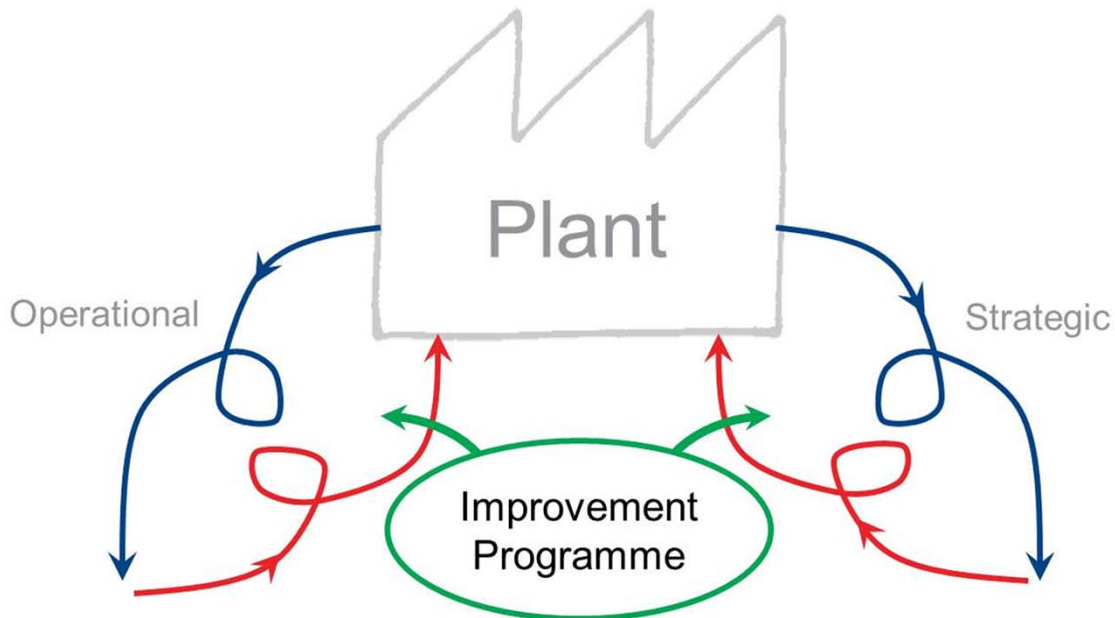




The Integration Model

The Integration Model shows how the management of daily performance can be combined with the management of the vital few annual policies and their resulting objectives and plans. This then gives the framework within which any improvement programmes should be positioned. It also impacts positively on the sustainability of improvements made.

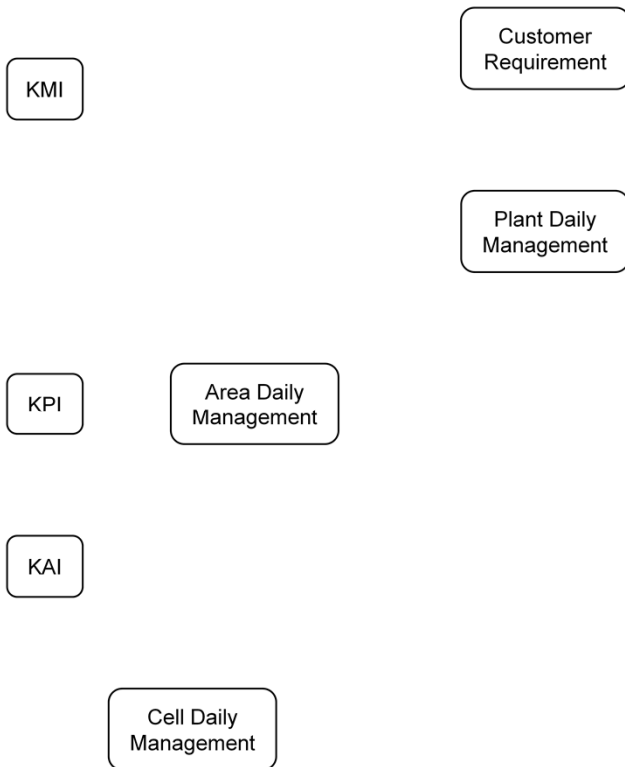
A simple overview of the Integration Model



In this overview diagram we can see the 2 key strands of business performance management – the operational day to day running to hit targets and the strategic long term goals that will move performance towards the vision.

