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UK/US SHINGO SUMMIT

2009  
HECH MANCHESTER 8-9TH JUNE

# Strategy Development, Visualisation and Deployment

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# Agenda

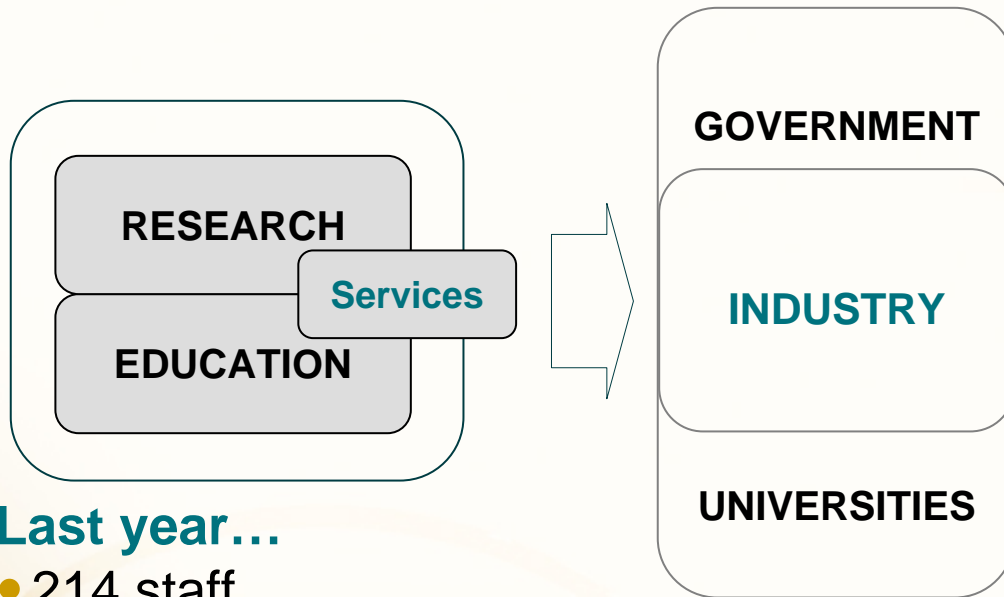
- Introduction
- Strategy Creation & Visualisation
- Strategy Deployment
- Strategy Implementation & Measurement



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# Introduction to the IfM



## Last year...

- 214 staff,
- 142 MEng, MPhil and MSt students
- 1,254 attendees at external courses
- Academic and industrial collaborators in 36 countries
- Projects with 73 international companies

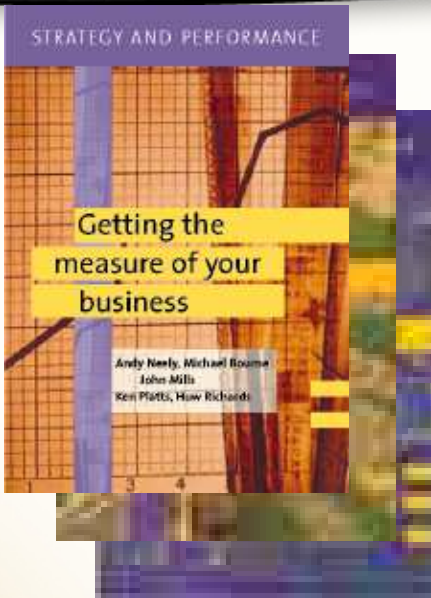
# IfM



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- Creating a winning business strategy
- Competing through competencies
- Getting the measure of your business
- T-Plan Roadmapping “Planning your route to success”

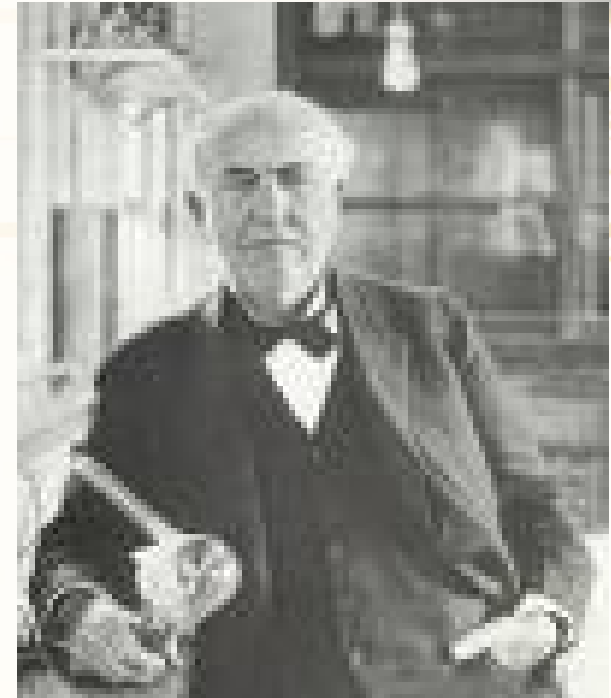


# Strategy – *A cautionary tale*

## Case Study – Wicks & Wax Ltd

- LEAN Transformation over 2 years
- Increased productivity 45%
- FTY 60% → 99%
- OTD 40% → 96%
- **Went out of business 1880**

LEAN is NECESSARY  
BUT NOT SUFFICIENT  
NEED THE RIGHT STRATEGY TOO!



**Electric Lightbulb  
First successful test  
on October 22, 1879**



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# Strategy – *A cautionary tale*

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# What is Strategy?

- "Strategy is the **direction** and **scope** of an organisation over the **long-term**: which achieves **advantage** for the organisation through its configuration of **resources** within a challenging **environment**, to meet the needs of **markets** and to fulfil **stakeholder** expectations".

Johnson and Scholes - Exploring Corporate Strategy

Successful strategies are:

- Developed with enterprise-wide involvement
- Clearly communicated / Visual
- Driven by the external environment / customer

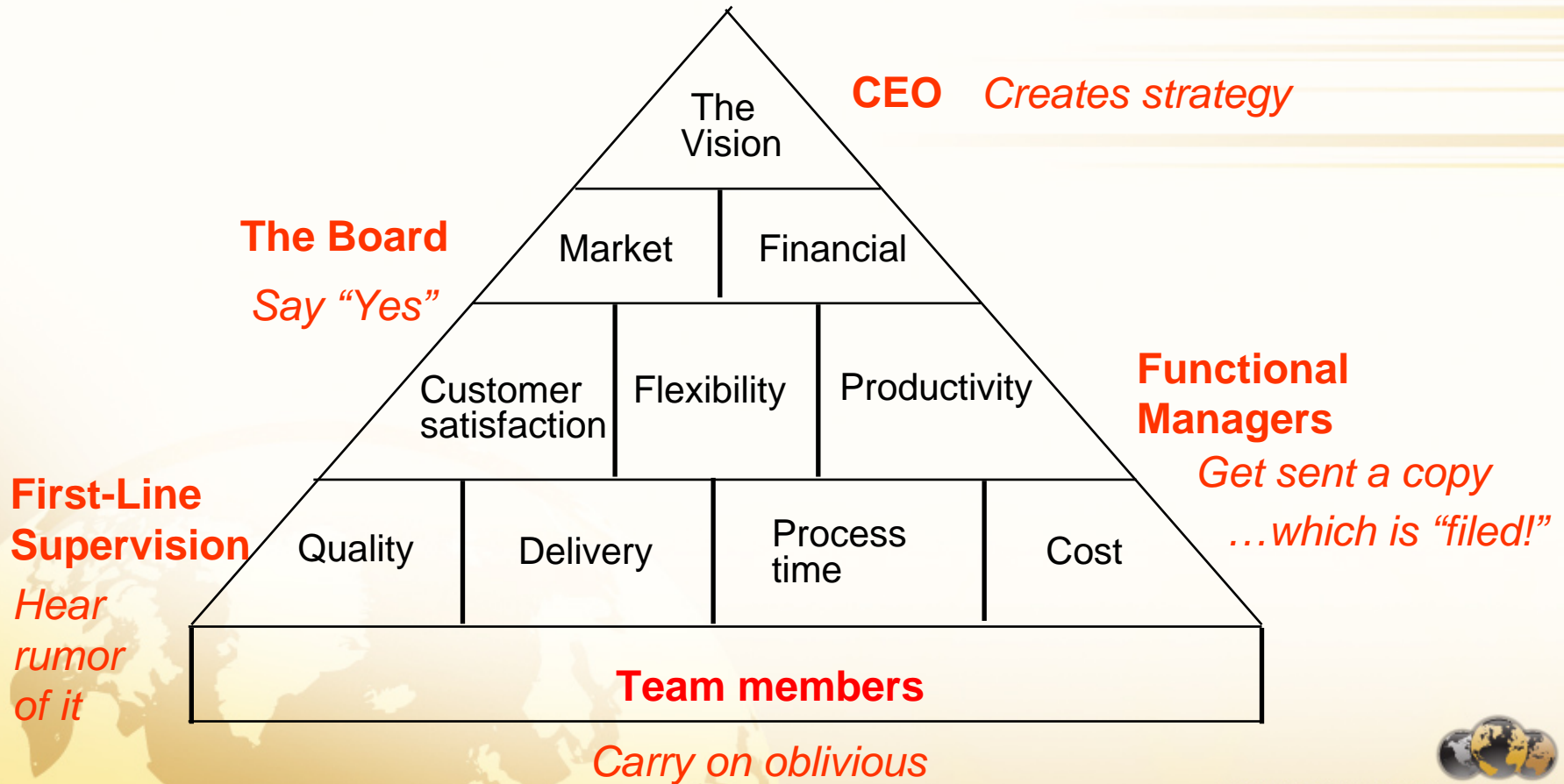
Dominic Oughton – Years of experience



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# Strategy Development – *how not to do it*

