



# Policy Deployment

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# Policy Deployment

If we see the basic continuous improvement (CI) task as something that spreads the capacity for finding and solving problems across the workforce, then the next level involves connecting that to some focused and meaningful targets for the firm. To do that requires that the firm knows (or works out!) what its strategy is and then finds ways of communicating this to the whole of the workforce. They need to be able to discuss, explore and challenge it and to derive from the broad organisational-level targets some specific projects on which they can work. The idea is to deploy the strategy, breaking it down into 'bite-sized' chunks, rather than looking for a single big hit innovation that will help reach the target.

For example, if the strategic target is 'improve quality by x percent in the next three months', then it is unlikely that a single solution is available to achieve this. But by asking the question 'how?' a number of possible directions can be identified - improve the quality of incoming goods and services, improve handling, improve processing at different stages, improve the quality management tools that people use, etc. Each of these represents a fruitful area for finding and solving problems, but each also lends itself to further breakdown - for example, if the chosen project area is improving quality in one of the processing stages, the question 'how?' can be asked again and used to generate further avenues to explore - improvements in equipment, in fixtures, in handling, in worker training, in operating procedures, and so on.

The principle is essentially one of breaking down the big themes into small enough elements that they can connect with the innovation capability across the firm. This differs from the 'conventional' approach where a few innovation specialists aim for big hit projects that deal with the strategic challenge at high level. But it depends on being able to provide a reasonably small number of objectives and some specific, though challenging, targets. Simply saying 'this firm needs to improve its quality, or its delivery, or its costs' is not helpful since these are vague statements. There needs to be a tight focus - what must be done by when in order to gain strategic advantage? Examples might be 'reduce the percentage of late deliveries by 50% within the next three months', or 'get to zero defects in the next year for our top five customers', or 'reduce costs by 15% over the next year'.

The power of having specific targets is that these can be broken down into equally specific targets for individual projects using the deployment approach outlined above. So it becomes possible to provide concrete measures of whether or not improvement has taken place - have things really got better? In this way measurement can become a powerful driver for continuous change. Instead of innovative behaviour relying on an ad hoc selection process - 'what can we do to improve things here?' - there are now clear targets that we know will make a difference because they are aligned with the overall strategy of the firm. They will make a contribution in the right direction - and even if each increment of change is small, their cumulative value can be significant. And we will know whether or not we have reached the target - and whether we need to keep on working on this problem or to move on to the next one, because we are able to use measurement to drive the process.

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The result is an improvement cycle that harnesses the innovation capability to key strategic targets and uses measurement to keep it turning. In the process it moves innovation from being an occasional and random activity (level 1), or one that concentrates on developing the capability without worrying too much about the direction (level 2), to one that is directly linked to where the firm is trying to get to. As the world changes and the firm needs to set new strategic targets to keep up, so the innovation capability can be deployed in new directions but using the same basic cycle. Perhaps most important, this stage makes innovation a central part of day-to-day work, rather than a parallel, occasional or 'bolt-on' extra.

## **Policy deployment**

As the name suggests the basic concept in policy deployment is the development of mechanisms for breaking overall strategic objectives of the business down into small units, each of which can provide the target for groups or individuals in their innovation activities over a sustained period. For example, in Nissan Cars the overall strategic target is cascaded down through the organisation via the appraisal process, where everyone has the chance to discuss and agree to certain objectives over the coming year, including a range of targets for their own innovation activities. This process — which is essentially 'management by objectives' — is a two-way one but the outcome is agreed targets and a commitment on the part of the employee to achieving them, a recognition that this is what will be used to assess performance over the coming year, and an understanding that achievement will be related to rewards.

Its value in innovation is to provide a focus and targeting process which moves on from simply improving things on a project by project basis. In policy deployment targets are linked to strategic objectives and local activities mesh together to contribute to meeting these. For example, if the overall target includes an objective to become competitive by reducing customer lead-time by 25%, then policy deployment would ask, for each area, how they could cut 25% of time out of their overall operations. In turn this would cascade down to the individual units within the area, and down to the individual teams, with the same question. Each individual team will then use innovation tools to explore the sources of wasted time, and the kinds of thing which might cut it down — and on a project by project basis they would chip away at the time taken within their area. In aggregate form this would result in major savings.

Two key features are important here — the use of 'stretch' targets which give impetus, and the use of monitoring and measurement against these targets as a way of guiding the process and maintaining momentum. In addition there is a strong component of 'know why' as well as know-how — in other words, there is an attempt to explain the rationale behind the strategy and how improvements in a particular area contribute to it. For example, in a chemical plant working towards the target of 'zero breakdowns' each machine has detailed operating and maintaining instructions attached. These have been developed through innovation activity and include not only the new operating procedures but also a section on why these steps are important. There is thus an element of organisational learning,

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of turning tacit into formal knowledge. Similar functions are performed by the storyboards which characterise progress along the road to meeting strategic targets.

Policy deployment is concerned with strategic objectives so the timescales for typical 'campaigns' are long. For example, in Japan the 'mid-term plan is the key driver in firms, and this represents a clear statement of objectives and targets over the next 3 years.

Enabling policy deployment involves the use of tools like how/why charts to help facilitate the process. These are described in more detail in the Toolkit.

There are some case studies of organizations undertaking policy deployment available elsewhere on the website in the cases section.