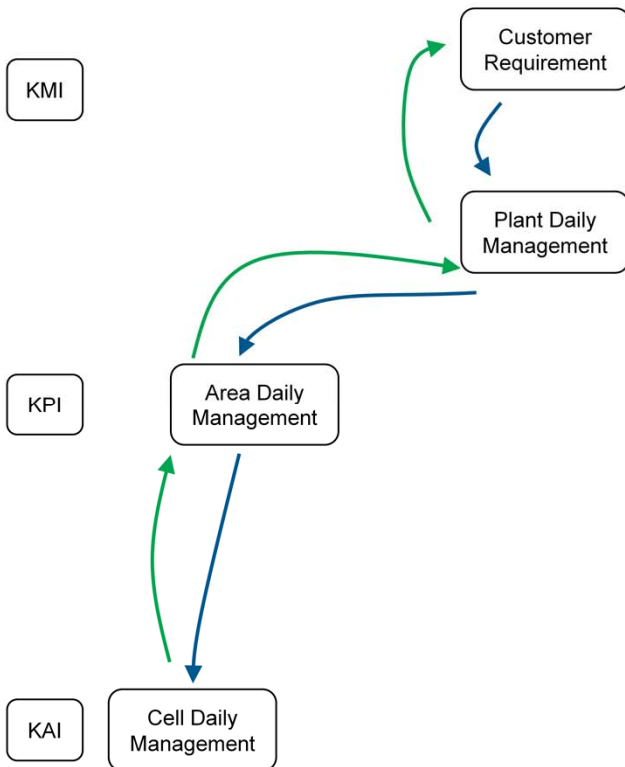
Sustainability involves maintaining improvements, and moving to a level of continuous improvement, where improvement activities spread further within the organisation.

To do this, it is necessary to plant the continuous improvement values and activities into the company culture. This involves embedding tools, techniques and performance review into the daily running routine (operational activities), and the strategic planning, of the organisation.



One of the basic prerequisites for successful Policy Deployment is a system that manages the daily business of the organisation. At the simplest level the organisation needs to understand what the customer requires in terms of volume, quality, cost (price) and delivery. This information is used to set a budget and internal targets for a variety of QCD outputs and also to produce some sort of plan to work to, e.g. a production schedule or a project plan. This may be broken down to area level and specific cell level depending on the size of the organisation.

