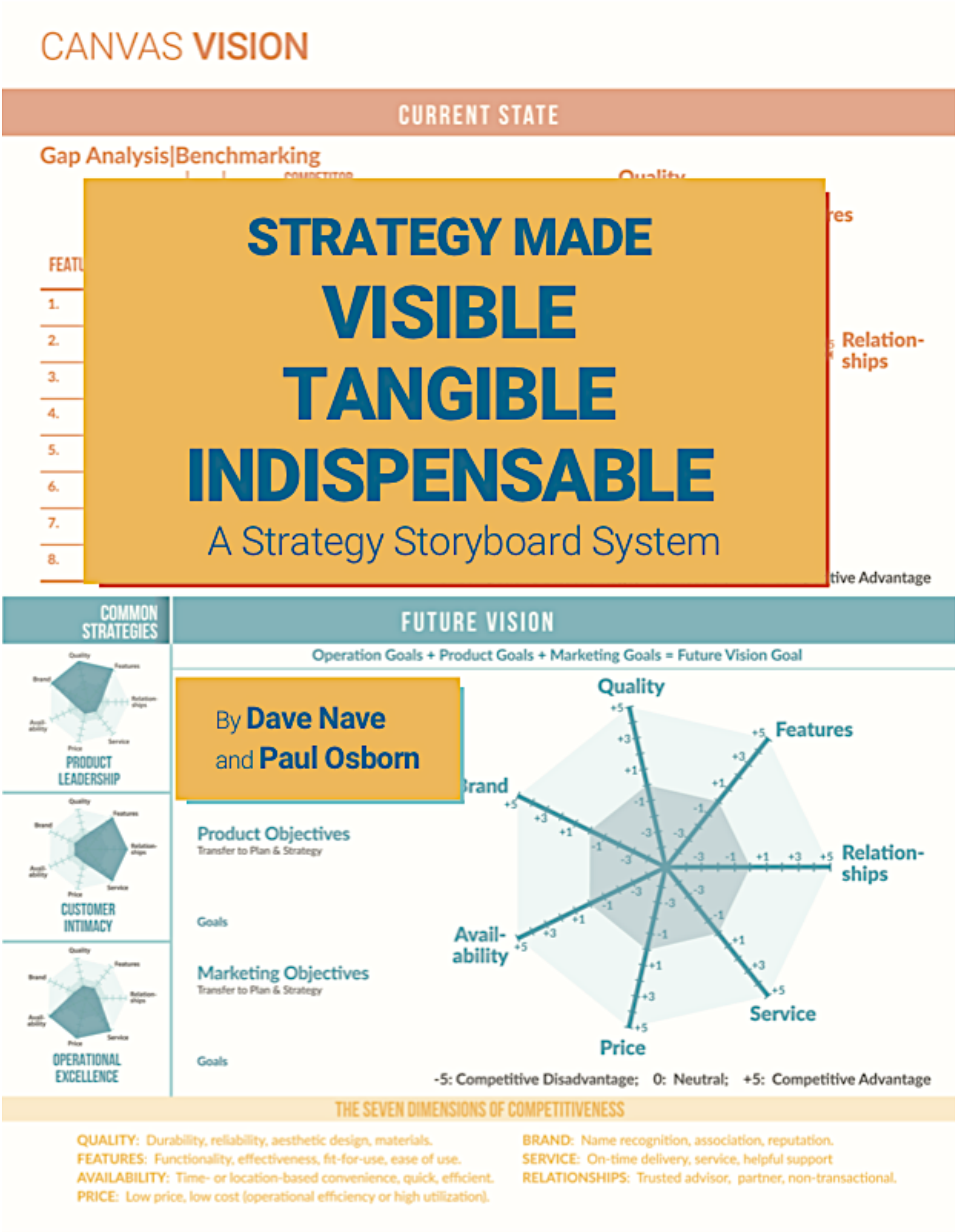
STRATEGY MADE VISIBLE TANGIBLE INDISPENSABLE

A Strategy Storyboard System

By **Dave Nave** and **Paul Osborn**



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Strategy Made Visible, Tangible, Indispensable:
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PREFACE

"How can I tell what I think unless I can see what I say?"
E.M. Forster

One definition for business success is to fulfill a need, either societal or individual, stay in business, and provide jobs in the future. It sounds easy, and if done correctly, an organization can succeed in the short term. However, long-term success requires a dedication to constantly scan the environment for new opportunities, predict customer needs, and find new ways to provide products and services.

Intertwining business environment requirements, strategy and vision, and human behavioral norms into a systemic approach for long-term success takes time and effort. This book is for leaders who need more support in using strategy to produce meaningful and dynamic change. This book outlines a strategy to convey business intent, align and synchronize leadership while creating meaning and understanding throughout the organization. Visualizing the elements used to develop strategy and associated initiatives and sharing the thinking involved goes a long way to engaging all levels of the organization.

It is common for people, groups, and even 'business units' to optimize their work without regard to how their activities affect other areas. Each believes and espouses how their actions are for the company's benefit as a whole, while many times, the opposite is true. And why not? The culture of Western management rewards people for finding the 'magic bullet,' saving the company and then heralding them as a savior or a hero.

However, the era of following a single leader is over. Now, people want, no demand, to work for companies making a difference in the world. They want to be challenged and their talent utilized. The future workforce wants autonomy and authority while looking towards executives as a source of guidance. People want a culture of management transparency and mutual support without the traditional 'command & control' structure.

There is a science to the system described in this book.

Thinking Together is NOT Just Working Together. We learn to play and work together through our life's socialization experiences, culture, rules, and norms of our society. We seldom have the opportunity to think together, let alone participate in formal experiential practice. The practice of thinking together is much more complex than we presume.

Our minds take in and continuously process new data and observations, merging them with our existing map of reality. Unfortunately, our mind overlays new ideas on an old system, retaining the same assumptions as before. This compounds our delusion of reality, and we can become highly skilled at keeping this internal process hidden from ourselves.

Alfred Korzybski, 1933, gave us the well-known phrase: The "map" is not the "territory." Why is this important? Because people respond according to their mental "*maps*" and not the shared reality their map is supposed to represent.

If humans have this tendency for erroneous mental processing, what chance do we have for constructive thinking together? Instead of a collection of people defending their point-of-view and promoting personal/local optimization, it is possible to organize so valuable feedback occurs. As feedback occurs, personal map resolution improves, and new possibilities for understanding and action emerge.

There Is Hope

As it turns out, there is hope! There is so much “good” stuff out there. How does one select a path? Trying to solve business issues without also addressing human issues only works for a short time. When improvement becomes stalled, everyone becomes driven to try harder and is constrained to use the same thinking as in the past. Business issues and human abilities/limitations/motivations etc. are ***both*** critical to success.

Tackling the Human and Work Issues Together

One approach to working on business and human issues together. It takes executives through a structured investigation, using a suite of tools sequenced so desired behaviors and great creative problem-solving emerge naturally. The moderated process reliably leads to empathy, insight, innovation, insightful solution sets, buy-in by the stakeholders, and an unprecedented sense of productivity.

Creating high-performance teams is a constant struggle to enhance clarity, obtain full engagement, and enhance relationships. The course of action is two-fold as a ‘community’ of people committed to thinking together. The first is defining and articulating the company’s strategy elements. The second is to identify solutions that accomplish the goals and tie them to the strategy and its elements.

This book is written as a ‘how to’ book that combines many tools into an integrated system. The tools and examples are just a starting point. A suggestion to start the path from ‘know-how’ to ‘know-why’. Visualization is critical to thinking together.

The creation of the visualization chart is a fluid process. Detailed content is developed as the leadership team moves through the tools together. Interdependencies of information and knowledge emerge. As new insights occur, areas and topics previously covered will most likely require revisiting.

The ‘case study’ highlights how the various tools build upon each other, ultimately creating a comprehensive picture. One advantage of having a single document that visualizes how the strategy was created and describes the plan to achieve the vision is that it can be easily shared. Employees, customers, and suppliers benefit by understanding how the company sees the world and the connection to what needs to be done to make society a better place.

Strategy Made Visible, Tangible, and Indispensable is a guide to go beyond just creating a strategy plan and letting it gather dust on the bookshelf. This is an opportunity to make strategy come alive.

*I thank Steve Dightman for clarifying and articulating several of these points.

Dave Nave, 2020

INTRODUCTION

Almost every organization does some strategic planning, whether it is a formal process or not - but most organizations also find it difficult to execute those strategies effectively. While the executives are busy setting policies and deciding priorities for the future, Operations is working hard filling today's orders and dealing with last week's service calls. Strategy deployment is often drowned in the day-to-day tasks of business.

By enrolling everyone with an understanding of the organization's high-level goals, we open the way for full engagement, better day-to-day decisions, and creating more value for the customer. When high-level choices are visible to everyone, decisions at the local level have meaning to both the whole organization and to individuals. When corporate goals are linked to everyday work activities, strategy execution becomes part of 'what we do' - every day, all day.

IT'S ABOUT CONVERSATIONS

One of the most essential features of Strategy Made Visible, Tangible, and Indispensable is the conversations that arise while completing the tools. Conversations between executives, executives and the workforce, and people throughout the organization.

When approaching the canvases and worksheets for the first time, it's not critical to be entirely correct with all the details. Just map out the broader picture to get the general direction and order of magnitude. Information can be gathered, and the tools can be updated if more accuracy is needed. While completing the tools, listen to the conversations and disagreements. Sharing of expertise and knowledge is the first step towards aligning leadership. Actively seeking out contradictions between the differing viewpoints is where the real magic happens.

There are numerous ways to get started. One of the most common is to use the tools yourself. Even if you are not one of the top people in the company, the tools will help articulate what is already known and intrigue others with the story being displayed. You will be amazed at what is already known.

Another way to start is by interviewing everyone - the leadership team, managers and supervisors, shop-floor workers, and truck drivers. This gives a great picture of how the existing strategic intent is interpreted. Invite conversation where mismatches, conflicts, or contradictions are found. Conversely, point out where agreement and alignment occur. Both types of input are valuable.

Facilitated sessions take the experience to a new level with new learning and insights, possibly at the annual retreat or monthly executive planning meeting. Outside and unbiased perspectives, new insights, and knowledge will speed up the process. Visualization is the key to thinking together.

THE TOOL-SET

The 'tool set' starts and then builds to create a comprehensive picture:

1. **Canvases** to capture big thoughts
2. **Worksheets** to perform a more detailed analysis
3. Finally, a highly visible storyboard presents and connects the entire current state, future vision, and all initiatives.

THE CANVASES

There are three canvases to capture 'big thoughts', and a great way to start is by thinking out the strategy. The canvases are just a lighter form of the entire storyboard, so work done on the canvases can be transferred to either the worksheets or the storyboard.

The three canvases are:

1. **Vision (Why?).** Visualize the current and future of products and operations, and begin to create functional strategic objectives.
2. **Strategy (How?).** Trace departmental strategies up to financial goals and future vision.
3. **Plan (What?).** Map future vision to individual initiatives and teams.

THE WORKSHEETS

Worksheets are used to capture more detail than is possible with the canvases. The worksheets contain detail and transparency, bringing to light the strategic vision's context and rationale. These are especially useful during review sessions while the strategy is being documented and discussed.

There are four worksheet templates:

1. **Market Position.** Financial Health, Internal Capabilities, External Positioning.
2. **Product.** Needs, Competitiveness, Profitability.
3. **Operations.** Suppliers, Management Systems, Efficiency, Financial Results.
4. **Sales & Customer Support.** Distribution channels, Win/Loss, Customer Complaints, Service Calls.

THE STORYBOARD

The storyboard has all the information from the worksheets but is intended to consolidate all the collective knowledge into one story in one place. First, to align and synchronize leadership, then to disseminate that knowledge throughout the organization. The storyboard can be used as a conversation starter at 'all-hands' meetings. A focal point for conversations to enhance clarity, encourage engagement, and enhance relationships throughout the organization.

THE "SUNBEAM SOLAR" CASE STUDY

Throughout this guide, we'll use this fictional case study to illustrate using the Story Board.

Sunbeam Solar, Inc. is a Washington-based fabricator of solar panels. Joe, the CEO, started the company five years ago with 35 employees. Owing mainly to State and Federal incentives for clean energy, Sunbeam has built up a steady business in the Pacific Northwest over the last five years. The panels it sells use standard photo-voltaic solar cells that it purchases from South Korea. However, Sunbeam has developed a patented aluminum frame that is lighter and more robust than similar products on the market.

Although sales had been growing at over 30% a year, recently, the saturation in the market coupled with new, lower-priced entrants have begun to erode sales in the Pacific Northwest, its home market. At the same time, government incentives are being reduced. Together, these have been hurting margins.

Fortunately, Sunbeam sees an opportunity in the Canadian market for its product, where the durability of its frames would provide a distinct competitive advantage in the harsh winters. Sunbeam could sell its panels at a higher price point through Canadian distributors, thus raising its sales margin to over 55%.

There are a few regulatory differences between the US and Canada that will require some retooling and redesign of the primary product, and Sunbeam reckons this will add about 10% to the cost of sales. Additional shipping costs will add a further 3%. Even considering these, margins on the Canadian product would be significantly higher than in the USA.

However, another concern is the potential for delays at Canadian customs. Solar panel projects typically have a short lead time, so anything Sunbeam can do to shorten the fabrication time would be advantageous in promptly shipping.

Although the forward-looking vision is to bet on Canada, Sunbeam does not want to risk its position in the USA. It will have to be sure that it keeps its US production capability safe, even while gearing up for the Canadian product. Sunbeam anticipates that it will have to add capacity to safeguard against this.

We'll be referring to this example throughout the guide.

Starting Conversations With Canvases

Section Overview

The three canvases presented in this section are designed to help guide thinking and generate conversations. Although this guide uses pretty extensive notes, the canvases are simple and intuitive.

The three canvases are presented in the logical order of strategy development. Each one is designed to start a conversation. However, they can be used separately and in any order.

The canvases answer three basic questions.

The Vision Canvas "Why?" Why are we doing what we do? Where are we now, and where are we going? Is that the right place?

The Strategy Canvas "How?" How will we get there? What approach shall we take? How do the parts work together toward a common purpose?

The Plan Canvas "What?" What are we doing? How do the everyday tasks and initiatives fit into the larger picture of where we want to go? Is there anything we are doing that isn't aligned with the goal, and is there more we should do?

THE VISION CANVAS
"WHY?"

The Vision Canvas presents a practical, but easy tool to help define high-level vision. The primary tool used on the canvas is a radar chart based on the seven dimensions of competitiveness (see Appendix A for a detailed description). Using the Vision Canvas, once the current state and the future vision are identified, all that remains is to determine how to get there (by setting objectives and goals). At this point, the main concern is the objectives for the three primary functions of:

1. **Operations.** How will it be built?
2. **Product.** What it is.
3. **Marketing.** How will it be sold?

‘Sunbeam Solar’ Case Study

Sunbeam’s move into the Canadian market is easily depicted on the Vision Canvas.

Current State. The ‘current state’ is Sunbeam’s competitive position in the Pacific Northwest. The strategy in this market looks a little like a standard ‘Operational Excellence’ strategy. Sunbeam’s relatively short lead times and large inventory stock at its distributors give it a competitive advantage in availability (Availability score = +2). However, the product is priced only just above the Pacific Northwest market (Price score = 0.5). Although quality is high, it is scored lower on the radar chart to show this dimension is not very important in the US market.

Future Vision. Sunbeam’s competitive gap analysis is against Canadian competitors, so is relevant to the future vision. In Canada, Sunbeam's strategy will look quite different than it currently does in the US. In Canada, it will be pursuing more of a “Product Leadership” strategy. The quality and robustness of the frames, along with the ease of installation, will allow it to charge a premium despite initially being only available as ship-to-order from a single distributor.

Operation Objectives. Sunbeam will be fabricating and shipping to order, so the objective for operations will be to achieve more consistency and lower lead times.

Product Objectives. Modifications to meet Canadian regulations will be needed, so certification is a vital objective, particularly given the ‘quality’ positioning. The goal of all this, though, is to increase product margins to 55% or more.

Marketing Objectives. Sunbeam doesn’t have a distributor or any brand presence in Canada yet. A national distributor will need to be found, and several trade- shows will need to be arranged. The goals are US $0.5M in sales in year one, rising to US $3M in year three.

