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**INTERNATIONAL JOURNAL OF ENGINEERING SCIENCES & RESEARCH
TECHNOLOGY****ACHIEVING BUSINESS EXCELLENCE USING POLICY MANAGEMENT: A
CASE STUDY****Sumit Kumar**

Assistant Professor, Department of Mechanical Engineering, Sant Longowal Institute of Engineering and Technology, 148106, India

DOI: <https://doi.org/10.29121/ijesrt.v9.i8.2020.15>**ABSTRACT**

The business excellence of an organization is the outcome of various policies formulated and implemented in the organization. This paper presents a systematic approach to formulate and implement the policies in a manufacturing organization. The approach is based on a study conducted in the XYZ Ltd. The study reveals that the mission and vision statements along with the factors like company performance, priority issues, and effort required are of prime importance. The study also proposes a model framework for policy management.

Keywords: Business excellence, Policy management.

1. INTRODUCTION

Today's competitive world has forced every organization to adopt philosophies that can cater to the business excellence for its survival. Policy management or Hoshin Kanri is a business excellence philosophy which is used to align strategies or policies with the mission and/or vision of the organization. Policy management is used to identify the breakthrough objectives. (Mulligan et al., 1996) discussed different methods of policy management and concluded that there should be issue based planning. (Witcher & Butterworth, 2000) concluded that policy management is a framework that focuses on organization-wide on purpose. Policy management provides planned directions to the organization in the form of strategic actions (Dale, 1990). (Charles & Paul, 2001) discussed that involvement of employees in the policy management is must and success of the policy management depends on the catchball process. The Catchball process can be used to build consensus so that policy can be implemented successfully in an organization wide manner (Watson, n.d.). The key to policy deployment is that it brings the total institution into the strategic planning process, both top-down and bottom-up. It ensures the direction, goals, and objectives of the institution are rationally developed, well defined, clearly communicated, monitored, and adapted based on system feedback. This system includes tools for continuous improvement, breakthroughs, and implementation (Witcher B.J., 2014). R. Xerox (Xerox, 1992) defined the strategic operation as: "An input which is capable of expressing and communicating the visualization, undertaking, goals, and essential programs to every employee". It answered two queries: "What tasks are we going to carry out?" and "How are we going to complete those tasks?". Policy Deployment is a comprehensive process and involves all the employees in its functioning aspect and it helps in integrating strategies with daily actions (Nicholas, 2016). The approach of policy deployment overcomes the generic problems of strategic management by networking employees with managers, thereby enabling both horizontal as well as vertical communication (Akao, 1991). A significant strength of strategic planning is its supplementary aspect of flexibility that arises from the regular application of Deming's PDCA method. The organization first needs to become accustomed to the plan, reorganize its assets according to the plan, realign actions according to new strategies and then strive to enhance operation performance (Mulligan et al., 1996). The process involved in a policy deployment process follows the Focus-Alignment-Integrate-Approach-Review (FAIR) model. The "Act" stage of the cycle is that which produces institutional FOCUS. The planning stage of the cycle produces institutional ALIGNMENT. The "do" stage of the cycle produces institutional INTEGRATION. The check stage of the cycle produces an organization-wide REVIEW (Witcher & Butterworth, 1999). Anthony Manos (Manos, 2010) gave practical tips, tricks, and advice for Hoshin promotion in an organization to establish its yearly policy. Policy deployment works on two levels to manage continuous improvement and to achieve business results like strategic objectives and daily control of the business (Lee & Dale, 1998). The methodology of the deployment process involves a two-way approach i.e. both top-down as well as bottom-up. In the top-down approach, the long term actions or goals are put into action whereas, in a bottom-



up approach, necessary actions are put to use after the criticism through feedback mechanism is obtained from the subordinate level employees (Ahmed, 2016). Policy Deployment is an all-inclusive process and considers all the workforce in its implementation aspect (Kondo, 1998; Marksberry, 2011; Nicholas, 2016). Hoshin Kanri is functional in few western companies and it is designated by a variety of names. Texas Instruments names it as Management by Policy, Xerox Corporation tag it as Managing for Results, and Lucent Technologies and AT&T label it as Policy Deployment (Matzler et al., 1996). M. Cwiklicki (Cwiklicki, 2010) analyzed the application of TQM in policy management practices by comparing the application in both Japanese and American companies. P. W. Marksberry (Marksberry, 2011) gave a detailed study analysis of Toyota's policy deployment strategies using classical and modern tactical planning methods. P. Rewers and J. Trojanowska (Rewers & Trojanowska, 2016) depicted policy deployment as a primary part of various Business Excellence Tools such as Lean, TPM, TQM, Six Sigma, etc. (Kumar & Gupta, 2020) presented a case study on the business excellence of the organization using SAP-LAP framework.

