

i-nexus Business Briefing

What is Business Execution and Why Should I Care About It?



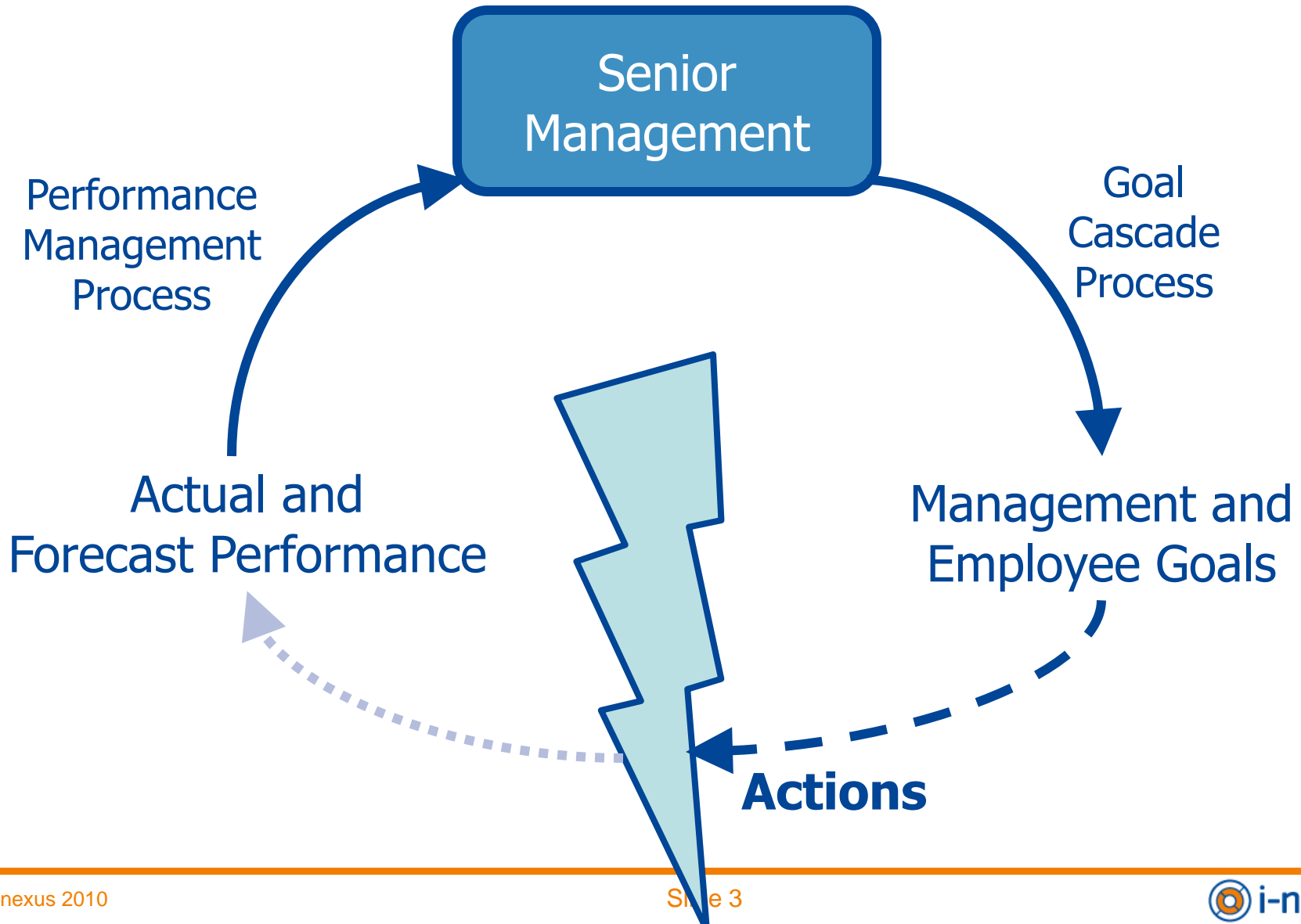


Execution is the #1 CEO Priority

Key Execution Problems – CEO Perspective

- **Poorly Communicated Strategy**
- **Unclear Accountability**
- **Poorly Defined Roles/Responsibilities**
- **Inadequate Execution and Performance Monitoring**