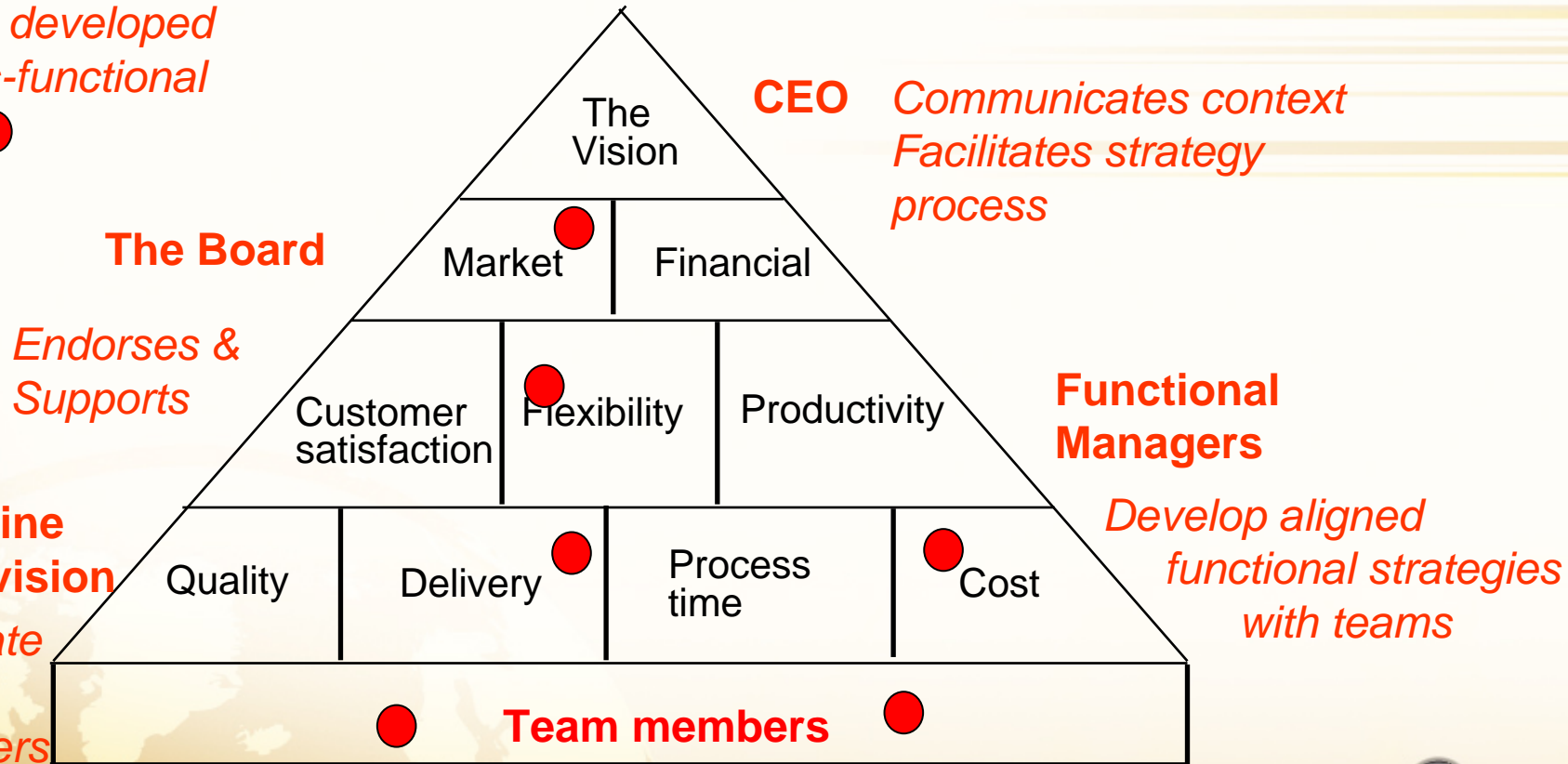


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# Strategy Deployment – a better way?

Strategy developed  
By cross-functional  
teams ●

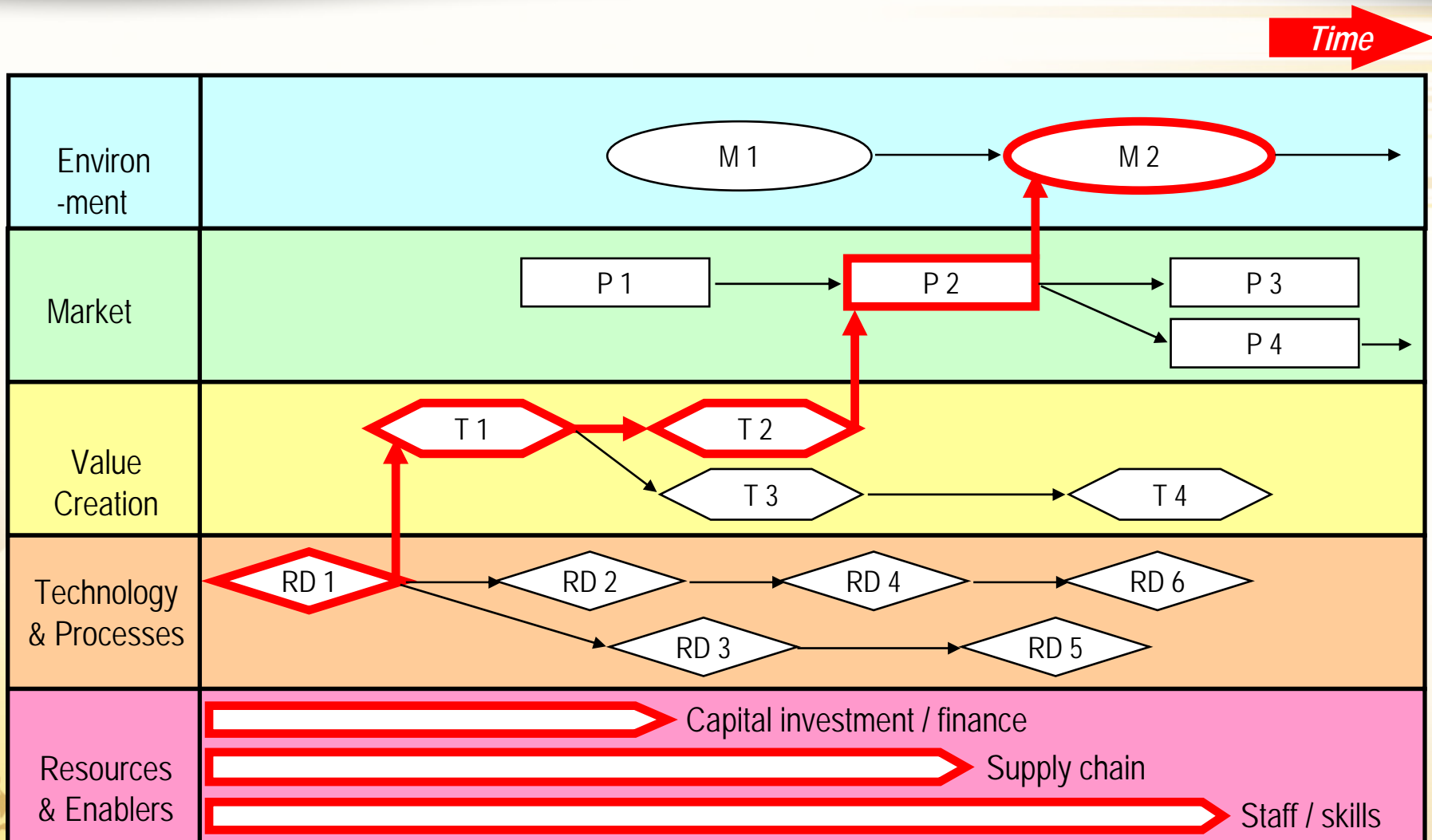


Facilitate team members to understand their role in making it happen

Enterprise reviews & inputs Q&A



# Strategy Visualisation - Roadmapping



# Strategy Visualisation - Roadmapping



**‘Strategic landscape’ activity enables sharing & capture of diverse perspectives across all stakeholders. Participative approach generates ownership & buy-in**





Trends & Drivers

Social		Skills shortages		From Cheap Manpower To Cheap Brainpower		Life expectancy increases, expenses also
Technological		Light-Weighting		Rapid spread of new technologies.		
Environmental			Environmental and ethical issues		Materials scarcity	
Economic	CREDIT CRUNCH					RICS → Market opportunity
Political & Legal			Environmental legislation		Pervasive ip	
Competitors		Low cost competitors from emerging markets.				
Customers		Time to market	Strategic partner for market			services
Company & Group Strategy			Move to Tier 1			ergies → integrated customer offering.

