POLICY DEPLOYMENT
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INTRODUCTION

"Policy Deployment" refers to methods used to be sure that everyone in the enterprise is working effectively towards the same ends. Efficient deployment of policies requires not only that the policies be communicated without ambiguity, but also that the policies be workable and understandable by those who are to carry them out. It is not enough that a policy be written in clear, understandable language. What is clear and understandable to one person is not always clear and understandable to another. Effective policy deployment requires that communications be <u>tested</u> for comprehension.

In addition to testing the communications, the policies themselves should be tested to see that they are workable and that they make sense to those who are to carry them out. This step is often neglected. Policy makers often believe that their job is finished when they have announced a clearly stated policy. In fact, when the policy is announced, the job has barely begun.

Like so many methods in total quality management, the methods used in policy deployment are extremely simple. Dr. Deming has described the situation aptly when he said, "It's all so simple, it's silly". Despite the simplicity, however, most people have difficulty learning to execute policy deployment effectively. This is because the complications which can arise in practice are not so simple. There does not seem to be a limit on the ways in which people can fail to understand one another or managers can misunderstand reality.

THE OBJECTIVE OF THIS MODULE

The objective of this module of instruction is to bring the learner to a level of "conscious competence", which is the third out of four levels of competence described by Mike Vance:

> *UNCONSCIOUS INCOMPETENCE* -- In this state a person does not know that he or she is incompetent. People in this state are easily recognized by the fact they resist learning and are often angry when it is suggested they are not competent. They often deride the necessity to develop competence.

> *CONSCIOUS INCOMPETENCE* -- This level is somewhat advanced

over the previous level. At this level, a person realizes he or she is incompetent in a particular subject, but doesn't know what to do about it. It is essential that people move from the first level to this second level before they can learn. It is fairly easy to move a subordinate from the first to the second level. It is dangerous to try to move your boss.

CONSCIOUS COMPETENCE -- This is the level achieved by persons who have had instruction but who have very little experience. A person in this level is able to perform tasks but requires constant supervision. At this level of competence a person can do what is required provided the surrounding conditions are right. Whether or not a person can advance from this level depends not only on the method of instruction, but also the environment into which a person moves after instruction. Usually it is necessary to educate a person's boss before the person can exercise a newly acquired competence.

UNCONSCIOUS COMPETENCE -- In this level people do what needs to be done and do it automatically. Indeed, it becomes such a part of their nature that they begin to think that everyone should be competent to do it. In this level it is easy to become impatient and even annoyed at people who have not reached this level of competence.

The fourth level, "unconscious competence," comes only after long practice.

THE PROBLEM ADDRESSED BY POLICY DEPLOYMENT AND THE TWO HYPOTHESES UPON WHICH THE APPROACH IS BASED

The basic problem in policy deployment is that those who make policy seldom are seldom sufficiently knowledgeable about the problems of those who must carry out the policy that they understand if what they ask is possible or practical. There are times, of course, when leaders may have to ask the "impossible" of their followers. When that happens it is even more important that the leader be able to understand the problems of the followers and be ready to help them remove the barriers to success.

The basic question attacked by policy deployment is: Does the policy statement make sense to those who are to act upon it and are they able and willing to carry it out?

The rationale upon which the methods are based is simple. It iconsists of two hypotheses:

You do not know how someone else has understood what you have told them until you see how they interpret your statements to someone else.

The spoken word is inadequate for policy deployment. Policies must be written if the communication of policy and the policy itself are to be tested.

PROCESSES USED TO INFORM PEOPLE ABOUT POLICY DECISIONS

Figure 1, below, depicts the normal approach to policy deployment. We call it the "broadcast" approach. The CEO develops a policy statement and broadcasts it to the troops. ("Now hear this").

