

55th EOQ Congress
World Quality Congress
Budapest, Hungary - June 20-23, 2011

"Navigating Global Quality in a New Era"



June 21, 2011 (Tuesday) 55th EOQ Congress

CONCURRENT SESSIONS
KEMPINSKI HOTEL CORVINUS

Tuesday 13:30 – 17:30
Erzsébet tér 7-8, Budapest V.

REGINA BALLROOM I.

10.1. INNOVATION AND QUALITY I.

Session Chair: *Robert E. Cole, Doshisha Business School, Japan and University of California, Berkeley, USA*

13.50 Hoshin Kanri – A Strategic Approach to Continuous Improvement
David Hutchins, David Hutchins Innovation Limited, United Kingdom

Hutchins, David (United Kingdom)

Chairman and Senior consultant at the David Hutchins Innovation Limited. He holds Masters Degree from Birmingham University in Quality and Reliability Statistics. He is Chartered Mechanical and Production Engineer; Chartered Quality Professional. He is Chairman of the Editorial Advisory Board for Quality World and Member of the Nominating Committee of the Chartered Quality Institute UK.

He worked at the Juran Institute as Six Sigma Master Black Belt and associate of Dr. JM Juran from 1983 to his retirement in 1992. David Hutchins is author and co-author of ten books including his latest Hoshin Kanri (Policy deployment of successful TQM) – The Strategic Approach to Continuous Improvement. He has much international experience with UNIDO and World Bank funded projects and many multinational companies for the establishment of corporate level quality based management systems. He is also author of the new CQI (Continuous Quality Improvement) qualification requirements published in 2010 and has now registered his company as an Education Centre for training to the level of Chartered Quality Professional. He is frequent keynote speaker at International Quality Conferences and Seminars over many years.

Hoshin Kanri – becoming the best of the best. It need not be a matter of luck!

David Hutchins presents a management philosophy that harnesses the power of the people in an awesome fusion of East and West cultures

At the heart of Japanese Total Quality Philosophy is one simple and fundamental idea. The belief is that each person should be regarded as being the expert in his or her own job. If they are not then they are developed until they are. With this in mind, the corporate goals of an enterprise are then based a concept that is designed to use the collective thinking power of all of its people to make that organisation the best in its business.

Japanese? Well maybe but we are not short of examples in all societies if we look hard enough. The difference is that in most cases, this has happened largely by luck whereas in Japan it is the deliberate result of organisational philosophy which they refer to as 'Hoshin Kanri'. It can be likened to the effect of placing the pole of a magnet under a sheet of paper on which has been sprinkled some iron filings. All of them polarise to that point. Imagine the power of such an achievement if it were the total thinking power of your employees!

For example, many of us have been fortunate at some point to have been personally involved, along with others, in an activity that has produced absolutely spectacular results, often beyond the belief of those standing by. It could be the experience of a previously no-hoper soccer team, struggling at the bottom of a division before beating everyone in sight, topping the league and winning the cup with the very same players as before. The British cycling team in the Beijing Olympics is a case in point.

Industrially it might have been developing and building a product in stunningly short time, going through all of the stages from conceptual design through to manufacture, delivery and product support, virtually defect free and functioning perfectly through the entire life of the product. Such was the case with the Fuji invention of the disposable camera. According to an account from a Kodak specialist, it took Fuji just ten weeks to get from conceptual design through to availability for purchase and the product was almost 100% defect free. In contrast, the Kodak representative admitted that it would have taken the company two years and even then the product would have suffered teething troubles in the market. As a consequence, Kodak scrapped its product development process, started again from a clean sheet of paper, used concurrent engineering – a Hoshin-related concept – and as a consequence is still with us today.

During the time of these dramatic achievements, the only people who believed they were possible were the people actually involved in the process. Another example is an amateur dramatics group that decided to present a musical. A total of 90 persons including cast, musicians, front of house and backstage achieved standing ovations to packed houses when they had only previously attempted a few drawing room dramas. Every one of the 90 people would have had their own specific roles and was mutually dependent on each of the others. If any one of them had failed, the production would have suffered.