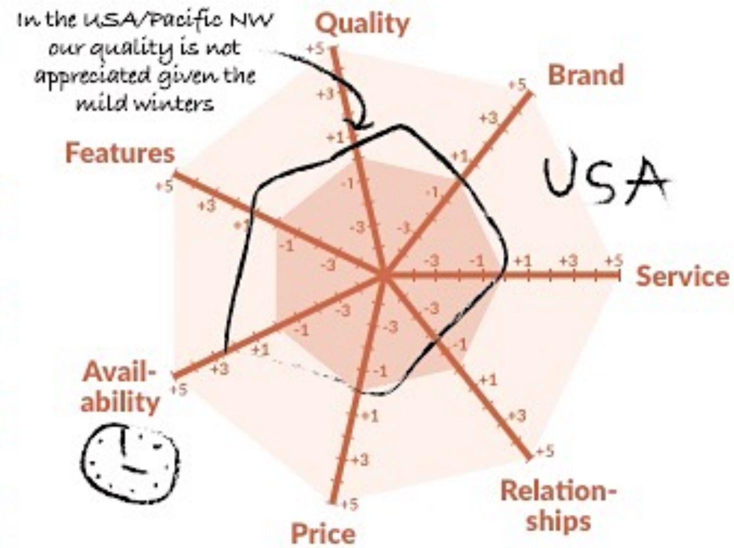
Using the Vision Canvas, in just a few steps, Sunbeam has established the business proposition for its vision and outlined its path forward.

CANVAS **VISION**

CURRENT STATE

Gap Analysis|~~Benchmarking~~

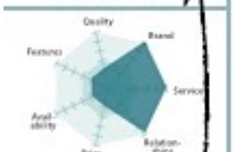
FEATURE/ATTRIBUTE	COMPETITOR: Sunbeam Plexus	Sunny Power	Xanadu	Canada Solar
1. Panel Efficiency	0	+3	-2	0
2. Expected life -yrs	20	13	10	14
3. Ease of Install	+2	-3	+4	0
4. Weight (lbs)	34	45	52	40
5.				
6.				
7.				
8.				



-5: Competitive Disadvantage; 0: Neutral; +5: Competitive Advantage

COMMON STRATEGIES

PRODUCT LEADERSHIP



CUSTOMER INTIMACY

OPERATIONAL EXCELLENCE

FUTURE VISION

Operation Goals + Product Goals + Marketing Goals = Future Vision Goal

Operation Objectives

Transfer to Plan & Strategy

Need to reduce lead times in order to be able to ship to Canada in a reasonable time frame

Goals

Order-to-Delivery 3-5 days

Product Objectives

Transfer to Plan & Strategy

Position the product as high quality suitable for Canadian winters

Goals

Net Margin >55

Marketing Objectives

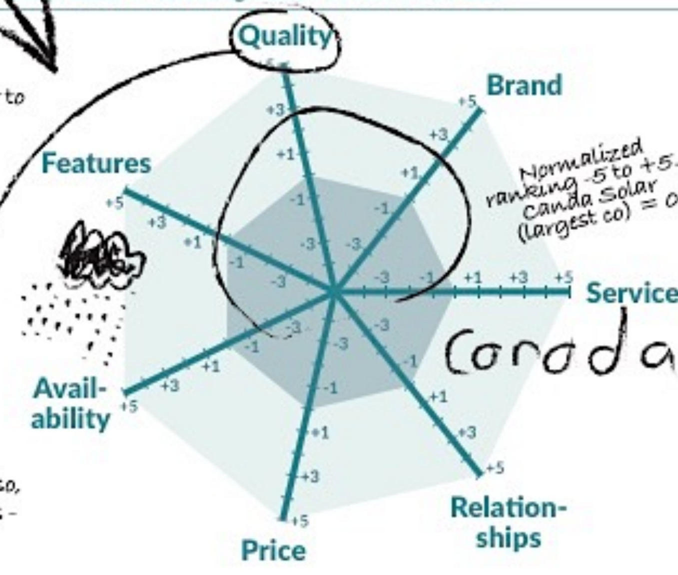
Transfer to Plan & Strategy

Need a Canadian distributor. Also, will need to go to a few tradeshows - perhaps Toronto, Vancouver

Goals

$0.5M Sales yr1

$3M sales yr 3



-5: Competitive Disadvantage; 0: Neutral; +5: Competitive Advantage

THE SEVEN DIMENSIONS OF COMPETITIVENESS

QUALITY: Durability, reliability, aesthetic design, materials.
FEATURES: Functionality, effectiveness, fit-for-use, ease of use.
AVAILABILITY: Time- or location-based convenience, quick, efficient.
PRICE: Low price, low cost (operational efficiency or high utilization).
BRAND: Name recognition, association, reputation.
SERVICE: On-time delivery, service, helpful support
RELATIONSHIPS: Trusted advisor, partner, non-transactional.

SET OBJECTIVES TO ACHIEVE THE FUTURE VISION

The differences between the current state and future vision represent the gap that must be filled with the company's strategy. Indeed, just standing still requires constant effort and continual improvement. Otherwise, competitors will catch up and even surpass the company. What is needed to close those gaps?

Each of the seven dimensions is affected (albeit often indirectly) by the three primary drivers:

- **Operations**. How it is built
- **Product**. What features it has
- **Marketing**. How it is perceived

For each of these, determine what needs to change to close the gaps between our current and desired future states. Setting objectives for each of these drivers begins to create a strategic path.

VISUALIZE CURRENT STATE ON A RADAR CHART

Using a radar chart is a quick method to create a picture of where a product is currently positioned in the market. Estimate where the product falls for each of the seven dimensions of competitiveness relative to the competition and plot the scores to create a terrain.
The Seven Dimensions of Competitiveness

- **Quality**. Durability, reliability, aesthetic design, and materials.
- **Features**. Functionality, effectiveness, fit for use, ease of use.
- **Availability**. Time- or location-based convenience, efficiency.
- **Price**. Low price, low cost (operational efficiency or high utilization).
- **Relationships**. Trusted advisor, partner, non-transactional.
- **Service**. Service, support, help, customer focus.
- **Brand**. Mass-market name recognition, association.

The scale goes from market laggard (-5) to best-in-class market leader (+5), with (0) being the market average. If there is a dominant market leader, the analysis can be made relative to them by basing (0) around them.

Not every one of the seven dimensions will be equally important in the market. For instance, quality and reputation might be more dominant factors than price. The radar chart handles this by shrinking the scale for that dimension (in the above example, price). This is what was done in the Sunbeam case study for the quality dimension in the US market.

Plotting the scores on the chart creates a visualization of competitive position. The order of the axis on the radar chart axis has been arranged to place correlated dimensions together. Based on the relative attractiveness of the product's attributes, the radar chart will be skewed one way or another. It will be skewed because typically, products score well in only two or three dimensions, with the others being neutral or negative. It is typical for a company to be stronger in some areas than others.

It's not, of course, necessary to get scientific at this point. A rough sketch will do.

VALIDATE COMPETITIVE POSITION WITH A GAP ANALYSIS

Comparing a product relative to its competitors is a 'gap analysis'. Comparing operations to others is 'benchmarking'. In performing a gap analysis, using various attributes the market cares about is good practice. Regarding the scoring, raw numbers can be used to calculate a simple rank or award scores (for example, out of ten). Often, the simplest is the best – to get a quick feel for the data - certainly enough to do a reality check with the radar sketch.

Performing a gap analysis or benchmarking is a more formal way of estimating competitive position than just guessing on the radar chart, so the results should be compared to the radar chart to validate it.

FORMULATE A FUTURE VISION

A good strategy is as much about defining what the company will not do as it is about defining what it will do. The company shouldn't try to be all things to all people.
The same radar exercise can be repeated to visualize the future vision. One way of doing this is to evaluate each of the seven dimensions individually to determine whether to adjust up or down. It turns out, however, that there are three basic strategies that companies have been successful with. These are:

1. Product Leadership
2. Customer Intimacy
3. Operational Efficiency

Three other strategies have emerged over the last two decades based on the ability to scale. The emergence of globalization, automation, and pervasive technologies has facilitated scaling strategies. They are:

4. Mass Customization
5. Mass Personalization
6. Mass Luxury

Which of these six strategies to follow will depend on the combined factors of the product relative to the competition, the level of maturity of sales and customer-facing operations, and operational capabilities. Plotting on a radar chart, the strategies each produce a unique shape.

See Appendix A: The Seven Dimensions of Competitiveness to explain the seven dimensions of competitiveness and their use in creating strategies.

SUMMARY

- Graphically create a high-level strategic plan consisting of a future vision and operational objectives.
- Compare the company's strategy against common product leadership, customer intimacy, and operational excellence strategies.

Conversations

This simple canvas is absolutely perfect for starting conversations about the purpose and direction of the organization - it's the 'why'. Topics of discussion include:

- How do different members of the leadership team, management team, and workforce view the company's competitive positioning and the future vision?
- If multiple customer segments are being served, is there different positioning for each, and if so, does that detract from the ability to focus or specialize?
- What are the risks and the advantages of the 'current state', and how will those change under the 'future vision'?
- How much of the gap analysis are assumptions and wishful thinking? How well does the company really know its customers, or competitors?
- How many different ways could the future vision be realized? Is the probability of success being limited by the wrong objectives?

THE STRATEGY CANVAS
"HOW?"

The future vision and the current and desired state are now defined. High-level objectives and goals for operations, products, and marketing are in place. Now is the time to see how the Strategy Canvas connects those objectives to operational strategies. The Strategy Canvas is based on a strategy map similar to the Balanced Scorecard™ and, like the Balanced Scorecard™, the strategy map has four levels:

1. Financial Performance
2. Market Positioning
3. Internal Processes
4. Skills & Competencies

Sunbeam Solar Case Study

The primary goal is clear: “Enter the Canadian market”. However, Sunbeam must work on operations, product, and marketing to do this.

Product Strategy. Although the intention is to increase margins, which will increase dollars per customer, Sunbeam’s vision here is to change its competitive position, which it will do by selling to Canada. Modifying the product for the Canadian market is just a tactic to allow the product to be sold in Canada - it is not the strategy itself - so we make it a ‘necessary condition’. If Sunbeam could pass Canadian certification without modifying the product, they would prefer to do that. By specifying the intent at this level, the product manager’s options are left as open as possible while still giving firm direction.

We reiterate each product's market needs and future vision for the same reasons of providing direction while allowing for flexibility.

Operations Strategy. The focus of the operations strategy will be on decreasing lead times. This is linked to the need to control order-to-ship turn-around times at the customer end. Strategies to decrease lead times include decreasing wait times and process times. The strategy could have been left at that, but more direction is given by targeting panel stock-outs in the strategy statement. However, reducing stamping changeover time has only been identified as a ‘necessary condition’ for in-process cycle times. The strategy is left open to further interpretation, allowing resources to be invested in projects such as changing the flow layout (see item 2 on the list of continuous improvement ‘Kaizen’ projects).

Brand Strategy. The objectives only refer to generating sales, but Sunbeam might presume from the product vision that promoting the product as a premium brand will be necessary, but this isn’t known for a fact. The strategy at this point is, therefore, deliberately vague, thus giving the marketing department wide latitude.

Sales & Support Strategy. The primary focus will be finding a Canadian distributor and promoting the product through trade shows. The strategy is elaborated and expanded- it must be a national distributor. Although some changes to the sales and support processes may be needed, these will be minor and won’t make this high-level list of strategic goals.

Using the Strategy Canvas, Sunbeam now has a much clearer idea of how the overall objectives will be achieved, where the direction has been set, and where there is latitude. Because the strategy map creates alignment across all of Sunbeam’s functional departments, it is not necessary to pre-determine every aspect of the plan. Everyone and everyone can elaborate, modify, and evolve the plan while staying within the overall strategic parameters.

STRATEGY MAPS

Origins and Purpose

Strategy maps are high-level cause-and-effect diagrams. The strategy map helps visibility by linking strategies to objectives and objectives to business goals. Interpreting the Strategy Canvas from the bottom up, the layers can be read as:

- **Skills and Competencies** enable a firm to improve its **Internal Processes** of operations, and sales & customer support.
- The output of these Internal Processes affects products' **Market Positioning.** This is the value customers see in the product and in the brand.
- **Market Positioning**, combined with the effectiveness and efficiency of **Internal Processes,** drives **Financial Performance**, namely profitability.

The strategy map helps the strategic plan remain balanced across people, processes, and products. It considers the needs of participants, the effectiveness of processes, the utility of products, the satisfaction of customers, and, of course, the organization's financial health.

CANVAS **STRATEGY**

STRATEGY
STORYBOARD
SYSTEM

PRODUCTIVITY | REVENUE GROWTH

1. FINANCIAL PERFORMANCE

Operation Objectives		Product Objectives		Marketing Objectives	
(copy from Vision) Operation Goals + Product Goals + Marketing Goals = Future Vision Goal (copy from Plan)					
OBJECTIVE FOR FLOW OR HIGHER UTILIZATION	OBJECTIVE FOR COST OR QUALITY	OBJECTIVE FOR GROWING CUSTOMER BASE	OBJECTIVE FOR GROWING CUSTOMER SPEND	OBJECTIVE FOR GROWING CUSTOMER BASE	OBJECTIVE FOR GROWING CUSTOMER SPEND
Reduce lead time thru cycle time & less stock-outs	Control the rise in COGS	Grow margins by expanding into Canada	Maintain USA Business at steady growth	Generate Canadian Sales through a distributor	
Goal: Order-to-Delivery 3-5 days	Goal: not more than 10% increase	Goal: Net Margin >55%	Goal: US Sales Volume +10% from 2016	Goal: \$0.5M Sales yr1 \$3M sales yr 3	Goal:

2. MARKET POSITIONING

Product A

PRODUCT: Cordda

3 Product A Strategy (see Plan)
Create Canadian product

Necessary Condition 1
Pass Canadian certification

Necessary Condition 2
Redesign/Retool for Canada

Market Need
High Quality needed to survive Canadian winter

Quality, Brand, Features, Service, Availability, Relationships, Price

From Vision 'Future'

Product B

PRODUCT: USA

4 Product B Strategy (see Plan)
Add product capacity for existing product

Necessary Condition 1
if canadian product modifications

Necessary Condition 2
are large, this will be difficult

Market Need
On-time delivery needed in competitive USA market

Quality, Brand, Features, Service, Availability, Relationships, Price

From Vision 'Future'

Brand

6 Brand Strategy (see Plan)
Promote product - Canada

Necessary Condition 1
Tradeshows booked

Necessary Condition 2
Promo/Adverts created

Tactics - Adverts/Promos/Tradeshows
1. Toronto
2. Montreal
3. (Vancouver?)
4.
5.

3. INTERNAL PROCESSES

Operation

Reduce lead times by....

1 Operation Strategy 1 (see Plan)
Decrease panel stock-outs

Necessary Condition 1
Renegotiate w/ S.Korea solar panel supplier

Necessary Condition 2
Increase panel inv.

MANAGEMENT SYSTEMS	NOW	THEN	PRIORITY
Stock-Outs	5%	<2%	2
Lead Time			
Cycle Times	8hrs	>6hrs	1
Work in Progress			
Parts Inventory	1 d	1.6d	3
Finished Inventory			

2 Operation' Strategy 2 (see Plan)
Decrease cycle-time

Necessary Condition 1
Faster stamping press changeover

Necessary Condition 2

KAIZEN PROJECTS	PRIORITY
1. Stamping press *	1
2. New machinery/flow layout	2
3.	
4.	

Sales & Support

5 Sales & Support Strategy (see Plan)
Get Canadian Distributor

Necessary Condition 1
Needs to be a NATIONAL distributor

Necessary Condition 2
Price must be right

CUSTOMER SUPPORT SYSTEMS		PRIORITY
~~First Call Resolution~~		
~~Response Time~~		
~~Claim~~		
Service Calls	Canda 0	

4. EMPLOYEE SKILLS

People

LEADERSHIP	TEAMWORK	INDIVIDUAL GROWTH
Communication Skill	Managing Teams Skills	'Meaning' Skills
Decision Making Skill	Organizing Work Skills	Autonomy Skills
	Knowledge Management Skills	Growth Skills
	Workforce Planning Skills	Impact Skills
		Connection Skills

Process

PLANNING	EXECUTION	EVALUATION
Analysis Skills	Work Visibility Skills	Data Collection Skills
Design Skills	Prioritization Skills	Analysis Skills
Elaboration Skills	Dependency Management Skills	Continuous Improvement Skills
	Hand-Off Management Skills	System Change Skills

Objectives

Profits can increase either by growing revenue or by increasing productivity. The Vision Canvas **defines** objectives for product, marketing, and operations. Those objectives are now further classified into being either 'revenue growth' objectives or 'productivity' objectives:

- **Revenue Growth Objectives.** Product and marketing strategies grow revenue in one of two ways:
    1. Growing the customer base
    2. Increasing the per-customer spend

- **Productivity Objectives. Operation objectives increase productivity in one of two ways:**
    3. Increasing flow or utilization
    4. Increasing efficiency and effectiveness of processes

Their business goals are set once the objectives have been elaborated and classified by growth or productivity.

Business Goals

Business goals define the financial or market purpose of the strategic plan, which is often related to profitability. Business goals can be either financial goals, operational goals, or market-related goals. The next step in creating the strategy map is defining a measurable goal for each objective. Business goals are set to grow the customer base, increase the per-customer spend, increase flow or utilization, and increase efficiency.

Strategies

Strategies are simply descriptions of the general approaches taken to reach objectives. They are the 'How'. "How to achieve the objectives?" Strategies must, therefore, be 'actionable'. That strategies are actionable is a key difference between them and objectives.