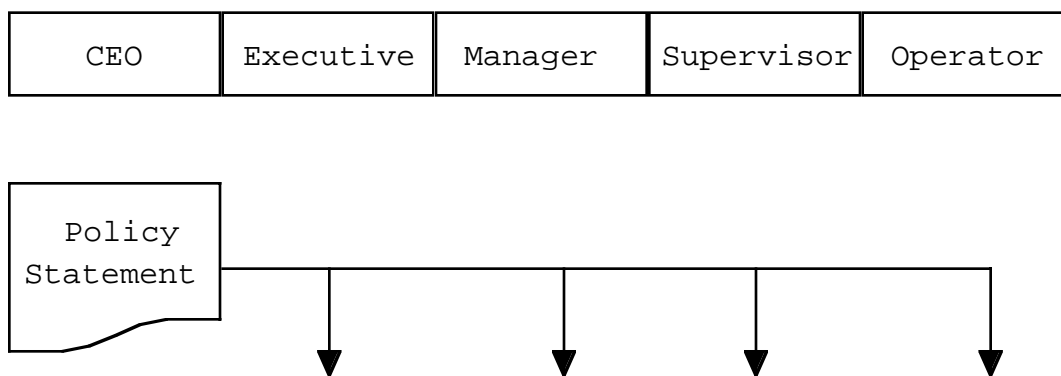| CEO	Executive	Manager	Supervisor	Operator

Policy Statement

Figure 1. The "Broadcasting" of policy.

Sometimes the broadcast is made via videotape and is followed up with general meetings at which the audience is encouraged to question the speaker. Broadcasting makes the executive feel that he or she is demonstrating an enlightened spirit of communication. The group meetings encourage people to express their opinions, but the setting does not provide useful feedback. The executive does not learn what the people intend to do about the new policy, if they really understand it and whether what they will do is what is desired.

As an alternative to broadcasting, the CEO or some other executive announces the policy and each manager interprets the policy (or sometimes merely passes it along) until the policy arrives at the place where something is to be done. This process is described in figure 2.

The weakness in the process shown in figure 2 is that there is also no feedback. The person who has announced the policy will not learn what problems were generated by the process until much later. In some cases the leader will never learn what went wrong but will merely issue another policy.
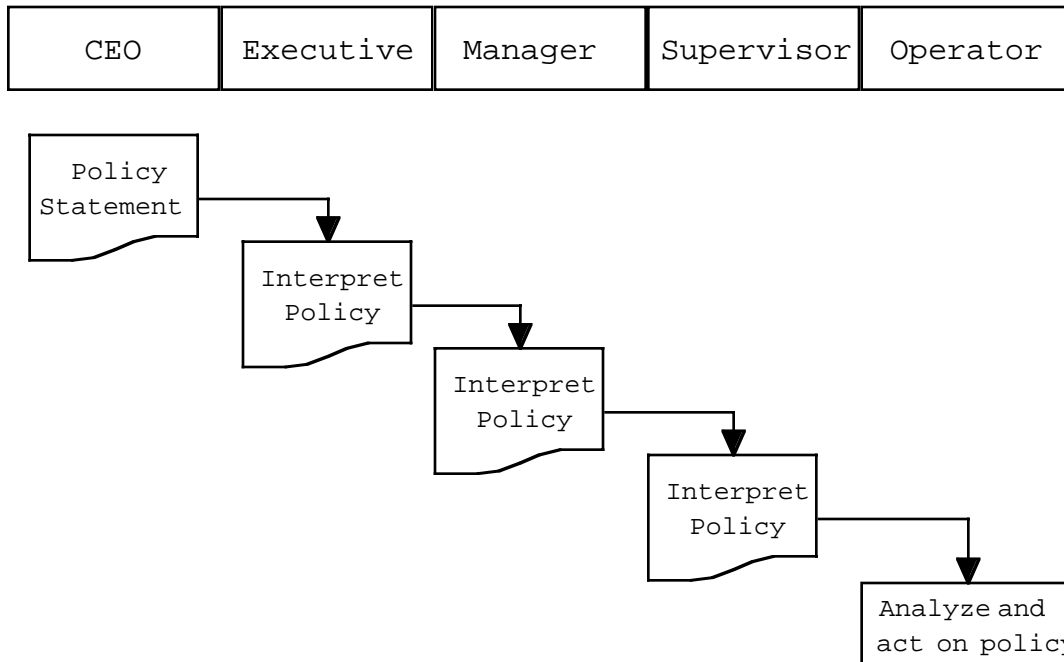
CEO	Executive	Manager	Supervisor	Operator

Policy Statement

Interpret Policy

Interpret Policy

Interpret Policy

Analyze and act on policy

Figure 2. Policy Deployment by "pass it along".