**Market Pull**

Products & Services

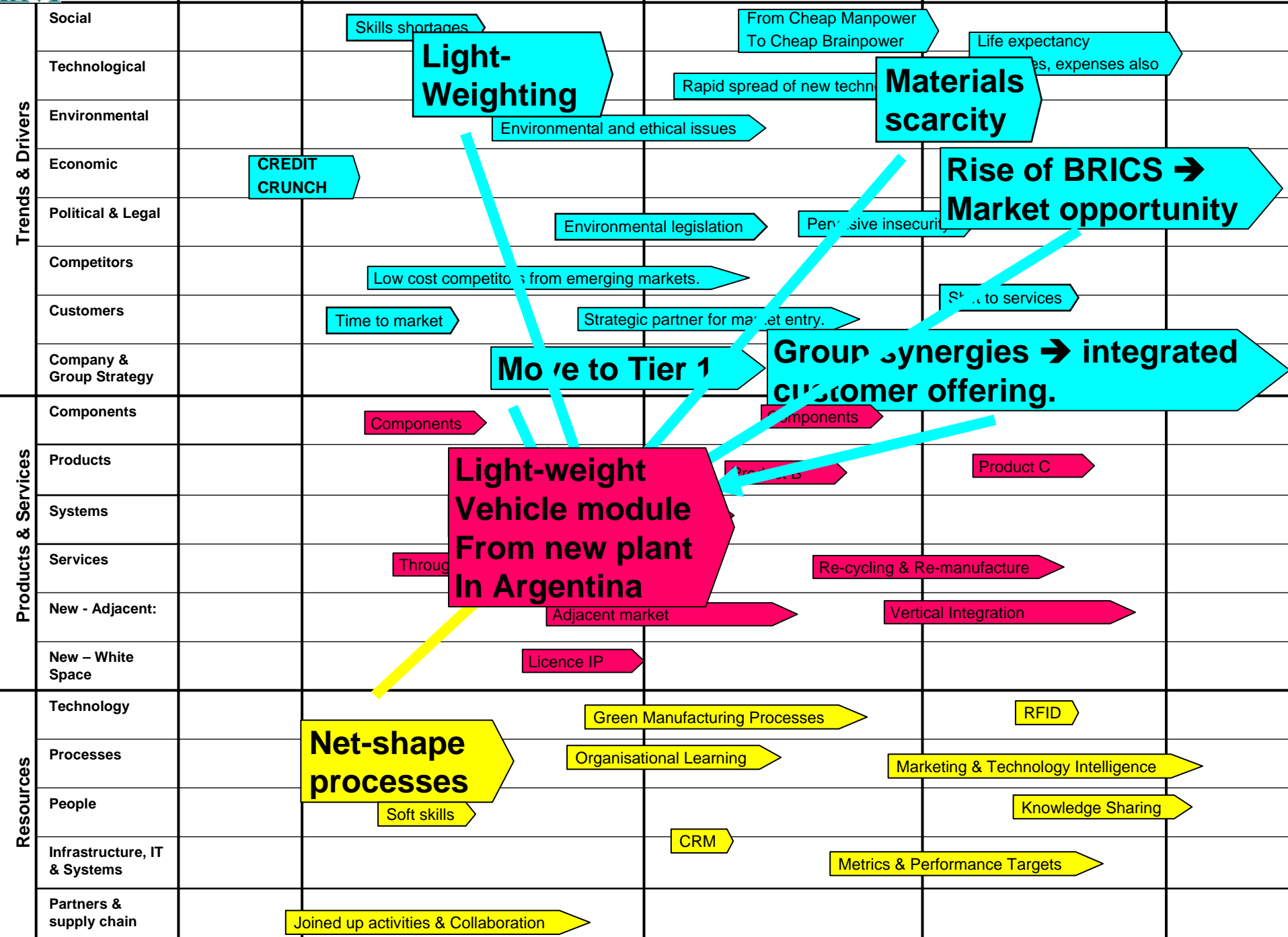
Components		Components				
Products			Product A		Product B	Product C
Systems		<b>Opportunity</b>				
Services		Through			Re-cycling & Re-manufacture	
New - Adjacent:			Acq			Vertical Integration
New - White Space			Licence IP			

**Capability Driven**

**Capability Gap?**

Resources

Technology			Green M		cesses	RFID
Processes		Processes	Organisational Learning			Marketing & Technology Intelligence
People		Soft skills				Knowledge Sharing
Infrastructure, IT & Systems				CRM		Metrics & Performance Targets
Partners & supply chain		Joined up activities & Collaboration				



# Roadmapping & decision support tools

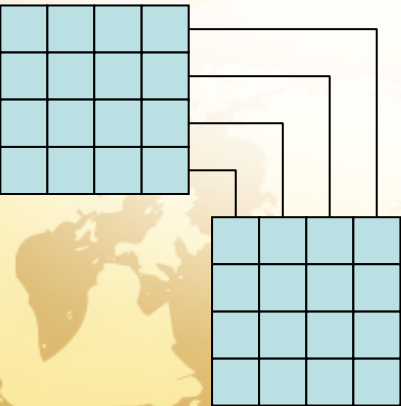
## STEEPI

(Social, Technological, Economic, Environmental, Political, Infrastructural Trends & Drivers)

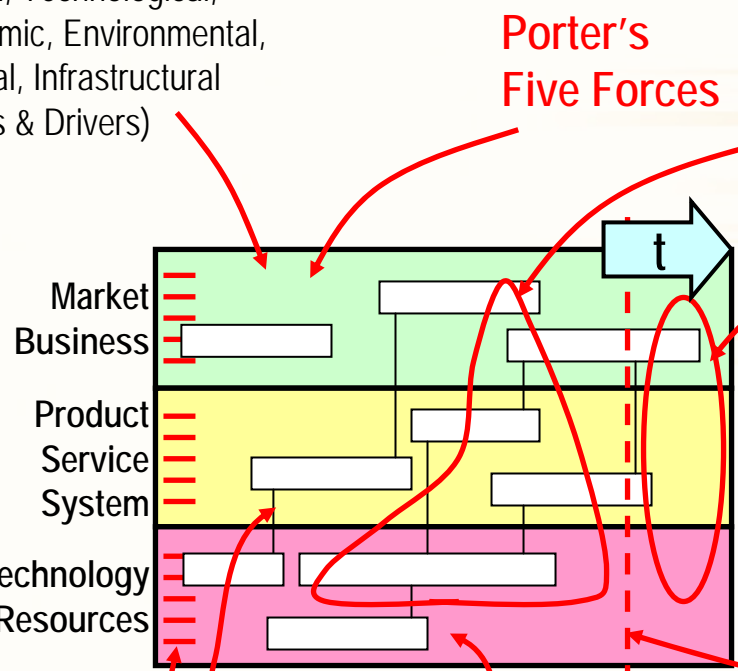
## SWOT

(Strengths, Weaknesses, Opportunities, Threats)

Innovation System Structure (taxonomy) Scalable (hierarchy)

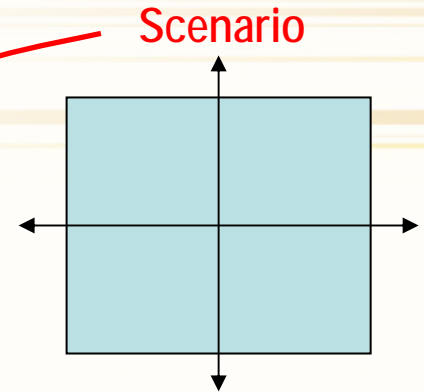


Linking grids

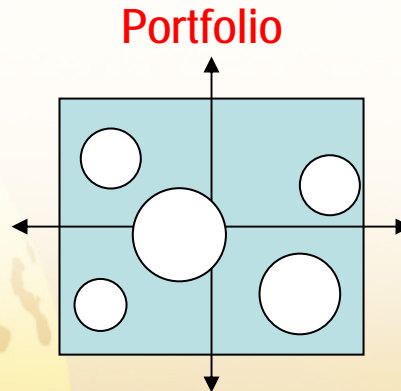


Porter's Five Forces

Foresight Technology Intelligence



Valuation / Balanced scorecard



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# Benefits of Visual Strategy approaches

- Highly participative – builds ownership & buy-in
- Easy to communicate within enterprise & other stakeholders
- Clear linkages between actions and external drivers
- Provides framework for forward implementation and future refresh



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# Case study – *Siemens Environmental Systems*

- Successful non-core business, recently slipped into loss
- Over-diversified and over-stretched
- MoD / “Cost plus” history
- Top-down / command & control culture
  
- Strategy developed for each BU by cross-functional teams
- STEEP → SWOT → Value Creation → Actions
- Presented by teams to whole organisation in “away day”
- Everyone gets to vote → Where should investment go?
- Close / Sell-off / Focus / Grow