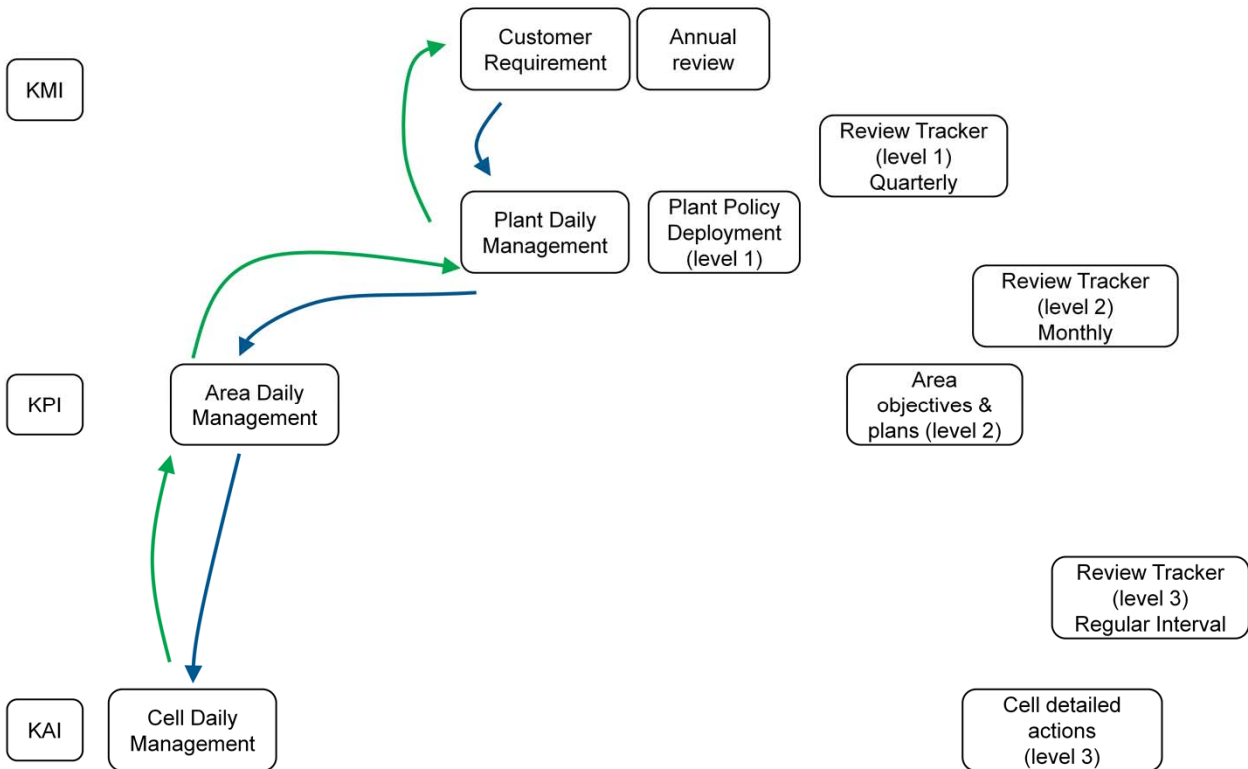
The KMI's are key management indicators at plant level derived from the budget and customer requirements. They are usually QCD measures with one or two other measures e.g. safety (we shall call them QCD +). At area / department level the KPI's are the key performance indicators for the larger area or department and again are QCD +. They are derived from the plant KMI's. The