In figure 3, below, we show an improvement in the process. In this case at each level the manager and subordinate meet to discuss the policy statement. The subordinate has prepared an interpretation of the policy statement which both persons have read ahead of time. If there are differences in the interpretation, the two can discuss the reasons for the differences.
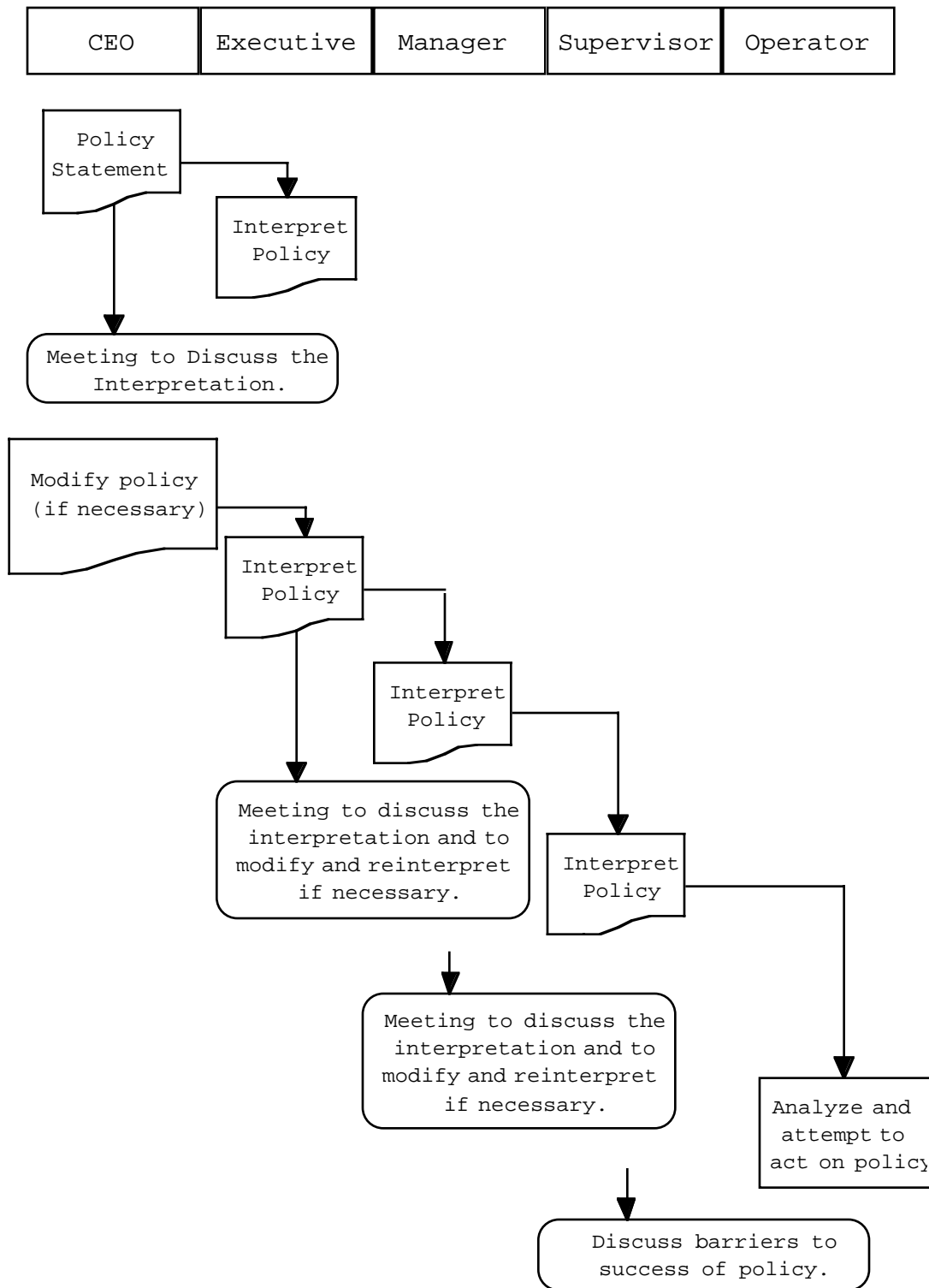
CEO	Executive	Manager	Supervisor	Operator

Policy Statement

Interpret Policy

Meeting to Discuss the Interpretation.

Modify policy (if necessary)

Interpret Policy

Interpret Policy

Meeting to discuss the interpretation and to modify and reinterpret if necessary.