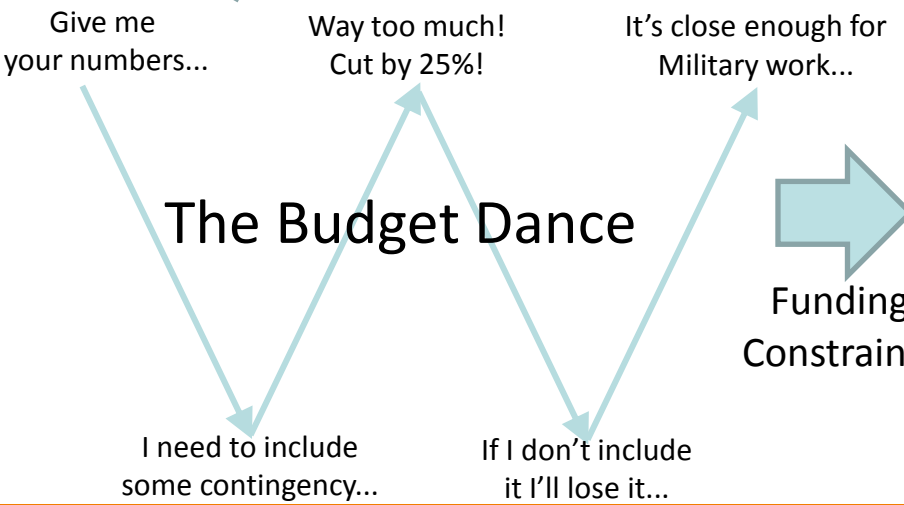
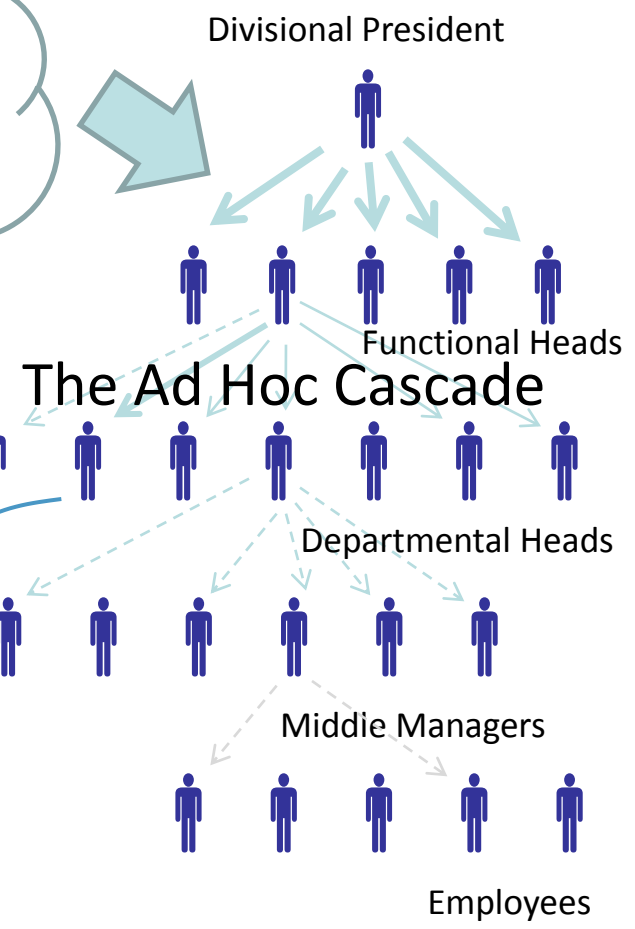
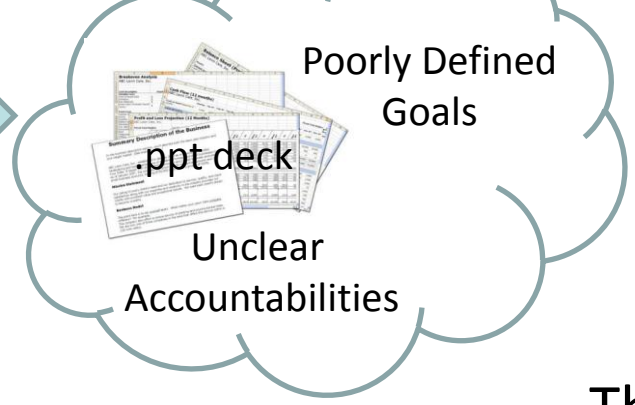
Why do organisations struggle to execute?



The reality of the Goal Cascade process (30,000ft view)



The Ivory Tower Exercise



LSS + BSC + ? = Superior Execution



- LSS project selection typical driven by operational priorities.
- Impact of LSS projects on strategic indicators rarely articulated.
- BSC focuses predominantly on building a measurement system.
- BSC doesn't really guide goal deployment/action identification.

