Hope Is Not A Strategy

Leading Age Kansas Conference, Spring 2017

Learning Objectives

1. Understand why hope is a good thing but also the enemy.
2. Learn the Top 10 mistakes an organization makes in the planning process.
3. Understand a simple but powerful strategic planning and deployment process: Hoshin Planning.

A Battle To Fight: The Strategy

“She was right that reality can be hard and that you shut your eyes to it only at your peril because if you do not face up to the enemy in all his dark power, then the enemy will come up from behind some dark day and destroy you while you are facing the other way”

--Frederick Buechner
HOPE

• Hope: As a verb means “To feel something desired may happen.”
• The very essence of the word hope brings a smile to my face. Does it make you smile? It should, as hope can provide us with the inspiration and courage it takes to persevere.

Here is What I Hope For

• To win the lottery
• A meeting with Warren Buffett
• The IQ of Albert Einstein

And Yet We Keep Hoping...

• For Business
  ✓ Better sales
  ✓ Better profits
  ✓ Great talent
  ✓ Improved economic conditions
• In life
  ✓ Happiness
  ✓ Love
  ✓ Good health
  ✓ Success
So what does hope have to do with anything?

- As leaders, one of our core responsibilities is to be agents in the distribution of hope.
- Hope is created not by talking about it, but through our actions.
- Merely talking about it turns hope into a wish, a pipe-dream, a potentially lost cause.

What I aspire to see both leaders and followers do:

- Understand that our ability to control our outcomes does not reside in hope.
- Focusing on what we can control and having realistic expectations.
- Simply stated
  - Work hard to control the things we can
  - Control our circumstances so as to drive expectational outcomes.

So What?

- This all sounds good, but how do I put this to work in my organization?
- Leverage, leverage and more leverage.
- Go for 1+1=3; not just 2
- Great Strategy + Well-Placed Hope = Expectational Performance; not just success.
One Organization’s Idea of a Strategic Plan
1. Start a customer satisfaction program.
2. Referral development activities.
3. Increase occupancy.
4. Decrease property management cost.
5. Expand concierge services.
6. Physician engagement program.
7. Consider starting own transportation service.
8. The list goes on to including 103 things.

Questions to Ask
• How do you know all 103 things on the list are the right things?
• Who is the lead person on each action? Some actions had more than one person.
• What were the measures used to determine success?
• Do these actions connect to the organizations Vision and Mission statement?
10 Common Mistakes Made in Planning

- No organizational objective.
- Failing to gather data.
- Getting stuck on developing a vision.
- Using managers as facilitators.
- Thinking of strategic planning is anything but an event, as opposed to a change process.
- Lack of integration and execution.
- Not involving employees beyond the planning team members.
- Failing to link the strategic plan to the budgeting process.
- Failure to learn and revise the strategic plan.

The Hoshin Kanri

“Ho” means direction
“Shin” means needle
“Hoshin” means compass
“Kan” means control or channeling
“Ri” means reason or logic

Hoshin Kanri

Hoshin is a planning and implementation process which gives “direction” to an organization when looking at future strategy.
Hoshin Planning

- Facilitates the creation of business processes that result in a sustained competitive advantage in quality, service, delivery, cost and innovation.
- Aligns the major strategy objectives with the specific resources and action plans.
- Comprises a 7-step process that begins with high-level strategic objectives and ends with local-level implementation targets.
- "Catchballing" is the driving forces of alignment, clarification, and employee involvement.

Reasons Senior Leaders Aren’t Hoshin Planning

- We already do this.
- We don’t have enough time to do this.
- We can’t possibly plan that far into the future.
- We’ve tried this before.
- The way we do it today is just fine.
- We will not maintain this process.

Hoshin Kanri: Strategy Development and Deployment Model
Step 1. Establish Organizational Vision

What is your current state with respect to your vision, business planning processes and execution engine?

- What policies and procedures are already in place to create and deploy objectives?
- What is the organizational structure and daily management system?
- What are the current long-term plans?
- What are your existing vision and mission statements?

Step 2. Develop Breakthrough Objectives

- Breakthrough objectives for significant improvements. Stretching the organization will take 3-5 years to achieve.
- There are a variety of tools to identify growth opportunities, including the four quadrants of growth.