2. ABOUT THE ORGANIZATION

The organization XYZ Ltd. (name changed in order to protect the privacy) is located in India. The firm is a manufacturer of automobile components and is OEM to other reputed automobile manufacturers. It manufactures products like hydraulic power steering systems, manual steering & suspension systems, valve train components, friction material products, steering columns & electric power steering, seat belt systems, and die casting products.

3. METHODOLOGY

The case organization was thoroughly studied by making visits of the organization. Personal interviews sessions were conducted with the top management including CEO and vice president. Senior level managers and middle management personnel were also interviewed. The interviewed was focused on the roles and responsibilities of each employees, their past experience in the organization, their conflicts and strengths. SWOT analysis was also conducted in this regard. Following are stages of the study.

Pre-policy management period analysis

The pre-policy management period analysis of the XYZ Ltd. helped the authors to see the past picture of the organization and it revealed several crucial factors that hindered the business excellence. It was found that XYZ followed KRA (Key Result Area) deployment process until 2014 for planning the yearly business and other operational targets. The deployment was done based on the traditional method of functional KRA and targets being deployed to plant as a Corporate Planning (CP) metric. Following gaps were identified in this stage.

- i. There was no top management diagnosis.
- ii. There was no clear basis for the planning.
- iii. Review of previous year was not taken into consideration,
- iv. Targets were missed or not realized.

This led to the decision of revising the entire policy management approach. Following were the stages of the policy management adopted by the organization.

Formulation of new policy management approach

The new policy management approach was based on proper PDCA cycle. The bottom-up approach or the review was also strengthened as issues arriving from various sources are also considered as inputs for prioritizing the items for policy direction. The new policy management consists of following stages.

Table 1: Policy Management Stages

| Stage 1 Policy Setting | Stage 2 Policy Formulation | Stage 3 Policy Implementation | Stage 4 Policy Review |
|--|-------------------------------|---------------------------------------|-------------------------------|
| i. Previous year analysis | i. Policy deployment | i. Implementation of means & projects | i. Review of policy items |
| ii. Critical issues from various sources | ii. Budget planning | ii. Monitoring of results | ii. Policy review |
| | iii. Resource allocation | iii. Gap analysis | iii. Top management diagnosis |
| | | iv. Countermeasures | iv. Period end review |

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iii. Critical issues for the period
 iv. Evolving Annual policies

v. Student model analysis

Policy Setting

The process of policy setting begins in month of April in a Financial Year. Following inputs were considered for arriving annual policies given in Table 4.5.

Table 2: Policy setting input

| Last year inputs | Current year inputs (Current Process) |
|--|--|
| <ul style="list-style-type: none"> • External Environment • Corporate Issues | <ul style="list-style-type: none"> i. Critical issues to address strategic objectives ii. Top Management diagnosis iii. TQM diagnosis by DEMING PRIZE COMMITTEE iv. Department critical issues (Unresolved DM issues) v. Status of previous year policies vi. Super ordinate policies (Upper policies) |

Based on Last year's critical issues and the current year's Strategic objectives various policies are formulated. HODs/section in-charges will deploy these policies. Based on these policies, goals and means are also identified and deployed as projects/Kaizens/QC stories. For each of the policy identified, a target is to be set. Strategies identified for the issues were also deployed as projects. The breakthrough improvements are done through QC story approach and others by daily management improvements.

Policy Review System

The progress of policies is to be reviewed by the upper-level managers on a regular basis. Gap analysis are to be identified and should be discussed for countermeasures to be taken. Reviews should be done on both the plant as well as departmental/section level. Policy directions should be reviewed regularly (on a fixed time frame), and guidelines & directions should be provided. The issues arising from the reviews not only help to improve achievement level, but also the policy management system.