Interpret Policy

Meeting to discuss the interpretation and to modify and reinterpret if necessary.

Analyze and attempt to act on policy

Discuss barriers to success of policy.

Figure 3. An improved approach to policy deployment.

There are several reasons why their interpretations may differ.

> 1. The policy statement is ambiguous to the person interpreting it.

> 2. The person interpreting the policy faces difficulties not foreseen by the person who wrote the policy (or its interpretation).

> 3. The person who is to act upon the policy does not know how to do so but is not able to explain why.

> 4. The person who is to interpret the policy knows something the policy maker does not know.

While the figure 3 represents an improvement, it still is not adequate for *improving the policy deployment process.*

The process shown in figure 4, which should be repeated at each level, not only deals with the clarification of policy, it also provides information to help each manager to improve.

Many managers will feel that the process shown in figure 4 is too complicated. They will think that a simple problem of communication has been made much too complex. It is true that it takes more time to conduct the process shown in figures 3 and 4 than to just broadcast a policy statement as shown in figure 1. However, if the original dissemination of policy is inadequate, the amount of time the executives will spend trying to correct the situation is much greater than the time required to do it right the first time.
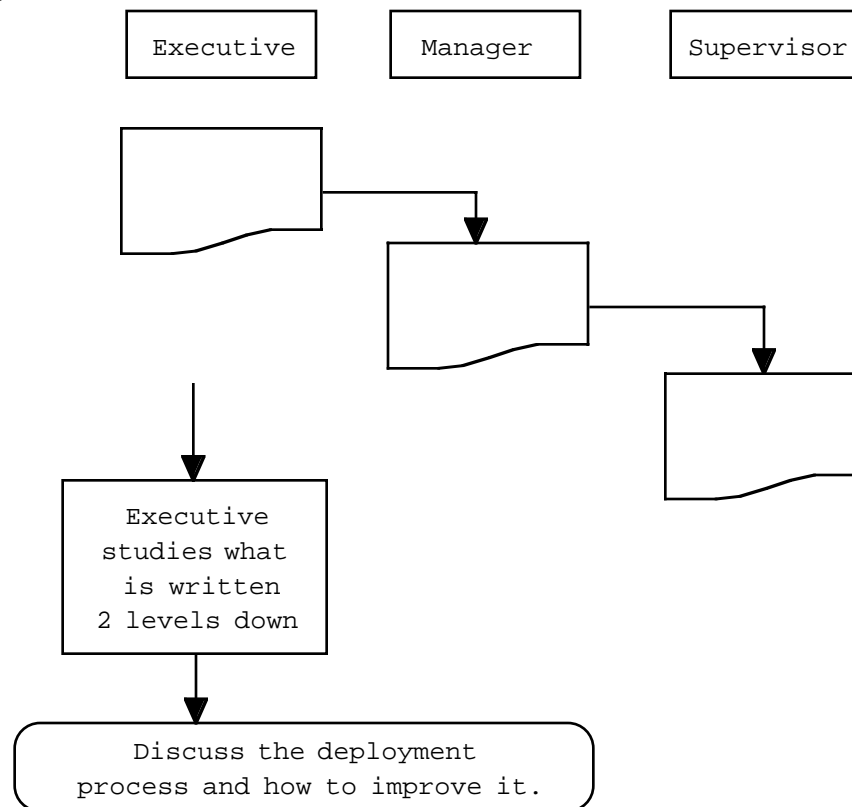
| Executive | Manager | Supervisor |

Executive
studies what
is written
2 levels down

Discuss the deployment
process and how to improve it.

Figure 4. To develop a basis for improving the process, each manager should study what is said **two levels** down the organization chart.

WHAT SHOULD A POLICY STATEMENT CONTAIN?

It is useful to divide policy statements into two categories. Some statements of policy are meant as guides for routine decision making. Policies regarding sick leave, education, vacation, pensions, etc., fall in this category. Other statements are intended to improve the company situation. This module is concerned only with the second category. It is understood that the purpose of the policy statements we are discussing is improvement.

A policy statement should be explicit regarding:

        a. What is to be improved.
        b. Why it is to be improved.
        c. How improvement will be measured.
        d. The time frame in which the improvement should be made.
        e. A target for accomplishment.