KAI's are key activity indicators and are QCD + measures specific to a line, machine or cell that have been derived from the area KPI's.



The work is then done and a review of actual performance against the target on the plan should be carried out.

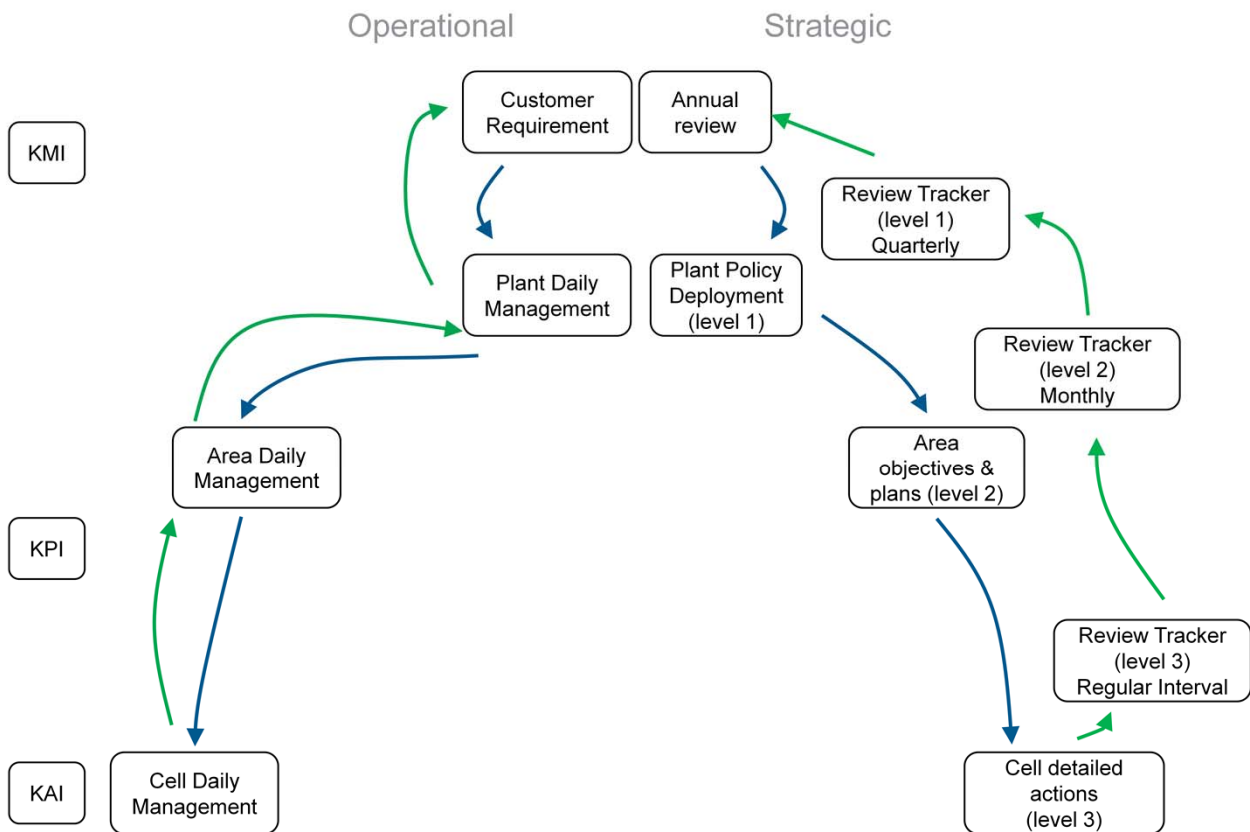
The cascade of information is represented by the blue arrows and the review of actual vs. target represented by the green arrows.