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# Communications

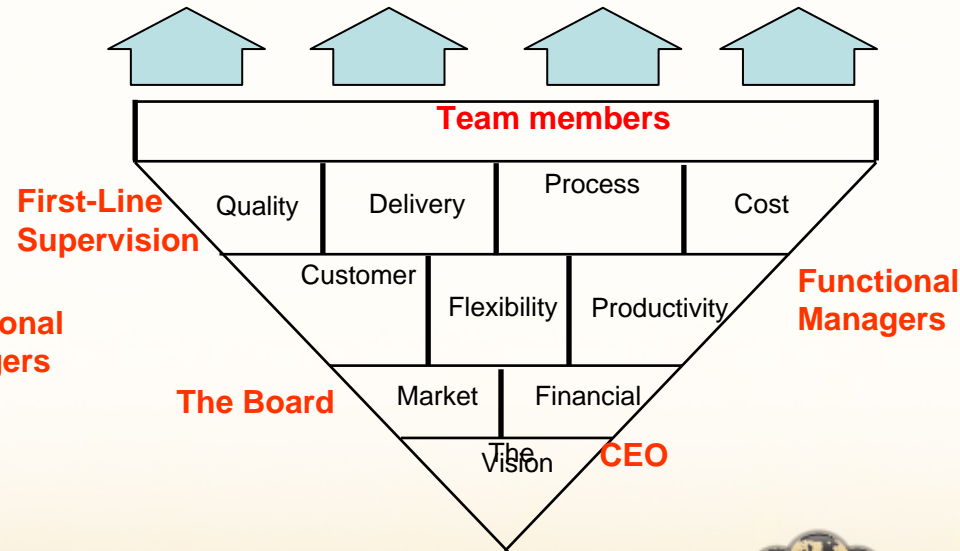
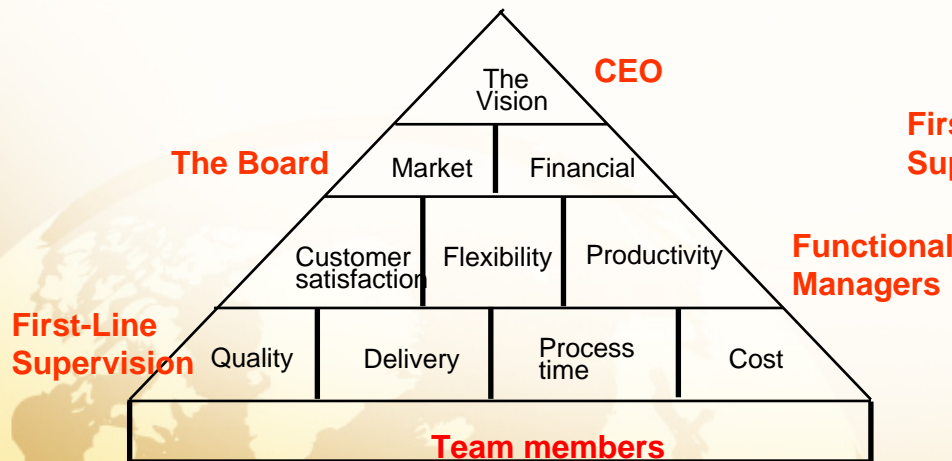
- Soap box
- Quarterly briefs
- MBWA
- Monthly team brief
- Joint Staff Communications Committee
- "Dinner with Dom"
- Strategy process
- Chair of suggestions committee
- 360 degree feedback
- TCAC
- Site move
- Mission, Vision & Values
- You can never OVER COMMUNICATE!



# Strategy Development & Deployment

## - Inverting the pyramid

Customer Interface  
- Where we Create & Capture Value



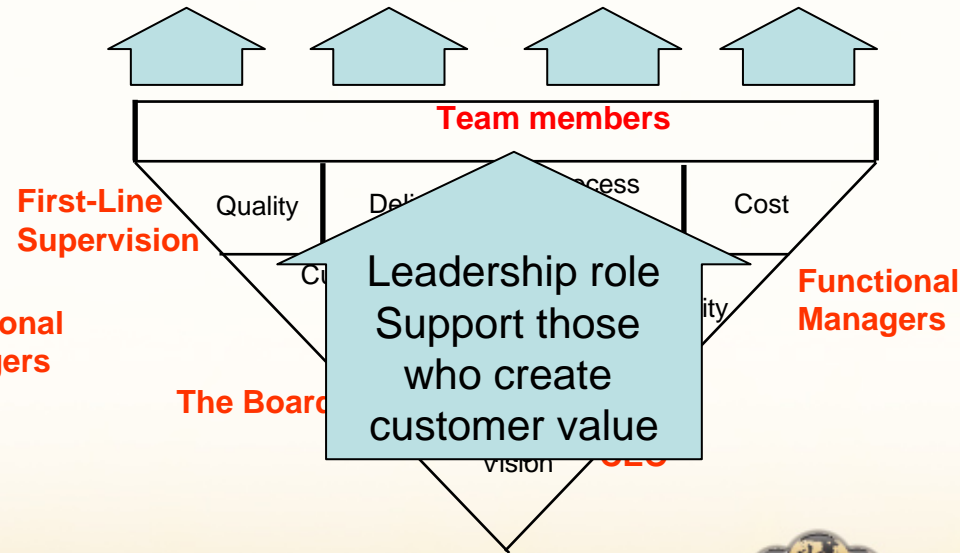
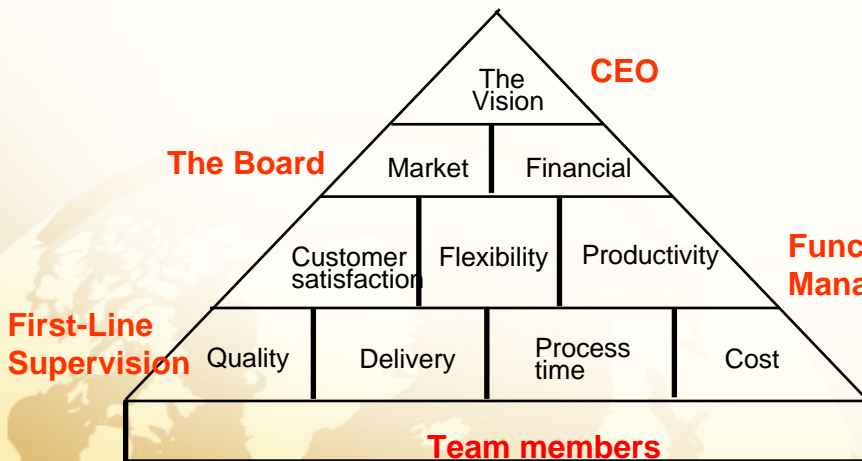
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# Strategy Development & Deployment

## - Inverting the pyramid

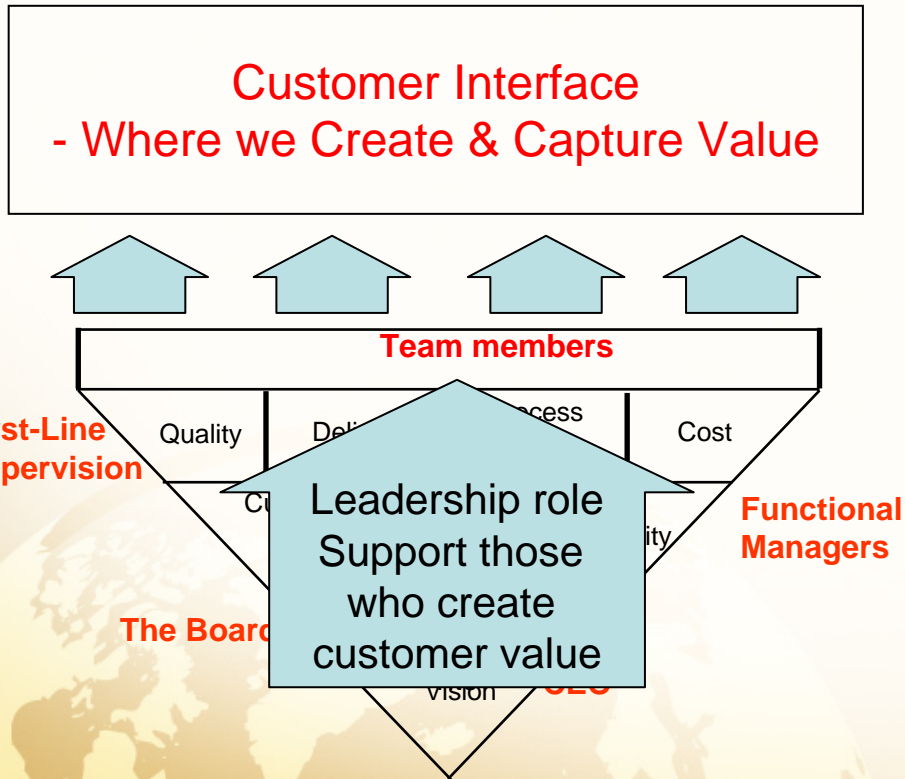
Customer Interface  
- Where we Create & Capture Value