Hoshin Planning – The Concept



Ho Shin

方針

- Direction
- Needle

Direction Needle, or Compass

Kan Ri

管理

- Control
- Channeling
- Reason
- Logic

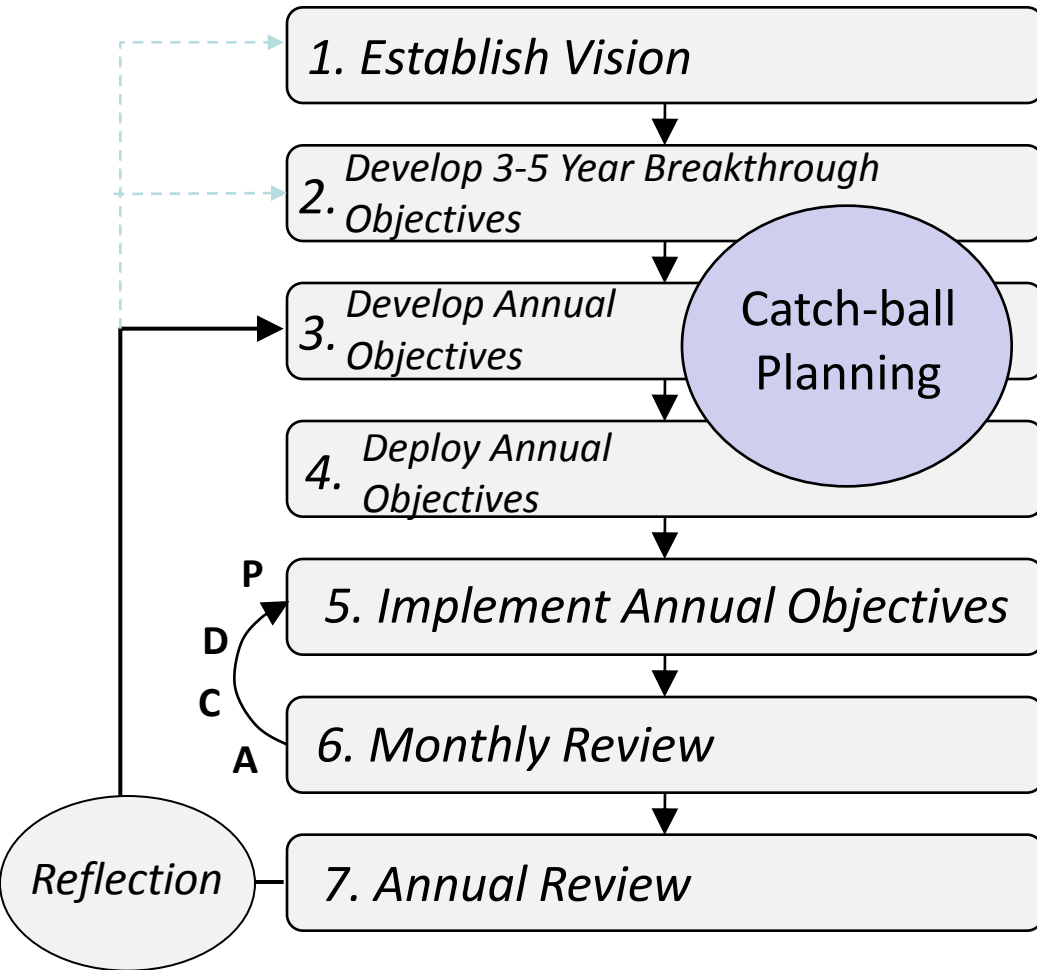
Management



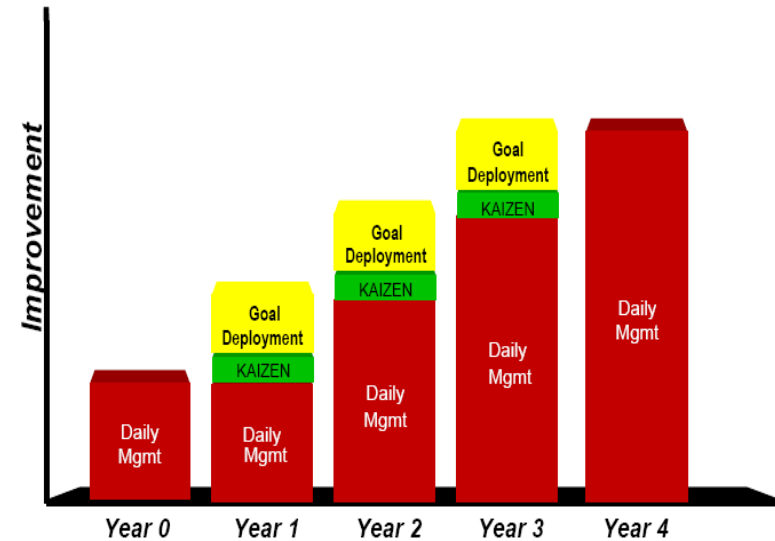
A 'Vision Compass'

Hoshin Planning is a systematic and disciplined process to align, communicate and execute strategy by focusing on those few breakthrough objectives that give you competitive advantage.

Hoshin Planning – The Process



Hoshin Process in Concept



Catch-ball 'handshake' ensures commitment and meaningful targets at every level



Executive

- What are the sub-goals?
- Who needs to drive them?
- How will I track their achievement?
- What do I think are meaningful stretch targets?

Accepted goals or counter-proposed targets/goals

Sub-goals and Proposed Targets



Senior Manager

- What does achieving this goal mean I/my team have to do?
- Does it need further breakdown to be implemented?
- Given feedback from my team are the targets achievable?

Accepted goals/actions or counter-proposed timelines

Sub-goals/ actions and target timelines



Departmental Manager

- Do I believe this action will deliver the result expected?
- What does achieving this action mean I/my team have to do?
- Do I have the resources to make it happen in the time allowed?

Consistent execution fundamentally depends on being able to answer 3 questions...