The intervals of review in this slide are those typical for a production based organisation. The frequency isn't the same for all types of organisation, the most appropriate must be chosen, however the important thing is that once the frequency is set it must be adhered to.



Now we need to add in the Policy Deployment cycle; the management of the vital few annual policies has been added to the right hand side of the daily management model. The Policy Deployment cycle starts with the annual review. In national and global organisations there may be additional layers of cascade until the vital few annual policies at plant level are set. These are then turned into objectives and plans for the different levels within the plant.

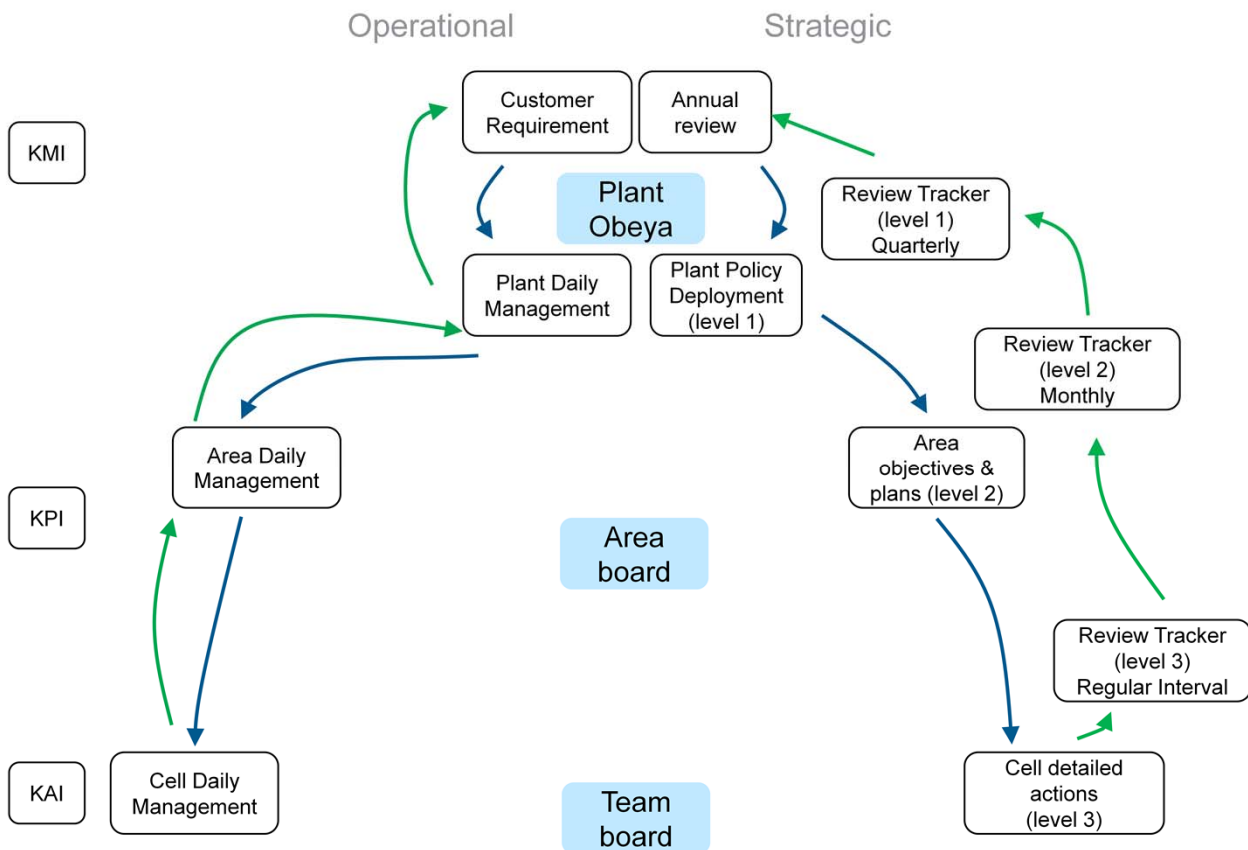
In this diagram we have used the same number of levels as on the previous diagram, so we have plant level, which is subject to quarterly review, area / department level – level 2, which is subject to monthly review and cell level – level 3, which is subject to regular interval review.



