

Creating Teams Out of Towers

illumina's Hoshin Deployment

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illumina's Background

COMPANY



Fall, 1998
FOUNDED



July 27, 2000
IPO



Francis deSouza
President and CEO



~7,300
EMPLOYEES



San Diego, CA
HEADQUARTERS

20

OFFICES
GLOBALLY

FINANCIALS

\$3.3B
Revenue

21% REVENUE
GROWTH YOY

illumina's mission is to improve human health by unlocking the power of the genome.



Where OpEx started...2016



- Company Experiencing Explosive Growth
- Empowered Leaders Trying to Keep Up
- Lack of Connection/Alignment Between Organizations



Typical Goal Setting

- *Priority#1: Keep Up!*
- *Priority#2: Don't Let \$\$ or Headcount Get in the Way.*



Reason for Action...2016 Challenges



Teams weren't talking



No one knew what was a priority



Everyone was burnt out



99% of our time was spent firefighting

So in the spirit of firefighting...



- San Diego, CA:
 - Attempted to create a new tool that ranked and prioritized projects.

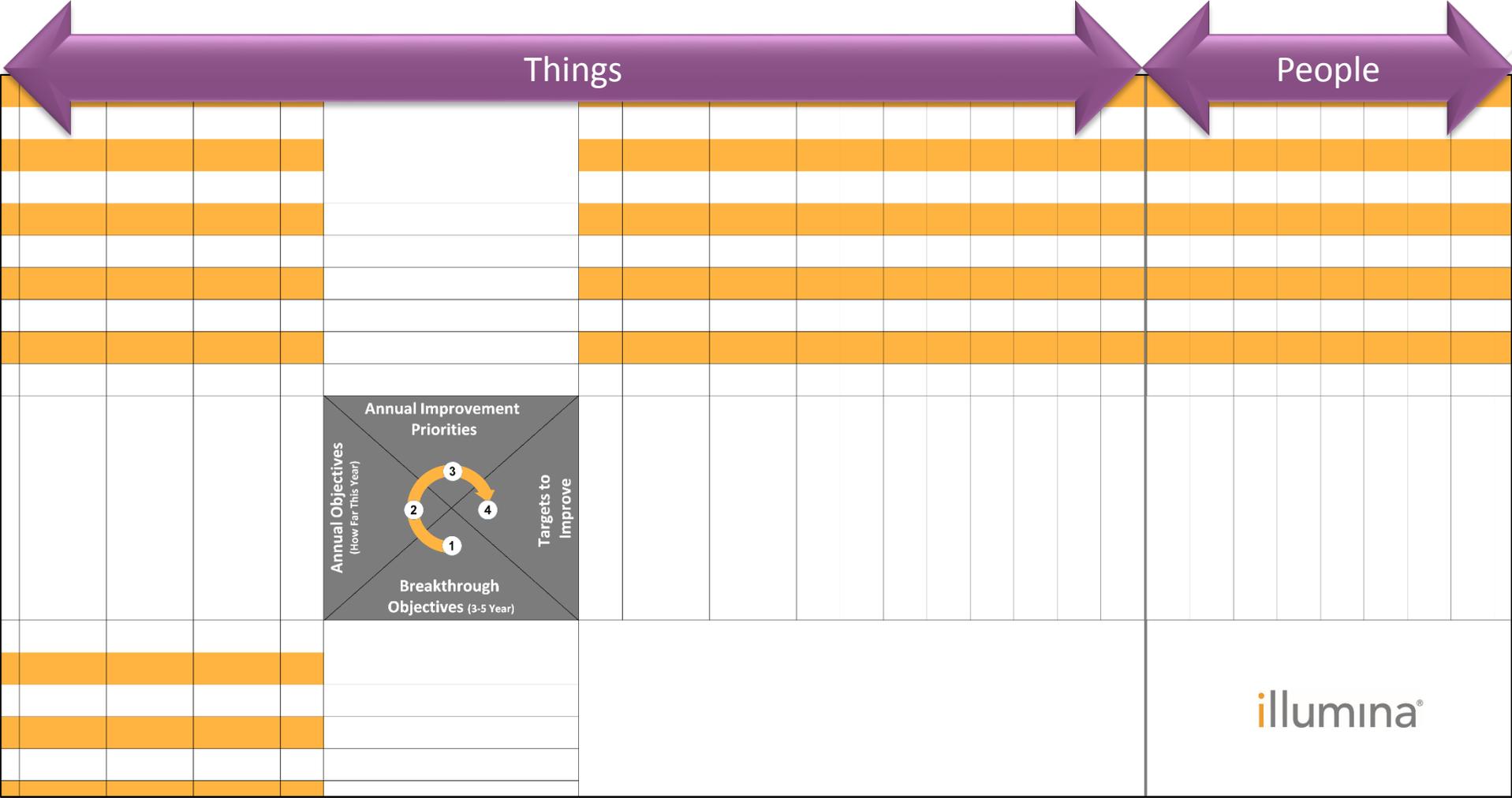
- Madison, WI:
 - Attempted to force feed existing projects into a known alignment tool (X-Matrix).