When we begin to analyse any of these achievements, we soon realise that they are very similar in the way that they developed. In every case they began with a stretched goal, probably only believed possible by those inspired. This we could say was the vision. Everyone involved knew that their job had a vital role in the process; without them it could not work. They also knew that everyone had to be totally motivated all of the time. Again, without that it could not work. It required a very high degree of mutual respect among the participants – it had to be fun, exhilarating even.

If something was not working out, there would be immediate inquests on what was wrong in order to get back on track. Why was this happening? How can we get back to performing highly? There would also have been investigations into why something was working really well in order that it continued that way. There would be many celebrations of success and accounts of how it felt during the process. Everyone would have been conscious of the need to keep everyone's energy at the highest possible level through team support. There would be a lot of humour and joking. Much of the humour would be "in jokes" related to incidents that had occurred and would be intelligible only to those involved – this is part of the bonding.

Sadly, for most of us such experiences have happened spontaneously and largely by luck. They probably only happened a few times in a lifetime, if at all, when there just happened to be a chance conspiracy of chemistry. The circumstances combined to bring about what might be described as spontaneous combustion and a one-off memorable experience. However, this is Hoshin Kanri, albeit by accident.

Hoshin Kanri

The object of the philosophy Hoshin Kanri is to make one of these chance experiences happen consistently, on purpose, every time, all of the time. For example, it happened when Walt Disney developed the Epcot Centre and his other pleasure parks and film productions. Walt Disney said: "If you can dream you can make it happen". Could one imagine someone like Walt Disney just accepting the recession that we are in right now? No. He would have had a vision of some sort and then inspired his people to achieve it.

This happened with the Japanese post-war industrial revolution. In 1951 when the Americans left and the Japanese were as poor as church mice they were known as "junk merchants to the world". However, the Japanese business leaders did not accept this. They said: "We are going to become among the best in the world and we are going to get there by the early 1960s." From having no shipbuilding or steel industry at all in 1951, by the early 1960s the country was number one in the world and had virtually wiped out the British shipbuilding industry. Only a few years later, of the 24 largest blast furnaces in the world, 17 were in Japan. Such is the power of determination and Hoshin Kanri, even if it was in the early stages of its evolution.

All of these and many other amazing and dramatic events are encapsulated in the powerful philosophy that underpins Hoshin Kanri. It is founded on one simple principle that reveals why the dynamic Japanese approach to quality is fundamentally different from the passive compliance-based approaches predominantly used in the West.

The late Professor Ishikawa Head of the powerful Japanese Union of Scientists and Engineers (not a Trades Union) said that the task of every employer is to draw out and effectively use the infinite capabilities of every employee. Put simply, this is the essence of Hoshin Kanri.