> 'Creating a Canadian product' is a strategy to increase margins, 'decreasing stock-outs' is a strategy to reduce order-to-ship-time times. 'Getting a Canadian distributor' is a strategy towards generating sales in Canada.

However, strategies are also different from tactics in that they are less prescriptive in *what* to do. It should be possible to execute a strategy using several alternate tactics.

Necessary Conditions

If a strategy is simply an approach to achieving the objective, then defining necessary conditions is a great way to decompose or clarify the strategy. There are many different uses and types of necessary conditions that can be defined. These include:

- **An Assumption.** Which if it is not true would lead to a revision of the strategy
- **A Dependency.** Something that has to happen before this strategy can succeed
- **A Success Criteria.** Something that the strategy must achieve to be successful

- **A Milestone.** An intermediate objective
- **An Elaboration.** As a further definition of the strategy.

Necessary conditions are often easier to change than strategies.

DECIDE MARKET POSITIONING STRATEGY

Product Strategies

A set of potential product and brand strategies were introduced in the Vision Canvas. Changing any of the four product dimensions counts as a product strategy. All strategies add features, increase quality, and change the product's availability. However, for these strategies to be actionable, specify 'how' to change the dimension.

> 'Adding features' becomes a strategy of 'adding features for Canadian certification,' and 'increasing 'quality' becomes 'increasing quality perception in the Canadian market.' 'Change the availability' becomes 'reduce lead

Brand Strategies

The brand involves how the product and company are perceived. The brand is its own dimension on the Competitive Positioning framework in the Vision Canvas. The brand strategy includes consideration of what the message is, who the audience is, and how the message will be delivered.

A brand isn't just advertising, of course - multiple factors determine the brand's nature. Ultimately brand is constrained by other attributes of the products and services and by the capabilities of the internal processes.

DECIDE INTERNAL PROCESS STRATEGY

Operations Strategies

Particular care is needed when defining operation strategies. Do not define them too narrowly. Avoid 'local optimization' - making one process better at the expense of overall system performance. To avoid this 'sub-optimization' effect, each high-level strategy must consider balancing system-wide throughput and performance with a local, more specific strategy. Creating strategies that are just vague enough to excite innovation and creativity while maintaining strong overall alignment with the strategic objectives can be challenging but very worthwhile when accomplished.

Sales & Support Strategies

Out of the seven dimensions of competitiveness, the two that most directly affect sales and support operations are 'relationships' and 'service'. A common mistake is when a well-meaning executive team creates aspirational objectives of being 'trusted advisors' and 'caring about the customer' while rewarding sales teams on closing transactions and not on building relationships or by outsourcing their support centers, thus creating barriers between themselves and their customers. It's OK to be transactional and not be cozy with customers, but the strategy should be honest, otherwise the organization will be confused and conflicted.

POPULATING THE STRATEGY CANVAS

When populating the Strategy Canvas, start with the financial goals (the ‘Financial Performance‘ layer) at the top of the canvas. Determine the strategies used to employ effective customer decisions (the ‘Market Positioning’ layer), and then what strategies will be used to improve results from operations and other processes (the ‘Internal Processes’ layer). Finally, determine what new skills and learning are needed (‘Skills and Competencies’ layer).

Once the map is populated, check for consistency of intent. Verify up, down, and across the map. A good strategy map will align the organization, allowing local autonomy while ensuring global optimization. It will get everyone rowing in the same direction.

SUMMARY

- Map out the causal hierarchy of goals, objectives, and strategies.
- Define strategies for external market positioning and internal process improvement.
- Ensure consistency and completeness of the intent of the plan.

Conversations

The Strategy Canvas is used to generate conversations about ‘how’ the individual pieces of the organization will coordinate to meet the purpose.

- Strategy is as much about what the company is ‘not’ doing as it is about what the company ‘is’ doing. What is the company doing that doesn’t directly fit into the strategy?
- For each initiative, what strategy precludes it? A sign it might just be a ‘pet project’ is if it is not supported by the strategy - in which case, don’t do it.
- Are the strategies unnecessarily limiting or broad? Do they provide actionable guidance while allowing for autonomous reactions to unfurling events?
- If the necessary conditions specify critical assumptions or dependencies, is there a plan to mitigate the impact or to change the strategy if the condition isn’t met?
- Are the goals for the objectives realistic and achievable given the strategies laid forth, or has wishful thinking taken the place of rationality?

THE PLAN CANVAS "WHAT?"

The Strategy Canvas was used in the previous chapter to map objectives to strategies. The Plan Canvas does that, too, but in a more formal matrix. The Plan Canvas is a tabulation of the organization's objectives, the strategies that will be pursued to meet those objectives, and the initiatives or projects that will be executed in pursuit of those strategies.

The information portrayed by the matrix is hierarchical. It starts with a statement of the future vision derived from the Vision Canvas.

The Plan allows the mapping of multiple initiatives to multiple strategies and multiple strategies to multiple objectives. This makes the Plan Canvas especially powerful.

1. **Objectives.** Why are we doing it? The top four objectives from the Strategy Canvas.
2. **Strategies.** How are we doing it? It was transcribed from the Strategy Canvas.
3. **Initiatives.** What we are doing is ensuring that all the "necessary conditions" from the Strategy Canvas are met.
4. **Responsibilities.** Who is doing it?

Sunbeam Solar Case Study

Executing Sunbeam's strategy will take four significant departments to tackle ten initiatives. The X matrix maps These initiatives to Sunbeam's vision and goals.

Future Vision. Summarizing the combined goals from its objectives, Sunbeam hopes to do at least half a million in sales in the first year and grow this to three million dollars within the first three years. Commensurate with the idea of growing margins, it hopes to achieve a 55% net margin or more.

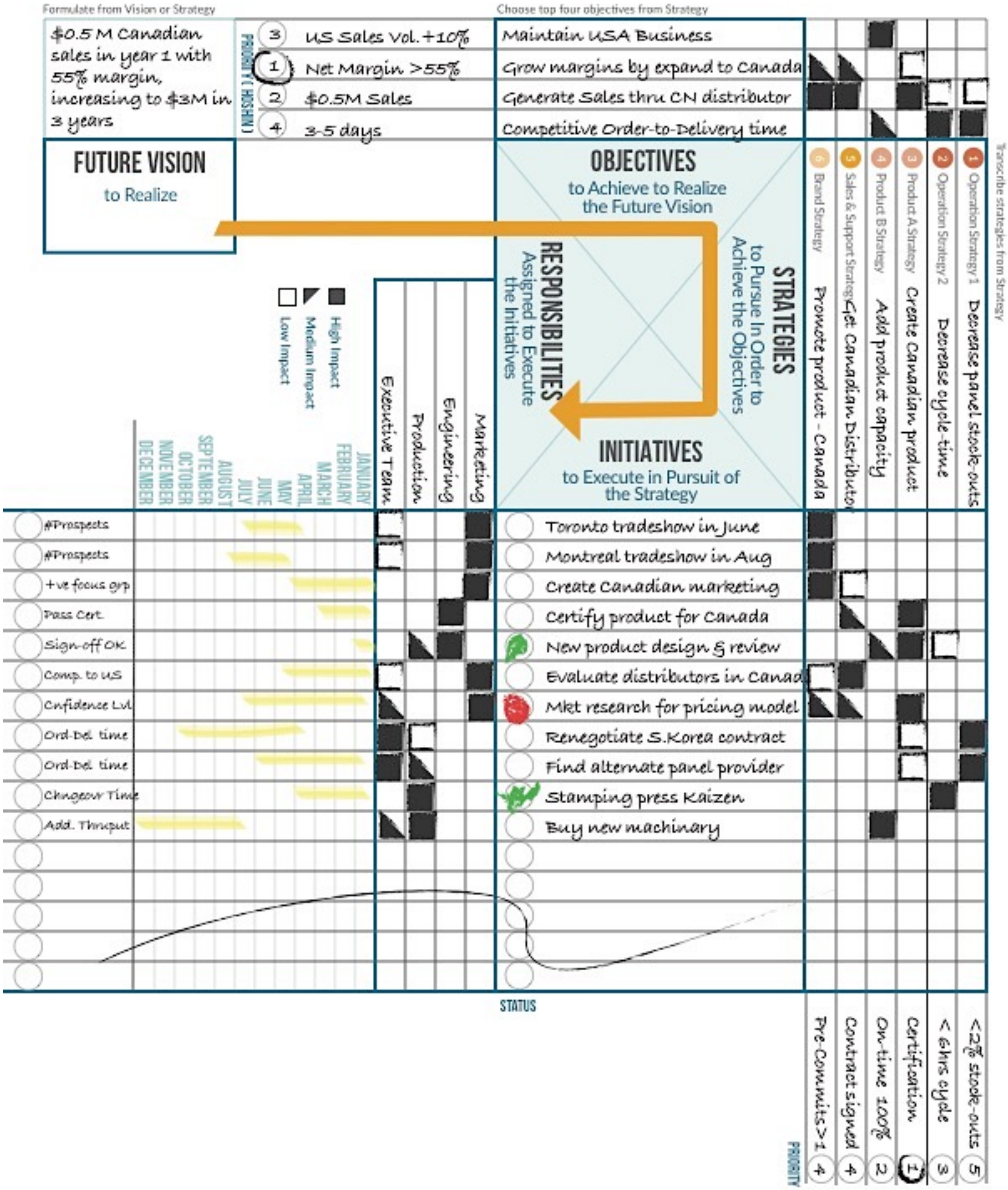
Objectives. On the Strategy Canvas, Sunbeam specified five different objectives. When considering which ones to prioritize, limiting the Cost of Sales looks the most redundant, being included under the 'Grow margins by expanding into Canada'. Therefore, the four objectives Sunbeam will focus on are: (1) to maintain its US business, (2) to grow margins, (3) to sell into the Canadian market, and (4) to reduce the order-to-delivery time. Of these, margin expansion is the 'Hoshin' (primary goal). The main reason for all the others ultimately is to increase margins.

Strategies. Sunbeam's strategies were defined on the Strategy Canvas. So were some of the outcomes, such as the desired outcome of less than two percent stock-outs and a 6-hour cycle time. Other outcomes can be defined now. Sunbeam has decided to judge the success of its Canadian promotions as getting at least one pre-committed sale. As far as getting a distributor is concerned, Sunbeam will declare victory once the ink has dried on the contract.

Initiatives. Sunbeam wants to make it clear which initiatives will require input from the Executive Team and which won't. The matrix clarifies that the Executive Team will lead the contract negotiations with Korea almost exclusively but will work with production on finding an alternate supplier. Certifying the product in Canada will be left to Engineering. Success criteria (intended results) are also specified.

Sunbeam can use the X matrix to succinctly communicate to Marketing, Engineering, Production, and the Executive Team what activities they should prioritize and how those activities fit into their plan to prosper in the margin-rich Canadian market.

CANVAS **PLAN**


Formulate from Vision or Strategy
$0.5 M Canadian sales in year 1 with 55% margin, increasing to $3M in 3 years
FUTURE VISION
to Realize
PRIORITY (HOSHIN)
3 US Sales Vol. +10%
1 Net Margin >55%
2 $0.5M Sales
4 3-5 days
Choose top four objectives from Strategy
Maintain USA Business
Grow margins by expand to Canada
Generate Sales thru CN distributor
Competitive Order-to-Delivery time
OBJECTIVES
to Achieve to Realize the Future Vision
STRATEGIES
to Pursue In Order to Achieve the Objectives
RESPONSIBILITIES
Assigned to Execute the Initiatives
INITIATIVES
to Execute in Pursuit of the Strategy
High Impact
Medium Impact
Low Impact
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
Executive Team
Production
Engineering
Marketing
Transcribe strategies from Strategy
1 Operation Strategy 1 Decrease panel stock-outs
2 Operation Strategy 2 Decrease cycle-time
3 Product A Strategy Create Canadian product
4 Product B Strategy Add product capacity
5 Sales & Support Strategy Get Canadian Distributor
6 Brand Strategy Promote product - Canada
#Prospects
#Prospects
+ve focus grp
Pass Cert.
Sign-off OK
Comp. to US
Cnfidence Lvl
Ord-Del time
Ord-Del time
Chngeovr Time
Add. Thruput
Toronto tradeshow in June
Montreal tradeshow in Aug
Create Canadian marketing
Certify product for Canada
New product design & review
Evaluate distributors in Canada
Mkt research for pricing model
Renegotiate S.Korea contract
Find alternate panel provider
Stamping press Kaizen
Buy new machinary
STATUS
Pre-Commits>1 4
Contract signed 4
On-time 100% 2
Certification 1
< 6hrs cycle 3
<2% stock-outs 5
PRIORITY

THE X MATRIX

Origin and Purpose

The X matrix owes its name to the characteristic ‘X’ in its center. Originally created as part of the Japanese strategy deployment framework “Hoshin Kanri”, it is a powerful presentation tool that captures a lot of information on one page. The originators wanted to depict the often subtle and complex ways corporate objectives related to the teams, initiatives, and strategies. The X matrix goes a long way to address the problems of visibility, transparency, and alignment with implementing organizational strategies and initiatives. Especially those situations where departments work independently.

Information is displayed on a grid divided into four quadrants arranged around a central axis.

Causal Hierarchy

The X matrix displays the same causal hierarchy from the Strategy Canvas but now adds initiatives and teams, so the hierarchy is revealed as vision>objectives>strategies>initiatives>teams.

The top of the hierarchy (the top-level corporate objectives and goals) is always shown on the left (at nine o’clock). The matrix is read going clockwise from 12 o’clock to 9 o’clock. At 12 o’clock are the objectives (‘Why?’), at 3 o’clock are the strategies (‘How?’), at 6 o’clock the initiatives (‘What?’), and 9 o’clock the teams or people responsible for doing the work (‘Who?’).

Each hierarchy level is linked to the one above and below it by a pair-wise matrix. The matrix indicates the strong causal relationship or association between the pairs of elements across each level.

Usually, four degrees of associative strength are used in the pair-wise matrix - ‘High,’ ‘Medium,’ ‘Low’, or ‘None.’ The exact interpretation of the scale differs around the matrix, of course. For example, between ‘Responsibilities’ and ‘Initiatives’, the ‘High’ status is interpreted as the team having ‘primary responsibility’. However, between ‘Initiatives’ and ‘Strategies’, the ‘High’ status would be interpreted as ‘the primary purpose of this initiative’.

In addition to capturing the causal association between levels, the X matrix also captures which indicators are tracked for each objective, strategy, and initiative.

CHOOSE THE RIGHT INDICATOR

It is a management truism that ‘you get what you measure’, so it is important to develop a common understanding of the difference between the various types of indicators and when to use each one. For the purpose of this book, these are the definitions used for the four primary types that indicators fall into:

- **Activity Indicators.** “Is the plan being executed?” For example: on time or on budget (Team & Project Managers care)

- **Initiative Results.** “Was the plan successful?” For example: solved customers’ problems or decreased turnaround times (Middle Managers care)
- **Strategy Outcomes.** “Did the results of the initiatives have their intended effect on the strategic business drivers?” For example: increased market awareness or increased quality perception (Executives care)
- **Business Goals.** “Did the strategies lead to the desired business goal?” For example: higher profitability or greater market share

Illustrations of these four types are used in the Sunbeam Solar example.

Don’t Use Activity Indicators On The Plan Canvas

Activity indicators quantify things directly under the control of, or directly affected by, team members. They track progress and/or activity. Goals and targets can be easily set for teams or individuals for this type of indicator. How many times stock-inventories are taken, how many orders are made, and how many hours are worked? Are we on budget? Are we on schedule? Project managers and team members track these to ensure initiatives are being worked on. However, just because some activity occurs doesn’t necessarily mean it is yielding results. Activity indicators should not be used on the Plan Canvas.

Use Initiative Results For Evaluating Projects and Initiatives

Choose indicators that measure what the initiatives are meant to achieve. These should be as direct ‘results’ of the initiative as possible. Result indicators like these are used to track the progress of the initiative or evaluate the success of the initiative. Were stock-outs reduced to under two percent? Was the stamping press changeover time reduced, and if so, by how much? These direct results determine if an initiative has achieved its intended results.

However, often, these results are less important. Even if the initiative achieves its narrow objectives, it doesn’t necessarily mean it has succeeded from a business perspective. For example, it could happen that the initiative to reduce stock-outs might reach its target of less than two percent, while the real desired outcome - a reduction in cycle time - might not materialize. Therefore, often, it is more appropriate to look at higher-level indicators - these are the outcome drivers. Those are defined next.

Use Outcome Drivers to Evaluate Initiative Effectiveness

Choose strategies with the belief that the outcomes of those strategies will ‘drive’ the business goals.

All seven dimensions of competitiveness - enhanced brand, lower price, better service, enhanced relationships, greater availability, better features, and higher quality - are, by definition, business drivers. For Sunbeam, the outcome of reducing order-to-delivery times down to three to five days affects a business driver because making the product more readily available is expected to help drive sales.

Of course, there may be some direct productivity benefits to reducing the order-to-delivery time, but that isn't why Sunbeam is doing so - it is doing so to drive sales by increasing availability.

