

A Comparative Study of MIPI Methodology and Hoshin Kanri in Organizational Development

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Abstract: Improving and developing performance quality level is one of critical factors in the success of any organizations. There are several methodologies in organizations development. MIPI Methodology and Hoshin Kanri are two management approaches to improve and develop organizations but there are several similarities and differences in these strategies. Therefore, the aim of this paper is to describe similarities and differences between MIPI Methodology and Hoshin Kanri for organizational development. The investigation systematically uses analysis and review by the related literature of various studies. Consequently, the result of this research discloses that MIPI Methodology and Hoshin Kanri have many concepts in similarities and differences. However, these two management approaches can help organizations to create critical synergy or improvement programs for increasing organizational efficiency and effectiveness.

Keywords:- MIPI Methodology, Hoshin Kanri, Organizational Development

I. INTRODUCTION

Industrial growth and technological change lead to the high competition in the world market. The development of product and process is a correct way for organizational development that is a good strategy in making more advantages in competition [1]. Organizations will be successful with cost effectiveness, productivity, profitability, market share and customer satisfaction, that are directly impact on the quality of organization's product and services, if they are developed continuously. Many process improvement methodologies have been presented over the decade. MIPI methodology and Hoshin Kanri are two management approaches for organizational development but there are some similarities and differences in the two improvement methodology. MIPI Methodology is a business process improvement methodology assist companies in business improvement project. Hoshin Kanri is a Japanese strategy to improve organizations by emphasizing PDCA cycle. Many large or small organizations achieve their goals and targets after implementing MIPI methodology or Hoshin Kanri. Therefore, the objective of this research is to make recommendations that explore similarities and differences between MIPI Methodology and Hoshin Kanri for organizational development. The result of research helps organizations to decide which the suitable approach should be implemented.

II. MIPI METHODOLOGY

MIPI Methodology or Model-based and Integrated Process Improvement Methodology is a systematic approach from the result of research by Sola Adesola and Tim Baines on Cranfield University in 2005. MIPI methodology describes procedural step by step guide to assist organizations in business improvement project because this methodology is an integrated management philosophy with business process re-engineering (BPR), continuous process improvement (CPI) and business process benchmarking. According to figure 1, The MIPI methodology consists of seven steps as guidance for process improvement [2]. Additionally, each step of MIPI methodology contains a hierarchical structure including aim, actions, people involved, outcome, checklists, hints and tips, and relevant techniques as figure 2. The details of seven steps in MIPI methodology is described as follow table 1 [3]. Therefore, the result of using this MIPI methodology is that organizations will understand their current process and also will provide a good plan to improve their business operation in the future because MIPI methodology helps organizations to select correctly the problem which is the main barrier for achieving company's vision and missions, also aligns with the their business needs.



Fig. 1: Seven steps of MIPI methodology

Source: Adesola and Baines, 2005

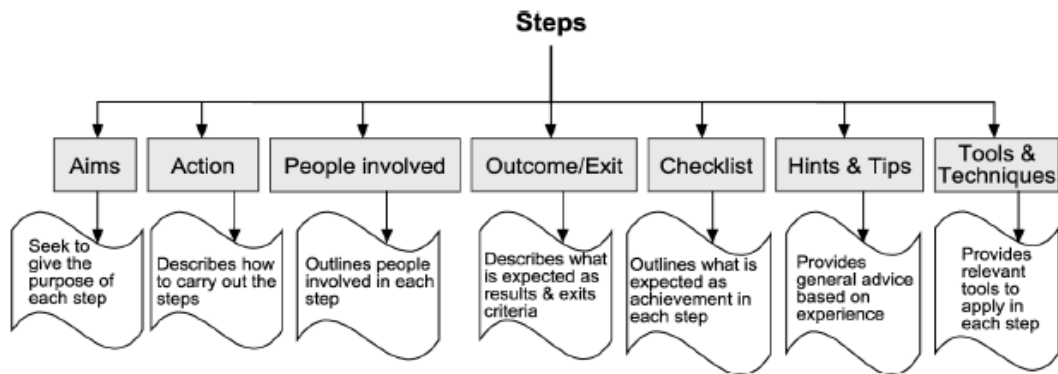


Fig. 2: Seven steps of MIPI methodology

Source: Adesola and Baines, 2005

Table 1: MIPI Descriptions

Step	Description
1. Understand business needs	Identify the problem according to strategy and mission of organization
2. Understand the process	Identify the business process architecture and Define current process
3. Model analyze process	Identify and verify the root causes of problem
4. Redesign process	Find the solutions that will eliminate the root causes of problem
5. Implement new process	Plan the implementation for testing new solutions
6. Assess new process and methodology	Check the result of implementation and Revise the new approach
7. Review new process	Develop monitoring process and a plan to meet targets

III. HOSHIN KANRI

Hoshin Kanri is a management strategy that was developed in Japan in 1960s. This approach appends the company’s policy, goals and target into development plans. The strategy of Hoshin planning helps companies to find what their customers need and understand what their business needs to be done in five to ten years [4]. The planning and implementation process of Hoshin planning are developed by using PDCA Cycle. Additionally, this approach helps organizations to create development plans in each period such as one year plan, 3-5 years plan and 5-10 years vision plan as figure 3 [5]. The key successful implementation of Hoshin planning is cross-functional management that is known a cathball concept. This process requires continuous communication to develop suitable company’s goals and targets in the all levels of organization. Moreover, each process requires recommendations and commitment from employee involvement to create appropriate continuous improvement plans. This leads to suitable goals and targets in all levels in the organization [6]. Finally, Dr. Akao suggested effective series of ten steps to implement Hoshin Kanri are shown below [7].

