respondents said productivity dropped and resistance to the acquisition increased when the people part of the integration was neglected. Forty-five percent said neglect of the cultural integration had a “negative impact on share price.”<sup>2</sup>”*

### **Idea Six — Consider the Human Side**

Dialogue among Hoshin practitioners before, during, and after an acquisition is often laced with emotional energy and with stories that try to draw meaning from the transaction and the subsequent integration with another organization.

Hoshin Planning can cultivate a powerful pride among the people who invest their professional equity in completing the process. The degree to which that pride is understood, valued, and channeled productively can be informed in part by how clear people are on why the acquisition was executed in the first place. Help people understand the ways

in which the acquisition might enhance their professional contribution to something important.

Hoshin Planning invites profound change and superlative achievement in companies. In addition to gaining targeted business objectives, there will be cultural, social, and intellectual growth from committing to Hoshin. If an organization has completed even one full annual cycle of Hoshin Planning, the heightened skills and accomplishment from that work can be leveraged to produce excellent business results long after an acquisition transaction is executed.



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#### **References**

- <sup>1</sup> Geraghty, Kevin. NV Energy, June 6, 2015, interview.
- <sup>2</sup> Mergermarket. “The Missing Chapter: Why Emotional Buy-In Is Critical for Successful M&A” 2013. The Storytellers. <http://mergermarketgroup.com/publication/the-missing-chapter-why-emotional-buy-in-is-critical-for-successful-ma>.