1. Are we on track?

2. If we are not on track – are we doing something about it?

3. In aggregate, will the actions underway get us where we want to go?

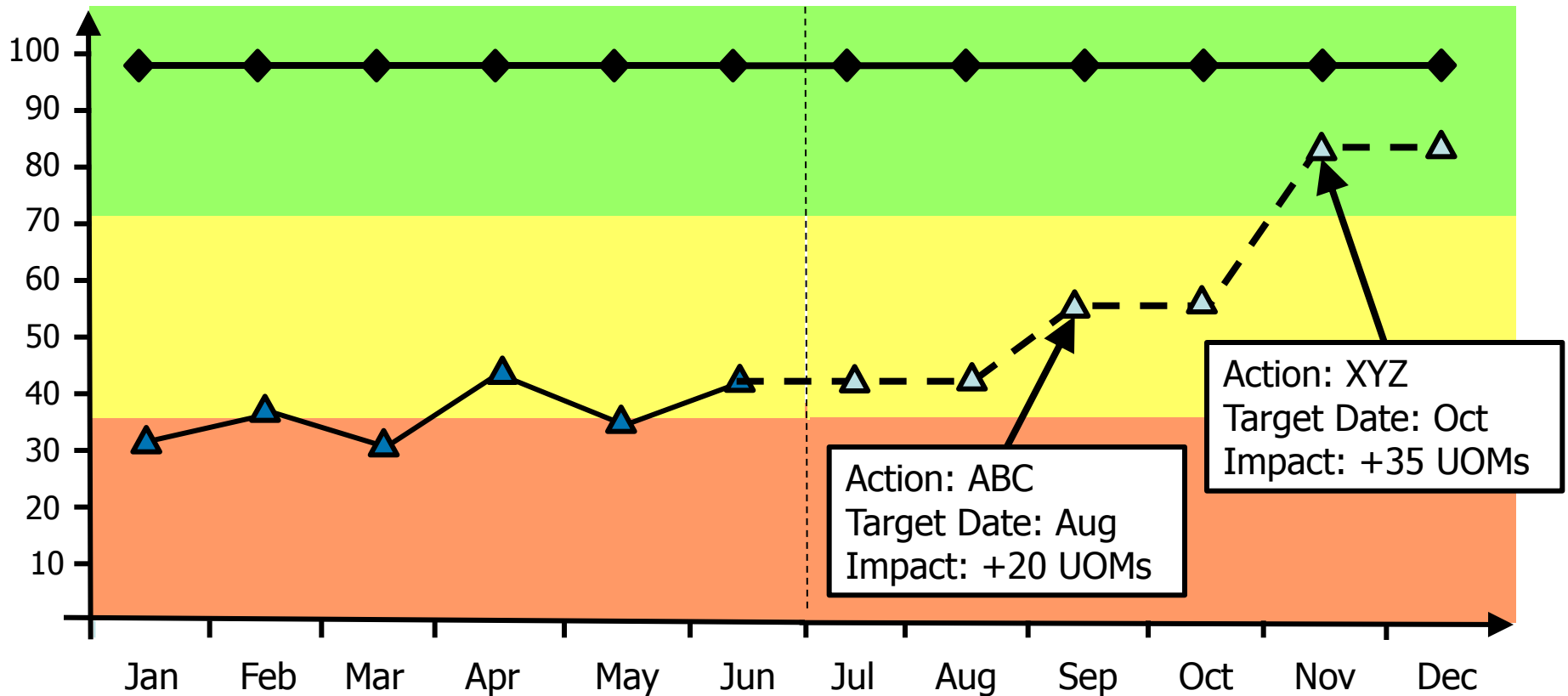
Paradigm Shift 1 -

Review execution not historic performance



From: Are we meeting our targets?

To: Will the actions we have underway enable us to achieve our goals?



Execution Bowling Chart – Based on the actions underway are we likely to hit our goals?



DEMO CO CEO

Start ▶ Business Navigator ▶ Strategy Navigator

Strategy Navigator

Selected View: Business Unit

General Create Display View Reports & Outputs

Delete Disassociate Inline Edit Save Cancel Edit View Show Children Hide Children Refresh

