

Management's inspired vision and ability to translate customer requirements into concrete strategies and tactics, organizational structures, and production strengths.

The continual process of realigning a business's organization and productive capacity with its strategic intent, in particular, through the involvement of teams and employees in the planning process.

Level 1 Plan	Level 2 Pilot	Level 3 Deploy	Level 4 Integrate	Level 5 Excel
<ul style="list-style-type: none"> ▪ Company leadership models the future unsystematically ▪ Generally does not expect change in vision; oriented to single model ▪ Limited knowledge of core capabilities ▪ No long-range plans ▪ Improvement initiatives not linked to strategy or based on thorough regular companywide diagnosis and analysis ▪ No coordination of improvement activities occurs between different levels of the organization ▪ No effective means of auditing and verifying implementation of companywide strategies and tactics ▪ No gathering or analysis of previous year's experience, only review of results 	<ul style="list-style-type: none"> ▪ Top management begins modeling "what-if" scenarios ▪ Begins studying core capabilities ▪ Gathers information for strategic analysis that can support 3- to 5-year strategies, but-- ▪ Strategies are not clear and resulting plans are not streamlined ▪ Weak correlation of targets and means ▪ Budgets planned separately ▪ Preliminary efforts at vertical and horizontal deployment and coordination of plans are undertaken, but-- ▪ Links between team activities at various levels and manage policy targets are weak ▪ Control indicators selected are not relevant to daily work; reporting is haphazard ▪ Cross-functional management is purely conceptual 	<ul style="list-style-type: none"> ▪ Top management constructs alternative scenarios, anticipates change, plans strategic response ▪ Understands capabilities and fit with market ▪ Constructs strategies and 3- to 5-year plans based on research and modeling ▪ Basic targets and means are clear, but analysis of the work environment may be weak ▪ Annual diagnosis now focuses on critical problems; integration of policy development and budgeting is planned ▪ Policy plans and useful measures extend to the shop floor level and reflect thorough analysis ▪ Concrete, consistent measures of improvement are identified in each area and level ▪ Cross-functional management present but still weak 	<ul style="list-style-type: none"> ▪ Management expands change-scenario inputs to fine-tune strategic alternatives (computer modeling a viable option) ▪ Easily assimilates new methods and technologies ▪ Benchmarking shows company well beyond average within industry ▪ Strategy and 3- to 5-year plans are consistent, but linking mid- to long-range plans and annual strategies and tactics is weak ▪ Policy development and budgeting are integrated through adoption of profit planning ▪ Good coordination horizontally and vertically ▪ Visual management tools help assure that the link between policy and daily work is clear ▪ System is in place to gather strategic ideas from the lowest levels to the highest 	<ul style="list-style-type: none"> ▪ Management uses modeling efficiently and regularly ▪ Company in tune with capabilities and leads industry ▪ Clear, continuous links between strategy, mid- to long-range plans and policy, supported by understanding and adherence to PDCA cycles ▪ Emphasis of annual policy ion improvement and breakthrough well linked to profit and budget control ▪ Audit and reporting processes are streamlined and easy to use ▪ Planning and management across departments is excellent and support easy top management analysis of performance to targets companywide