Outcome metrics ensure that the business strategy is executed and that initiatives are effective. Surveys such as Win/Loss Analysis or Net Promoter Scores and other marketing techniques are often used as indicators of business drivers (see section 'The Sales and Support Worksheet' later in this book).

However, even after targeting business drivers, there is no guarantee that the business goals will materialize as hoped.

Use Business Goals to Define The Future Vision

The top-level, financial, and business goals capture what the business tries to achieve in its future vision. Is the purpose market growth? Increased market share? Increased revenue? Decreased costs? Increased sales? Higher renewal rates? For Sunbeam, achieving margins of 55%, and sales of $3 million over three years are Sunbeam's business goals. Business goals tend to have these common attributes:

- They are not under the control of the organization but of outside forces.
- They are lagging indicators.
- Many things influence them, the current strategies being only a few of those.
- They won't be known until long after the initiatives are finished.

For these reasons, it is often not necessary to track progress toward these goals during the execution of the plan itself. Knowing what they are and the direction and order of magnitude in which change is desired is enough to provide the alignment necessary to execute the initiatives and strategies.

POPULATE THE X MATRIX

The X matrix is populated by starting at the top level (objectives) and working around clockwise to the teams and responsibilities. However, populating the X matrix is often an iterative process. Working clockwise and counter-clockwise around the X matrix is common to ensure that initiatives support the objectives.

Future Vision & Objectives

The Future Vision statement is in the top left corner of the Plan Canvas. The future vision statement answers the question, 'Why are we doing this?'. The answer is expressed in terms of the financial and market goals.

The financial and market goals from the vision come from the objective goals. Note that when defining objectives, there will be some consolidation and refinement when comparing the Strategy and Plan Canvas. This is by design. The Strategy Canvas allows up to six objectives.

However, having more than four main objectives complicates and confuses the focus. Being rigorous about choosing a primary goal (the ‘Hoshin’ in Japanese) is another way to maintain alignment with a singular purpose.

Strategies

Moving around the matrix clockwise to 12 o’clock is a strategy. Strategies are the approaches that are employed to achieve objectives. They are the answer to ‘How’. If the Strategy Canvas is completed, it can be transcribed directly. Strategic outcome-based indicators are used on the X matrix when measuring progress or evaluating success.

Initiatives

Continuing to move around the X matrix clockwise to 6 o’clock comes to initiatives. Initiatives are the activities that must be executed to fulfill our strategies. They are the ‘What’. On the X matrix, it’s most important to capture larger initiatives that span multiple teams or that work towards multiple strategic objectives rather than smaller tasks or projects.

The Plan Canvas is not supposed to be a full project plan, but it should be possible to track the high-level status of initiatives with it. Use ‘results’ indicators when tracking progress or evaluating the success of initiatives.

VERIFY THE PLAN

Here are some general rules to help check that the plan is complete, coherent, and that the X matrix has been filled out satisfactorily:

1. A primary ‘Hoshin’ objective has been identified.
2. Should all the objectives be achieved, the vision will be realized.
3. Each initiative has one, and only one, primary team responsible for it.
4. Each strategy has at least one associated ‘high impact’ initiative or multiple initiatives of ‘low’ or ‘medium’ impact.
5. Each team/person has at least one initiative associated with it.
6. Each objective has at least one strategy associated with it. Again, if none are ‘high impact’, multiple strategies would apply.
7. Initiatives are expected to achieve the results planned for.

SUMMARY

- Create a causal chain between initiatives, strategies, objectives, and business goals & future vision.
- Track progress and evaluate success with result indicators for initiatives, strategy outcome indicators for strategies, and business goals for objectives.

Conversations

The conversations around the Plan Canvas can be very interesting just because the X matrix covers just so much - all the way from individual teams and time-lines, to the future vision of the organization itself. Here are some things that might be talked about:

- Is the right set of indicators used at each level of strategy plan?
- Are there any projects, initiatives and activities that don't fit into the strategy (as defined here)? What might be some reasons to stop doing them?
- Is the focus on activity indicators instead of results and outcomes?
- Are initiatives independent, or do they depend on other initiatives also being completed before any real business benefit is realized? If so are those initiatives being coordinated in any way?

Gaining Context Through Worksheets

Section Overview

The four worksheets presented in this section are more detailed and data-driven than the canvases. These worksheets are both an extension of and a departure from the canvases. Going beyond a conversation, their purpose is to provide greater factual context. With greater context, higher-fidelity future visions can be formed, more informed strategies can be developed, and better day-to-day decisions can be made. The individual worksheets are also a precursor to the storyboard.

- **Market Position Worksheet:** Placing the organization's internal capabilities in the broader context of the market in which it operates.
- **Product Worksheet:** Placing the product in the context of the needs and market power of the customer and the customer chain.
- **Operation Worksheet**: Placing operations throughput in the context of flow and quality.
- **Sales & Support Worksheet**: Placing sales and support in the context of customer interactions.

Although the Solarbeam Case Study will not be discussed in depth in this section, the example is expanded to demonstrate how the worksheets might be filled out in Sunbeam’s case.

THE MARKET POSITION WORKSHEET

The Market Position Worksheet goes beyond the product-orientated perspective of the Vision Canvas. This worksheet puts the business in the context of the marketplace of its customers and competitors. The worksheet has three areas of focus:

- **Financial Health.** Revenues, margins, profits (losses) paint a picture of how robust the organization is.
- **Internal Capabilities.** Internal factors such as competencies, non-competencies, strengths, and weaknesses define what the organization is, and what it is not.
- **External Positioning.** External factors such as market threats and opportunities, market drivers, determine how the organization should position its brand in the marketplace.

FINANCIAL HEALTH

Share as much information as possible. Businesses tend to be very guarded (for some very good reasons) about sharing too much financial information. However, workers cannot be expected to make informed decisions if they are not actually informed. For the vast majority of people, when people are treated like adults, they behave as such.

The selection of the actual financials and ratios will depend on the narrative employees use when making decisions. So, choose carefully. However, financial health mostly boils down to either how liquid or productive the company is. Here are a few examples:

- **EBITDA.** A cash-flow proxy that looks at earnings before interest and tax payments and before the non-cash depreciation and amortization adjustments.
- **Quick Ratio.** The ratio of cash and near-cash to current liabilities. A ratio above one is considered good.
- **Receivables and Payables.** Indicate how promptly the company gets paid by its customers and pays its suppliers.
- **Operating and Net Margins.** Both are productivity measures.

Trends are often more important than the actual levels. It may be more appropriate to capture year-on-year growth rates or changes in levels rather than the actual sales, net profit, or expenses. Doing so also makes it easier to share this information with employees.

INTERNAL CAPABILITIES

Competencies and Non-Competencies

‘Competencies’ and ‘Non-Competencies’ are related to the SWOT analysis's ‘Strengths’ and ‘Weaknesses’ dimensions (see below). Competencies are activities and products that the company intends to do internally. Non-competencies are those things that are candidates to be outsourced, eliminated, or strengthened. On the one hand, the more focus placed on making things cheaper, better, or more effective, the stronger the in-house competency on improvement. On the other hand, the more that is outsourced, the more dependencies and fragilities are introduced, and the less resilient the business becomes.

A full competency analysis starts with a list of all the activities necessary for operating the organization. Each is ranked by:

1. Whether the skill to perform the activity exists in-house
2. Whether it is core/differentiating/strategic or if it is a commodity/low-value activity.
3. How difficult it is/would be to outsource.
4. What opportunity costs are incurred if the activity is accomplished in-house?
5. What additional risks would be exposed to if this was taken in-house or outsourced.

Points to bear in mind:

- Just because the company is good at it doesn't mean it should continue.
- Just because outsourcing might be cheaper doesn't necessarily mean the activity should be outsourced.

SWOT Analysis

A 'Strengths, Weaknesses, Opportunities, and Threats' (SWOT) analysis is used to identify internal and external factors that are favorable/ unfavorable to the vision or objective. SWOT can be used to explore new possibilities in the early phases of developing a vision or objective. The degree to which the firm's internal environment matches the external environment is expressed by the concept of strategic fit.

SWOT Analysis is a generic and powerful tool. However, familiarity with the technique can lead to laziness and poor results. Some of the pitfalls to avoid are:

- Simply defending previously decided goals and objectives
- Being misled by not thinking deeply enough and not going beyond the obvious.
- Not getting broad enough involvement from all levels of the organization with different perspectives
- Compiling lists without logically focusing on the strategic relevance of each
- Failing to evaluate, prioritize, and determine likelihood properly

WORKSHEET **MARKET POSITION**

Financials	2015	2016 (E)	2017 (F)
Sales	5.3m	5.8m	6.5m
Net Profit	2.5m	3.0m	3.5m
EBTDA	3.2m	3.8m	4.4m

Employees	2015	2016 (E)	2017 (F)
Salaried	6	7	8
Hourly	28	33	39

Financial Ratios	2015	2016 (E)	2017 (F)
Quick Ratio	.48	.52	.55
Net Margin	.48	.51	.56
Operating Margin	7.3	8.2	?
Sales/Empl	120K	140K	160K

Competencies

1. Frame Design
2. Frame Manufacturing
3. International Sourcing
4.
5.

Strengths

Design, Fabricate & Build in-house

Established Sales Force

Superior Frame Design (weight & Life Expectancy)

Direct Access to Designers

Weaknesses

New to International Sales

Small National Presence

Dependance on Foreign Supplier

Canada - No Name Recognition, No Sales Record, No Distribution Network

Non-Competencies

1. Photo-voltaic Design
2. PV Manufacturing
3.
4.
5.

What We Are

Solar Panel Supplier to Harsh Environments

- High Quality
- High Reliability

Opportunities

Low Regulatory Differences to Canadian Market

Geographically close and Culturally Similar

Threats

Canada Solar Is #2 In The World

China Has 7 of top 10 Modular Producers

New/Emergent Technology

Easy Market Entry

$$ Incentives Ending

What We Are Not

Photovoltaic Supplier

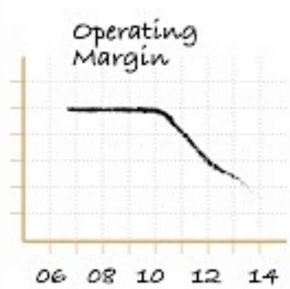
Low Cost

Unique Advantage

Lighter Frame

Robust Frame

Durability



Brand Vision

Premier Manufacture of Durable Solar Panels

Campaigns

1. Trade Shows
2. - Chicago
3. - Buffalo, NY
4. - Toronto
5. - Montreal
6.

Market Drivers

1. Durability
2. Availability
3. Price
4.
5.

Marketing Plan

US - Expand Through
- Distributors
- Trade Shows

Canada - Enter Market
- Distributer
- Trade Shows
- Targeted Advertising

The SWOT Matrix

	POSITIVE	NEGATIVE
INTERNAL	**Strengths**: Characteristics of the business that give it an advantage over others, or a particular ability that allows the organization to exploit opportunities or avoid threats.	**Weaknesses**: Characteristics of the business that place the organization at a disadvantage relative to others or its ability to achieve its objectives.
EXTERNAL	**Opportunities**: Elements in the environment that the organization could exploit to its advantage.	**Threats**: Elements in the environment that could cause trouble for the organization.

What The Company Is, and What It Is Not

One of the most powerful things to do to create alignment and improve autonomous decision-making is define what the company is not - what the company doesn't stand for, what to exclude, what the company is not good at, where the company 'draws the line.'

EXTERNAL POSITIONING

Market Drivers

Markets are sensitive to certain levers or drivers that affect the market dynamics and create winners and losers. A driver may be a particularly strong distributor or supplier, or it may be an industry dynamic. Where are the pressure points? Is the market price-driven, or is quality valued more? Is it highly subject to regulation or politics? The challenge is to identify a driver, and then use a 'unique advantage' to exploit it.

Unique Advantage

The company's unique advantage is where internal capabilities intersect with market drivers to create a value proposition that enables the business to survive and thrive. Knowing which of the things the company is good at, and that the market actually values, is more difficult than it sounds. We are all blinded by our pride and by our past successes.

Don't continue to be the maker of the best buggy-whips, when the market is in the process of moving to automobiles. A unique advantage will change over time as the company grows, and as the market changes. Revisit unique advantage often, and when it changes, make sure the whole organization knows it.

Brand Vision

A great brand vision will synthesize internal values, culture, capabilities, and goals, with the external market and unique advantage.

Aspirational and wishful thinking in this area should be resisted. For brand vision to resonate inside the organization, leadership must communicate it clearly, concisely, and act consistently. If the management style is conservative and thoughtful, a brand vision of 'Just Do It' will be dismissed internally as reckless. If the management style is reactive, a conservative and thoughtful approach is seen as stifling and constrictive. Remember, a leader's actions speak louder than words. Remember, people are always watching; check to ensure actions match the words.

Marketing Plan

Deciding what audiences to target and what message to convey is the first step in communicating the brand vision. The tone set in external messaging and the priorities created in the market will be informed by and will help define the priorities of products and operations.

The marketing plan is a road map to where the company wants to go and how to get there. Scott Michelson of SDM Marketing (http:// sdmmarketing.com) has created a 'One-Page Marketing Plan' that provides a logical framework for creating a marketing plan. It comprises seven sections, which flow into each other. Following this pattern will give another path to understanding the canvases of Vision, Strategy, and Plan.

1. **Future Vision.** The high-level statement of what the company is trying to achieve.
2. **Marketing Plan Overview.** A statement of key accomplishments and special events for the coming year. For example, sales goals, new product/service introductions, changes, and new markets.
3. **Target Audience.** A description of who the company is trying to reach with its message. The more focused the message, the more effective the message will be both in terms of content and placement.
4. **Brand Position.** The primary brand message that is communicated to the target audience. What differentiates the company from the competition?
5. **Brand Objectives.** A list of achievements for the year. These should be quantifiable, with a time frame for when and how to measure it.
6. **Strategies.** An explanation of how objectives are expected to be met. Each objective should be tied to a strategy. For example, the marketing strategy from the case study is to promote the product in Canada.
7. **Tactics.** The actions needed to execute the strategy. Which trade shows? What advertising? What promotions?

Knowing how and where to communicate with the market and customers is valuable. A customer- and market-focused organization brings the customer into the heart of the strategic planning process and keeps the customer front and center throughout execution.

Conversations

This is the high-level view of the industry, where the organization is now, and where it is going. This is where there should be great discussions among the leadership. Everyone sees the world differently. This is where assumptions are discussed and challenged. Not only other people's assumption, but our own.

- What financial information would be helpful and actionable on the Shop Floor? One of the great advantages of a privately-held company over a publicly-listed one is the ability to share information more freely.
- The two sections **"What We Are"** and "**What We Are Not"** are particularly suited to be discussed extensively. Welcome disagreements and healthy debate with colleagues, because only by flushing out the arguments for and against will buy-in be achieved throughout the organization.
- Do employees believe the brand vision? How do they reflect that?
- Do customers believe the brand vision, and will they pay for it? How do you know?

SUMMARY

- Understanding financial health - the company's fragilities and strengths - will enable employees to act in the company's best interest.
- Understanding how the company fits into the market and living, breathing, and communicating that all day, every day internally and externally, will eventually get the company on the cover of *Time Magazine* or *Forbes*.

THE PRODUCT WORKSHEET

The Product Worksheet extends the product analysis previously started on the Vision Canvas. One worksheet is completed for each major product or product line. Putting products in the context of the needs of buyers and users. The worksheet has three areas of focus:

- **Needs**: Know the problems customers are trying to solve and the differences between buyers and users to define the value proposition better.
- **Competitiveness**: Know how the company compares with competitors in meeting the market needs to define market position better.
- **Profitability**: Understand the degree to which other partners in the supplier and customer chains are benefiting to manage partner relationships better.