A policy statement which originates at the top of an enterprise will necessarily be fairly

general. As the statement is interpreted down the hierarchy, it should become progressively more and more explicit. At the lowest level the policy statement should become a specific plan or a strategy for taking action. The degree to which the lower level statements can be explicit will depend upon the task.

It is well to remember the distinction between a "strategy" and a "plan" as described by Bill Golomski:

PLAN

> *When you know what you want to do and you know precisely how to do it, you may develop a plan by starting at the end state. Knowing, for example, that you have to produce a report on a certain date, you can work backwards, allowing for the time it takes to produce the report to the date at which all the information for the report has to be ready. Then, knowing that date, you can allow for the time it takes to produce the data to find the time at which you should start to take data. Knowing how long it takes to get the equipment ready and calibrated, you can determine the date upon which the equipment must have been delivered. In this fashion you can work backwards from the final date to the date upon which you must start.*

In a plan, each step is taken with full knowledge of what will be done at the next step. A plan is developed by working backwards from the final stage to the start.

STRATEGY

> *When you know what you want to do, but you do not know how to do it, you are in a learning mode and cannot **plan** the approach. You can only develop a **strategy** for attacking the problem. The best you can do is to decide what you must do NOW in order to learn what you should do later. In other words, you need a strategy for discovering what to do. If the objective is to increase the reliability of a component, it will be necessary first to gather data about experience with the component. Then it will be necessary to analyze the information. Based on the analysis, certain corrective measures will be indicated, but it will not be certain if these measures will be adequate.*

In a strategy, each step that is taken is determined by the previous step. The outcome is always in doubt.[1]

No situation is ever as simple as it is described to be. Even when you think you know exactly how to do something, surprises occur and the plan must be modified. Sometimes when you do not know exactly how to solve a problem, you have experience with other similar problems and can make reasonable estimates of what to expect and how long it will take to progress through the various stages from start to finish. Nevertheless, when discussing what is to be done and how to do it, it is useful to both the manager and the subordinate to keep in mind whether they are dealing with a strategy or a plan.

THE EVOLUTION OF A POLICY STATEMENT

According to the processes depicted in figures 3 and 4, a policy statement is an evolving document. It grows and expands as it is interpreted at each level.

As the policy statement and its interpretation work their way down the chain of command, the statements should be modified to become more and more specific as to:

- What is to be done,
- Why it is to be done
- When it is to be done,
- Who is to do it,
- How it is to be done, and
- How the results are to be evaluated.

The evolution of a policy statement as it moves down the chain of command is depicted in the following figure.

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[1] In many cases of competition, it is not possible to make a plan. For example, you cannot plan to win an election. You can only develop a strategy. You can plan the next step. You can often plan individual steps. If your approach to a competitive situation involves only planning and not strategy formulation, you are unlikely to win.
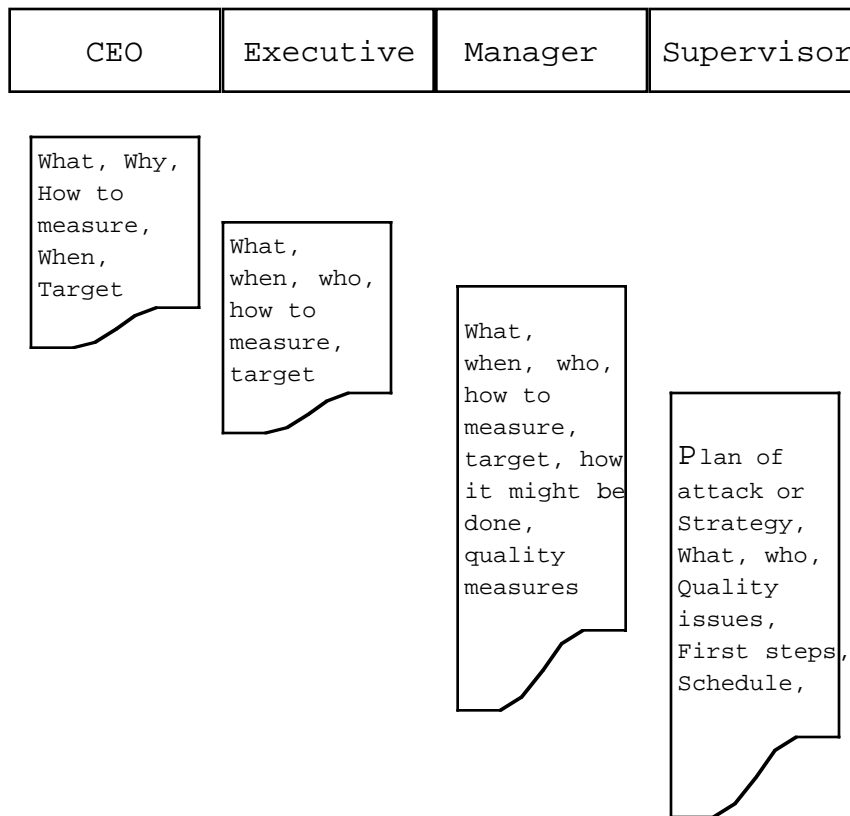
CEO	Executive	Manager	Supervisor