So...what exactly is X-
Matrix?



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Navigating the X-Matrix



X-Matrix Element Linkage

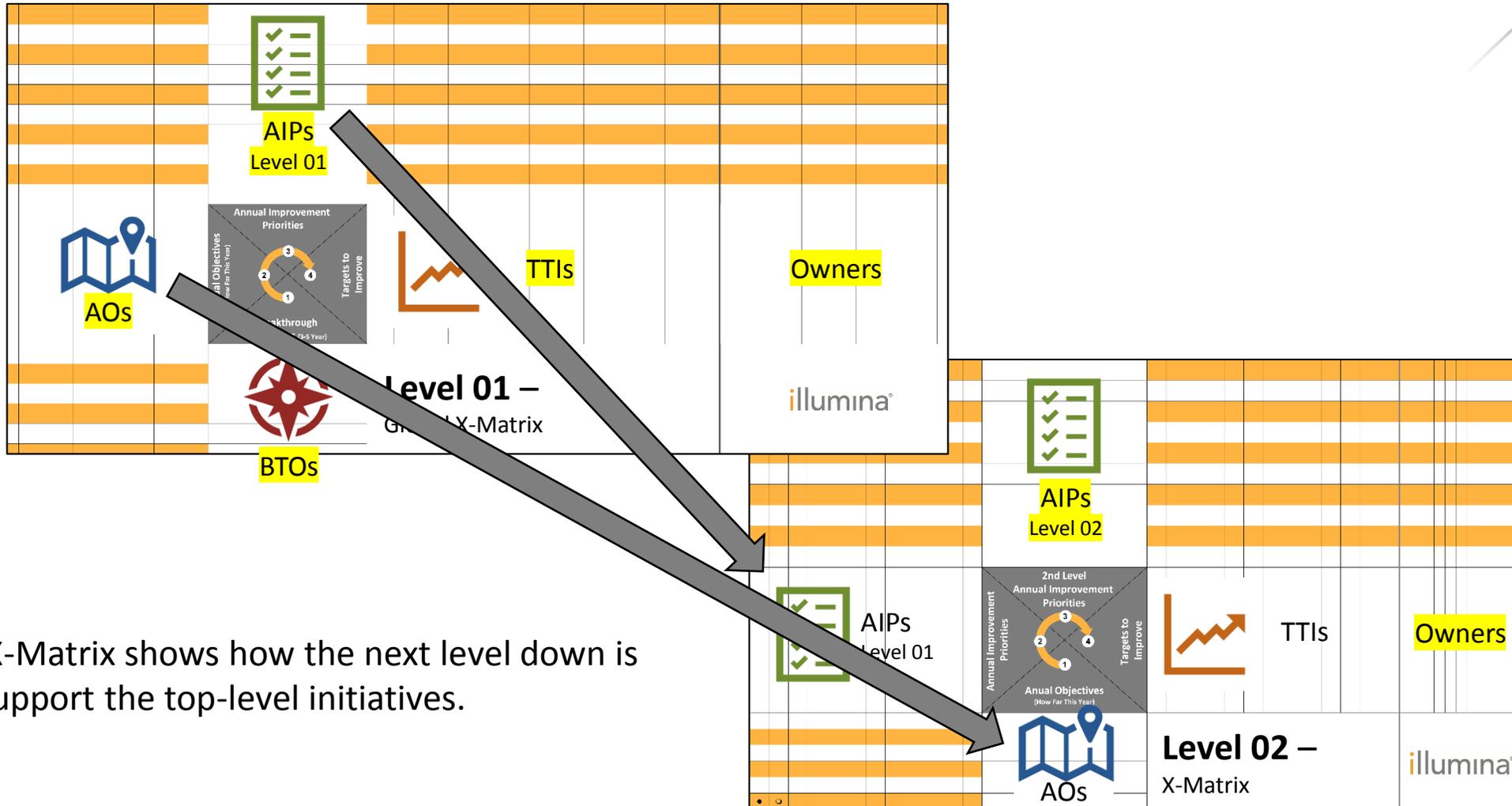
- Solid and Empty Circles are used to show linkage between X-Matrix elements