WORKSHEET **PRODUCT**

Product Line

Canadian Solar Panels

Profitability Analysis

Cost of Sales	Limit to 3% of US		
Distribution	Limit to 3% of US		
Fees			
Commission	$400/KW/MO		

Discounts			
Retail Price	$9 CAD/KW		
Gross Margin	$1 CAD/KW		
Net Margin			

Top Customers

1. Residential Builders
2. Commercial Builders
3. Residential Remodelers
4. Commercial Remodelers
5. Private Retro-Installation

Market Need

Durability to Withstand Harsh Winters

Buyer Persona

Job Title Contractor

Key Activities

Installation

Buying Criteria

- On-Time & Fast Delivery
- Defect Free
- Easy To Install
- Weather Proof

User Persona

Job Title Maintenance Manager

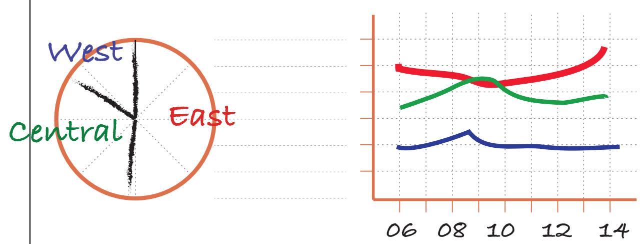
Key Activities

Routine Maintenance
Repair - Breakdown

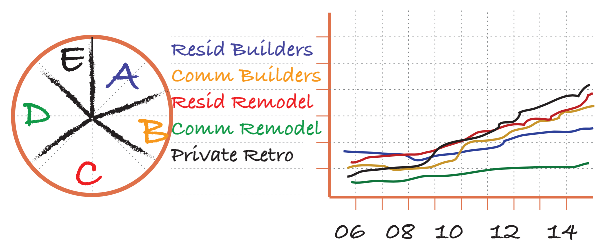
Wants/Needs/Dislikes

- Durable
- Reliable
- Maintenance Free
- Clean Installation

Sales By Region



Sales By Segment



Key Quality Characteristics

	BUYER	USER
BASIC	Installation Instructions Shipping Protection No Assembly No Modifications	Maintenance Instructions Performance As Advertised Operational Instructions
PERFORMANCE	Short Lead Time Easy To Order Simple Options Light Weight	Durable Internet Performance Status Easy to Operate Easy to Maintain
DELIGHTERS	Easy Installation No Custom Fitting Free Shipping Preffered Buyer Program	Color Status Alerts Auto Diagnosis

Competitor Gap Analysis

FEATURE	Sunbean Solar	Sunny Power	Xanady	Canda Solar				
1. Efficiency	0	+3	-2	0				
2. Life (yrs)	20	13	10	14				
3. Install	+2	-3	+4	0				
4. Weight (lbs)	34	45	52	40				
5.								
6.								
7.								
8.								

NEEDS

Market Needs

People don't need a product. What they need is a solution to a specific problem that they have. What problems are customers trying to solve?

A specific product is just one possible way they can solve their need. Sometimes 'breakthrough' thinking can be achieved by considering the underlying problems that products are designed to 'solve'. For example, imagine ways the problem could be eliminated (there would be no need for refrigeration if food didn't spoil). Drilling into the underlying market needs can be like opening a nesting Matryoshka Doll. Problems are often just symptoms of other underlying issues. How many layers of study is a matter of judgment.

Buyer and User Persona

Persona are stereotypes of customers. Persona allows us to look at our products with the eyes of a 'representative' customer. It is often useful to separate the *buyer* (the person making the purchase decision) from the *user* (the person having to live with the purchase). This is especially true in multi-step distribution chains and business-to-business situations where the buyer/decision-maker and the user often differ. In these cases, 'why buyers buy' may differ from 'why users use' the product. Understanding these differences in priorities and requirements of buyers and users is important. Also important is understanding the relationship between the buyer and the user and where the power in the purchasing and re-purchasing decision lies.

Customers and Customer Segments

It's useful to see where customers come from and how this may change. There may be seasonal differences in customers that could be relevant to strategy execution or perhaps a long-term trend.

The Kano Model

Not every aspect of a product is equally valuable to the buyers and users. The Kano Model is a theory of product development and customer satisfaction.

Professor Noriaki Kano and his colleagues developed a way to explain how customers perceive and evaluate quality. The model is two-dimensional and used for individual attributes.

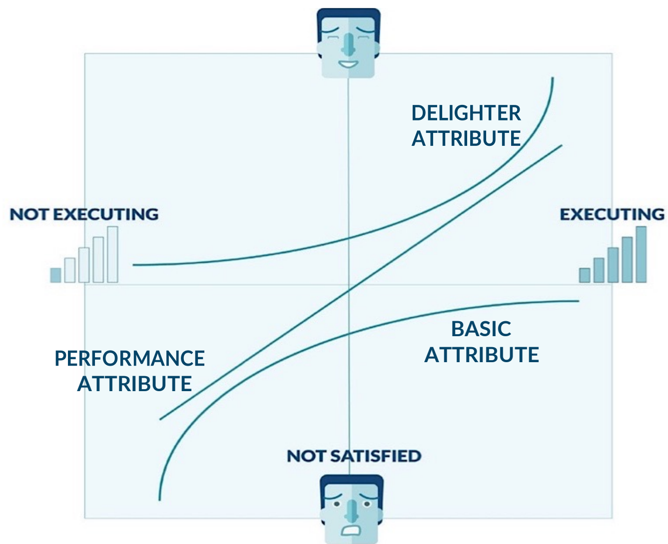
The model consists of two axes. The horizontal axis is the 'Execution' (poor to excellent), how well the product or service fulfills the customer's requirements. The vertical scale is the customer's satisfaction (high to low). According to the Kano Model, perceived quality has three main categories.

- **Basic Attributes.** 'Threshold' features that, without, the product isn't complete. When these are present, they are taken for granted, but customers will be extremely dissatisfied when absent. It's worth noting that consumers are often indifferent to improvements in basic features. More effort might be needed to differentiate the existing product in other ways. Examples of basic attributes are steering on a car or the ability to undo a delete in a word processor.

- **Performance Attributes.** The more relevant the Performance Attributions are to the customer's needs the greater the customer satisfaction. There is often a trade-off analysis against cost. As customers start to rate attributes as more and more important, the company has to ask itself, "How much extra would they be willing to pay for this attribute?" and "Will the increase in the price for the product for this attribute deter customers from purchasing it?" Examples of performance attributes include cell phone battery life and camera resolution.
- **Delighter Attributes.** Unexpected or 'luxury' attributes that, as the name suggests, 'delight' the consumer. Apple products abound in these - some are obvious (Siri, iTunes integration with the iPod when it first came out) others are less obvious (simple controls, elegant designs).

Product attributes will drift over time from being a Delighter Attribute to a Performance Attribute and finally becoming a Basic Attribute. The drift is driven by customer expectations and by the level of performance from competing products. At one point, power steering, radio/music systems, and electric windows were all a 'Delighter' attribute. Now, those are expected in any modern car.

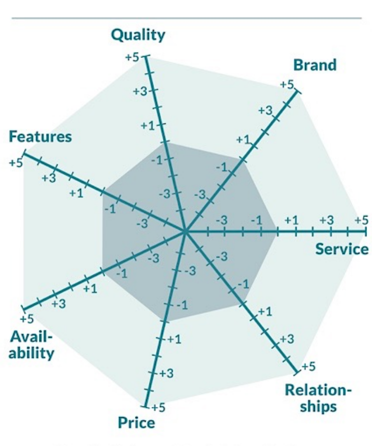
The Kano Diagram of Customer



COMPETITIVENESS

Gap Analysis

A gap analysis compares an existing product to the competitors. It can be performed using the seven dimensions of competitiveness (see Appendix A). Take the product attributes from a gap analysis and categorize them into the seven dimensions of competitiveness: quality, features, availability, price, relationships, service, and brand. The competitive position can be calculated by converting these comparisons into relative scores from plus five to minus five. Adjust this scale down for factors that the market does not consider important.



Scoring is done relative to market competitors. For each dimension, +5 means the market leader in that category, and -5 means the market laggard. Calculate an average score for all attributes in each dimension. Adding up, all seven scores should produce a total of around zero. It should be about zero because for every attribute that is scored positively, it is expected that there will be one or two that are scored negatively.

PROFITABILITY

How are the profits being shared across the value chain of suppliers and distributors? Who is dictating the terms and taking the profits? What market power does the company have – is the company a price-setter or a price-taker? Understanding the dynamics of distribution chains helps make better partner decisions.

SUMMARY

- Understand customers - where they are, who they are, what they need, why they buy, and why they use the product.
- Understand the dynamics of the product's value chain, where the profits are, and where the company fits into that ecosystem.

Conversations

Giving workers a richer context of buyers and users of product might help change the way workers see themselves and each other. Often with a specialized workforce, each discipline looks at the problem from their own specialty and perspective. Each will have quite different views on what the problem is, and what really drives the buying decisions of customers.

- Why do customers need your product (rather than someone else's, or none at all?
- Are there ways to make the product more profitable?
- If the customer base is changing, how will the change affect the product's value proposition and its profitability?

THE SALES & SUPPORT WORKSHEET

The Sales and Support Worksheet extends the analysis started on the Strategy Canvas to look deeper at the internal processes that support customers. The worksheet puts sales and support in the context of customer interactions. It has two areas of focus:

- **Sales**: Know who your distributors are, how much it really costs to obtain new customers, how valuable existing customers really are, and why customers buy from your company or a competitor.
- **Support**: If the product is fulfilling its promise and meeting market needs, then customers will come back

WORKSHEET **SALES & SUPPORT**

STRATEGY
STORYBOARD
SYSTEM

Sales

Need to buildup and train Canadian Sales Force

Hire additional regional Manager

Improve order accuracy

Service

Use Existing Call Center

Extend hours to cover early East Coast Construction

Hire French Speaking Rep.

Top Service Calls

1. Fogged Glass
2. Poor Installation
3. Does Not Connect to Existing System
4.
5.

Top Complaints

1. Wrong Order
2. Wrong Address
3. Missing Parts
4. Late Delivery
5. Shipping Damage
6.
7.
8.

Distribution Channels

CHANNEL	PRODUCTS	VOL.	CAC	QTY	CONV. RATE
1. Distributer	Medium Panels Small Panel	35%	5K		3.4%
2. Co. Website	Custom Panels	5%	2K		4.8%
3. System Developers	Panel Kits	17%	4K		2.3%
4. Retailers	All Panels	23%	8K		5.8%
5. Sales Rep	All Panels	16%	3K		8.1%
6. Samples		4%			1.8%
7.					
8					

Repeat Customers

CUSTOMER	LAST SALE	TLCS
1. Beacon Roofing	11/16	800K
2. Kodiak Building	8/16	950K
3. Champion Homes	10/16	447K
4. Live Oak Homes	3/16	1.1M
5. McCarthy	12/16	1.M
6. WA State Gov.	11/16	521K
7.		
8.		

Customer Support

First Cal Resolution	68%
Response Time	24hrs
Churn	
Service Calls	24/yr
Breakdowns	12/yr
Maintenance	62/yr
Net Promoter	

Win/Loss Analysis

CUSTOMER		Lost To	Criteria For Selection
Acme	↑		Successful Implementations
FleetWood Homes	↓	Suny Power	Technical Fit
Skyline Homes	↓	Xanady	Vender Size
Yukon Commercial	↑		Ease of Use
Beaver Lumber	↑		References
Oregon State Gov.	→		(Under Review)

New Customers

CUSTOMER	PRODUCT	$
1. Acme	Small Panels	15K
2. Horton Housing	Medium Panels	250K
3. Yukon Commercial	All Panels	830K
4. Beaver Lumber	Panel Kits	25K
5.		
6.		
7.		
8.		

SALES

Conversion Rate

The conversion rate for a marketing channel (such as a distributor or website) is the ratio of potential customers who go through the channel and those who actually become customers. Watch for changes in conversion rates to detect impending issues.

Customer Acquisition Cost

Customer Acquisition Cost (CAC) is just what it sounds like: the cost associated with acquiring a new customer. It is inclusive of the product cost as well as the cost involved in research, marketing, and accessibility costs and is typically expressed as a ratio — dividing the sum total of CAC by the number of additional customers acquired by the business as a result of the customer acquisition strategy. CAC will typically increase as a business matures, and it is typical to see a diminishing return on CAC as a business grows in size and possibly geographical distribution. At some point, a given customer acquisition strategy will get to the point of being unprofitable, so looking at CAC across distribution channels will help be more effective not only in marketing and advertising strategies but also in managing distributors.

Lifetime Value

The Customer Lifetime Value (CLTV) is the flip side of the CAC. If customers are going to stick around and make multi-year purchases, then obviously, it makes sense to pay a bit more to get them in the first place, and to that end, the CLTV provides an upper limit for the CAC.

Theoretically, CLTV is calculated as the present value of all net cash flows during the entire relationship. Two other concepts linked to CLTV are retention rates (the percentage of customers that repurchase from year to year) and its converse, the churn rate (the percentage of customers that don't repurchase). A rough formula for when margins and retention rates are constant (ignoring the discount rate) is:

$$\text{CLTV (\$)} = \text{Margin (\$)} * (\text{Retention Rate (\%)} / (1 - \text{Retention Rate (\%)})$$
$$= \text{Margin (\$)} * (\text{Retention Rate (\%)} / \text{Churn Rate(\%)}$$

By measuring how the retention rate is affected over time, CLTV can be used to justify spending on customer retention marketing or loyalty programs. Care should be taken over differences in the behaviors of market segments, as an average figure can hide important details.

WIN/LOSS ANALYSIS

Analyzing which contracts the company wins, as well as which are lost and why, can give immeasurably valuable feedback on operations and products.

Win/Loss programs typically focus on different elements of the buying process, including gathering buyer feedback on the solution being sold (whether it's a product or service), the buyer's perception of the effectiveness of the sales representative or sales team, buyer perceptions of the selling vendor overall (such as the firm's reputation or its long-term financial viability), and price. These categories can be broken down into greater detail for more refined feedback. For example, questions about the product or service might include the intuitiveness of the user interface or the effectiveness of specific features or functionality.

> Ann Amati has spent 20 years talking to her client's customers (http://accountloyalty.com). Her clients invariably profit immensely from learning what their customers actually think of them. She points out that "your customers have opinions about you - whether you ask to hear them or not!"

SUPPORT

Customer service agents are just as responsible for the integrity of the brand image as marketers and just as critical to customer retention as the sales team. When products aren't operating as planned, the support team is the first line of defense for detecting and resolving customer concerns. Here are some thought-provoking statistics:

1. You're 14 times more likely to sell to an existing happy customer than a new one.
2. Acquiring a new customer is five to 25 times more expensive than retaining an existing one.
3. Companies lose an estimated $41 billion each year due to poor customer service.
4. Customer service is important to 97% of consumers in their choice of and loyalty to a brand.
5. Poor customer service experience has motivated 62% of customers to avoid a brand or organization.

Customer Support Indicators

Customer satisfaction is the most important business goal for the customer support team. Of course, the best customer support is 'no' customer support. In a perfect world, customers wouldn't need to call. Statistics directly related to the quality of service calls are more useful than activity indicators, such as how many calls are being answered in an hour.

Some quality indicators are:

1. **Service Efficiency**
   - First Response Time
   - Problem Resolution Time
2. **Product Quality**
   - Breakdowns & Service Calls
   - Returns & Rework
3. **Customer Satisfaction**
   - Net Promotor Scores
   - Customer Survey Responses

- Customer Churn

SUMMARY

- Understand the value of customers and the cost of acquiring them, then manage channels accordingly.
- Treat customer support as important, if not more important, than sales. Keeping a customer is cheaper than getting a new one.

Conversations

One of the most critical aspects of brand development is consistency and integrity in the message. Saying one thing and doing another destroys brand loyalty. Whether they work directly with customers or not, every employee is a brand ambassador. Every employee needs to understand what the company brand means and how that meaning manifests itself in everything done and said at the company.

A favorite focus of many companies in this section is ‘Top Complaints’. It’s interesting to see how persistent (and consistent) some categories of complaints are. When the company is lucky enough to get customer compliments, they are a cheap way to validate competitive advantage. Another exciting area to explore is the Call Center statistics (customer calls are being tracked, aren’t they?). However, be careful about managing to those statistics. A local municipality was proud they managed to get average call times down by 15%. Instead, it would have been better to work out how to tackle the reason for the call and why the problem existed in the first place!

THE OPERATION WORKSHEET

Operations is the internal engine that powers the business. Operations management directs resources required to produce the goods and services provided by the organization. This is where customer value is created, and revenue is generated.

Operations management (a field of management) is running the business, not to be confused with operations research (a branch of mathematics) or industrial engineering (an engineering discipline).

The Operation Worksheet is a much deeper dive into operations than was covered in the canvases.

The worksheet has four main areas of focus:

- **Management Systems.** Customer focus, leadership engagement, process focus, data-driven decision-making, and group coordination are critical for sustained success.
- **Suppliers**. Key suppliers' track record on reliability, consistency, and quality of product to make them a better partner.
- **Efficiency**. Productivity, asset utilization, inventory turns, work in process, and throughput speed tell how well management uses its resources.
- **Improvement.** Capital investments, new markets-customers-products-services, and a focus on processes allow the company to react to new opportunities.

WORKSHEET **OPERATION**

Quality Mgmt Systems

	2016	2017 (F)
Stock-Outs	8	
Warranties	0.03%	
Breakdowns / Maintenance	0.3%	

Prod Mgmt Systems

	2016	2017 (F)
Lead Time	8d	3-5d
WIP	42%	25%
Queue/Delay	3d	1d
Productivity	48%	65%
Cycle Times	5d	2d
Parts Invntry	0.21m	0.18m
Finish Goods Inventory	0.8m	0.5m

Cost of Sales

	% of Sales	
Sales		
Cost of Sales	28	
Direct Mats	15	
Total People	6.8	
PP&E	3	
Other Costs	2.1	
Gross Margin	50	
PP&E Invest	13	
Yearly Facility	.6	
Work Capital	.8	
Net Assets	3	
Shop Rate	1	

Property, Plant & Equipment (PP&E) Investments/Divestments

ITEM	INV/ DIV	$	
Land Improv	+	18K	Landscaping
Buildings	+	20K	New Lighting
Capital Equip	+	260K	New Press

Financial Health Indicators

1. Net Profit	$3.5M	
2. Gross Profit	$4.2M	
3. Debt Asset Ratio	18%	Down from 24%
4.		
5.		

Improvement Projects

PROJECT	OWNER	DESCRIPTION	Priority	STATUS
1. Packing	Mary	Dunnage Reduction	L	
2. 5S	Fred	Stock Visibility & Reorder	H	
3. Shadow Boards	Kate	Welding Stations	H	
4. Change Over	Kate	Mixed Model Assembly Line	M	
5. TPM	BOB	Setup Maintenance Schedule	M	
6.				