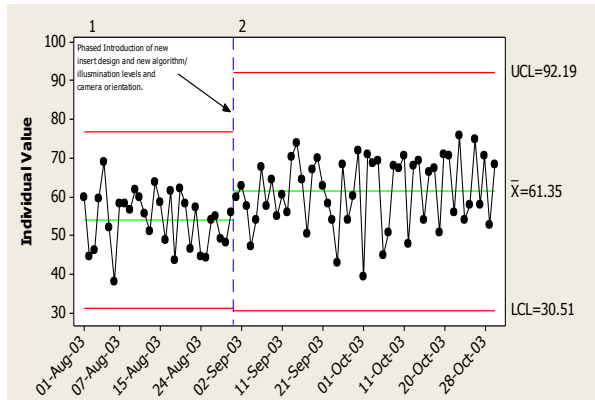
Name	Status	PI	TLS	Trend	UCM	Owner	Q1 2010		Q2 2010		Q3 2010		Q4 2010	
							Target	Actual	Target	Forecast	Target	Forecast	Target	Forecast
Quick Filter No Filter Applied														
Example Manufacturing Business	Agreed	80			PI	CEO	100	80	100	85	100	85	100	90
Reduce Working Capital by 20% in XYZ Facility	Agreed	60			PI	COO	100	60	100	70	100	70	100	80
Reduce Inventory by \$25M	Agreed	50			PI	Ops Director	100	50	100	50	100	58	100	65
Inventory Turns	Agreed	70			#	Ops Manager	12	8.4	12	8.4	12	8.4	12	9.5
Implement Supply Kanban..	-	55			%	Project Leader	25	10	45	30	68	65	100	100
Implement Vendor Sched..	-	100			%	Project Leader	44	100	-	-	-	-	-	-
Scrap Rate	Agreed	30			%	Ops Manager	0.1	3	0.1	3	0.1	2.6	0.1	2.6
Improve Process Yield	-	0			%	Project Leader	70	10	100	50	-	100	-	-
Reduce Average Cash Collection by 15 Days	Draft	85			PI	Finance Director	100	85	100	85	100	85	100	100
Debtor Days	Draft	85			Days	Financial Controller	65	76	65	76	65	76	65	59
Reduce Invoice Errors	-	100			%	Project Leader	55	60	76	78	94	98	100	100
Shift Volume Production of Product A to Low Cost Region	Agreed	100			PI	Ops Director	100	100	100	100	100	100	100	100
Setup New Facility in Country X	Agreed	100			%	Project Leader	10	15	20	45	80	100	100	-

Keeping on Track – Implementing Countermeasures via MAAR Charts

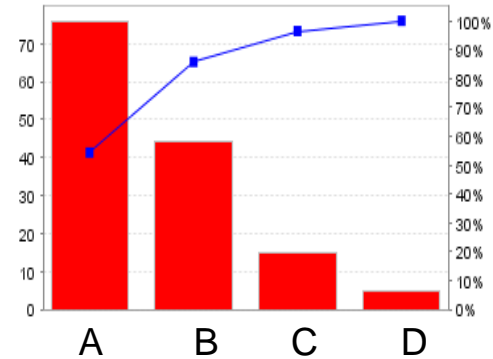


Measure

Fault Resolution Cycle Time



Analysis of Root Causes



Analyse

Validation of Improvement

R C	J	F	M	A	M	J	J	A	S	O	N
A	10	21	16	18	0	0	0	0	0		
B	18	23	24	16	2	9	0	2	6		

Review

Action Planning/Progress

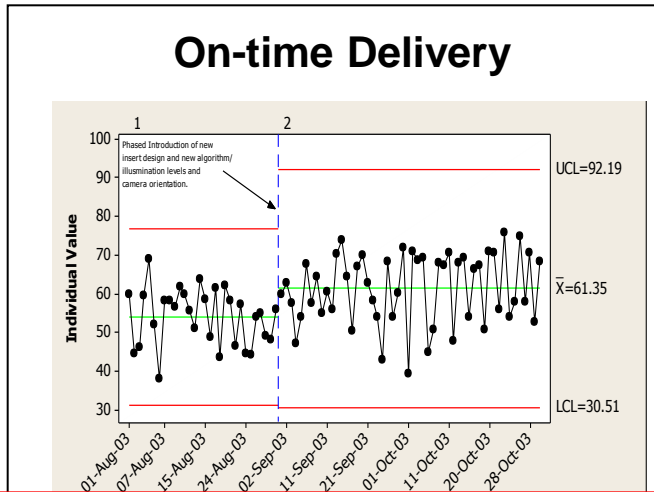
Cause	Action	Owner	Due	Status
A	Reduce instances of A	PTD	Jan	
B	Remove instances of B	ABC	Feb	

Action

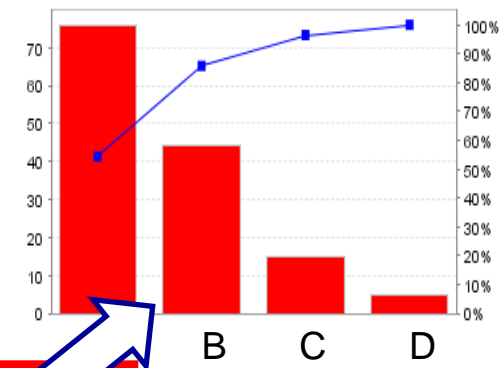
Keeping on Track – Implementing Countermeasures via MAAR Charts