- = Primary Alignment/Ownership
- = Secondary Alignment/Support

	●	Join an Italian Emersion Club	○	●	
	●	Take Italian 101 Class at Junior College	●	○	
	Learn to Read and Write Basic Italian	<div style="text-align: center;"> <p>Annual Improvement Priorities</p> </div> <p>Annual Objectives (How Far This Year)</p> <p>Targets to Improve</p> <p>Breakthrough Objectives (3-5 Year)</p>	Grade Obtained in Class (Grade)	Number of Hours Spent Practicing (Hrs/week)	
	●	Learn to Speak Fluent Italian			

Example:

Cascading the X-Matrix



- 2nd Level X-Matrix shows how the next level down is going to support the top-level initiatives.

Signs of Progress

- ✓ Both experiments helped provide some additional visibility to all projects
- ✓ Efforts confirmed that teams were overburdened
- ✓ In Madison we built comfort and familiarity with the core elements of Hoshin
- ✓ In San Diego we built a prioritization algorithm we trusted
- ✓ Madison leaders saw the potential in X-Matrix and wanted “more”

Evidence of Gaps

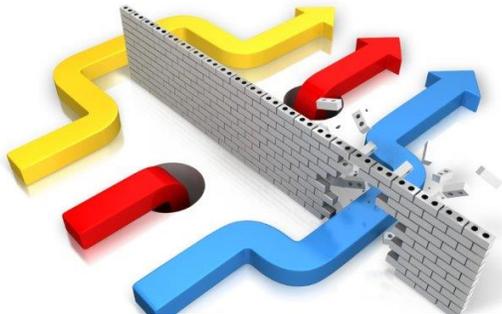
- Alignment marginally improved
- Organizational commitments did not change
- Silos survived
- Pet projects trumped shared goals

2016 Lessons Learned

- Change is hard!



- We're not afraid of failure, we just needed a different strategy...