What, Why,
How to
measure,
When,
Target

What,
when, who,
how to
measure,
target

What,
when, who,
how to
measure,
target, how
it might be
done,
quality
measures

Plan of
attack or
Strategy,
What, who,
Quality
issues,
First steps,
Schedule,

Figure 5. The evolution of a policy statement into a specific plan or strategy for accomplishment.

TARGETS AND THE IMPORTANCE OF "BENCHMARKING"

One of the least well understood of Dr. Deming's 14 points is his point #11[2]

> *Eliminate work standards (quotas) on the factory floor. Substitute leadership.*

> *Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.*

Many persons have interpreted this admonition to mean that **no** numbers should ever be used when giving an assignment. This is not what Dr. Deming intended.

The question is rather what is done with the numbers.

[2] Deming, W. Edwards, Out of the Crisis, pg. 24. Published by Center for Advanced Engineering Study, MIT, Cambridge, MA 02139. (1982)

Numbers are required for planning. They are required for scheduling. There is no way to coordinate the activities of several departments without numbers. Numerical targets are also necessary.

The question is how the numbers will be used.

If the numbers are used to judge **individual performance**, or to determine bonuses and other rewards, it is likely that target setting will be counterproductive. If the numbers are pulled "out of the air" by managers as a means to whip their subordinates into a frenzy of activity, they will be counterproductive. If those who receive the targets cannot see how they can possibly meet them, and are offered no help from the management, they will be counterproductive. If the numbers are seen to be without foundation (every year we ask for 10% more) they will be counterproductive.

The CEO of Florida Power and Light (the first company outside of Japan to win the Deming Prize) has said that he had wanted to improve the performance of his company with respect to the number of power outages. He had set for his company a goal of reducing the number of outages by half. Then he visited a comparable company in Japan, Kansai Electric Company, where he found that their outage rate was only 1/10 of Florida Power and Light. With such a benchmark, he then set for his company the target of reducing outages by 90%. Without a benchmark, his employees would not have found his target to be credible.

The CEO of Motorola has described how his company measured the failure rates of competitive equipment and found that whereas the people who were in business, but undistinguished, had failure rates measured in parts per thousand, the best companies had failure rates measured in parts per million. He therefore told his employees that in order to be best in class they had to achieve failure rates measured in parts per million, not parts per thousand. With the benefit of "benchmarking" he was able to lead his company to a higher level of performance.

ON THE DIFFERENCE BETWEEN POLICY DEPLOYMENT AND MBO

Deming's point #11 is not an admonition against the use of numbers; it is concerned with what is done with the numbers. Deming specifically warns against using the target in the style of MBO (Managing by Objectives). Under MBO, as described by George Odiorne, whose book[3] was the first to define the MBO process, the targets **negotiated** between manager and subordinate is directly tied to the performance rating and salary of the subordinate. According to this process the Manager and subordinate negotiate a "contract" under the terms of which the subordinate agrees to achieve the target specified. There are benefits and costs to the subordinate associated with achieving or not achieving the target. These are also agreed upon beforehand.

The idea, as Odiorne explains in his book, is to put the subordinate in the same position as the independent owner of a small business; to put some risk back into his life. Unfortunately, this contractual relationship ignores the fact that the circumstances are not the same. The independent owner of a small business is subjected to the vagaries of the marketplace. The owner does not *negotiate* targets. They are what they are while the owner of the business does whatever he or she can to deal with them. On the other hand, the subordinate works in a system and what is accomplished is as much, if not more, a result of how the **system** performs and not just how well the individual person performs. In the negotiation process the subordinate and the manager sit on opposite sides of the table. They do not form a team. They are adversaries.

