Linking KM Activities with Strategy and Project Prioritization Using Hoshin Kanari Concepts

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Pfizer Global Supply
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• Who we are – Pfizer Global Supply (PGS)
• Hoshin Overview
  ▸ Linkage of how hoshin relates to PGS KM & Project Prioritization
• About the X-Matrix and how it works
• Simplified & abbreviated KM X-Matrix Workshop
Our Network

- 92 internal manuf. sites
- 188 logistics centers
- 400+ supply partners
- 30,000+ colleagues

Products and Formulations

- 600+ MPGs
- 35,000+ SKUs
- 3,000+ formulations
- 40+ technologies/platforms

Key Activities

- Site and Logistics network
- Operational/Supply/Technical support
- Product co-development, launch, and process optimization
- External partnerships

PGS covers all aspects of Pfizer product supply

>175 Markets
>50 Languages
Pfizer Global Supply (PGS)
Our Continuing Journey to High Performance

1. PGS Vision to be a high performing network
2. NPP is a framework to reach our vision
3. PGS transformation
4. BSC measures our progress on the journey toward our balanced goals
5. Recognition Program rewards our progress
6. We must deliver near term cost savings
Hoshin Overview
Strategic Alignment to Drive Value Delivery

+ Individual teams locally aligned to purpose and delivery
- Effort expended in loosely aligned way results in lower overall value delivery

Current State

Future State

Common view of key business priorities and understanding of related activities;
effort is multiplied by the alignment to a common purpose and overall value delivery

“Management is doing things right; leadership is doing the right things”
Peter F. Drucker
The Hoshin Cycle

Step 1: Establish 3-5 year objectives

Step 2: Define the Critical Business Issues

Step 3: Define Business Fundamentals and Metrics

Step 4: Develop Annual Hoshin Plans and Metrics

Step 5: Develop Local Plans and Periodically Review

Step 6: Incorporate into Daily Management Process

Steps 1 – 3 “strategy development”

Steps 4 – 6 “strategy deployment”

X-Matrix used at this stage
Information Flow w/ Hoshin

Executive Team

Business Unit

Site

Operating Unit

Center

network intelligence

results, alignment, replication

External benchmarking

Prioritize

Perform

Program

Prioritize

Perform

Program

Catch ball

results

status

In addition to the flow of information, the diagram highlights the importance of network intelligence, results, alignment, replication, and external benchmarking. The executive team, business unit, site, and center are interconnected, emphasizing the comprehensive approach to information flow with Hoshin.
Strategy deployment in action - A site example

Hoshin – X-matrices

Program Tracking

Site Metrics/BSC
How is Hoshin applicable to KM Strategy?

- Provides a means to link strategic imperatives with activities, metrics & intended results
- Harnesses a process that is known and used elsewhere in the division
- Creates ability to visualize and communicate how KM projects will benefit the business and how priorities are established

Focused on the x-matrix tool as an enabler to identify key KM Strategy work
About the X-Matrix
Complexity of Hoshin Process as Evident in the Use of X-Matrix

Each x-matrix typically represents 100’s of logical links supporting prioritization decisions.
Results

- Define expected outcomes (e.g. financial, reduction in investigations and BSC targets).
STRATEGIES

- Define the Critical Few Site Strategies using...
- Current Strategy Declaration from the Op Unit
- Current Site Vision/Strategy
- Current Programs and Associated Resources
- The BSC metrics including those you identified as most critical to impact
• Define the Projects that will support the achievement of the Strategies
• Projects will later be prioritized based on their correlation to the strategies.
• Each project will be chartered.
Define the project metrics that will measure the success of the projects.

Effective measures:

- Reflect customer expectations in quality, cost, delivery and innovation. They should be strongly aligned to BSC.
- Help to prevent problems by alerting us to conditions that contribute to problems.
- Help on elimination of waste and reducing variability.
- They are indicators of improvement in financial results.

Measurements examples: OEE, Yield, customer satisfaction, Lead Time, etc.
Developing and Documenting the Site Annual Plan - Anatomy of the X Matrix

- Sponsors, Team Leaders and Team Members needed for project execution.
- Use this space to analyze the relationships between the accountable parties listed below to the improvement initiatives or projects listed to the left.
- Using symbols, record the level of accountability by entering the relevant symbols in the cells marking the intersection of team member columns and initiative rows.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Projects</th>
<th>Correlations</th>
<th>Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategies</td>
<td>Vision</td>
<td>Project Metrics</td>
<td>Resources</td>
</tr>
<tr>
<td>Results</td>
<td>Correlations</td>
<td>Correlations</td>
<td>Accountability</td>
</tr>
</tbody>
</table>

**Accountability Symbols**
- Team Leader
- Core Team Member
- Participating Team Member
Interrelationships between quadrants are defined to help prioritize projects.