2016 Result

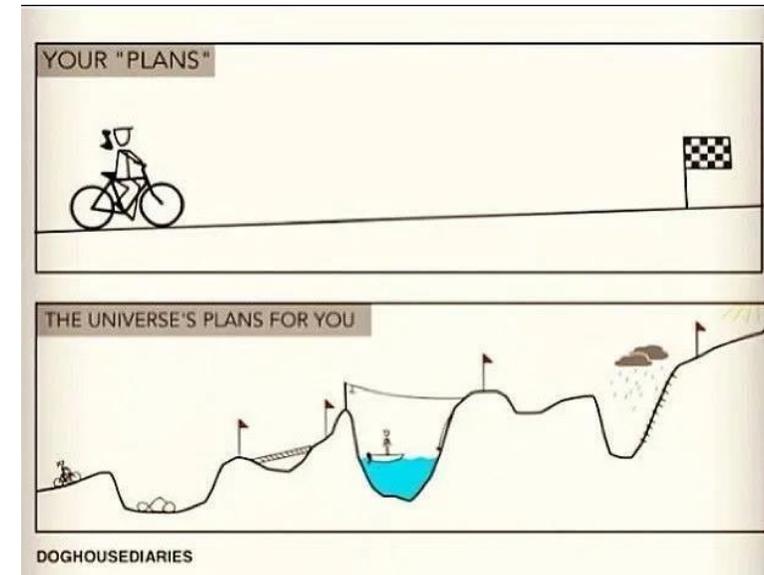
FAIL

2016 Insight



It takes longer than you think...

- Reasons for delay sound compelling – don't wait.
 - Hoshin is designed to cascade goals – “Why not wait for input from above?”
 - “We need to be nimble,” strategic planning will happen once things stabilize.
- Aim for an initial leveraging of the concept – not mastery
 - Writing down and prioritizing intentions is a solid start in year one
 - Regular review, dashboards, accountability all follow TRUST and will probably come later



2017...Dare we continue?

- Hoshin planning was favorably received – but a cultural shift didn't occur
- The truth was that many in our OpEx team were not convinced about X-Matrix

- It was confusing



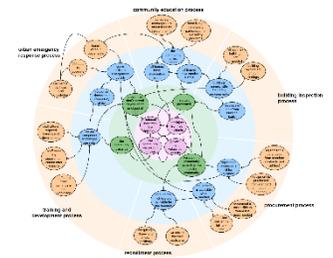
- Makes my neck hurt



- Done once a year and then never used



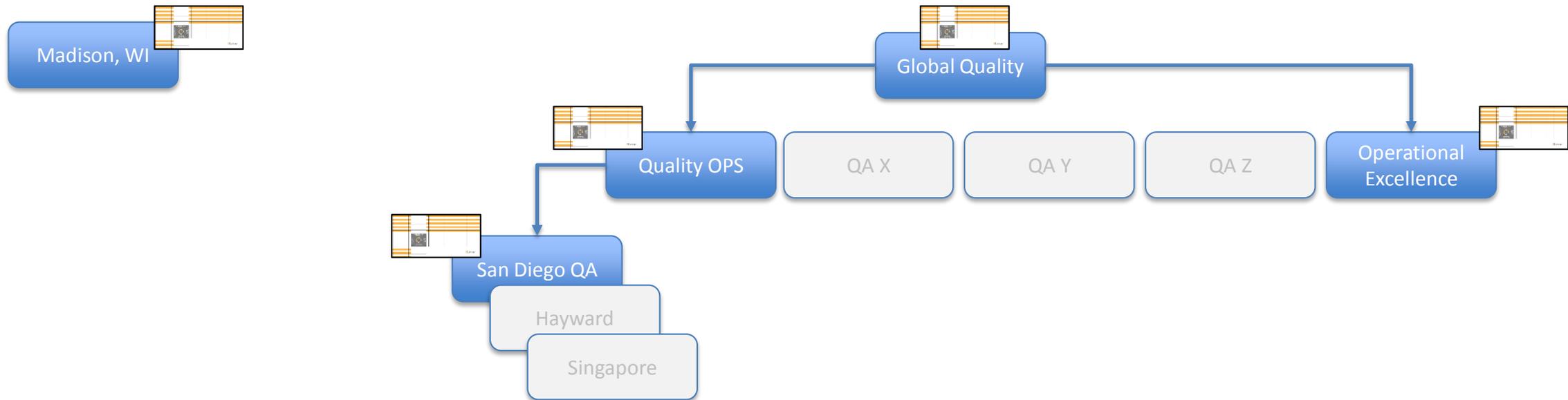
- Didn't fully understand how to cascade/leverage the process.