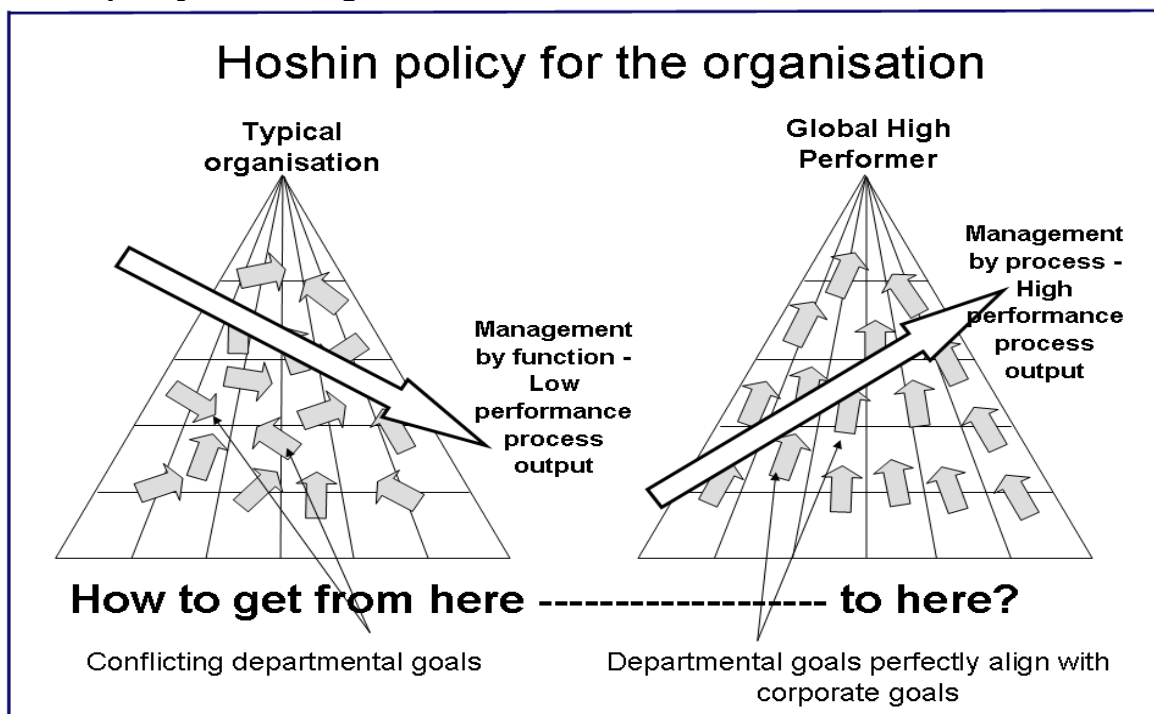
The reality

Contrast Hoshin Kanri with the usual work experience in the UK, for example. Mostly we work to some degree in a blame culture. When things do not comply the question is: "Whose fault is it?" Departmental goals compete with company goals and those of other departments. No one asks direct employees anything or tells them anything – they are just

expected to do their jobs according to instructions, day in and day out. On a Sunday night they probably get the sick feeling "Oh no it is Monday again tomorrow", but have to go to work to pick up a pay cheque.

Managers are rivals, each attempting to out do the others to keep out of trouble and to achieve upwards promotion. Promotion usually goes to the one who looks as though they are Teflon coated when things go wrong but not necessarily the most competent. When they do get promoted they join the company of others who were also promoted by the same criteria so end up with a better class of enemy. In order to survive, they need to be able to intimidate their potential rivals. In this respect it is the one with the biggest office, name on the door, best car park slot, biggest company-owned BMW and best seat in the company restaurant who wields the most power. Such organisations treat their suppliers the same way. They multi-source, give short-term contracts to those who met the last schedule and penalise those who did not.

Hoshin policy for the organisation



The Hoshin company that sees the supply chain as an extension of itself. It congratulates the high achievers and helps the others as if they were all part of the same family. Employees in such companies could even conceivably think "good it is Monday again" because they look forward to what they will be doing, the camaraderie and renewed sense of achievement. Is this a fantasy? No, it happens even here in the UK when the circumstances have been right. Work is as natural as breathing and sleeping and takes up a third of our lives. It makes sense to attempt to make it enjoyable and not something that we whip ourselves and our subordinates with.

Against today's stiff competition, which now increasingly includes China and India, it is no small wonder that we have little left of our manufacturing industry and what does exist is usually owned by someone else. We need to combine the best of the West with the philosophies of the East in an East-West fusion. Hoshin Kanri makes that possible.

Many people have not considered Hoshin Kanri because it has a Japanese name. They think that it is an alien concept but if they have ever been involved in something along the lines of the examples given here then they will have been involved in it anyway – they just did not realise it. Just imagine the results that could be achieved in organisations throughout the country if we could make happen by design what had previously happened by luck. It only requires the will

David Hutchins is chairman of the CQI Avon Branch, chairman of the CQI Editorial Advisory Council and a member of the CQI Nomination Committee, Advisory Council and Professional Policy Board. He manages his own consultancy and training company engaged in the qualification of students for the Chartered Quality Institute membership requirements