- (1) Establish a company motto, quality policy and plan.
- (2) Devise long and medium term management strategies.
- (3) Collect and analyze the information.
- (4) Plan the target and means.
- (5) Set control items and prepare a control items list.

- (6) Deploy the policy.
- (7) Deploy the control items.
- (8) Implement the policy plan.
- (9) Check the results of the implementation.
- (10) Prepare status report for implementing.

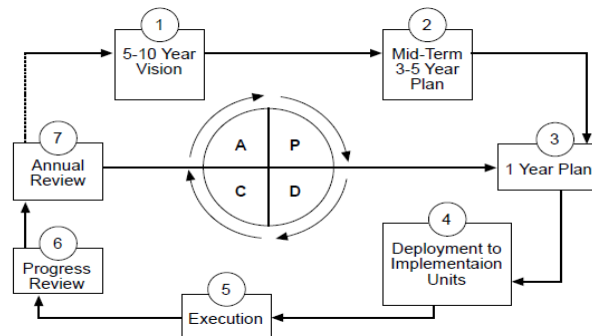


Fig. 3: Hoshin Kanri planning
Source: Goal/QPC Research, 1996

IV. MIPI METHODOLOGY VENUS HOSHIN KANRI

MIPI methodology and Hoshin Kanri are nearly a similar concept that sets long-term vision, which includes improvement programs in each period such as one year plan and 3-5 years plan, for process improvement. These approaches develop improvement programs by focusing on processes that include a requirement to obtain tangible Top-down and bottom-up feedback and a company commitment from employee involvement [8]. The concept of these strategies is the goal of every employee in all levels in company. This idea helps organization to set targets and create correct improvement programs for organizational development. Consequently, organizations choose the best way of business and will achieve their vision. Moreover, The MIPI philosophy and Hoshin planning is similar to the closed loop deployment and feedback system for the performance management process that the firms will be successful in their vision and business goals if the correct deployment of their strategic and tactical objectives of the business is developed by information feedback in the appropriate points that helps top executives to facilitate the decision and management as figure 4 [9]. However, there are some differences in the two management approaches. The improvement programs of Hoshin Kanri focus on process and customer satisfaction by using continuous improvement. Furthermore, the strategy of Hoshin planning emphasizes cross-functional management team in organizational development. However, the improvement process of MIPI strategy emphasizes organizational performance. MIPI encourages renewal or reengineering programs in process improvement, so organizations may receive employee resistance to the change after implementing improvement programs.

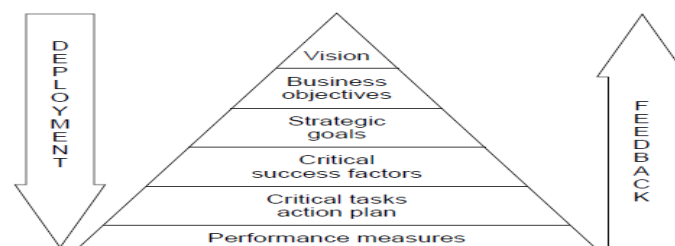


Fig. 4: the closed loop deployment and feedback system for the performance management process
Source: Bititci et al., 1997

V. APPLICATION OF MIPI METHODOLOGY AND HOSHIN KANRI

There several methodologies for organizational development and a variety of management theories have been represented over the years. The characteristic of industrial problem is divided into 2 types. Firstly, problem solving is the gap problem between actuality and company standard. Second is quality problem that the organizations need to change their standard for responding customer satisfaction [10]. Engineering management and Six Sigma are a power tool to improve the problem solving because these approaches helps organizations to reduce gaps between actuality and company standard [11]. Total quality management and Lean production are a successful key for the quality problem because these strategies help organizations to improve their products and processes in order to meet and exceed customer expectations [12]. However, MIPI methodology and Hoshin Kanri are a flexible tool for solving problem solving and quality problem. This is

because the operations of two theories can apply these industrial engineering techniques in solving the both problems. Therefore, it can be concluded that MIPI methodology and Hoshin Kanri are a major plan for organizational development because the two approaches can connect the industrial engineering techniques to develop organizations continuously as figure 5.

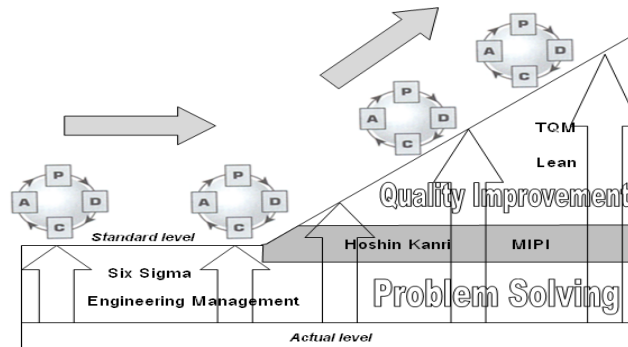


Fig. 5: The industrial engineering techniques for organizational development

VI. CONCLUSION

Even though MIPI methodology and Hoshin Kanri do not have the same origin, these approaches are policy deployment for organizational development in long term vision. MIPI methodology improves organizational processes by using reengineering programs and emphasizing organizational performance but Hoshin planning focuses on company's processes by emphasizing customer needs. However, the two concepts develop improvement programs by using Top-down and bottom-up feedback and a company commitment from employee involvement. As a result, the company can set suitable goal for all levels in organization. Moreover, the companies can use the two management approaches as a major plan to connect the industrial engineering techniques in solving problem solving and quality problem. Finally, the implementation of MIPI methodology and Hoshin Kanri also is beneficial investment for organizational development because these strategies help organizations to create the process improvement programs which are very efficient and align with organizational vision and mission for business process improvement.

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