Developing Breakthrough Objectives

<table>
<thead>
<tr>
<th>CONSUMER</th>
<th>NON-CONSUMER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Market Growth</td>
<td>Disruptive Growth</td>
</tr>
<tr>
<td>Bringing better solutions to existing customers to get the job done better</td>
<td>Bring disruption by entering the low-end or new markets with lower performing, unique products to non-consenors</td>
</tr>
<tr>
<td>Related Market Growth</td>
<td>New Market Growth</td>
</tr>
<tr>
<td>Bringing newer solutions to existing customers to get related or auxiliary jobs done</td>
<td>Bringing newer solutions to perform jobs for which all have or no good solutions exist</td>
</tr>
</tbody>
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Step 3. Develop Annual Objectives

- What do we need to do this year to achieve 3-5 year breakthrough objectives?
- For example, if the breakthrough objective is to “achieve an 85% referral inquiry to admission conversion rate” than the annual objective might be in year #1 we improve from a 62% to 70% 90-day rolling conversion rate.

Step 4. Deploy Annual Objectives

- It’s truly all about deployment.
- First, we develop top-level improvement priorities and then apply metrics to them.
- Next, create business-specific and third-level targets to improve.
- Strive for alignment that keeps people focused and integrates different departments, ensuring everything across entire company meets strategic objectives.
- A helpful tool: The Hoshin Planning Matrix, or X matrix

“The good-to-great companies understood a simple truth: tremendous power exists in the fact of continued improvement and the delivery of results. Point to tangible accomplishments—however incremental at first—and show how these steps into the context of an overall concept that will work. When you do this in such a way that people see and feel the buildup of momentum, they will line up with enthusiasm. We came to call this the flywheel effect, and it applies not only to outside investors but also to internal constituent groups.”

Jim Collins
**FOCUS TEAM:**

- **Executive Lead**
  - Provide Strategic Leadership, Remove Barriers, Champion Engine Driver Agreements of Belonging
  - Honor Agreements for Operating as a Team
- **Disciplined Meetings**
  - Prepare an Agenda
  - Have a Facilitator and Time Keeper
  - Parking Lot
  - Drive towards outcomes
- **RACI**
  - Define who is Responsible and Accountable for the Engine Driver, as well as who should be consulted and informed
- **LeanKit**
  - Provide visibility and transparency into Engine Driver Work for Strategy Team.
  - Support on-time completion of 30/60/90 day goals
- **Voice of the Customer**
  - Engaging with relevant stakeholders internally (team) and externally (key partners / customers)

**Next Steps:**

- Draft communications plan/talking points for Launch of the Team Communication Plan/Strategy and Information
- Onboard the Team

**The Hoshin Planning Matrix, or X matrix**

**Annual Objectives**
Annual Improvement Opportunities and Priorities

Step 5. Implement Annual Objectives

• The previous matrices help align the organization.
• Create opportunities to play “catchball.”
• Gather data to measure, measure and measure results.

What is Catch-ball?

• “Catch-ball is simple. Regardless of who initiates a project (although it’s most commonly a manager), that person articulates the purpose, objectives and other ideas and concerns and then throws them to the other stakeholders for feedback, support and action.”
• It’s to add intention and thoughtfulness to the practice. When viewed as a discrete part of the Improvement methodology, it can be taught and performed consistently across the organization.
Benefits to Catch-ball

• Feedback and ideas from people at all levels of the organization.
• Decreased barriers to cross-functional collaboration
• Clarity of ownership and accountability
• Alignment of goals and objectives

Step 6. Monthly Review

• How successful is the organization in meeting the action plan deliverables?
• Allows for corrective actions that are needed for those that are behind.
• A monthly review fosters a culture of accountability and action by reviewing progress toward achieving annual improvement objectives.

Step 7. Annual Review

• At the end of the annual cycle, a thorough review of the year's objectives shows how far ahead or behind the organization is against the stated objectives and what adjustments must be made to the next cycle.
Is hope your strategy?
If so, it is time to take control!

Resources


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References

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