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# Strategy Deployment – *The role of Leaders*



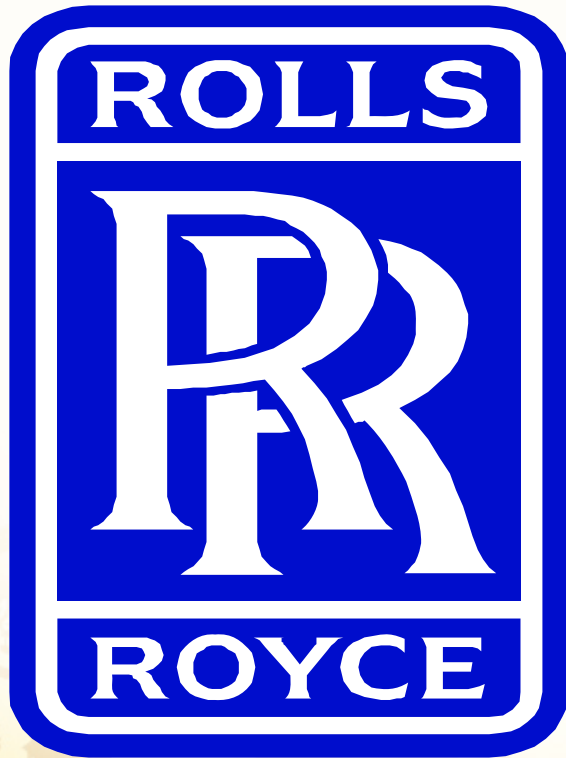
- Communicate Strategy
- Facilitate understanding of “How can I contribute?”
- Provide resources to enable these contributions
- Support and mentor
- Review & Praise (and identify RFI)



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# Case study – Siemens Environmental Systems Cutting out the middle man



Rolls-Royce

&



**SIEMENS**

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# TCAC objectives

- Understand customers
  - not just a questionnaire
- Involve customers
  - not just “same old message from the MD”
- Engage all employees (mainly manufacturing / engineering)
  - not just front line
- Fit within overall framework
  - not just another initiative
- Involve and energise
  - not just chalk and talk
- Result in action and change
  - not just a day-long “jolly”
- Become embedded in “the way we do things round here”
  - not just fade away



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# TCAC Workshops

- 150 people (all SESL employees) over 4 days
- Organised in customer-facing teams of 10
- Customers present throughout session
- Programme:
  - Scene setting / techniques / importance
  - Where do we fit in value chain?
  - Customer perceptions
  - What issues lead to these
  - Select and develop action plan
  - Present to group (and customer)
  - Personal action plans



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# Problems

## Rolls Royce

- Delivery performance
  - < 50% on time
- Capabilities
  - Next Generation
  - Not interested
  - Couldn't cope
- Responsiveness
  - Inability to resource

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## SESL

> 70%

*We're the best they've got anyway*

*Strategic imperative  
a "Must Win" project*

*Desire to grow business*



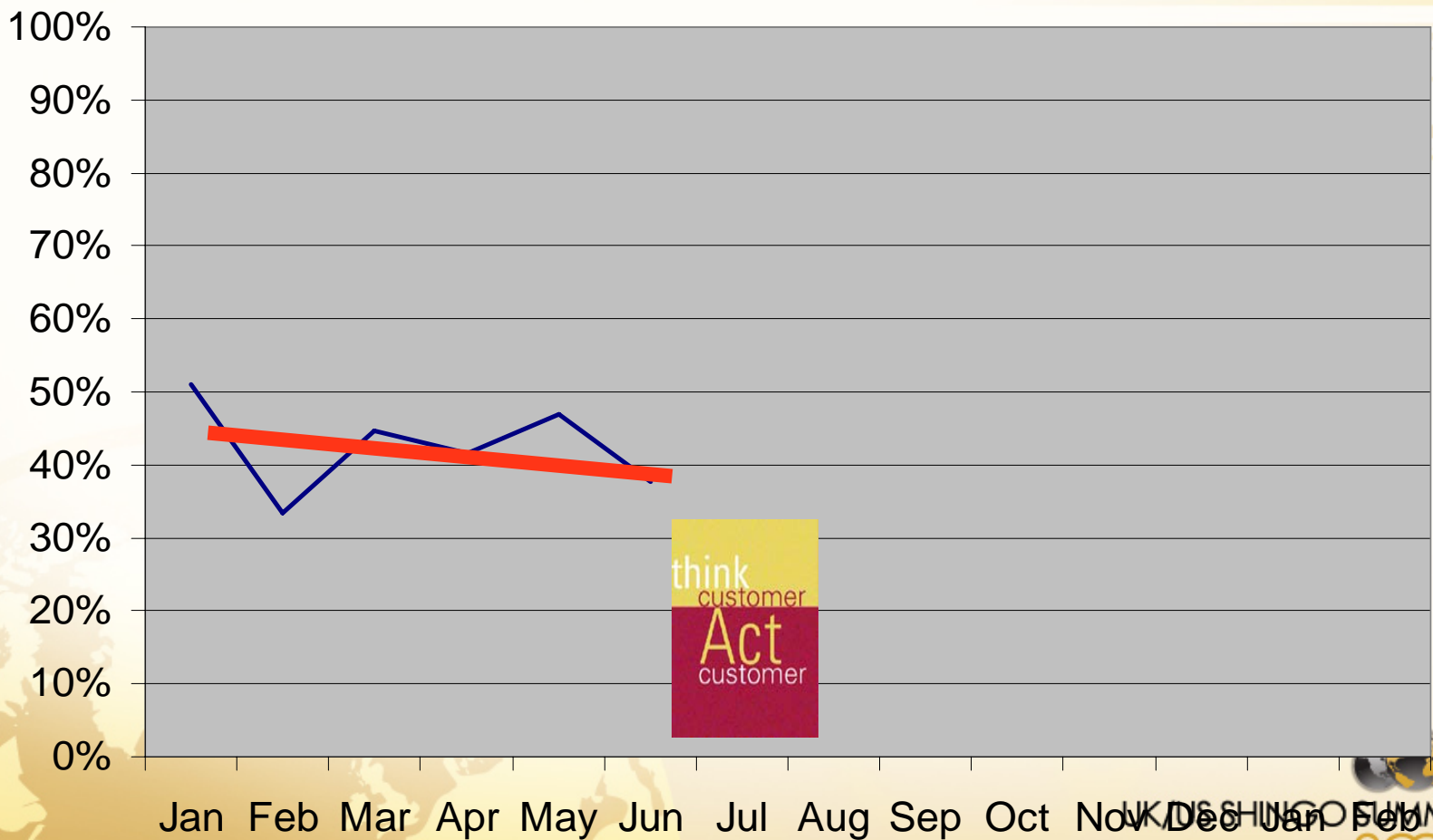
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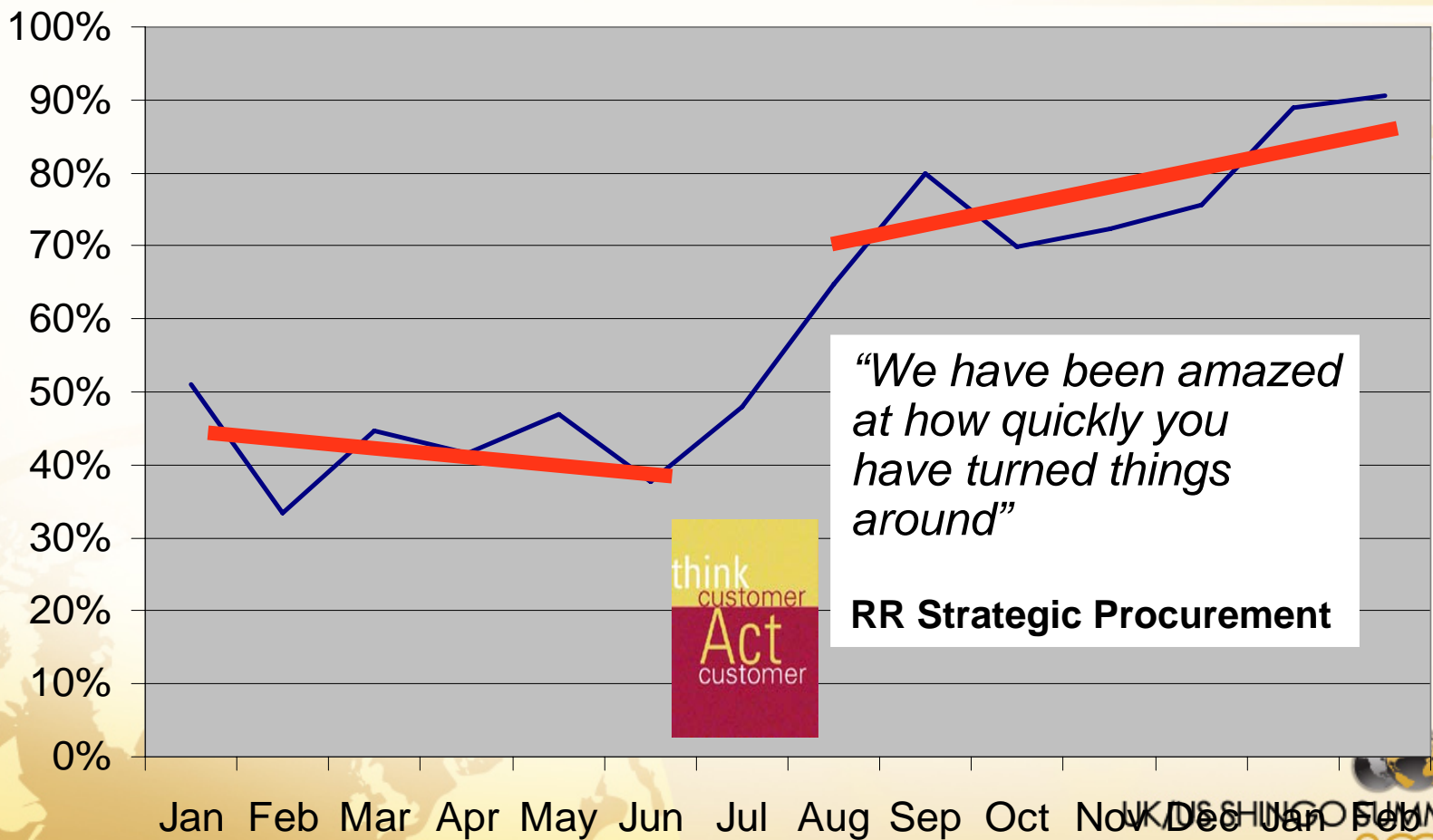
# Process