On the other hand, if the manager treats the target as "our" objective, that is, the joint responsibility of the manager and the subordinate, and they work together to see how best to accomplish it, the target can be a useful stimulus to both of them. Furthermore, it can be of great value in evaluating the progress of the whole enterprise.

The following figure shows how one company tracked both targets and accomplishments when categorized by division, nature of problem and method of attack. In a later workshop we shall consider how to use information like that in figure 6 to diagnose the health of the company. The important point to remember is that the targets are not set to measure the accomplishment of **individual members** of the company. They are set as goals for the enterprise. As a study of the data in figure 5 will show, some activities exceeded their targets, others did less well. The differences between the targets and achievements is a measure of both the accomplishment and the ability of people to forecast. The numbers are used to investigate ***how things are going, not how the people are doing.***

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[3] Odiorne, George <u>Managing by Objectives</u>,

128
143
32 **49** 57
32 **37** 16.3 **60**
34 12.2 **18** 8.1 27 **29**
30 **30** 15.1 **16** 6.8 **9** 6.8 19 **26**
27 13.4 **14** 7.2 **6** 4.7 **6** 1.8 25 **28**
12 5 **8** 4.0 **8** 8.3 **16**

Achieved
Targeted

Total *Division A* *Division B* *Division C* *Division D* *Defect Reduction* *Complaint Reduction* *Productivity Increase* *Engineering Changes* *Total*

6 4.5 **6** 7.7 **7**
6 **6** 7.2 **2**
3

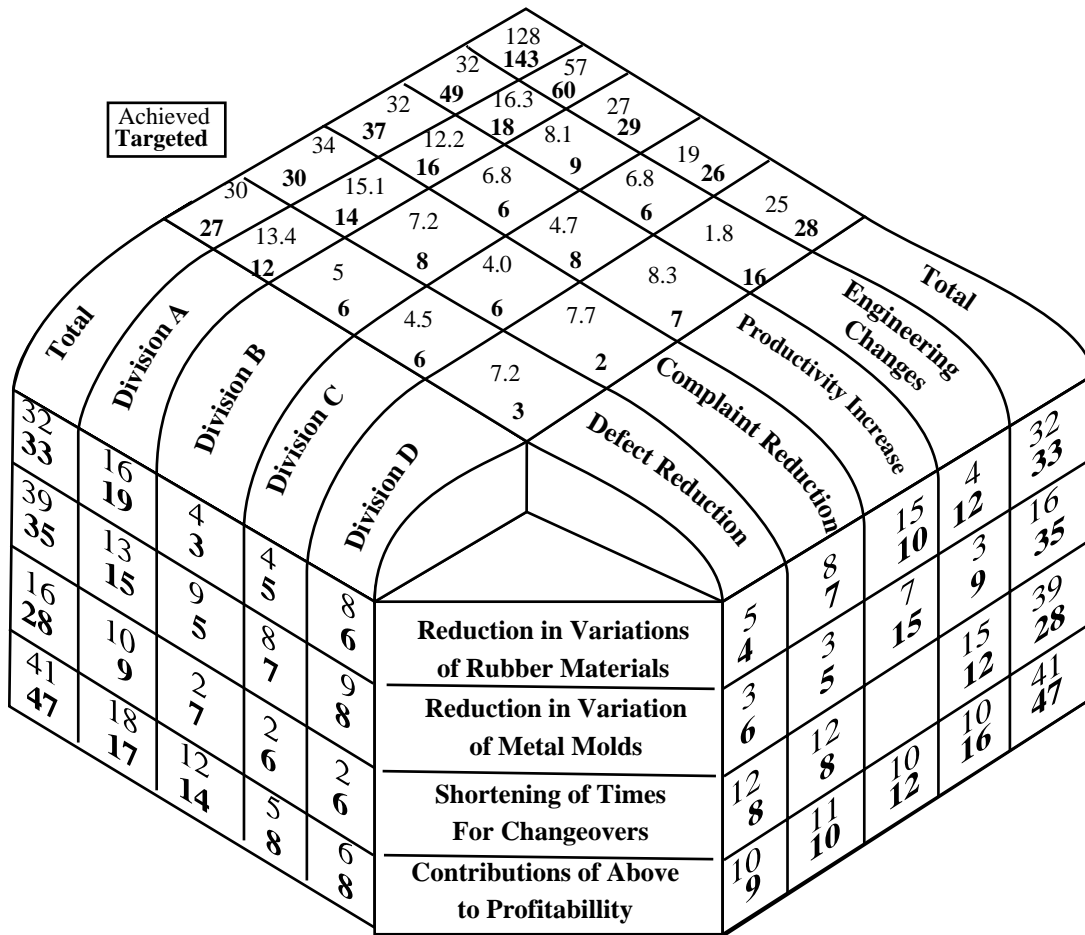| Total	Div A	Div B	Div C	Div D		Defect	Complaint	Productivity	Eng. Changes	Total
32 **33**	16 **19**								4 **12**	32 **33**
39 **35**	13 **15**	4 **3**	4 **5**					15 **10**	3 **9**	16 **35**
16 **28**	10 **9**	9 **5**	8 **6**	8 **6**	Reduction in Variations of Rubber Materials	5 **4**	8 **7**		7 **15**	39 **28**
41 **47**	18 **17**	2 **7**	8 **7**	9 **8**	Reduction in Variation of Metal Molds	3 **6**	3 **5**		15 **12**	41 **47**
		12 **14**	2 **6**	2 **6**	Shortening of Times For Changeovers	12 **8**	12 **8**	10 **12**	10 **16**	
			5 **8**	6 **8**	Contributions of Above to Profitabillity	10 **9**	11 **10**			