Expand Adoption, Deepen Practice



- With some debate, the team decided to press forward with X-Matrix
- Simple Strategy:
 - Target higher levels
 - Focus in our own back yard
 - Support early adopters



Signs of Progress

- ✓ The tools worked well
- ✓ Global quality seemed to benefit from the alignment exercise
- ✓ The cascade of the priorities went well
- ✓ Non-participating functions were curious
- ✓ Pilot site called for more development / support with hoshin.

Evidence of Gaps

- ❑ Did not help with ***cross-functional*** alignment
- ❑ The “Vital Few” were neither in some cases
- ❑ Everybody had to have an AIP or felt disrespected / left out.



2017 Lessons Learned



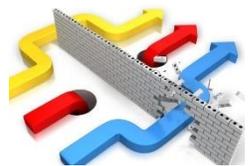
We work cross-functionally and that is where the alignment is needed



Our organizational structure makes it difficult to aligning cross-functionally.



Change is hard!



We need a *modified* strategy...

2016 Result

Incremental Improvement



2017 Insight



It gets easier as you go...

- There is no substitute for experience in reducing fear and resistance
- Don't lose touch with your own first hoshin experience – especially when judging how quickly your program develops.
- The logic of Hoshin is self-evident to open minds

2018...New Year & Modified Approach



- We started to think about ***How Does Work Really Get Done?***



Individual Goals, Deployment, and Execution...

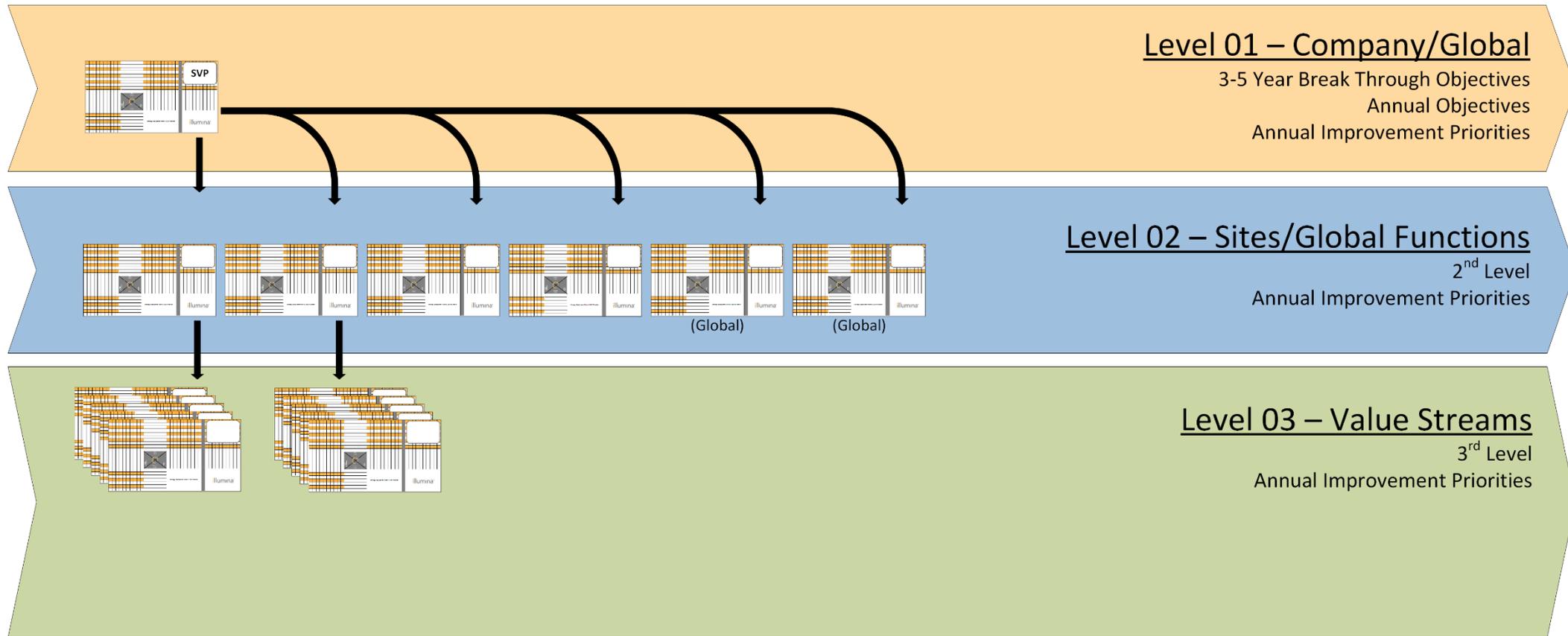
VS.