Measure



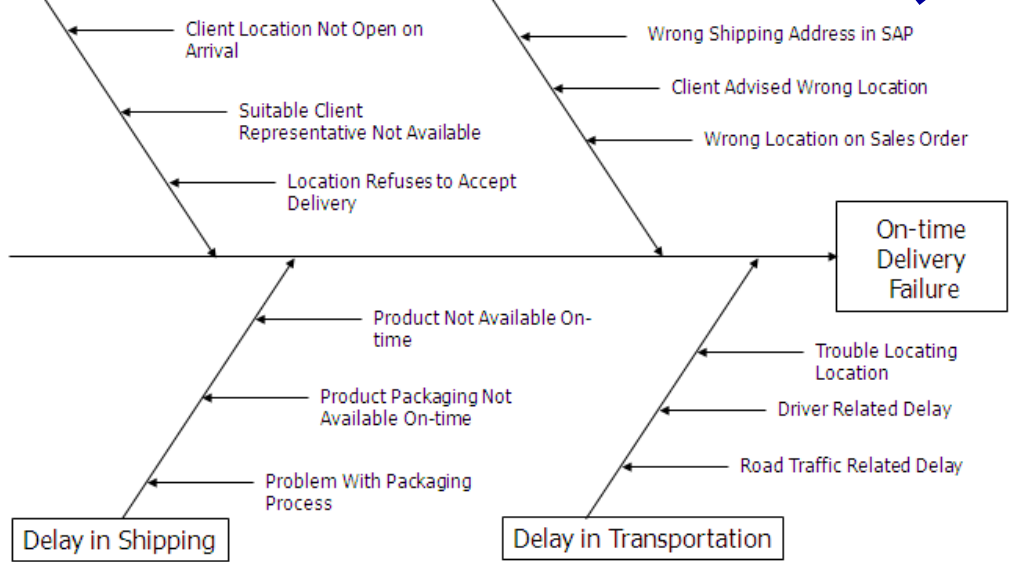
Analysis of Root Causes



Analyse

Delay in Acceptance

Wrong Destination



Planning/Progress

Item	Owner	Due	Status
Reduce instances of A	PTD	Jan	■
Reduce instances of B	ABC	Feb	■

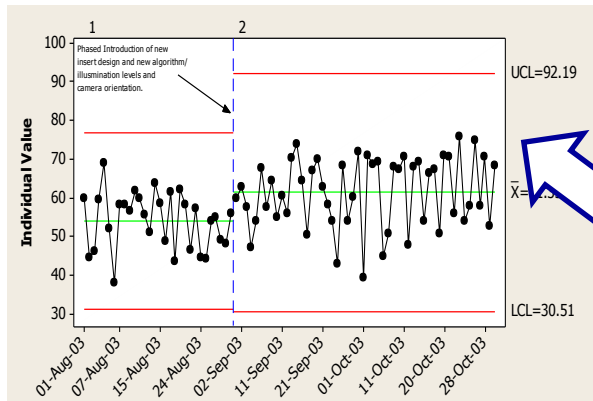
Action

Keeping on Track – Implementing Countermeasures via MAAR Charts



Measure

On-time Delivery



Analysis of Root Causes



- Focus on Moving the Dial Not Just % Complete on Action
- Focus on Elimination of Root Cause Not Just Alleviation of Symptom

Validation of Improvement

R C	J	F	M	A	M	J	J	A	S	O
A	10	21	16	18	0	0	0	0	0	
B	18	23	24	16	2	9	0	2	6	

Review

	instances of A			
B	Remove instances of B	ABC	Feb	

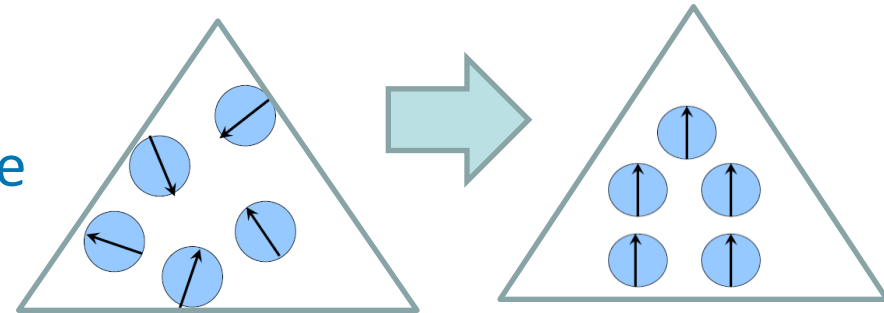
Action

Business Execution – The Potential



Business Execution can:

- Motivate and align every employee
- Eliminate unnecessary internal competition
- Focus energy on real breakthroughs
- Ensure action is followed through
- But ultimate value lies superior results from superior execution.....



An organisation which executes well on a mediocre strategy will always outperform an organisation that executes badly on the most brilliantly crafted strategy.



- Simply cannot ground the plane for months to refit it.
- PACE is a pragmatic approach to building on what you have and doing it fast.
- It focuses on changing the emphasis of the monthly business review from reviewing performance to driving execution.
- It delivers value to the senior management as fast as possible and illustrates the art of the possible.

