2 Improvement in the process of strategy deployment—five case studies

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2.1 Introduction

In the 1980s, a large number of companies in the United States developed vision, mission and value statements for their organizations in order to communicate key priorities to their customers, their employees, and their shareholders. In one such company, Motorola, senior managers used the visioning process to identify three overriding corporate objectives, namely, to seek total customer satisfaction, promote integrity in the business, and demonstrate a respect for people. These objectives are supported by seven key initiatives such as reducing cycle time, reducing variation, and achieving a reasonable level of profit.

By the mid-1990s, most large US companies have official mission, vision and value statements. As many of them have discovered, however, simply developing these statements is not enough, even when the standards are effectively communicated. The executive time that has been invested in the creation of these statements of corporate purpose is lost unless the companies use them to initiate a disciplined process of deploying the central strategies of the business to every function and level of the organization.

A growing number of companies have demonstrated that carefully deployed strategies contribute significantly to the overall success of the enterprise. Xerox, Florida Power & Light, Zytec Corporation, and Hewlett Packard have been widely cited as examples of successful strategy deployment. More specifically, in the oil and petrochemical industry, companies such as Dow Chemical with its Managing for Breakthroughs process, Mobil Oil Corporation with its Global Planning System, and Chevron with its Strategic Planning Document are benchmarks for the rest of the industry.

Many of the strategies and techniques of successful strategy deployment can be traced to Japan where credit must be given to Toyota Motor Corp. and Komatsu who are pioneers in the establishment of Hoshin Kanri, usually translated as policy management. In Japan, policy management is seen as the fundamental management tool for integrating long-term goals and strategies into the day to day operation of the business. Policy management simplifies the corporate planning process as usually practised in Europe and North America. It ties local budgets and annual operating plans to the long-term (at least 3–5 years) strategic objectives of the
organization. Hoshin is a cycle of executive level planning, company-wide deployment of these plans, and ongoing review of progress in reaching agreed upon objectives. The aim is to ensure that activities in every part of the organization stay focused on those activities that are most likely to produce long-term value for shareholders, customers, and employees. Not so coincidentally, policy management is used by each and every company that has won Japan’s Deming Prize (the equivalent of the US Malcolm Baldrige National Quality Award).

Since the current practice of strategy deployment process is so new and is evolving so rapidly, we have decided to conduct an intensive case study of five oil and petrochemical companies that have had at least a few years experience. But first, we need to explain in some detail the three basic phases of the strategy deployment process: Plan, Deploy and Review (PDR) (Figure 2.1). Each phase of the process has as its output a clear set of actions to be taken. The process also entails the application of a set of