Cross-Functional Collaboration

2018 Strategy

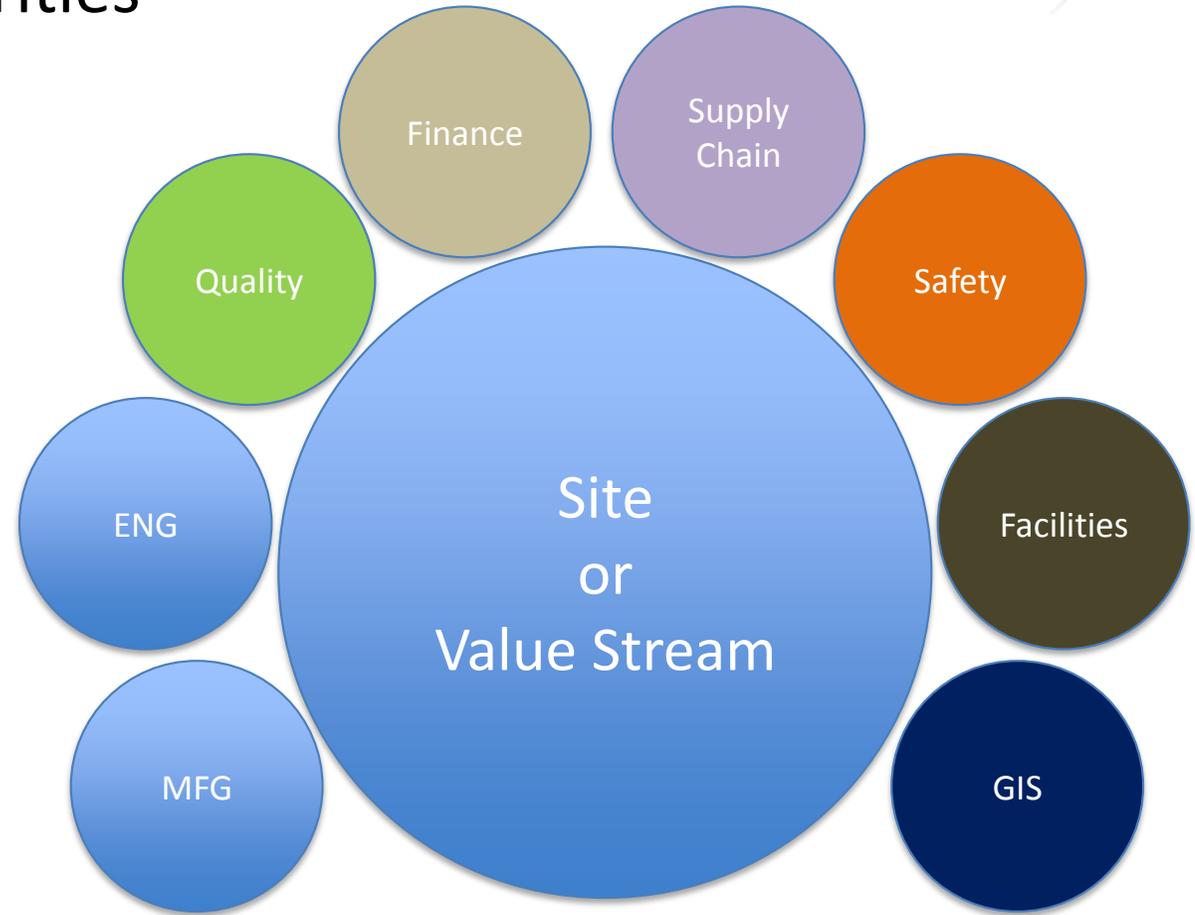
- From local lists to aligned hoshin objectives