# Delivery performance



# Delivery performance



# Responsiveness / Workload

- Major customer milestone accelerated 3 months

***“Well done, fantastic, b!!@#y great”*** RR Project Director

- Joint capacity planning reviews / Forward visibility

***“Now we understand your business drivers, and trust you to deliver, we will work with you to balance workload”***



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# Capability - Next Generation

- Customer feedback

***“You wouldn’t even have been considered on the basis of your performance 9 months ago”***

***“We have no concerns over the capability of the Siemens consortium”*** RR Engineering



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# Changing perceptions

*“Well Done!”*

*“We can do more  
business together”*

*“Just make sure  
you keep it up!!”*



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# Some lessons

- Culture deployment in joint customer teams
  - “Values add Value”
- Use power of customer as “pain” for change
- Customer intimacy with all employees
  - Explore / Offer / Action / Confirm
- Engage everyone
- Action learning
  - Empowerment in action
- Customer perception is the only reality
- Customer partnerships that endure personality changes

# Strategy Implementation - *Performance Measurement*

- Establish position
- Communicate direction
- Stimulate action
- Facilitate learning
- Influence behaviour



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# Performance Measurement - Why Bother?



(Eccles, 1991)

"What gets measured gets attention"



(Kaplan & Norton, 1992)

"What you measure is what you get"



(Schmenner & Vollmann, 1993)

"What gets measured gets managed"



(Kaplan & Norton, 1996)

"If you can't measure it, you can't manage it"



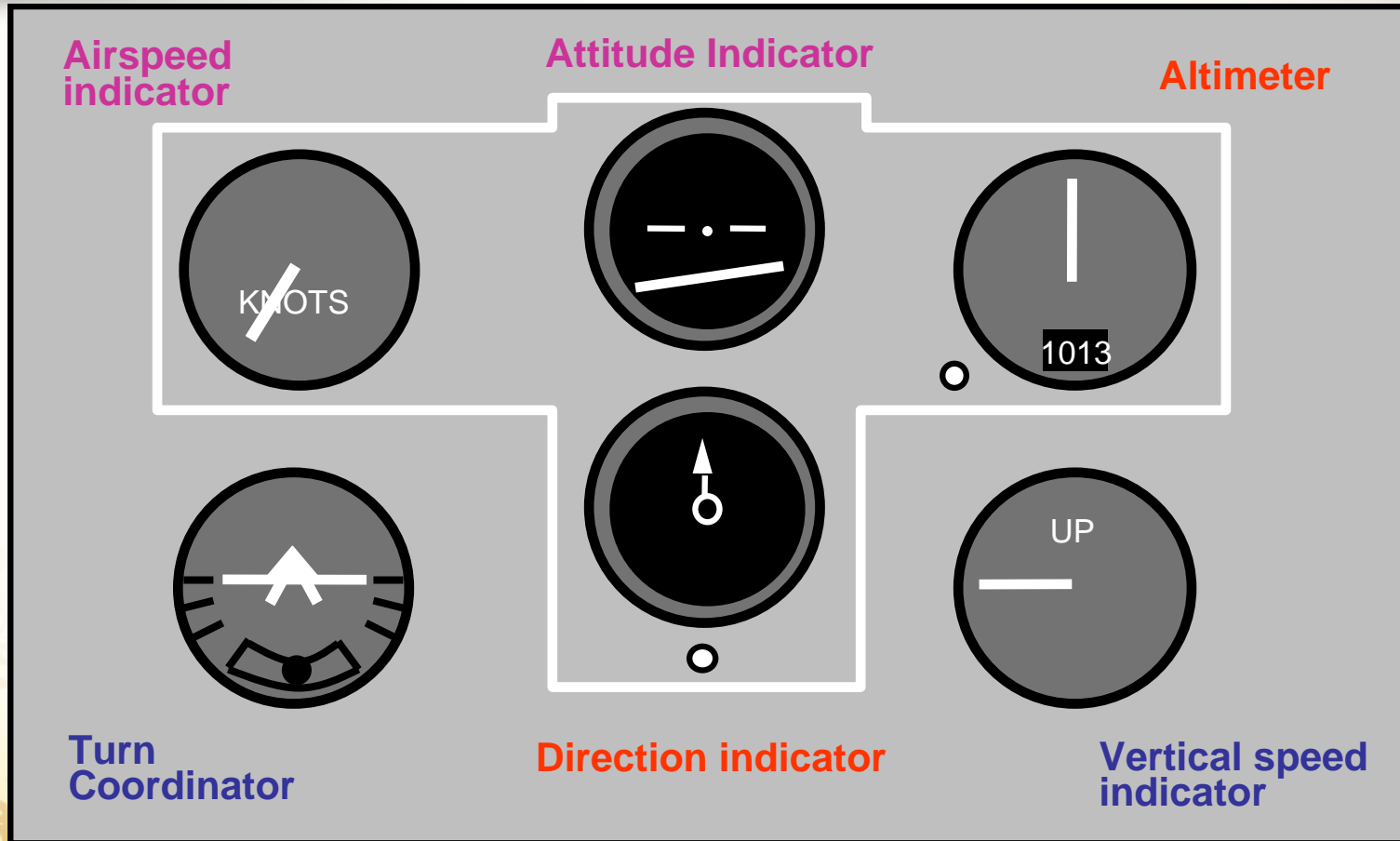
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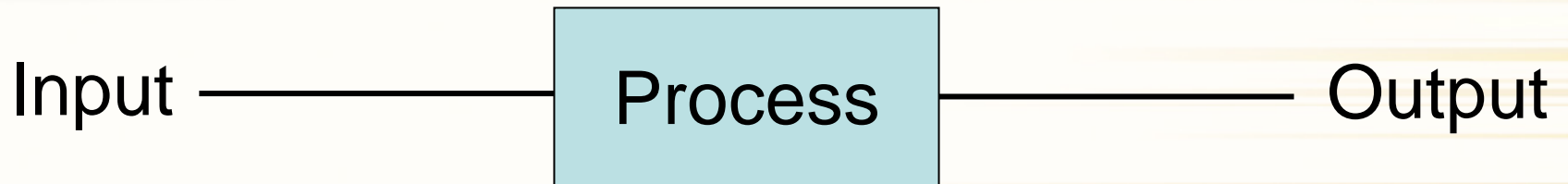
# Types of Performance Measure