The first step is to build a shared understanding of execution challenges



Prepare

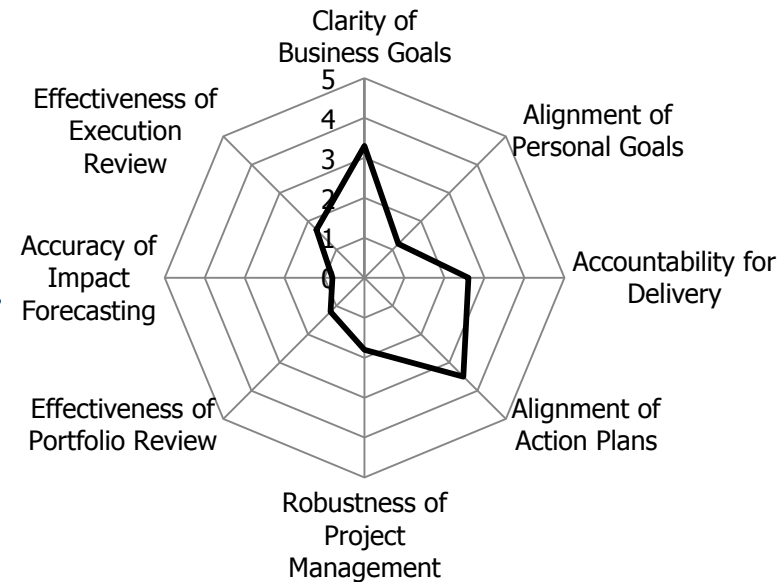
Align

Cascade

Execute

Assess Execution Capability and Establish Breakthrough Goals

1. Capture Existing Mission/Vision/Goals
2. Build Inventory of Existing Strategic/Operational Indicators
3. Build Inventory of Existing Strategic/Operational Initiatives
4. Complete an 'Execution Capability Audit'
5. Run 'Execution Readiness' (SBU level) Workshop:
 - Develop Shared Understanding of Current Execution System Strengths/Weaknesses
 - Clarify SBU Mission/Vision
 - Articulate 2-4 Breakthrough Goals



Key Output – Execution Capability Assessment

The next step is to sort the important from the urgent

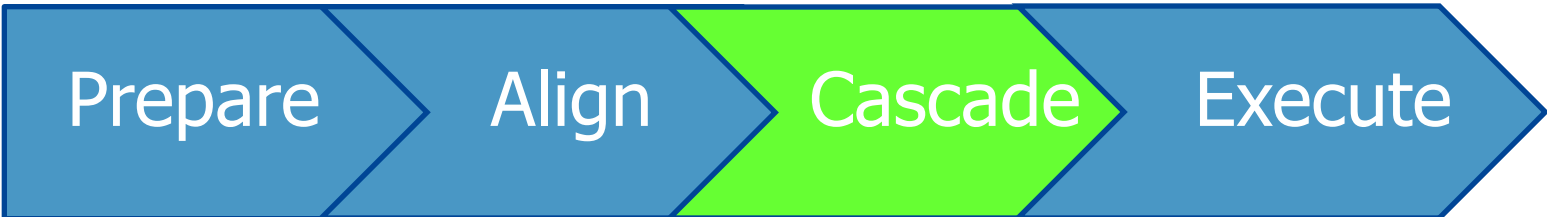


- ### Focus Management Attention On What Matters
1. Translate Breakthrough Objectives into Improvement Priorities and Clarify Functional Ownership (SBU X-Matrix)
 2. Align Existing Indicators (Where Possible) as 'Targets to Improve' (TTIs)
 3. Identify Additional Indicators (If Required) to Ensure All Improvement Priorities Tracked
 4. Align Existing 'In-flight' Initiatives (Where Possible) to Improvement Priorities and Estimate Projected Impact on TTIs
 5. Baseline TTIs and Run SBU Level Alignment and Target Setting Workshop

Programme/Project	Business Objective	Perspective: Customer and Partner			Financial				Learnings and Growth				Process				
		Improve Quality	Competitive Pricing	Improve Account Management	Drive Service Integration	Reduce Working Capital	Reduce Debtors	Reduce Stock	Improve Credit Terms	Improve Forecasting	Increase Academic Collaboration	Immerse Project Teams	Build Core Competencies	Increase Customer Collaboration	Rationalise Portfolio	Implement Process Management	Reduce Fault Resolution Time
		4.0	2.1	2.5	6.2	7.5	7.5	3.5	8.3	1.3	7.1	4.8	6.2	9.3	5.3	8.6	9.9
Six Sigma		4.8	○	○	●	●	●				○	●	●	●	●	●	●
Reduce Invoice Defects		7.5			●	●											
Reduce Scrap in Production		2.5					●				○						
Reduce Fault Resolution Time		3.8	○									●	●				●
Reduce Customer Complaints		3.5		○											●		
Redesign HR Incentive Policies		3.5															
Infrastructure		0.5		●							●		●				
Implement CRM System		0.5		●							●		●				
New Product/Market Development		6.0			●						●	○					
Develop Service Solution		1.5															

Key Output – Strategic Grid Alignment Assessment

Once the important is clear, we need to refine and validate the plan



- ### Ensure Plan is Comprehensive and Executable
1. Cascade Improvement Priorities That Are Not Addressed by Cross-functional Initiatives (Develop Functional X-Matrices)
 2. Align Existing Indicators (Where Possible) or Scope New Indicators (Where Necessary)
 3. Align Existing Initiatives (Where Possible) and Estimate Projected Impact on TTIs.
 4. Baseline TTI Indicators and Run Functional Alignment and Target Setting Workshops.
 5. Run Catch-ball Alignment Workshop (SBU Level) To Validate/Adjust Targets/Plan.

