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## 7.2. Strategic Planning and Quality: The Benefits

Strategic planning is the systematic approach to defining long-term business goals and planning the means to achieve them. Once an organization has established its long-term goals, effective strategic planning enables it, year by year, to create an annual business plan, which includes the necessary annual goals, resources, and actions needed to move toward those goals.

Many organizations have created a vision to be the best performers by creating and producing high-quality products and services for their customers. By doing so, they have outperformed those that did not. This performance is not just related to the quality of their goods and services, but to the business itself: more sales, fewer costs, and better culture through employee satisfaction and ultimately better market success for its stakeholders.

It is necessary to incorporate these goals into the strategic planning process and into the annual business plans. This will ensure that the new focus becomes part of the plan and does not compete with the well-established priorities for resources. Otherwise, the best-intended desired changes will fail.

Many leaders understand the meaning of strategic planning as it relates to the creation of the strategic plan and the financial goals and targets to be achieved. Often, they do not include the deployment of strategic "quality" goals, sub goals, and annual goals or the assignment of the resources and actions to achieve them. We will try to highlight this difference and use the term "strategic planning and deployment" throughout this chapter. Many organizations have overcome failures of change programs and have achieved long-lasting results through strategic deployment.

Six Sigma, Lean Six Sigma, and in prior years Total Quality Management all became pervasive change processes and were natural candidates for inclusion in the strategic plan of many organizations. The integration of these "quality and customer-driven" methods with strategic planning is important for their success.

Organizations have chosen different terms for this process. Some have used the Japanese term "hoshin kanri." Others have partially translated the term and called it "hoshin planning" (discussed in the following section). Still others have used a rough translation of the term and called it *policy deployment*. In an earlier version of the United States Malcolm Baldrige National Quality Award, this process was called *strategic quality planning*. Later this award criterion was renamed "strategic planning."

Whether the upper managers should align quality with the plan is a decision unique to each organization. What is decisive is the importance of integrating major change initiatives or quality programs into the strategic plan. The potential benefits of strategic planning and deployment are clear:

- The goals become clear—the planning process forces clarification of any vagueness
- The planning process then makes the goals achievable
- The monitoring process helps to ensure that the goals are reached
- Chronic wastes are "scheduled" to be reduced through the improvement process
- Creation of new focus on the customers and quality is attained as progress is made