Again the cascade of objectives and targets is shown with blue arrows and the review is shown in green.

What becomes immediately obvious is that the review frequencies, or heartbeat, for the two parts of the model are different. The physical formats that the plans and results are presented in may also need to be different at various parts of the review cycle.

This is where particular care in the design of the best system for each organisation is required.

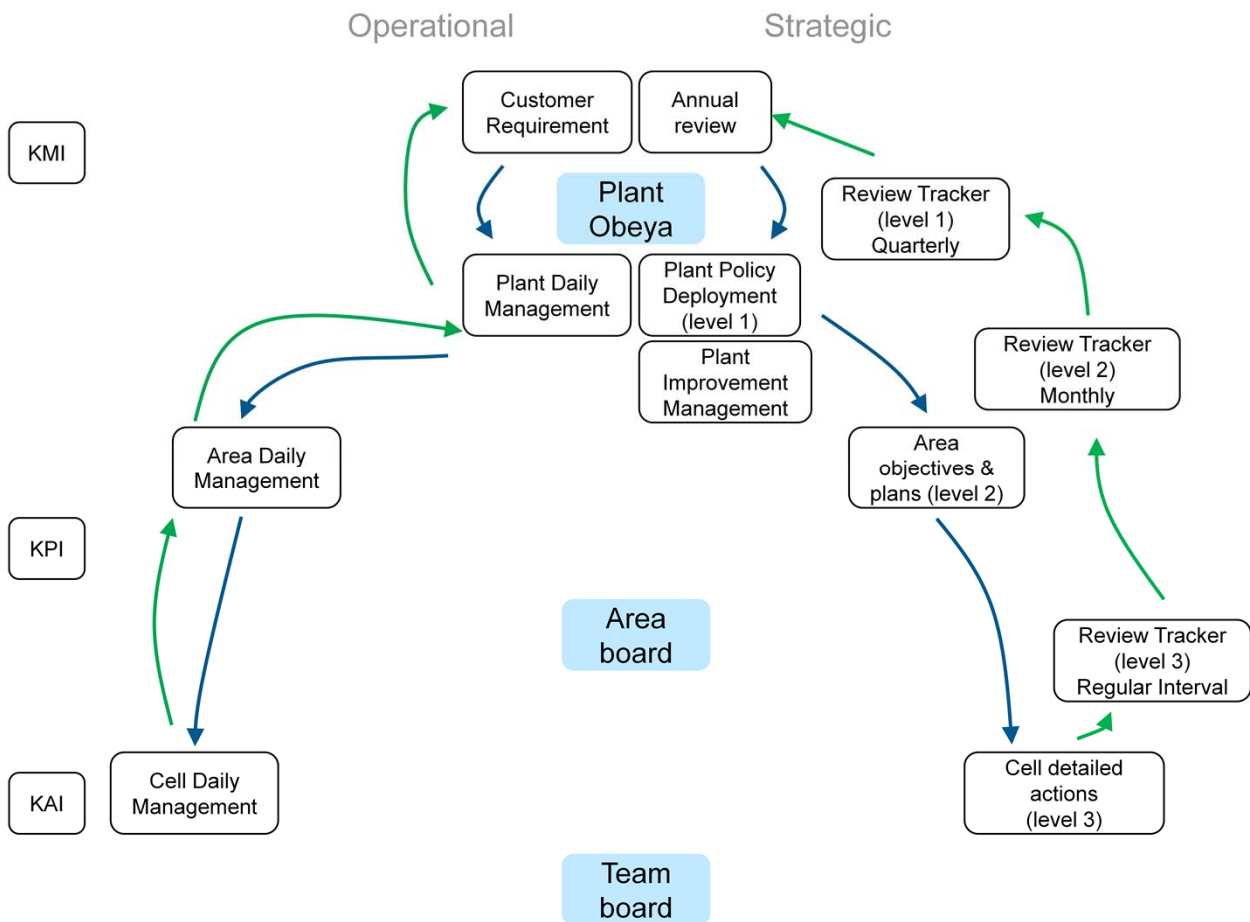


Where possible joint resources, people, physical report methods and reporting procedures should be designed and used in a way that reduces or eliminates duplication.

The key is to have all of the required performance measures for both daily management and vital few management in one place i.e. on a visual communication board. This, along with a rigorous meeting and communication procedure, will help to ensure that the strategic priorities are integrated into daily business and involve everyone in the organisation.

There are three key levels of visual communication board.

Obeya; (more accurately written Oobeya which literally translates as big, open office). This is a very large communication board located in a conspicuous place that lends itself to large groups being able to stand in front of it and hold the appropriate review and planning meetings. These should not be directly compared to war rooms or control rooms as these imply a closed room located away from daily working life where people sit around solving crises.