If there isn’t a strong correlation between projects and strategies, project viability should be discussed.
X-Matrix mini workshop exercise
Mini KM x-Matrix workshop:

- Work in the groups at your tables
  - 11x17 populated x-matrix matrix
  - Word “information sheet”
- Correlate the West and North (~15 mins)
- Show how the prioritization works (~10 mins)
- Discussion Identifying resources (~5 mins)
Some typical examples of KM Strategies:

- Identify, implement and rationalize core tools for collaboration and search
- Identify and distinguish critical knowledge to the business
- Accessibility of Subject Matter Experts
- Promote a culture of sharing and collaboration across the business
Some typical examples of KM activities

- Develop master plan framework for knowledge management program
- Roll out ELS (Expertise location) pilot
- CoP Program Management Improvement/Enhancement
- Lean Six Sigma database Replication Module Project
- Leverage R&D's lessons learned process and system
- Expand search scope and capability (taxonomy)
- Continuous improvement of SharePoint collaboration sites
- Improve linking of Global Technology Teams and CoPs
- Expand use of database tool to XYZ products
- Implement Process Classifications for our division
- Develop video sharing application for the learning organization
- Codification of best network processes
- Address recognition and incentives for knowledge sharing
- Enable sharing and increase visibility of regulatory filings

Typically in this exercise, the owner of project will give a brief overview of each project so all parties understand the intent and scope of each prior to correlation exercise.
• When you are considering the correlation, you also need to consider the risk (complexity, resource, etc.)

• Prioritize the projects with strongest correlation to the strategies

• Once a value ranking has been established, need to consider the risk to prioritize what moves forward now

• Choose projects with the highest proportion of value to risk
**Documenting the Annual Plan**

**Prioritizing Projects on the X-Matrix**

<table>
<thead>
<tr>
<th>VALUE</th>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>![Star Icon]</td>
<td>Some quick wins, but be careful due to lower value</td>
</tr>
<tr>
<td></td>
<td>Remove from Project List</td>
</tr>
</tbody>
</table>
Correlate the West & North
Analyze & discuss prioritization
What did Pfizer get by using the x-matrix?

- A robust discussion about what projects are out the in business (in the flow) and those that are supported by the KM group (above the flow)
- Inclusion of dialogue and decisions around what are the most valuable projects to pursue
- A mechanism to link projects to
  - Maturity & success of the KM program
  - The overall business results
- Sr. Leaders understating that KM was using a “standard” methodology for prioritization and linking strategies to work
Thank you!

- If you choose to utilize Hoshin or the x-matrix, we would love to hear your experience and specifically what was important for you to put in the “East”

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Backup slides - workshop materials
Areas of opportunity/improvement as classified by the APQC KM Maturity Model

- Financial analysis or documentation of benefits is conducted to show value of KM investments
- KM group’s focus expands from initial areas, e.g., lines of business, functions, business units, disciplines to other areas in the organization
- Formal cross-functional steering or advisory committee(s) for KM is chartered and operational
- A change management strategy is in place to support the KM strategy and knowledge flow approaches
- Information on KM approaches and methods is available to all employees
- A formal KM communication plan is in place and executed to raise awareness of KM as a method to improve business results
- Standardized knowledge flow processes are used across multiple instances or situations
- Standard methods are used to capture and retain valuable individual knowledge
- Knowledge maps for each initial KM focus areas identify content and knowledge needs/gaps
- KM tools and applications are standardized and integrated into overall IT strategy
Some examples of “The South” - Results

- Use of Balanced Score Card metrics could be an example
  - % in stock
  - % right first time, etc
Facilitation Agenda

- Who we are – Pfizer (Paige 5 Min)
- Overview of the Hoshin and x-matrix process (Rob 20 min)
- Mini KM x-Matrix workshop (30 mins total)
  - Work in the groups at your tables
    - Give 11x17 blank matrix & the word sheet with all the data
  - Correlate the West and North 10 mins
  - Correlate the North and East 10 mins
  - Identify Resources 5 mins
  - Show how the prioritization works (less than 5)
- Hand out the completed 11x17 x-matrix in color