Maturity Model Assessment

Customer satisfaction	5	Teamwork and motivation	4
Safety, environment, cleanliness & Order	6	Condition and maintenance of equipment and tools	7
Visual management system	4	Management of complexity and variation	3
Scheduling system	4	Supply chain integration	4
Use of space, movement of materials, product flow	3	Commitment to quality	3
Levels of inventory and work in progress	2	TOTAL	45

Workforce

	Days	Percent
Absenteeism	1538	18
Time to Fill	45	
Overtime	487	6
Turnover		36
Satisfaction Index		
Skill/Education Plan		

Top Suppliers

1. Hanmyung Electric
2. Shinsung Electronics
3. Kaiser Aluminum
4. Herzog Glass
5. AIMS Power

Supplier Diversity

Supplier Quality

	DAYS	%
On-Time Delivery		86
Stock-Outs	48	19
ShippingDamage		3
Defects		8

MANAGEMENT SYSTEMS

'Quality of Management' Systems

Management System indicators are a barometer of the QUALITY OF THE ORGANIZATION. *Not* to be confused with the quality of products or services.

The focus on the 'quality of the organization' must reflect a customer focus. For example, stock-outs are a good indicator for the product's availability when the customer wants it, as are on-time delivery statistics, rework, and unnecessary activities. Similarly, customers don't want the inconvenience of having problems with any product once it is in their hands. The warranty rate is another good indicator of overall quality.

Workforce/Morale

The importance of employee retention and engagement cannot be overstressed. Without dedicated and committed people, the company cannot succeed.

A litmus test for employee satisfaction is absenteeism and turnover rate. When people do not feel they are part of the organization or are not getting what they want. Employees will vote with their feet.

Overtime rate is another strong indicator of management's strength in running the company. Yes, there are times when overtime is necessary. However, excessive overtime indicates that the company is not adequately predicting the market or only reacting to short-term fluctuations - or worse, is living in a world of perpetual crisis.

> A couple of companies experienced annual turnover rates of over 100%. Not every person left the company in a single year of course, but several positions were turning over several times in the same year. With a rare turnover like this, is it any wonder there was problems with

Production Management Systems

The focus of production management must be on processes and not exclusively on achieving results. Sure, results are important, but at what cost? Reliable and predictable processes produce consistent output. Of special important is to separate the performance of the process from the performance of the people. Claims are made that 94% of errors is caused by the process, and only management has the authority and resources to change the process.

Managing only result-driven indicators produces personal and process behavior that is anything but beneficial to the company. Sometimes, localized results are achieved at the expense of the company as a whole.

Choose five to seven process indicators that give insights into how processes are operating. Ideally, these indicators will allow corrective action before any issues have a major impact on results. A few process indicators to consider are:

- **On-Time Delivery.** What percentage of the time are delivery promises kept?

- **Lead Time**. How long is the order-to-delivery cycle?
- **Work In Progress (WIP)**. How much material is currently being worked on?
- **Queue/Delay**. How much time is the WIP just sitting there doing nothing?
- **Cycle Time.** How much time is material actually being transformed (value added)?
- **Parts Inventory.** How much is being spent to have the components available when needed?
- **Finished Goods Inventory.** How much is spent to ensure customers have the product when they ask for it?

SUPPLIERS

Suppliers are critical for success. They provide critical components, materials, and expertise essential to your product. As strategic partners, a collaborative relationship with key suppliers will uncover more value to the customer and reduce the risk of failure.

Supplier Diversity

Supplier diversity is a measure of how many suppliers are critical to success and what impact they have on the organization.

Having multiple suppliers for any single component is fraught with problems. It's hard enough to manage a partner relationship with one supplier, much less multiple suppliers. Focusing on a few major suppliers is more economical to develop a long-term relationship.

On the worksheet, list the top five suppliers based on their impact to the product, the company, and customers. The pie chart can also be used to graphically indicate the amount of impact major suppliers have on the company.

Supplier Quality

How responsive are the suppliers to your issues? Is there a system to track suppliers' key performance indicators? Often of particular importance to operations are the Key Supplier Indicators (KSI) of:

- Incoming defect rates.
- On-time deliveries.
- Shipping damages.

Of course, it is not enough to measure Key Supplier Indicators but also to look at changes over time and emerging trends. A negative trend may need immediate attention. Looking at multiple KSI will provide insights into what is happening inside the supplier's organization. Are they having financial troubles? How are they tracking their suppliers?

EFFICIENCY

Cost of Sales

Breaking down the cost of sales into four broad areas of material, people, PP&E (property, plant & equipment), and other costs give insight into improvement opportunities because these categories are independent of each other.

1. **Materials Costs**. Only the cost of raw materials should be considered, including freight-in - with no other allocation such as purchasing cost, scrap, and rework.
2. **People Costs**. All salaried and hourly wages, including benefits and overtime.
3. **PP&E Costs**. Include costs for depreciation of all plants and equipment, taxes, insurance, maintenance, and utilities.
4. **Other Costs**. Everything else – from contracted labor to copy paper. These costs are often below 10% in a well-run plant but can be up to 20% in a traditional one.

Maturity Model Assessment

Several management assessment systems are available. These evaluate organizational elements and structure against industry best practices.

While blindly adopting the 'best practices' of other companies does not guarantee success, going through an assessment provides new insights. Assessments provide ideas about what parts of the organization are strong, may need attention, or are totally absent. Many provide suggestions about practices that have worked well in other companies. Here are a few of the more popular assessment models (see Appendix B for a comparison):

- The Malcolm Baldrige National Quality Award is a United States based assessment based on best practices. The criteria are updated regularly.
- The Lean Assessment is a rapid checklist of Lean best practices that can be quickly applied to the plant.
- ISO9000 is an International standard emphasizing enhancing customer satisfaction by meeting customer requirements.
- And many others.

While scoring on most assessments is subjective, the examination process is helpful. The act of examination can expose new perspectives on how the business is operating.

> When organizations are reviewed on a regular schedule, the rating score tends to improve.
>
> One local business rotates the role of 'lean inspector' through all its shop floor crew. They rate each other monthly, creating a healthy sense of

Regardless of which maturity model is selected, the most important thing is that something is being used, and the results are displayed on the storyboard. In the case of Sunbeam Solar Inc., a Lean plant assessment is displayed for everyone to see.

Plant, Property, and Equipment (PP&E)

Capability improvement invariably takes capital investment to buy new machinery and to retire others. Having visibility into the physical aspects of the company, such as the amount invested in upgrading current operating conditions, helps reinforce urgency and priority. Is the company expanding through the acquisition of floor space? Purchasing capital equipment? Is the company selling off unused equipment and property? These are all important aspects to the evolving strategy.

Improvement Projects

Improvement projects must align with the vision and goals of the organization. As the saying goes, "If the company is not moving forward, it is falling behind." It is important not to separate process improvement activities from 'strategic' activities. Only people with intimate knowledge of a process can understand how the process actually works and will generate meaningful suggestions for improvement.

Make a list of major improvement projects in the operations area. Then:

- Identify the contact person for that project. Not who is 'responsible' for achieving the results (that is management's job), but who is working on the plan and knows what is going on with the project.
- Determine what priority the organization places on that project. Not all projects are Number 1 priority. Not all have an immediate impact on the business results. Some projects are long-term efforts; full results will only appear months or years later.
- Show how the individual project is progressing. Is it according to plan, or are outside forces holding it back?

INDICATORS

"An indicator is useful until it becomes a target."

… Professor Charles A.E. Goodhart, London School of Economics

Everyone wants to know how the company is doing. How healthy is the organization?

The first and foremost indicator is financial health. Is the company generating the cash necessary to stay in business? How is it prepared for the future? How much risk is being taken?

The Second indicator is the health of the marketing effort. Is it effective? Is it generating new customers? Is the company taking care of existing customers?

The third indicator is internal processes. Is the customer receiving the right product at the right time, in the right quantity, at the right location?

Last but not least are the indicators for employee development. This includes skills training, progression planning, and educational development.

Here are a few common indicators for each category. Pick a few from each area to display on the worksheet.

Financial Health of the Organization

- Gross Profit Margins. The ratio shows how much of every dollar is left after paying for the cost of goods sold. (industry comparison)
- Net Profit. Also referred to as 'the bottom line.' Showing the dollars left after subtracting total expenses from total income.
- Net Profit Margin. Percentage of dollars left after subtracting total expenses from total income. (industry comparison)
- Debt Asset Ratio. Tells what percentage of total assets were financed and are now creating debt. This ratio shows how much of the assets the company owns, not the creditors.

Marketing Outcomes

- Return on Advertising Spend (ROAS). Evaluates the performance of advertisement campaigns. Determined by Advertisement revenue generated by the campaign minus the cost of the campaign.
- Customer Acquisition Cost. Essentially, this is the total sales and marketing costs divided by the number of new customers.
- Marketing Origination Customer Percentage. This ratio determines the effectiveness of the total marketing efforts. It subtracts the number of new customers through non-marketing (e.g.: referrals) from all new customers and then divides by the total of new customers.

Performance

- Employee Efficiency. This compares work accomplished divided by number of employees. One very useful ratio is total sales divided by number of employees.
- Quality of Work. Determined by the customer. Frequent indicators include; on-time delivery, billing errors, wrong parts/quantity, scrap rate/rejects, and many others.

Employee Development

- Absenteeism. This can be expressed in the total number of days (sick days or other), or the percentage of people who show up divided by the people scheduled to be there. This can be an indicator of poor morale or job satisfaction.
- Turnover rate or retention. How many people are separated from the company divided by the total number of employees.
- Time to fill represents when the manager submits a job opening for approval to when the employee starts work.
- The overtime rate is the difference between the planned work time and the extra effort needed to accomplish the work necessary.

SUMMARY

- Operations are multifaceted, involving the physical transformation of the material and the people skills of a service organization.
- A well-run organization can truly succeed when it is an integral part of its strategic efforts.

Conversations

While operations is frequently evaluated based on financial numbers, those are only the results of economically satisfying the customer’s true need, one they are willing to pay for. Of more importance is asking how are management principles and structure aligned to create an organization that serves a useful purpose? How is ‘value for the customer’ defined and created? Is management solely focused on their existing organization?

How is this question answered “would you buy from our company?” One would hope the answer is yes, but more interesting conversations and insights arise from asking ‘Why would you (or wouldn’t you)?’

THE STORYBOARD

To recap, the canvases and worksheets are great for getting started and learning. However great these tools are, though, they suffer from one major problem. They leave your strategy exactly where you don't want it - sitting on a desk, in a drawer, on a top shelf somewhere, or worse forgotten by all.

Enter the storyboard. This storyboard brings all the previous work together into a unified picture. It displays much of the same information as the three canvases and four worksheets but in a way that can be shared and interacted with. Making the strategy plan and supporting assumptions visible to all. Allowing management to unify around a single message, and manage to that message.

GET STARTED WITH THE STORYBOARD

There are various approaches to set up the storyboard. The completed canvases and worksheets information can be transcribed from the worksheets to the board. However, completing the worksheets before starting on the storyboard is unnecessary. Here are some other ideas on how to get started:

- Departments and workgroups can fill in their own initiatives, objectives, and goals.
- Assign ownership of particular areas of the board to individuals.
- Discuss areas of the board at daily or weekly meetings and summarize the conclusions on the board.
- Work backward. Start using the project tracker and work up through objectives and the vision.
- Start in the middle. Document the main focuses of operations, product, and sales/support departments and work outwards to lower-level initiatives and higher-level vision and strategy.
- Start at the top. Write down the future vision, and then decompose that into a revenue and cost strategy, the vision of how to get there, and the goals that will tell when you've arrived.

USE THE STORYBOARD FOR WEEKLY AND MONTHLY MANAGEMENT

Your strategies will interact and influence each other. Those interactions will produce intentional results but also unintentional consequences. Two approaches can be used to manage those unintentional consequences:

1. Keep Indicators Current and Updated
2. Test Assumptions Frequently

Keep Indicators Current and Updated

We all want a way to predict and adapt to future change. The storyboard is a dashboard of indicators, and those indicators are constantly changing. Regular weekly, monthly, or quarterly maintenance of your board will produce untold benefits such as:

- **Improving, not Winning.** Determining the organization's health is based on many indicators, not just winning with one indicator. By balancing multiple factors simultaneously, confidence is gained that a change is actually an improvement, rather than one area winning at the expense of another one losing.
- **Keeping Everyone Up to Date.** Learning what others are doing and expanding individual efforts into being a team player in the larger context of the organization creates opportunities for synergies and cooperation.
- **Share Your Latest News.** Change for good or bad is best shared. Successes are to be celebrated, and others can help overcome road bumps.
- **Accurate Communication.** We've all experienced the effects of acting on misinformation. Let's get the information directly from the people who are actually generating it, and disseminate that information to those who can use it.
- **Full Engagement.** Seeing what strategies are used and how they manifest themselves throughout the company allows everyone to contribute to the future.

As the external business environment changes and internal business practices improve, update progress indicators regularly. Catch shifts in progress as early as possible and make adjustments while their disruption to the organization is small and corrections are inexpensive. Start making updates frequently, then reduce as appropriate. Weekly or monthly updates suffice; however, use your judgment.

Test Assumptions Frequently

Another approach to dealing with unintended consequences is testing expectations and assumptions - frequently expecting the unexpected. When the strategy map was created, how did anyone know the cause-and-effect assumptions were correct? The answer, of course, is probably no one did, and it was a collective assumption.

Assumptions are tested by working the plan creation process backward. Instead of asking how the previous element *shapes* the next element, ask how a specific element serves the previous element.

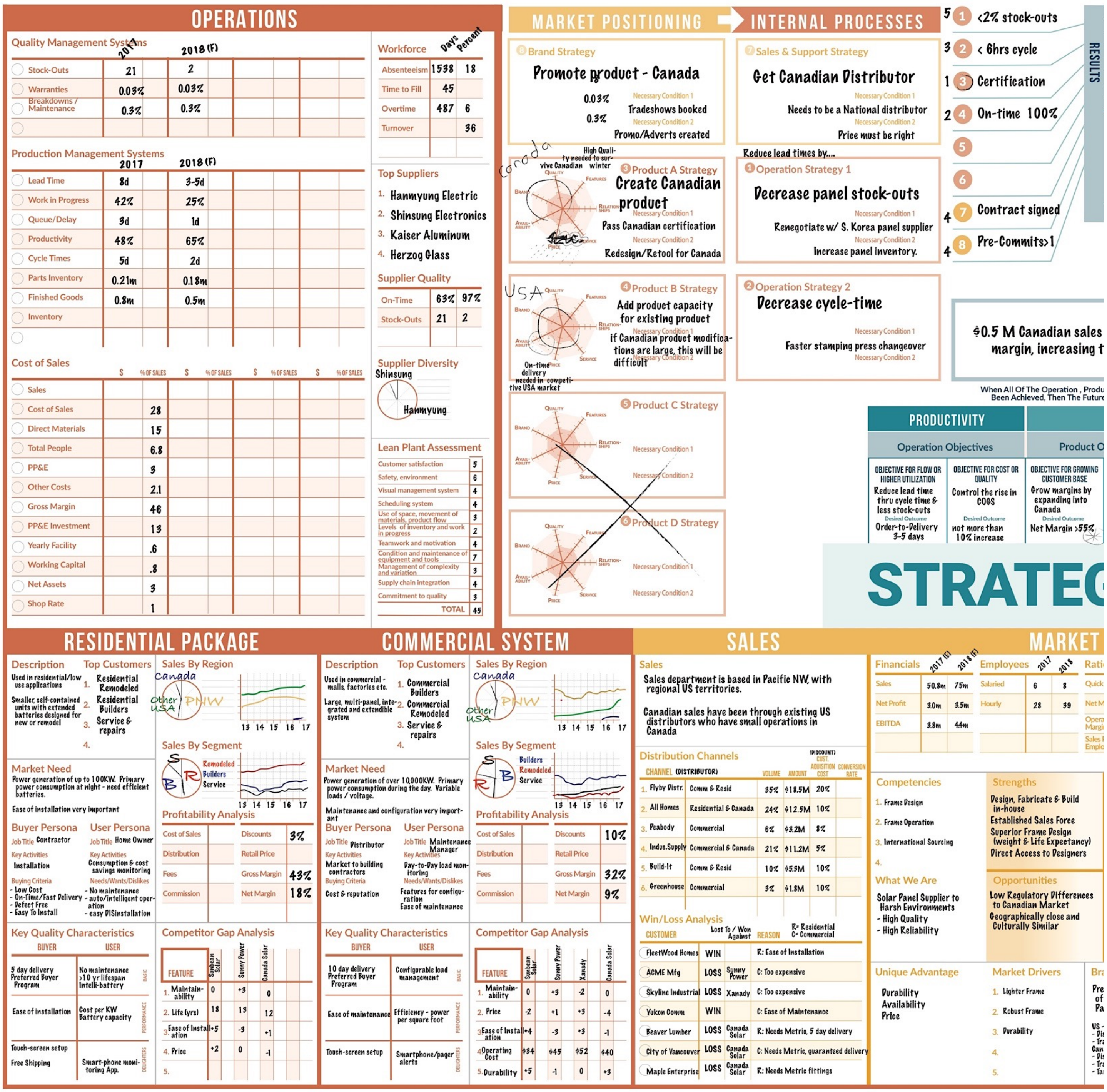
In this way, asking how the improvement method serves the performance profile, which serves the indicators, which serves the initiatives, which serves the strategy, which serves the objectives, which ultimately serves the vision and goals. Updating indicators, testing assumptions, and adjusting the plan accordingly.