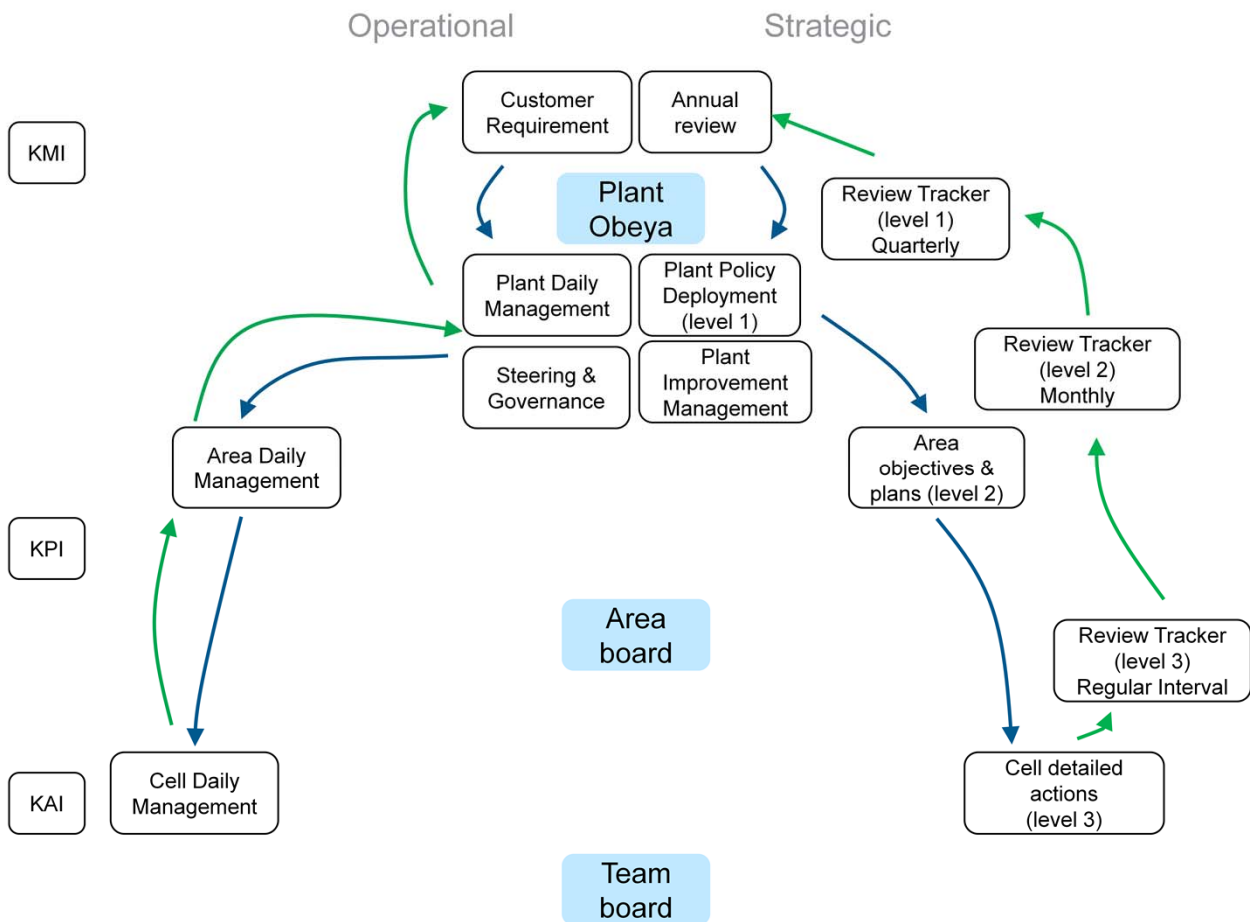


On the obeya we would expect to see as a minimum the annual plan or plant level x-matrix that summarises the vital few annual policies for the plant **and** the plant level KMI's that have been derived from customer requirements and the internal budget. Both pieces of information should show current performance against target. Ideally there should be a strong link between the two sets of information i.e. some of the annual policy targets relate directly to the KMI's. If there is no link then there is an immediate danger of overburdening the system with too many initiatives and targets to be achieved. An obeya showing this level of information is described as good.

A better level of obeya would have the progress of the KMI's and vital few policies displayed graphically with actions showing what is happening if there is a gap between actual and target. Again the links between the two sets of information should be clear. When displayed in this way we call it plant improvement management.

The best level of obeya would incorporate a system on the display described above, that governs the volume of actions