The screenshot shows the DEMO software interface for 'My Objectives'. It features a grid of objectives with status indicators (green, yellow, red) and a 'Data Migrate' button highlighted with a red box. The interface includes a navigation bar with 'Start', 'My Tracker', and 'My Objectives', and a toolbar with options like 'New', 'Delete', 'Inline Edit', 'Save', 'Cancel', and 'Edit'. The main area is divided into sections for 'Annual Objectives', 'Improvement Priorities', 'Targets to Improve', and 'Breakthrough Objectives'. A list of team members is visible on the right side.

**Primary Output –
Functional X Matrices**

The final step shifts the focus from reviewing performance to driving execution



Prepare

Align

Cascade

Execute

Relentlessly Drive Execution and Take Action Where Needed to Stay on Track

1. Resource and Implement Action Plans.
2. Implement On-going Data Collection For TTI Indicators and Action Plan Progress.
3. Set-up and Deploy a Monthly Reporting and Execution Review Cycle.
4. Update Current and Forecast Bowling Charts Based on Project Impact
5. Run Monthly 'Execution Reviews' at Functional and SBU Level.
6. Instigate Counter Measures to Maintain Performance

Name	Status	PI	TILS	Trend	LOM	Owner	Q1 2010		Q2 2010		Q3 2010		Q4 2010	
							Target	Actual	Target	Forecast	Target	Forecast	Target	Forecast
Reduce Inventory by \$2M	Agreed	90	100	▲	PI	Ops Director	100	90	100	90	100	98	100	65
Inventory Turns	Agreed	70	100	▲	P	Ops Manager	12	8.4	12	8.4	12	8.4	12	9.5
Scrap Rate	Agreed	30	100	▲	%	Ops Manager	0.1	3	0.1	3	0.1	2.6	0.1	2.6
Shift Income Production of Product A to Low Cost Region	Agreed	100	100	▲	PI	Ops Director	100	100	100	100	100	100	100	100
Setup New Facility in Country X	Agreed	100	100	▲	%	Project Leader	10	15	20	45	80	100	100	-
Improve Employee Satisfaction	Agreed	75	100	▲	PI	Ops Director	100	75	100	80	100	0.9	100	0.9
Quarterly Pulse Survey	Agreed	75	100	▲	SA	Ops Manager	4	3	4	3.2	4	3.6	4	3.6

**Key Output –
Actual and Forecast Bowling Chart**

How can i-nexus help you realise the full potential of Business Execution?



DEMO

CEO

Business Navigator Strategy Navigator

Selected View: Business Unit

General Create Display View Reports & Outputs

Quick Filter: No Filter Applied

Name	Status	PI	TLS	Trend	UCM	Owner	Q1 2010		Q2 2010		Q3 2010		Q4 2010	
							Target	Actual	Target	Forecast	Target	Forecast	Target	Forecast
Example Manufacturing Business	Agreed	80				PI - CEO	100	80	100	85	100	85	100	90
Reduce Working Capital by 20% in XZ Facility	Agreed	60				PI - COO	100	60	100	70	100	70	100	80
Reduce Inventory by \$2M	Agreed	50				PI - Ops Director	100	50	100	50	100	58	100	65
Inventory Turns	Agreed	70				PI - Ops Manager	12	8.4	12	8.4	12	8.4	12	9.5
Implement Supply Kanban...	-	55				% - Project Leader	25	10	45	30	68	65	100	100
Implement Vendor Sched...	-	100				% - Project Leader	44	100	-	-	-	-	-	-
Scrap Rate	Agreed	30				% - Ops Manager	0.1	3	0.1	3	0.1	2.6	0.1	2.6
Improve Process Yield	-	0				% - Project Leader	70	10	100	50	-	100	-	-
Reduce Average Cash Collection by 15 Days	Draft	85				PI - Finance Director	100	85	100	85	100	85	100	100
Debtor Days	Draft	85				PI - Financial Controller	65	76	65	76	65	76	65	59
Reduce Invoice Errors	-	100				% - Project Leader	55	60	76	78	94	98	100	100
Shift Volume Production of Product A to Low Cost Region	Agreed	100				PI - Ops Director	100	100	100	100	100	100	100	100
Setup New Facility in Country X	Agreed	100				% - Project Leader	10	15	20	45	80	100	100	-

The i-nexus on-demand Platform provides the most complete foundation available today for organisation-wide Business Execution.

Our global consulting partners have a deep understanding of what it takes to establish business execution disciplines and are ready to help you build the competencies you need.



Learn More: www.i-nexus.com