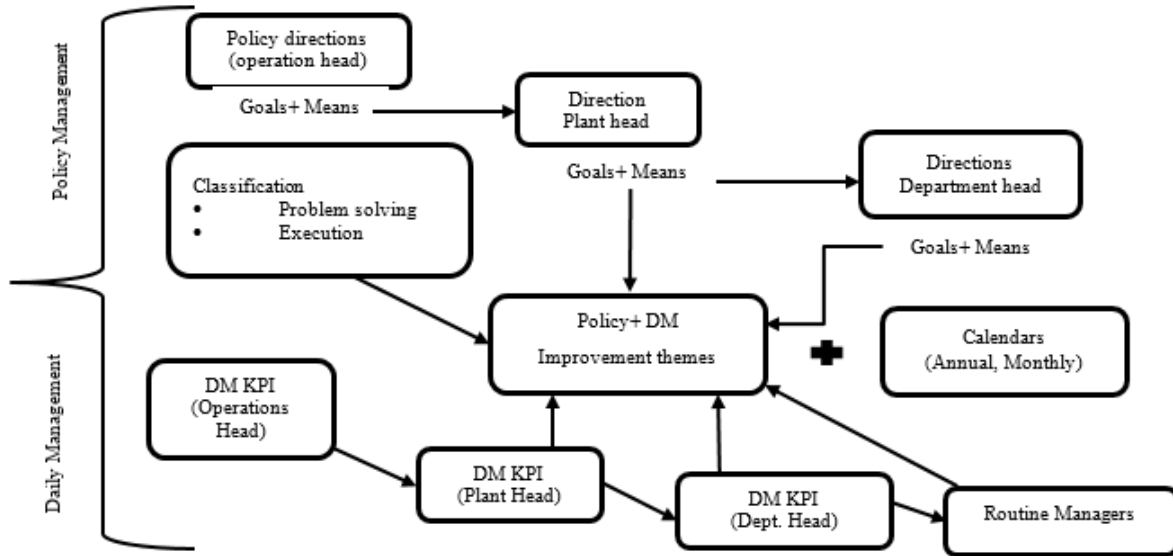


Fig. 1: Policy management framework

Results of Policy Management at ALH2

In order to understand the status of policy implementation, KPI (Key Performance Indicator) attainment ratio should be calculated using the student model analysis. Based on the above, theoretical model of policy management is presented in Fig. 1.

4. RESULTS

With the adoption of the policy management as presented in the Fig. 1, the organization was able to achieve its set objectives and targets. Tangible and non-tangible benefits achieved by implementation of policy management in the organization are presented in

Table 3 and

Table 4

Table 3: Tangible benefits

| S. No. | Current policy Objectives | KPIs | Target | Actual | Goal | Target | Actual |
|--------|--|---------------------|--------|--------|--------------------------------------|----------|---------|
| 1. | Capacity enhancement to meet future volume | Volume | 36000 | 31559 | Model mix | 65% | 65% |
| | | | | | Cycle time reduction in chassis line | 11.6 min | 8.8 min |
| 2. | Improve straight pass (LCV) | Straight pass % | 85 | 82 | Straight pass 1 | 63% | 58% |
| | | | | | Straight pass 2 | 41% | 32% |
| 3. | Improve Labor productivity | LECU / 100 man days | 3.01 | 2.98 | Manning vs actual | 89% | 89% |
| | | | | | Line balancing | 85% | 85% |



Table 4: Non-tangible benefits

| S.NO. | Non-tangible benefits |
|-------|---|
| 1. | Improved motivational levels and participation. |
| 2. | Have gained high level of confidence from the customers by improving the flexibility in delivery. |
| 3. | Openness to accept challenges. |
| 4. | Brand image improved in the Society. |
| 5. | Reduced accidents |
| 6. | Better working environment. |

7. CONCLUSIONS

This paper presents an integrated approach towards the policy management. when applied in any organization, policy management can guaranty achievement of desired objectives. The policy management helps the organization in foreseeing the future trend and help in preparing the organization. The policy management framework present in the paper also shows the rules and responsibilities of the various levels of the organization.

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Conflict of interest

The author declares that there is no conflict of interest

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