

<b>Institution: University of East Anglia</b>
<b>Unit of Assessment: 19 Business and Management Studies</b>
<b>Title of case study: Improving Strategy Management in Operations through Hoshin Kanri</b>
<p><b>1. Summary of the impact</b></p> <p>Strategy often fails to be implemented effectively at operational levels. The Japanese developed an approach called Hoshin Kanri to address this, by integrating top-down strategy with bottom-up operational decisions. However, it was not easy to translate Hoshin Kanri directly into Western organisations. ESRC funded research undertaken at the Norwich Business School by Barry Witcher (at the University of East Anglia 1996-2013) aimed to address this by co-developing a Hoshin Kanri model with UK-based practitioners. This model has then been used by a range of organisations and consultancies to support the implementation of Hoshin Kanri in a Western business context, resulting in improved strategic planning and decision making.</p>
<p><b>2. Underpinning research</b></p> <p>The aim of Witcher's research was to identify how Japanese subsidiaries in the UK were using Hoshin Kanri as a managed process to achieve their strategic objectives at an operational level and to translate this into a model for Western organisations to use (reference R1). This research was originally funded by an ESRC grant (L125251059) from October 1996 to September 1998.</p> <p>At the outset of the research, few Western organisations had adopted Hoshin Kanri, which is an approach that was developed within Japanese organisations to enable strategy to be more effectively implemented at operational levels. Witcher's original research involved conducting over 100 interviews in 3 Western subsidiaries of Japanese organisations, all using Hoshin Kanri to deploy their policy objectives into daily management activities during an annual policy cycle (R1). The research took a longitudinal approach, using a novel tracer methodology to follow key policy decisions through the Hoshin Kanri process and enabled the researchers to explore practice in real time (R2).</p> <p>Using state-of the-art literature on Hoshin Kanri and strategic operations management and longitudinal research data, Witcher and colleagues developed the FAIR model (R1, R2, R3, R4). This model describes how Hoshin Kanri mobilises an organisation-wide effort to achieve four main activities within the annual planning cycle: Focus, Alignment, Integration and Review. This model has subsequently been termed the "British Model" (Cwiklicki and Obora, 2011).</p> <p>The practical findings and theoretical developments from this research were shared with a practitioner network, set up by Witcher, with organisations including: Royal Mail, Hewlett-Packard, Bradford and Bingley Building Society, Nissan Motors UK, CES, National Power, Calsonic Climatic Controls, AT&amp;T, Potterton Myson, Xerox, Valeo, Rolls Royce Aerospace, NSK Bearings, RNIB, Lucent Technologies, Philips, Aviva, Schade (UK) and Anglian Water. The practitioner network, through a series of meetings, presentations and discussions, helped to refine the boundaries of the research and to gain consensus on a general representation for Hoshin Kanri. This approach also enabled both sides of the researcher-practitioner partnership to learn in an active way from the interchange of theory and practice (R2). This network led to further in-depth research into two of the organisations. The first was Hewlett-Packard, a company that had evolved its own unique approach called Hoshin Planning (R3), and the second was Xerox UK, a service subsidiary that also employed its own services-friendly variant (R4). These two companies were generally regarded as exemplar Western practitioners and provided further insights into how to implement Hoshin Kanri in a Western context.</p> <p>Specific aspects of the FAIR model have since been elaborated in more detail by Witcher and colleagues. For example, research within Nissan showed that tools such as Top Executive Audits have been used as part of the annual Review cycle within the Hoshin Kanri process (R5, R6). The effective adoption by Western organizations of Hoshin Kanri to a mature level of implementation is</p>

revealed to be long-term and an unambiguous measurement of impact is difficult for what is really an adoption of an alternative organizational state (R5).

### 3. References to the research

- R1. Witcher B. J. & Butterworth R. (2001), Hoshin Kanri: Policy Management in Japanese-owned UK Subsidiaries, *Journal of Management Studies*, 38, pp. 651-674 (ABS 4\*).
- R2. Chau V. S. & Witcher B. J. (2005), Longitudinal Tracer Studies: Research Methodology of the Middle Range, *British Journal of Management* 16, pp. 343-355 (ABS 4\*).
- R3. Witcher B. J. & Butterworth R. (2000), Hoshin Kanri at Hewlett Packard, *Journal of General Management*, 25, pp. 70-85 (ABS 2\*).
- R4. Witcher B. J. & Butterworth R. (1999), Hoshin Kanri: How Xerox Manages, *Long Range Planning*, 32, pp. 323-332 (ABS 3\*).
- R5. Witcher B. J., Chau V. S. & Harding P. (2008), Dynamic Capabilities: Top Executive Audits and Hoshin Kanri at Nissan South Africa, *International Journal of Operations & Production Management*, 26, pp. 540-561 (ABS 4\*).
- R6. Witcher B. J. and Chau V. S. (2012), Strategic Management and Varieties of Capitalism: Managing Performance in Multinationals after the Global Financial Crisis, *British Journal of Management*, 23, pp. 58-73 (ABS 4\*).

### 4. Details of the impact

The impact of this research has been in supporting Western organisations to more easily adopt a Japanese approach to strategic operations management, called Hoshin Kanri. The approach has been used within both the private and public sectors and in countries including the UK, USA, Australia, South Africa and Brazil.

As described in Section 2, the Hoshin Kanri practitioner network established through Witcher's research enabled both sides of the researcher-practitioner partnership to learn in an active way from the interchange of theory and practice. The practitioners were able to take back information from the series of meetings to their organisations to guide their own internal discussions on the implementation of Hoshin Kanri (see source S1 for an example of the usefulness of Hoshin Kanri in the context of the telecommunications industry).