SUMMARY

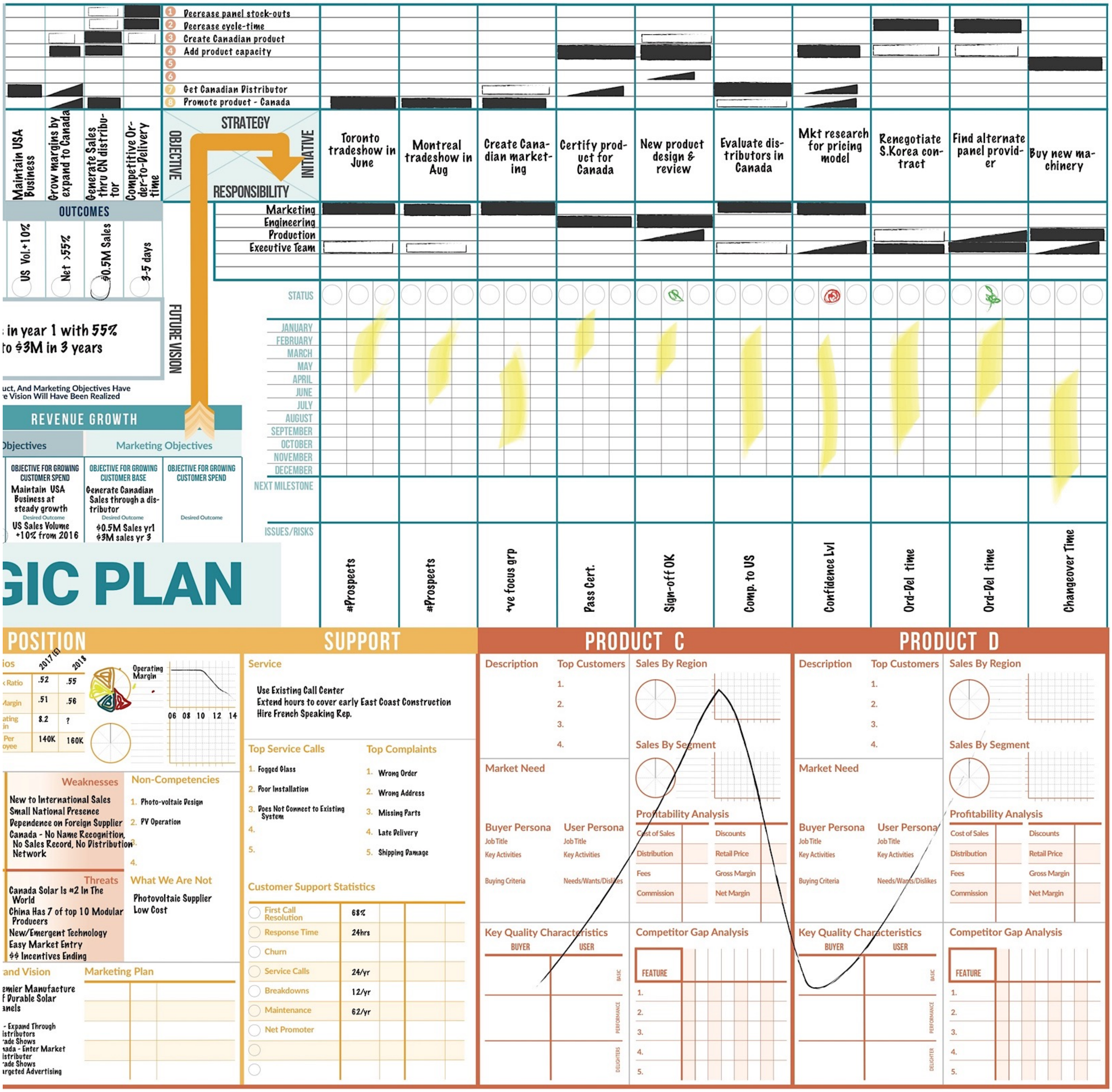
- Making visible and periodically updating the strategic indicators on the storyboard helps create a high-performance team.

- With the end always in sight, day-to-day and week-to-week activities are verified and tested to ensure they are still driving toward the ultimate goal.

Storyboard



Storyboard


High Impact
Medium Impact
Low Impact
Decrease panel stock-outs
Decrease cycle-time
Create Canadian product
Add product capacity
Get Canadian Distributor
Promote product - Canada
STRATEGY
OBJECTIVE
INITIATIVE
RESPONSIBILITY
Maintain USA Business
Grow margins by expand to Canada
Generate Sales thru CN distributor
Competitive Order-to-Delivery time
Toronto tradeshow in June
Montreal tradeshow in Aug
Create Canadian marketing
Certify product for Canada
New product design & review
Evaluate distributors in Canada
Mkt research for pricing model
Renegotiate S.Korea contract
Find alternate panel provider
Buy new machinery
OUTCOMES
US Vol.+10%
Net >55%
$0.5M Sales
3-5 days
Marketing
Engineering
Production
Executive Team
STATUS
FUTURE VISION
in year 1 with 55%
to $3M in 3 years
JANUARY
FEBRUARY
MARCH
MAY
APRIL
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
NEXT MILESTONE
ISSUES/RISKS
REVENUE GROWTH
Marketing Objectives
OBJECTIVE FOR GROWING CUSTOMER SPEND
Maintain USA Business at steady growth
US Sales Volume +10% from 2016
OBJECTIVE FOR GROWING CUSTOMER BASE
Generate Canadian Sales through a distributor
$0.5M Sales yr1 $3M sales yr 3
Desired Outcome
#Prospects
#Prospects
+ve focus grp
Pass Cert.
Sign-off OK
Comp. to US
Confidence lvl
Ord-Del time
Ord-Del time
Changeover Time
GIC PLAN
POSITION
SUPPORT
PRODUCT C
PRODUCT D
Operating Margin
Service
Use Existing Call Center
Extend hours to cover early East Coast Construction
Hire French Speaking Rep.
Top Service Calls
1. Fogged Glass
2. Poor Installation
3. Does Not Connect to Existing System
Top Complaints
1. Wrong Order
2. Wrong Address
3. Missing Parts
4. Late Delivery
5. Shipping Damage
Customer Support Statistics
First Call Resolution 68%
Response Time 24hrs
Churn
Service Calls 24/yr
Breakdowns 12/yr
Maintenance 62/yr
Net Promoter
Weaknesses
New to International Sales
Small National Presence
Dependence on Foreign Supplier
Canada - No Name Recognition, No Sales Record, No Distribution Network
Non-Competencies
1. Photo-voltaic Design
2. PV Operation
Threats
Canada Solar Is #2 In The World
China Has 7 of top 10 Modular Producers
New/Emergent Technology
Easy Market Entry
$$ Incentives Ending
What We Are Not
Photovoltaic Supplier
Low Cost
Marketing Plan
Description
Top Customers
Sales By Region
Sales By Segment
Market Need
Buyer Persona
User Persona
Job Title
Key Activities
Buying Criteria
Needs/Wants/Dislikes
Profitability Analysis
Cost of Sales
Discounts
Distribution
Retail Price
Fees
Gross Margin
Commission
Net Margin
Key Quality Characteristics
BUYER
USER
Competitor Gap Analysis
FEATURE

Conversations

The storyboard brings the entire wealth of analysis and knowledge onto the plant floor, or into the cafeteria. It is designed to simulate questions and conversations. Here are a few to get started.

Indicators and Trends

- Are your statistics current or outdated?
- Are indicators changing over time?
- Are trends positive or negative?
- What is being done that will influence those trends?

Initiatives

- Are milestones being met?
- If not, how can other areas help those projects get back on track?
- If an area is doing fine, can they provide help to other areas?
- Are current results moving us towards our end goals?
- What can we be doing differently?
- Were our assumptions behind the plan correct, and how would we test that?

Bottlenecks

- Where are the bottlenecks?
- What can be done to improve those areas restricting progress?
- How are bottlenecks handled - by brute force, by improvement efforts, or by changing the organization to reduce their influence?
- Any improvement that isn't to a bottleneck is either useless or just makes matters worse. What areas are improving that shouldn't be?

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APPENDIX A

THE SEVEN DIMENSIONS OF COMPETITIVENESS

The seven dimensions of competitiveness are derived from Kaplan and Norton's Balanced Scorecard™. These dimensions describe how customers view the company - what they are willing to pay to buy your product rather than a competitor's.

Four of the seven dimensions pertain to the physical attributes of the product (or service) itself, and three pertain to marketing attributes.

Product Dimensions

1. **Quality**. Durability, reliability, aesthetic design, and materials.
2. **Features**. Functionality, effectiveness, fit for use, ease of use.
3. **Availability**. Time- or location-based convenience, efficiency.
4. **Price**. Low price, low cost (operational efficiency or high utilization).

Marketing Dimensions

5. **Relationships**. Trusted advisor, partner, non-transactional.
6. **Service**. Service, support, help, customer focus.
7. **Brand**. Mass-market name recognition, association.

These dimensions cover 'product' and 'marketing' but appear to omit operations. However, the 'product' dimensions of quality, availability, service, and price all depend on operations capabilities. For example, to be competitive in price, the organization must also be competitive in efficiency. Efficiency, in this case, however, is not the actual factor that matters to the customer – value is what the customer wants. And it is the customer who determines what value means to them.

Organizations choose which and how many dimensions they will focus on to differentiate themselves in the market.

1. Product Leadership

Product Leadership products and services are created for generic, mass market problems.

Companies that follow this strategy are very strong in innovation. They operate in dynamic markets. They focus on product development, innovation, design, time to market, and high margins - all in a short time frame. These companies, therefore, have a flexible company culture, reward creativity, risk- and innovation, and tend to be organized in small workgroups. This strategy is often associated with a strong brand and premium pricing. Customers come to them, attracted by the strong mass-marketing of their brand, and they are willing to pay a premium for the quality and features they offer.

2. Customer Intimacy

Companies pursuing a Customer Intimacy strategy excel in customer attention and customer service. Unlike Product Leadership, the features of Customer Intimacy products and services are tailored to individual (or almost) individual customer problems, not market-wide ones. Because of this, there are often large variations in product assortment.

The focus is on customer relationship management, delivering products and services on time and above customers' expectations.
Important success metrics include customer lifetime value, reliability, and being close to the customer. Decision authority is given to employees who are close to the customer.

Customer Intimate products don’t need to be the best in the market, and their prices aren’t either - but their customers know them and trust them to solve the customer’s unique problems.

3. Operational Excellence

Companies pursuing an Operational Excellence strategy are superb operationally. They succeed by providing reasonable quality at a very low price with a limited product selection. The focus is on efficiency and streamlined operations. Supply Chain Management, no-frills, volume is important. Most large international corporations are operating out of this discipline. They tend to have a task-orientated approach towards personnel and are hierarchical. Measuring systems are very important. Amazon is a great example of this type of company where metric-driven decision-making is key to Jeff Bezo's philosophy.

Operational Excellence companies can bring products to the customer quicker and cheaper than anyone else. They may not have the best product, but they are reliable and consistent.

4. Mass Customization

Mass customization is the productization of bespoke products or services by customizing or configuring a suite of features to meet individual needs (and thus, a 'custom' solution is created). For example, a product has been split into modules that can be recombined in different ways and combinations to suit the customer's need. Such products are often sold bundled with consulting services. Examples include enterprise software vendors such as SAP and WordPress's open-source blogging platform. CreateSpace, the Amazon self-publishing platform, is also an example.

In this model, the development or creation of the product or service is done before, and separate from, the actual delivery of the product or service to the customer, and thus, they have many similarities with Product Leadership companies.

5. Mass Personalization

Mass Personalization is the ability to mass deliver products tailored to individual customers' needs. It requires the hyper-efficient operationalization of creating and delivering personalized products and services. Companies pursuing Mass Personalization tend to be highly automated with learning algorithms and other artificial intelligence characteristics. They are often large consumers of Big Data (contextualized information). Although internally, they appear to share many characteristics of Operational Excellence companies, externally, they seem to be highly customer-focused or almost magical.

With its personalized search results and advertisements, Google is a good example of a company succeeding in this way. In this model, the product or service creation is done concurrently with the service delivery, making them similar to Customer Intimacy companies.

6. Mass Luxury

Mass Luxury is making a superior or luxury product to be readily available. A combination of Operational Excellence and Product Leadership can be achieved either from Product Leadership or from Operational Excellence. Product Leadership is through efficiently replicating or mass producing a superior product or service. Operational Efficiency is achieved by de-commoditizing an efficiently produced product or service by adding quality.

Mass Luxury is characterized by the widespread dissemination of something unique and special, thus delighting customers with affordable luxury. Starbucks succeeds in this way, as does Apple and many software companies. A challenge with this strategy is the need to balance the demands of production consistency with product development creativity, but free or cheap replication (for example digital information such as music or software) is the real power behind this strategy.

APPENDIX B

MATURITY MODEL COMPARISON

A maturity model helps assess an organization's current effectiveness and supports identifying areas for improvement. Many models are available, some for specific areas such as project management, information technology, cybersecurity, and many others. The table lists three commonly used in business management.

Category / Popular Name	Lean	Baldrige Performance Excellence	ISO 9000
Business Perspective	**Productivity** Improve Processes	**Organizational Structure** (Assessment)	**Organizational Structure** (Assessment)
Question Who, What, When, Where, Why, How	**How** (Skill)	**What** (Knowledge)	**What** (Knowledge)
Theory	Removing Waste	Reaching the organization's goals by aligning plans, processes, decisions, people, actions, and results.	A process approach to enhancing customer satisfaction by meeting customer requirements
Application Guidelines **Application Cycle**	1. Customer Satisfaction 2. 5S, Safety, Order 3. Visual Management 4. Scheduling System 5. Use of Space, Flow, Movement 6. Levels of WHIP/INV 7. Teamwork & Motivation 8. Total Productive Maintenance 9. Management of Complexity 10. Supply Chain Integration 11. Commitment To Quality	1. Self-Assessment (application) 1.1. Leadership 1.2. Strategic Planning 1.3. Customer Focus 1.4. Measurements 1.5. Workforce Focus 1.6. Operational Focus 2. Outside Assessment 3. Identify Gaps 4. Implement Corrections	1. Self-Assessment (standards) 1.1. Customer Focus 1.2. Leadership 1.3. Involvement of People 1.4. Process Approach 1.5. System Approach to Mgmt. 1.6. Continual Improvement 1.7. Factual Decision Making 2. Outside Assessment 3. Identify & Fill Gaps
Focus	How Work is Accomplished	Holistic assessment of where the organization is and where it needs to be	Examine An Organization's Quality Management System
Assumptions	• Waste Removal Will Improve Business Performance • Many Small Improvements Are Better Than Analysis	• Best Processes Produce Excellent Results • Past Performance Predicts Future Success	• Meeting requirements achieves customer satisfaction • Having a documented process and following them will insure consistent output.
Primary Effect	Doing More With Fewer Resources	Processes Are In Place, Functioning, and Effective	Processes Are In Place, Functioning, and Effective
Secondary Effects	• Quality Improves • Uniform Output • Less Inventory • New Management Accounting System • Flow - Performance Measure For Managers	• Integrated Approach For Assessing Mgmt. Actions • Understand Strengths and Opportunities for Improvement • Improved organizational Capability and Effectiveness • A list of areas for Improvement	• Integrated Approach For Assessing Mgmt. Actions • Understand Strengths and Opportunities for Improvement • Improved organizational Capability and Effectiveness • A list of areas for Improvement
Criticisms	• Detailed Statistical or System Analysis Not Highly Valued • Does Not Create Value, Only Uncovers Value	• Copying Best Processes of Others May Not Work For You • Anecdotal link between Mgmt. Processes & Results • Scoring is heavily weighted on results	• Copying Best Processes of Others May Not Work For You • Anecdotal link between Management Processes & Results
Results	• Short Time Horizon	• Medium Time Horizon	• Medium Time Horizon
Scope	• Local	• Enterprise	• Operational/Enterprise

APPENDIX C

Canvas And Worksheet Templates

Licensing Information

The three canvases and four worksheets are reproduced here for your convenience. The canvases and worksheets are licensed under a **Creative Commons Attribution-NonCommercial 4.0 International License**.