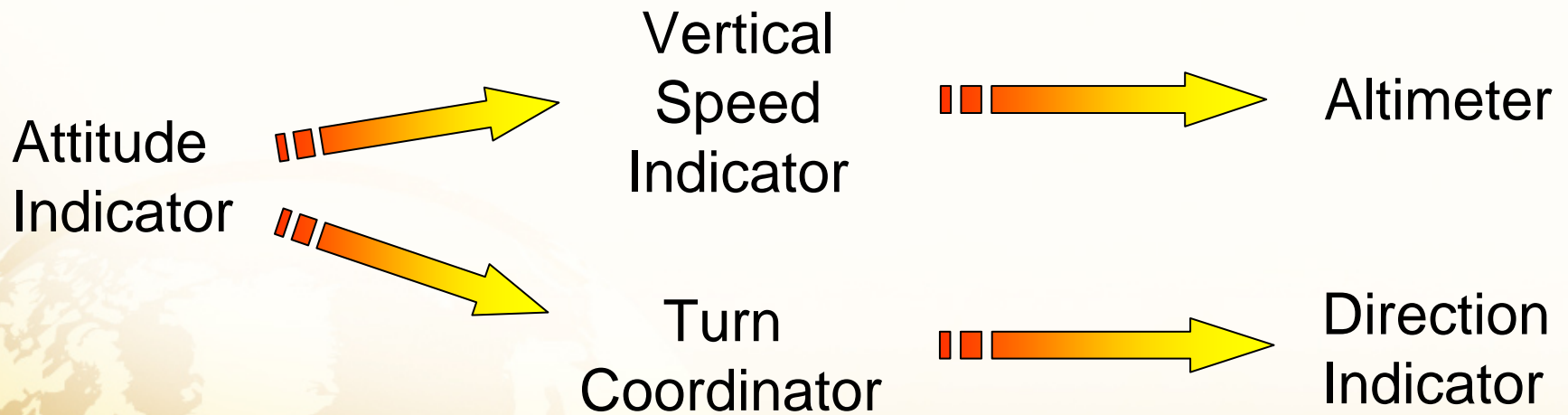
# Flight Cockpit



# Process Model



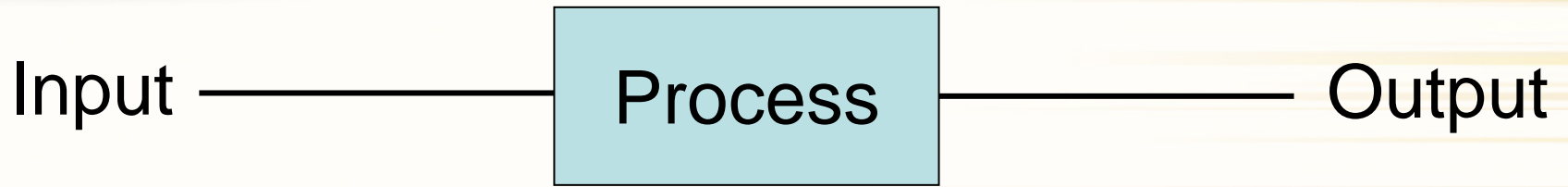
*Example: Flight Control*



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# Process Model



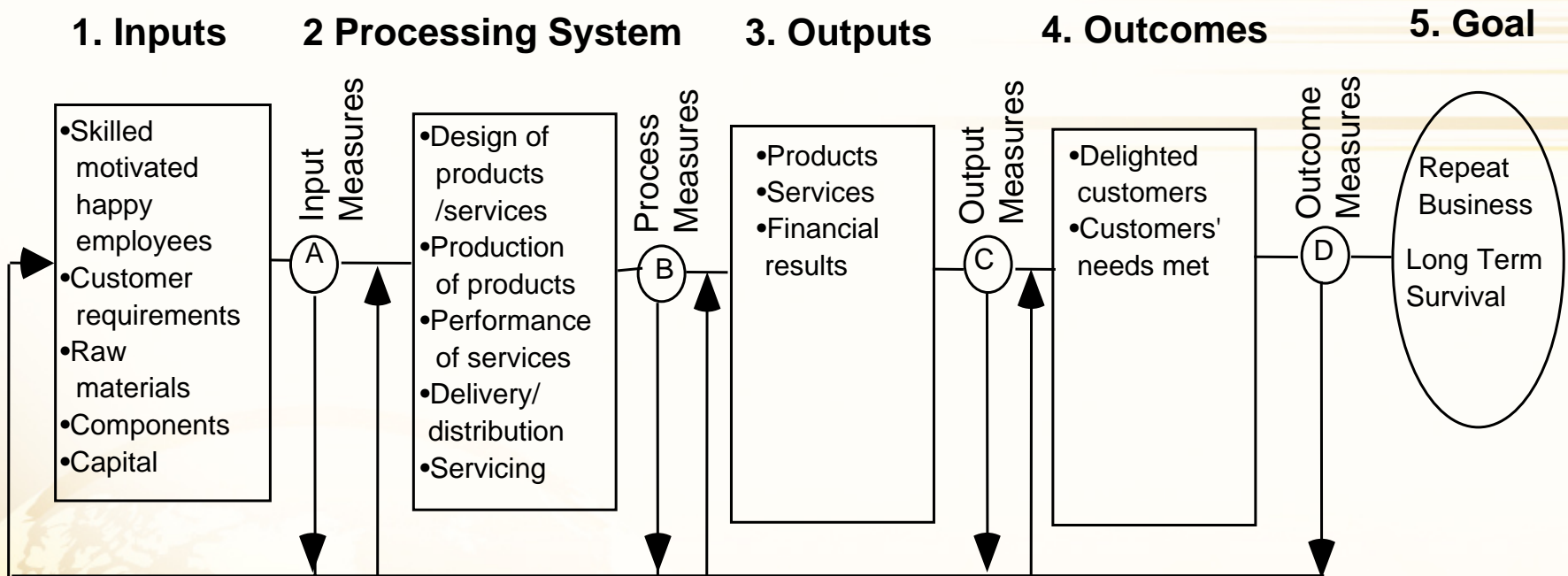
*Example: Production*



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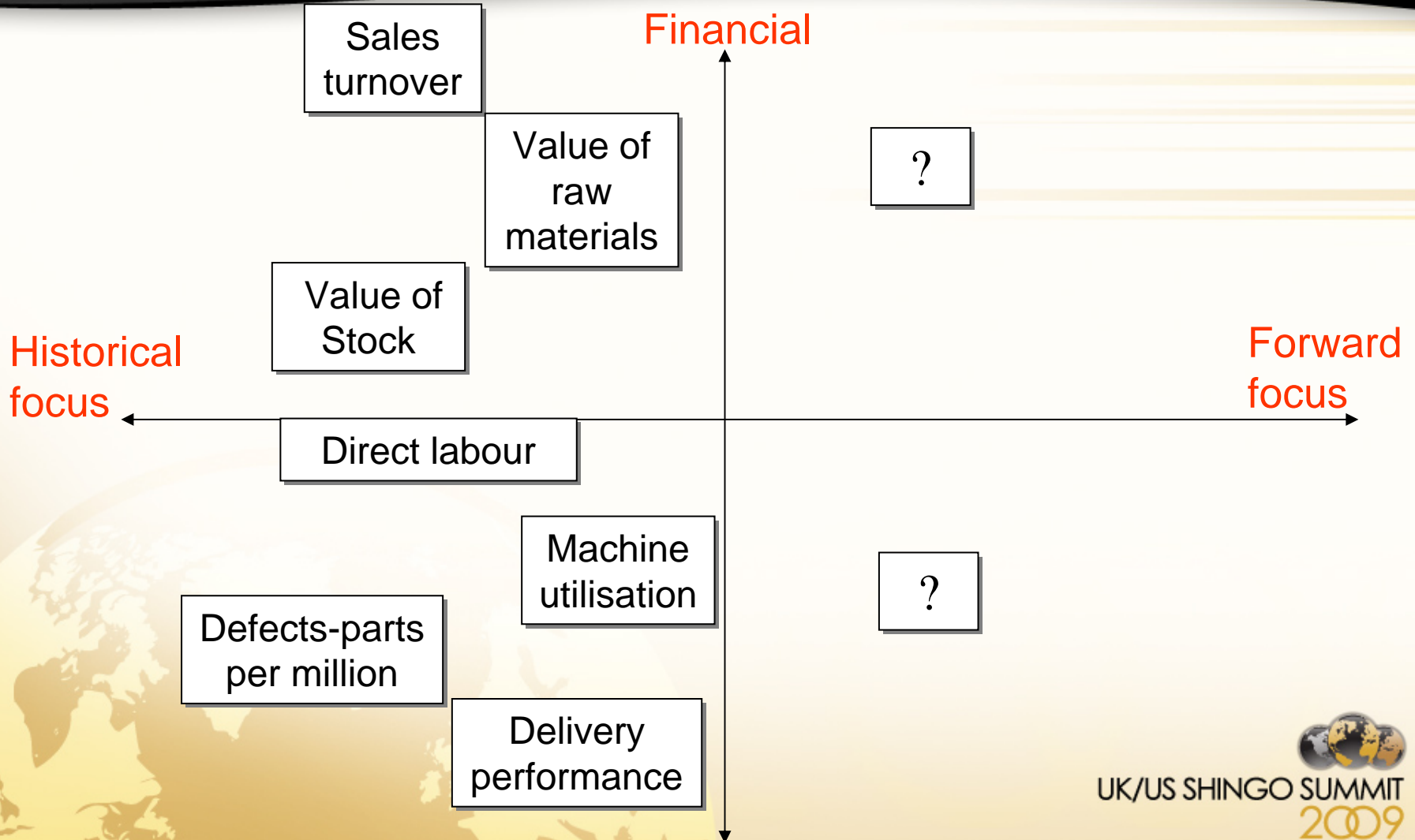
# Macro Process Model of an Organisation