Hewlett Packard is another multinational company that has found the work by Witcher and the practitioner network that he led useful; in the words of a former engineer/consultant at Hewlett Packard, "the research by Barry Witcher and the practitioner network that he led were useful for the Hoshin Kanri work I did at HP. Specifically, his research helped us at HP in improving the adaptation of the Hoshin Kanri concepts from Japan to the reality of the UK. Also, his network constituted a successful community of practice and dissemination of research in which HP gained by raising its visibility, profile and credibility as a champion of Hoshin Kanri" (source S2).

The UK National Health Service (NHS) has introduced Hoshin Kanri to drive lean working. The Royal Bolton Hospital NHS Foundation Trust and the North-East of England Strategic Health Authority have used the FAIR model to formulate and deploy strategic objectives. As part of their process, Witcher and colleagues' concepts were used in presentations to NHS employees to introduce and explain Hoshin Kanri. The programmes were judged effective by the managers concerned. A case study on strategic change in the NHS using Hoshin Kanri written by Witcher in 2010, summaries and explains the approach taken (source S3, [www.hoshin-kanri.co.uk](http://www.hoshin-kanri.co.uk)).

Witcher's research outputs have also been adopted by a range of consultancy organisations. The FAIR model is used in training materials and for briefings in South Africa, for example, by the

## Impact case study (REF3b)

South African Auditor Training and Certification Authority, the South African Quality Institute and the South African Financial Services Board. The Managing Director of the South African Quality Institute has noted: "I have found that the collaboration between Barry Witcher of the Norwich Business School in researching and enhancing the understanding of the Hoshin Kanri methodology used at Nissan has been extremely useful in expanding this methodology into other sectors outside of the Japanese automotive industry. The ultimate accolade came from a Japanese delegate at an international conference presentation when he informed me that it was very rare for a non-Japanese to really understand the Japanese Hoshin Kanri methodology. Barry had been able to take my basic practical experiences with the subject matter and expand on these through his intensive research into this field" (S4).

In Australia, the research is an essential source of reference for the KPI Institute (S5) and in Brazil for the consultancy firm Taktica (S6). Furthermore, the work is used in a training document developed by a consultant at Deloitte Consulting for the SAP Developer's Network (S7). A US consultancy organisation called Total Quality Engineering Inc have developed a bibliography of Hoshin Kanri references, which reference 12 of Witcher and colleagues' publications in this resource (S8). The Global Design Organisation is a not-for-profit world-wide professional association of academics, business users, and consultants practicing the application of Requisite Organization concepts and interested in science-based management to improve organizational effectiveness. They make reference to 8 of Witcher's Hoshin Kanri publications in their annotated bibliography for members (S9). Yui (2011) wrote a practitioner-focused book in Japanese, *A Historical Review of TQM in Japanese, US and UK Companies* (published by Chuou Kaizaisha, Tokyo), that features a chapter on UEA's Hoshin Kanri work.

### 5. Sources to corroborate the impact

S1. Testimonial from Global Quality Manager at Alcatel-Lucent, email dated 15/10/2013.

S2. Testimonial from former engineer/consultant at Hewlett Packard, email dated 07/10/2013.

S3. National Health Service (NHS sources):

Kunonga E., Whitty P. and Singleton S. (2010), The applicability of Hoshin Kanri for strategic planning and deployment in the public sector: a case study from NHSD North East, *Journal of Management & Marketing in Healthcare*, 3, pp. 87-97

NBS Hoshin Kanri slides can be found in: Garner P. (2009) *NETS and OGIMS*, NHS North East:

<http://www.necvn.nhs.uk/uploadedFiles/Content/Network/NETS%20and%20OGIMs%20Patrick%20Garner%20June%2009.pdf>

2009/2010 Annual Plan of the Royal Bolton Hospital NHS Foundation Trust.

S4. South Africa sources

Testimonial from Managing Director, South African Quality Institute, email dated 01/10/2013.

"Auditing & Governance in a Changing Economy." - based on Witcher's FAIR model  
<http://www.saata.co.za/Convention2009/P%20Harding%20Presentation.pdf>

Bulletin by the South African Financial Services Board in 2008  
<ftp://ftp.fsb.co.za/public/bulletins/Bulletin32008.pdf>

S5. KPI Institute:

<http://www.balancedscorecardreview.com/pages/bsc-as-a-system/bsc-and-other-concepts/bsc-and-hoshin-kanri-101.html>

S6. Whitepaper by the Brazilian consultancy firm, Taktica

<http://www.taktica.com.br/artigos-sobre-lean/Artigos-Taktica-Lean-Designing-Performance->

**Impact case study (REF3b)**

[Measurement-Systems-Using-Tools-To-Support-The-Development-Of-Balanced-Scorecard.doc](#)

S7. Deloitte Consulting LLC “Dimensions and components for Organizational Change Management” for the SAP Developer’s Network:

<http://www.sdn.sap.com/irj/scn/go/portal/prtroot/docs/library/uuid/3076566c-046d-2a10-518e-8fee352546d6?QuickLink=index&overridelayout=true>

S8. Total Quality Engineering Inc - Hoshin Kanri bibliography with 12 UEA references

<http://www.tqe.com/HoshinBibliography.pdf>

S9. Global Organization Design Society

<http://www.globalro.org>

Bibliography of Requisite Organisation by Kenneth Craddock from Columbia University

<http://globalro.ronline.me/pick-up/RO-Biblio.pdf>