Figure 6. Tracking the results of an improvement effort.

Experience shows that when targets are used to measure and *stretch* people's performance, they seldom exceed the targets. They are more likely to hide the extra output and save it for a later time when their luck was not so good.

Targets should not be set as a result of *negotiation.* Rather they should be set as a result of mutual discussion and, wherever possible, based on data.[4]

Manager's do not need to try to shame people into doing better. Once a target has been agreed upon, experience shows that people do try to achieve it and feel badly if they don't. When a target is not attained, the manager should diagnose the situation to locate barriers and help remove them. Always remember Juran's rule: *85% of the time, the problem will lie in the system. Only 15% of the time will the problem be with the workers.* We may summarize

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[4] We have recently noticed that some Japanese companies have introduced a new symbol in their flow charts, ☺, resembling a football, with the implication, "Let's kick it around".

these views on the setting of targets as follows:

> Every improvement effort should be measured. Targets for achieving an improvement should be set based upon benchmarking, competitive requirements, knowledge of system capability and knowledge contributed by the people who will have to do the work.

> The achieved values compared to the targeted values should **not** be used to measure the performance of the people; they measure the combined effects of the system for improvement and the forecasting system.

MEASUREMENT

As the policy statement evolves, it is to be expected that each interpretation will add quality measures to be tracked and will set targets for them. In many cases the amount of improvement cannot be foretold and the target will be no more than a "swag"[5] It will represent the judgement of someone and not much more. When this is the case, it is expected that what is proposed is a strategy for improvement. The strategy will probably begin with a plan to take data, to make observations, to analyze the data and to propose a next step.

Despite these limitations, each person who interprets the policy statement is expected to propose what to measure, how to measure it and to set in motion a process for tracking the quality measures.

Where an improvement should result in better results for a customer (either internal or external) the quality measures should be expressed in customer terms.

OBJECTIVES: q ,c,d and B.

In general improvements may be classified in one of 4 categories.

> **q**   Quality--either of product or process. In general quality of product follows from improvement of quality of process.

> **c**   Cost--cost reductions can be achieved either by changing materials, by changing a design or by reducing the waste in a process. Cost can also be reduced by shortening cycle time. If we include waste of space, wasted time, excess inventory in our measures of waste we may set targets for any of these as a means of driving down cost.

> **d**   Delivery--decreasing the time and decreasing the uncertainty

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[5] "swag"="Scientific Wild-Assed Guess"

surrounding delivery will result in greater customer satisfaction. If the customer is internal to the enterprise, it enables the customer to plan with greater certainty and therefore at lower cost.

B   Breakthrough--in general one cannot plan to make a discovery, so it is not possible to schedule a breakthrough. On the other hand, it often happens that new approaches can be found to old problems and an analysis of existing bottlenecks and barriers will often point to the need for a breakthrough. A manager should be willing to assign people to work on a strategy for finding a better way.