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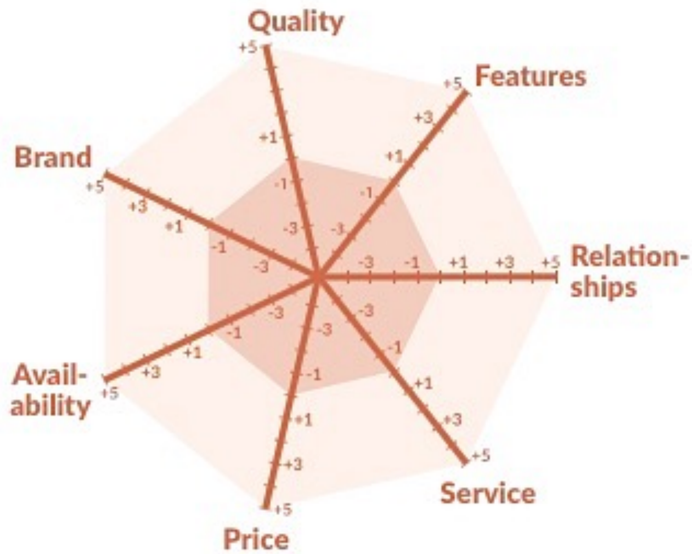
CANVAS **VISION**

STRATEGY
STORYBOARD
SYSTEM

CURRENT STATE

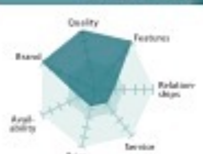
Gap Analysis|Benchmarking

FEATURE/ATTRIBUTE		COMPETITOR				
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						

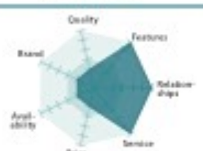


-5: Competitive Disadvantage; 0: Neutral; +5: Competitive Advantage

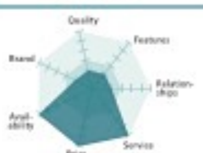
COMMON STRATEGIES



PRODUCT LEADERSHIP



CUSTOMER INTIMACY



OPERATIONAL EXCELLENCE

FUTURE VISION

Operation Goals + Product Goals + Marketing Goals = Future Vision Goal

Operation Objectives
Transfer to Plan & Strategy

Goals

Product Objectives
Transfer to Plan & Strategy

Goals

Marketing Objectives
Transfer to Plan & Strategy

Goals

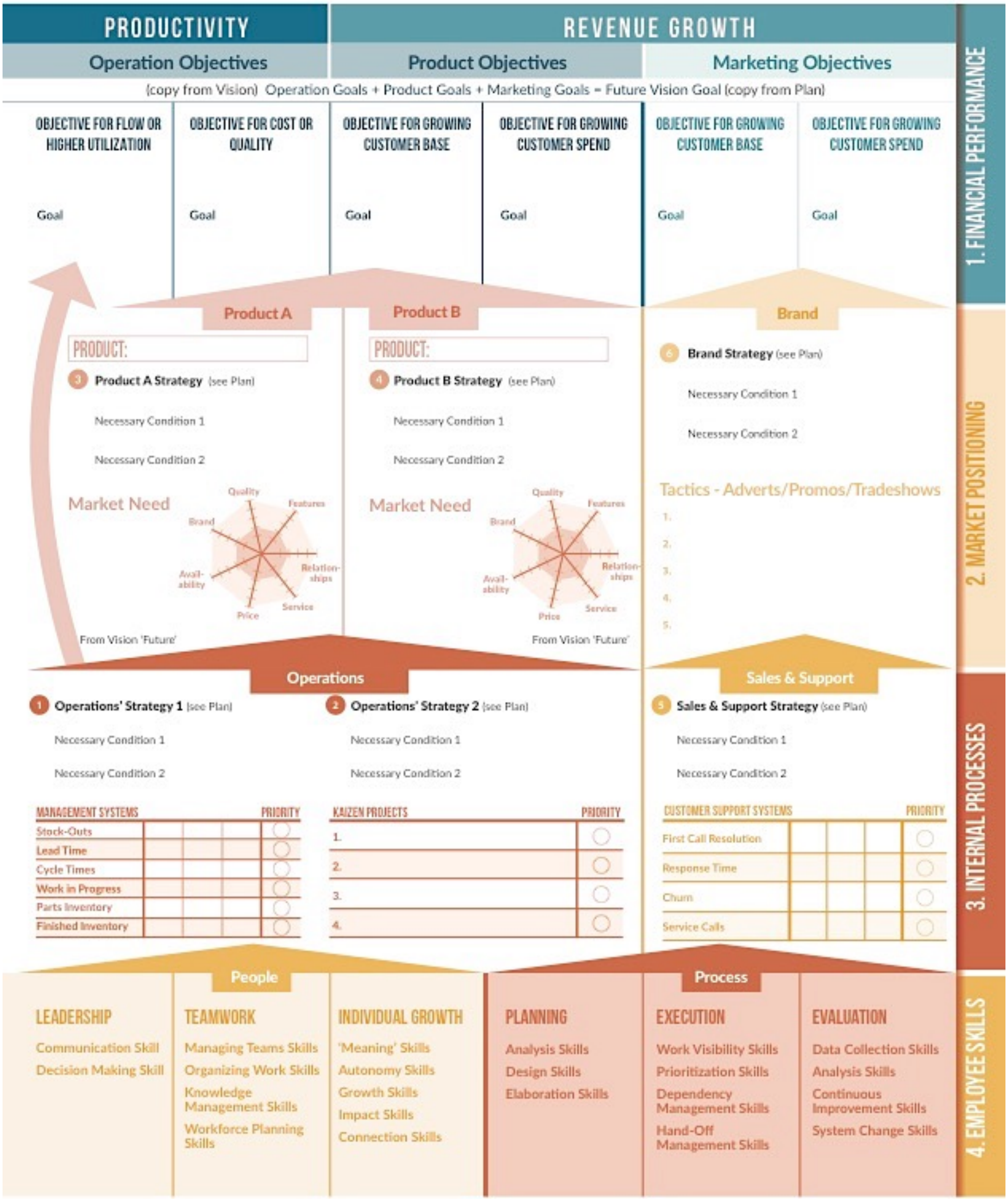
-5: Competitive Disadvantage; 0: Neutral; +5: Competitive Advantage

THE SEVEN DIMENSIONS OF COMPETITIVENESS

QUALITY: Durability, reliability, aesthetic design, materials.
FEATURES: Functionality, effectiveness, fit-for-use, ease of use.
AVAILABILITY: Time- or location-based convenience, quick, efficient.
PRICE: Low price, low cost (operational efficiency or high utilization).
BRAND: Name recognition, association, reputation.
SERVICE: On-time delivery, service, helpful support
RELATIONSHIPS: Trusted advisor, partner, non-transactional.

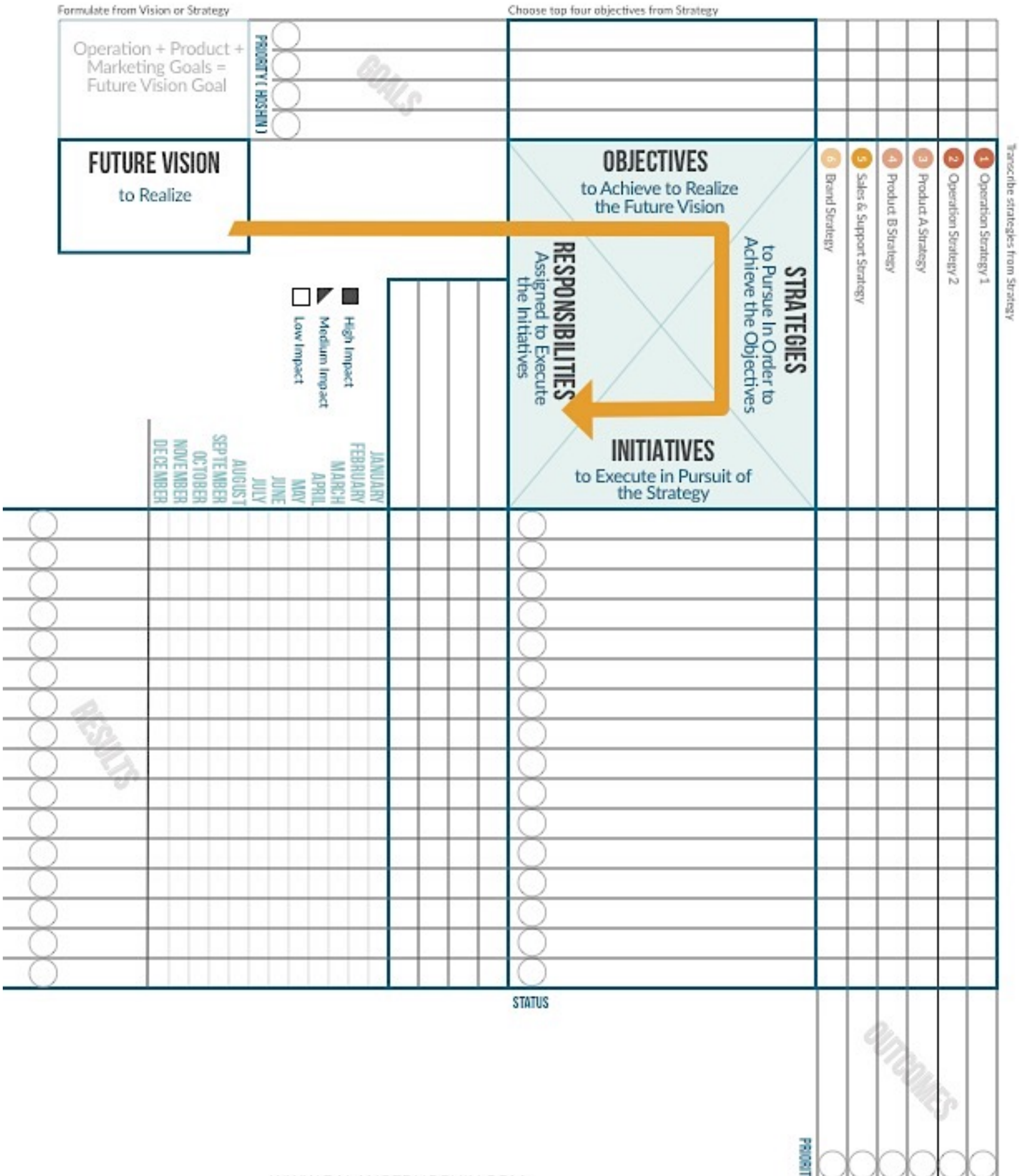
CANVAS **STRATEGY**

STRATEGY STORYBOARD SYSTEM



CANVAS **PLAN**

STRATEGY
STORYBOARD
SYSTEM



WWW.BALANCEDHOSHIN.COM

WORKSHEET **MARKET POSITION**

Financials

Sales			
Net Profit			
EBTDA			

Employees

Salaried			
Hourly			

Financial Ratios

Quick Ratio			
Net Margin			
Operating Margin			
Sales/Empl			

Competencies

1.
2.
3.
4.
5.

What We Are

Strengths

Weaknesses

Opportunities

Threats

Non-Competencies

1.
2.
3.
4.
5.

What We Are Not

Unique Advantage

Market Drivers

1.
2.
3.
4.
5.

Brand Vision

Marketing Plan

Campaigns

1.
2.
3.
4.
5.
6.

WORKSHEET **PRODUCT**

Product Line

Profitability Analysis

Cost of Sales				Discounts			
Distribution				Retail Price			
Fees				Gross Margin			
Commission				Net Margin			

Top Customers

1.
2.
3.
4.
5.

Market Need

Buyer Persona

Job Title

Key Activities

Buying Criteria

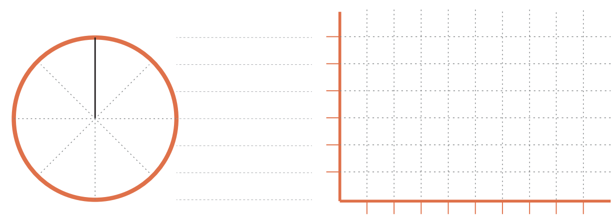
User Persona

Job Title

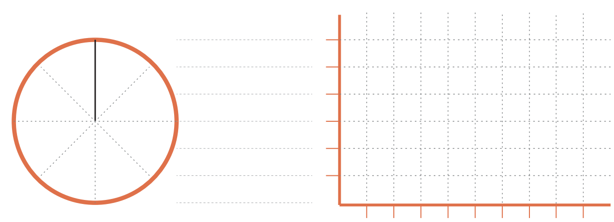
Key Activities

Wants/Needs/Dislikes

Sales By Region



Sales By Segment



Key Quality Characteristics

	BUYER	USER
BASIC		
PERFORMANCE		
DELIGHTERS		

Competitor Gap Analysis

FEATURE								
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

WORKSHEET **SALES & SUPPORT**

Sales

Service

Top Service Calls

1.
2.
3.
4.
5.

Top Complaints

1.
2.
3.
4.
5.
6.
7.
8.

Distribution Channels

CHANNEL	PRODUCTS	VOL.	CAC	QTY	CONV. RATE
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8					

Repeat Customers

CUSTOMER	LAST SALE	TLCS
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Customer Support

First Cal Resolution		
Response Time		
Churn		
Service Calls		
Breakdowns		
Maintenance		
Net Promoter		

Win/Loss Analysis

CUSTOMER			

New Customers

CUSTOMER	PRODUCT	$
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

WORKSHEET **OPERATION**

Quality Mgmt Systems

Stock-Outs		
Warranties		
Breakdowns / Maintenance		

Prod Mgmt Systems

Lead Time		
WIP		
Queue/Delay		
Productivity		
Cycle Times		
Parts Invntry		
Finish Goods Inventory		

Cost of Sales

	% OF SALES	
Sales		
Cost of Sales		
Direct Mats		
Total People		
PP&E		
Other Costs		
Gross Margin		
PP&E Invest		
Yearly Facility		
Work Capital		
Net Assets		
Shop Rate		

Property, Plant & Equipment (PP&E) Investments/Divestments

ITEM	INV/ DIV	$	

Financial Health Indicators

1.		
2.		
3.		
4.		
5.		

Improvement Projects

PROJECT	OWNER	DESCRIPTION	Prior-ity	STATUS
1.				
2.				
3.				
4.				
5.				
6.				

Maturity Model Assessment

Customer satisfaction		Teamwork and motivation	
Safety, environment, cleanliness & Order		Condition and maintenance of equipment and tools	
Visual management system		Management of complexity and variation	
Scheduling system		Supply chain integration	
Use of space, movement of materials, product flow		Commitment to quality	
Levels of inventory and work in progress		TOTAL	

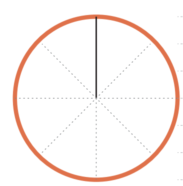
Workforce

Absenteeism		
Time to Fill		
Overtime		
Turnover		
Satisfaction Index		
Skill/Education Plan		

Top Suppliers

1.
2.
3.
4.
5.

Supplier Diversity



Supplier Quality

	DAYS	%

ABOUT THE AUTHORS

Both are business professionals who have a unique set of credentials and experience. They work in business situations where a better balance and integration with the business structure would significantly benefit the overall business enterprise.

Paul Osborn

paul@startupcircle.uk

Phone: +44 7930 150888 (UK)

Paul's extensive financial services, governance, and product management experience ranges across global fund management, quantitative analysis, and software product development. He has been a technology start-up entrepreneur, directed product development at a multi-national conglomerate, and executed strategic governance at a SaaS healthcare company, leading to the sale of the company for a 5 times multiple. He is an author and lecturer in Agile and other non-traditional, adaptive project management techniques.

Paul uniquely combines complex statistical analysis, information modeling, program management perspectives, and senior executive-level experience. A native of the UK, his work in Hong Kong, Tokyo, and the United States provides him with distinctive insights.

Dave Nave

dave@davenave.com

Phone: (206) 200-4840 (USA)

Dave has extensive Management Engineering experience with a unique combination of engineering, operations, and management perspectives. He views an organization's structure, culture, strategy, processes, and values from a wholistic standpoint. His work has included:

- Corporate Process Improvement
- Division Product Improvement
- Plant 'Turn-Around' Effort
- Factory 'Start-Up'

Dave is a natural teacher, coach, and mentor with an acute instinct for communicating complex ideas and theories in plain, easily understood English. He has worked as a machinist, designed assembly lines in the automotive industry, accelerated process improvement in the aerospace/defense industry, and is an international author.

Dave Nave & Associates
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strategy.davenave.com
206.200.4840 text/cell - Pacific