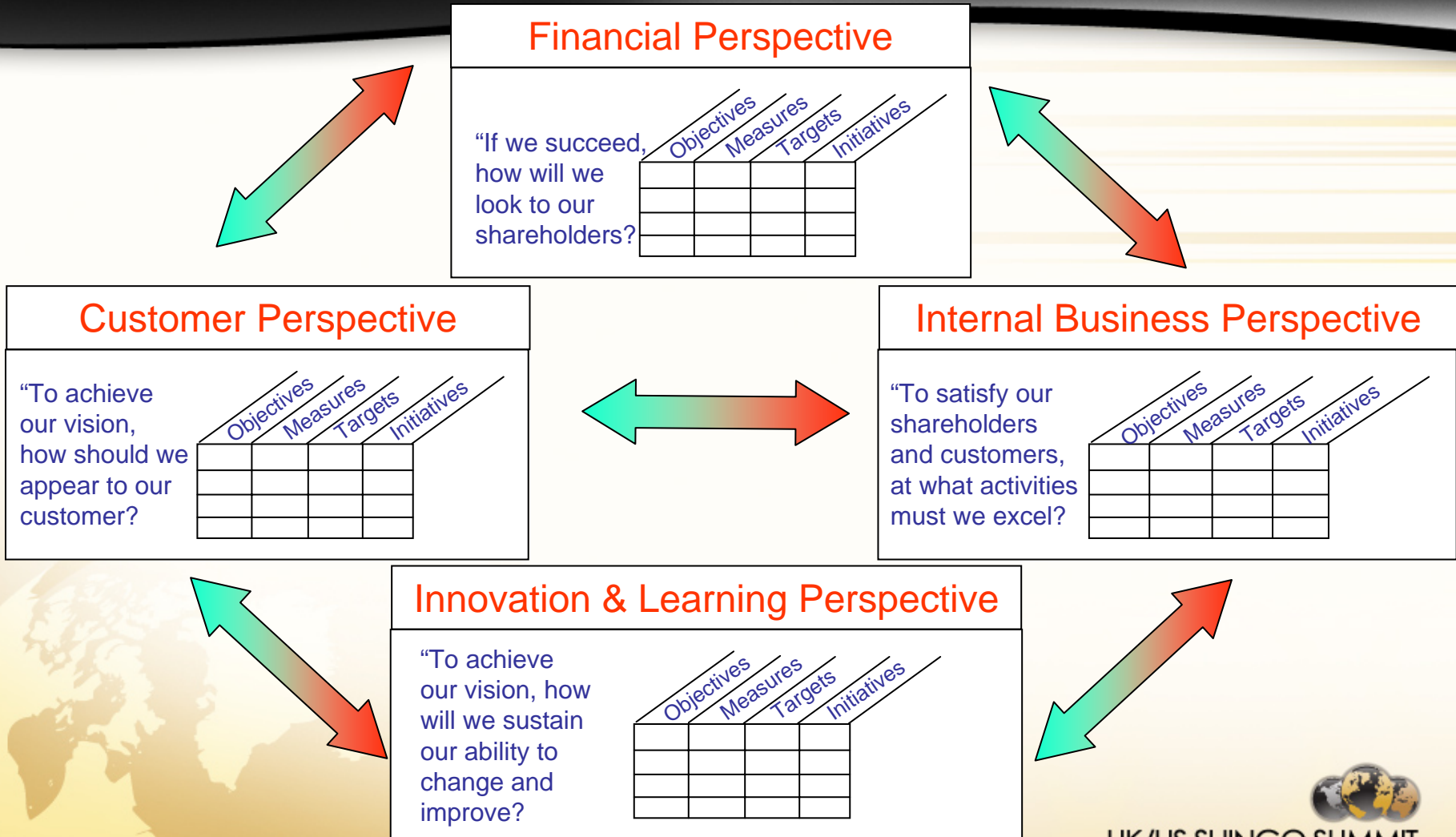
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# Balanced measures



# The balanced scorecard

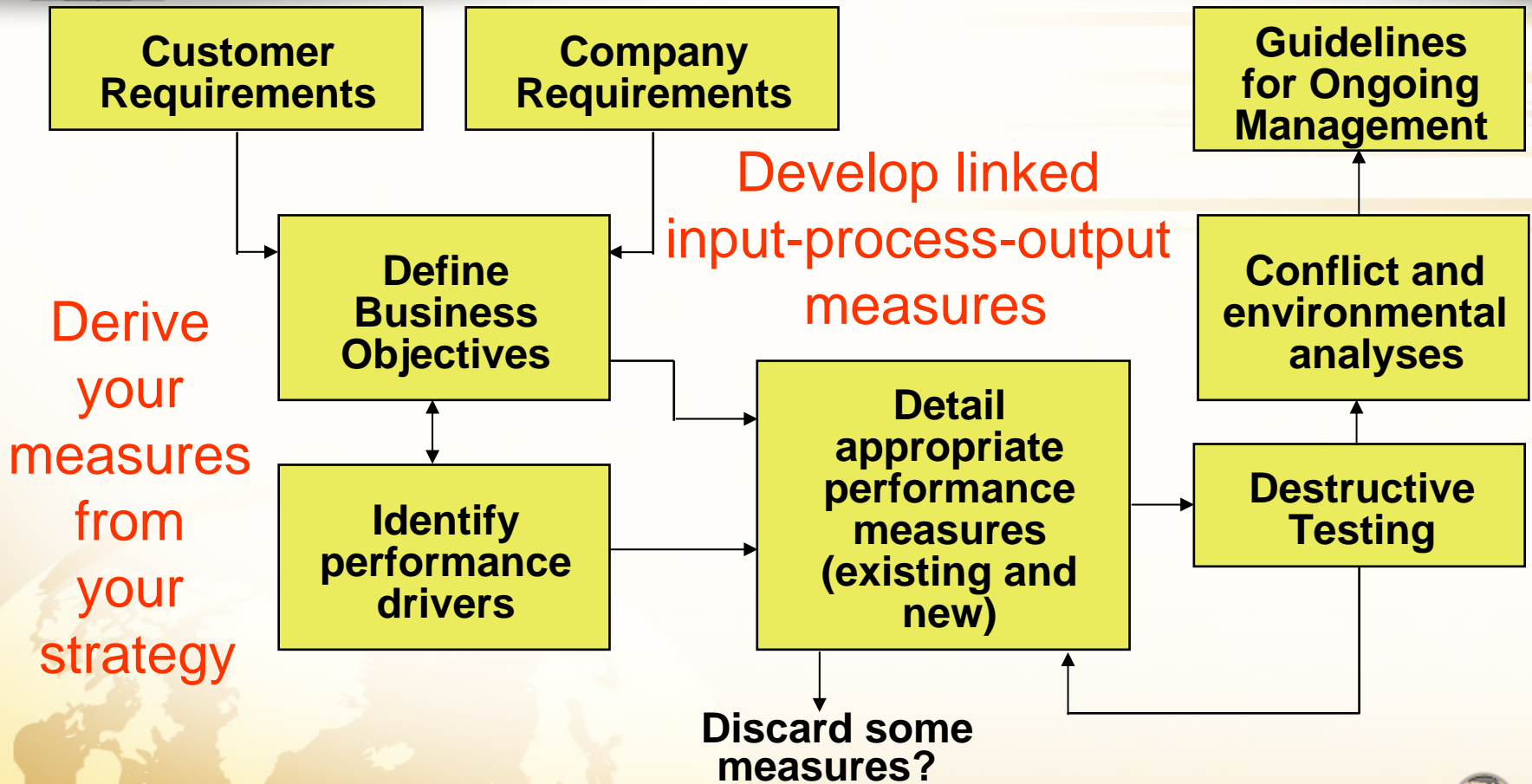


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# Designing a performance measurement system




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# Measuring it right

- Measures must match objectives
- Measures must be understandable and robust
- Measures must drive required behaviour

*But choosing the measure might not be straightforward:*



Baggage handling



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# Performance Measure Record Sheet

<b>Measure</b>	Delivery performance
<b>Purpose</b>	To stimulate improvements in our delivery reliability
<b>Relates to</b>	Business objectives: delivery on time and minimise overall lead times
<b>Target</b>	95% by end of next year
<b>Formula</b>	$100 * \text{Orders delivered in full on the promised day} / \text{Total no. of orders}$
<b>Frequency</b>	Weekly
<b>Who measures?</b>	A Smith - production control
<b>Source of data</b>	Total orders scheduled for delivery in the week from the MPS system Actual delivery dates - by phoning the customers
<b>Who acts on the data?</b>	A.N. Other - manufacturing manager
<b>What do they do?</b>	If performance is improving rapidly enough, nothing. If not, set up manufacturing engineering task force to: (a) investigate why (b) make recommendation and (c) make appropriate changes.
<b>Notes</b>	Measure places equal weighting on early as well as late delivery



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# Manage it right - *As a result, do your people:*

- try their best
- ask for help
- generate ideas for improving performance?
- debate the issues
- fiddle the measures
- try to do nothing wrong?
- pretend the poor performance isn't happening?
- provide excuses
- move on to someone else's problem as soon as possible?
- improve the measures to make them more appropriate for the business?



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# Summary

- Strategy needs to start by looking OUTSIDE the company
- Best developed by a multi-functional group with input from all stakeholders to achieve buy-in
- Communicate widely, openly and visually
- Facilitate all stakeholders to define objectives in relation to their contribution
- The role of leaders is to support delivery of these objectives
- Align performance measures with strategy



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# Thank you for listening!

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