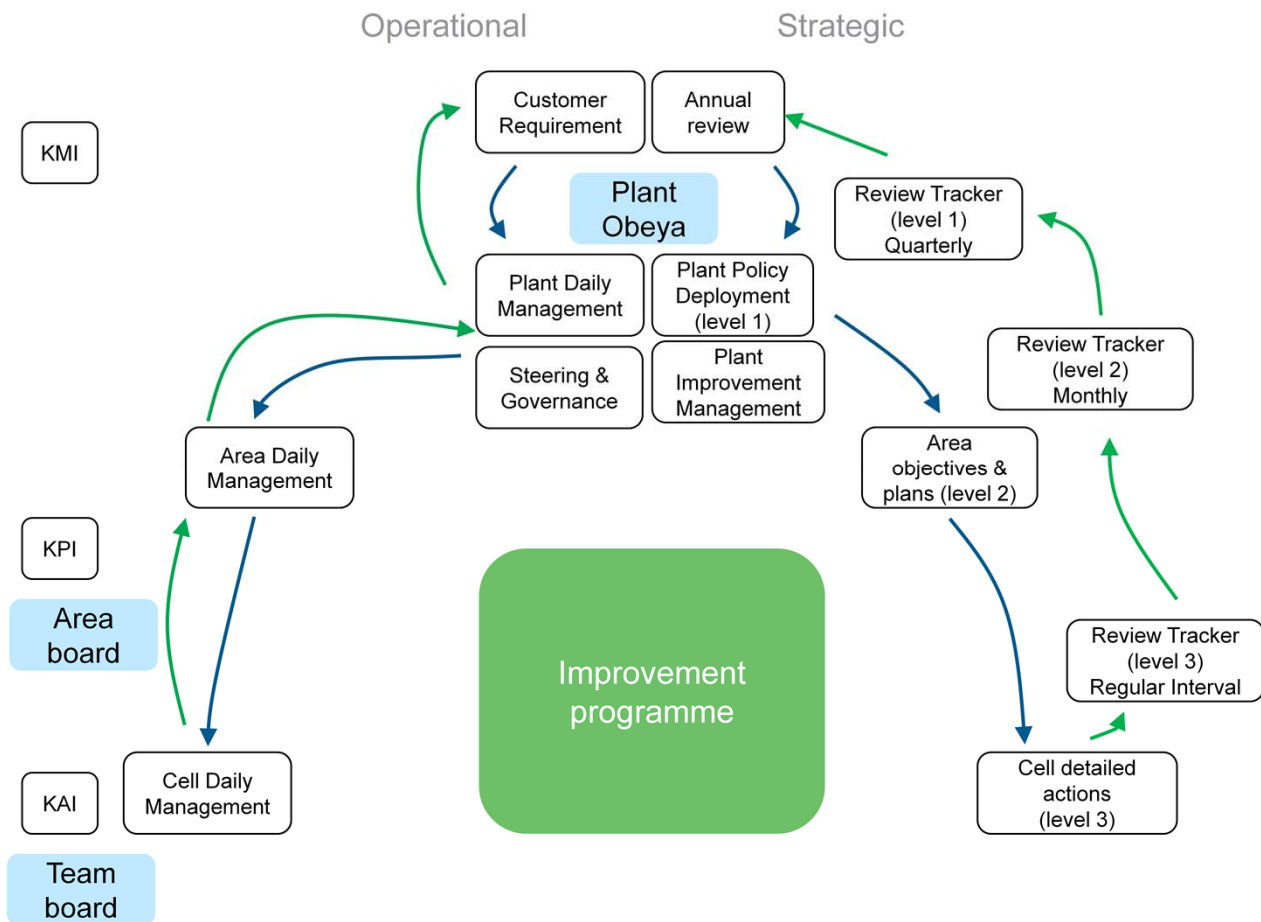
being taken, to prevent them becoming a burden on the action owners.



Steering and governance encompasses the “rules” or guidelines that determine how the integration model is managed. It includes who meets, when, at what frequency, what they do at each meeting and what the expected outputs are.

For the integration model to work we would expect a certain amount of formal communication to take place as a minimum. There will also be other communication happening on a needs basis.

More advanced steering and governance would include quarterly review meetings where a steering group check progress to plan. They conduct problem solving where gaps arise between actual and target at plant level that have not been resolved by the actions from the daily, weekly and monthly meetings. The document used to aid this process is the Programme Governance Summary.



The best level is of steering and governance is demonstrated when the organisation has selected a suitable improvement programme that will stabilise and support achievement of daily business performance targets and also support the achievement of the stretch annual policies. Examples of programmes that would achieve this include:

- Total Productive Maintenance
- Value Stream Mapping using both current and future state maps

Whichever programme is used it must also be integrated so that its planning, deployment and review becomes part of the organisations existing structure in order for it to sustain and ensure the full benefits are realised. If the programme is not integrated into daily business at all levels within the organisation it is unlikely to sustain in the long run. The importance of the improvement activities associated with the programme will not be recognised by the senior managers and will receive lower priority than other tasks.

The steering group have additional duties to fulfil at this level

depending on the type of improvement programme being used.