2018 X-Matrix Deployment

Deployment Strategy – Find Pilot Sites That are Willing to Cross-Functionally Set Priorities

- San Diego and Madison were identified as Pilot sites
- At the site and value stream level, cross-functional teams got together to set annual goals/priorities.
- Site goals were then cascaded down to each value stream
- Madison only had one value stream, so they only had a site level X-Matrix



Signs of Progress

- ✓ We feel like we are on to something
- ✓ Teams worked well together, and the approach seemed to work
- ✓ The cross-functional approach ensured that everyone was aligned on priorities
- ✓ The cascade from site to value streams worked well
- ✓ Hoshin terminology had entered our vernacular

Evidence of Gaps

- ❑ The temptations of firefighting distracted us from our long-term plans
- ❑ Other global organizations, that did not participate, surprised us with other priorities
- ❑ Our review mechanisms weren't strong enough to change some long-standing habits.
- ❑ Still launching more initiatives than we were completing, found saying "no" to be an awkward challenge.

2018 Lessons Learned



I think we are on to something...



Cross-functional planning allowed us to work and act as teams, without changes to organizational structure.



We need to start at the top if we are ever going to get this right



Change is hard!



Our strategy seems to be working!!!!!!

2018 Result

Significant Improvement



The culture has shifted



Give it away...

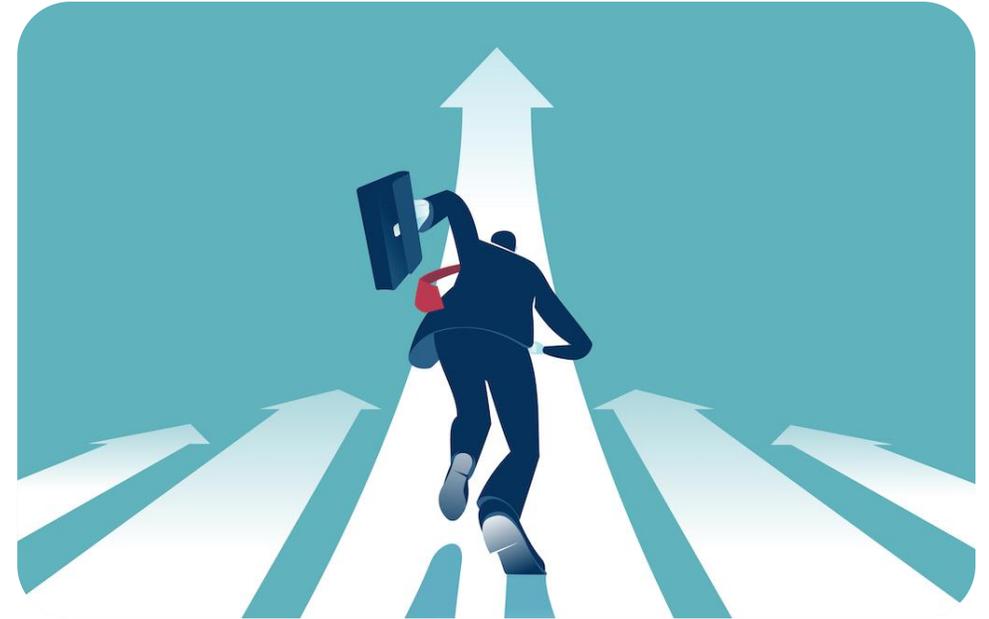
- Hoshin maturity will not proceed far without leaders feeling ownership
 - Constantly remind the team the matrix is “theirs”
 - Recognize when leaders assert ownership of the process and support those behaviors
- The role of OpEx in Hoshin maturity is at its frontiers
 - Form a vision for Hoshin development that leaders will find relevant and impactful
 - Benchmark externally to inform your vision
 - Listen to stakeholders and respond with adaptations (Utilization > Installation)

2019...Make it to the top.

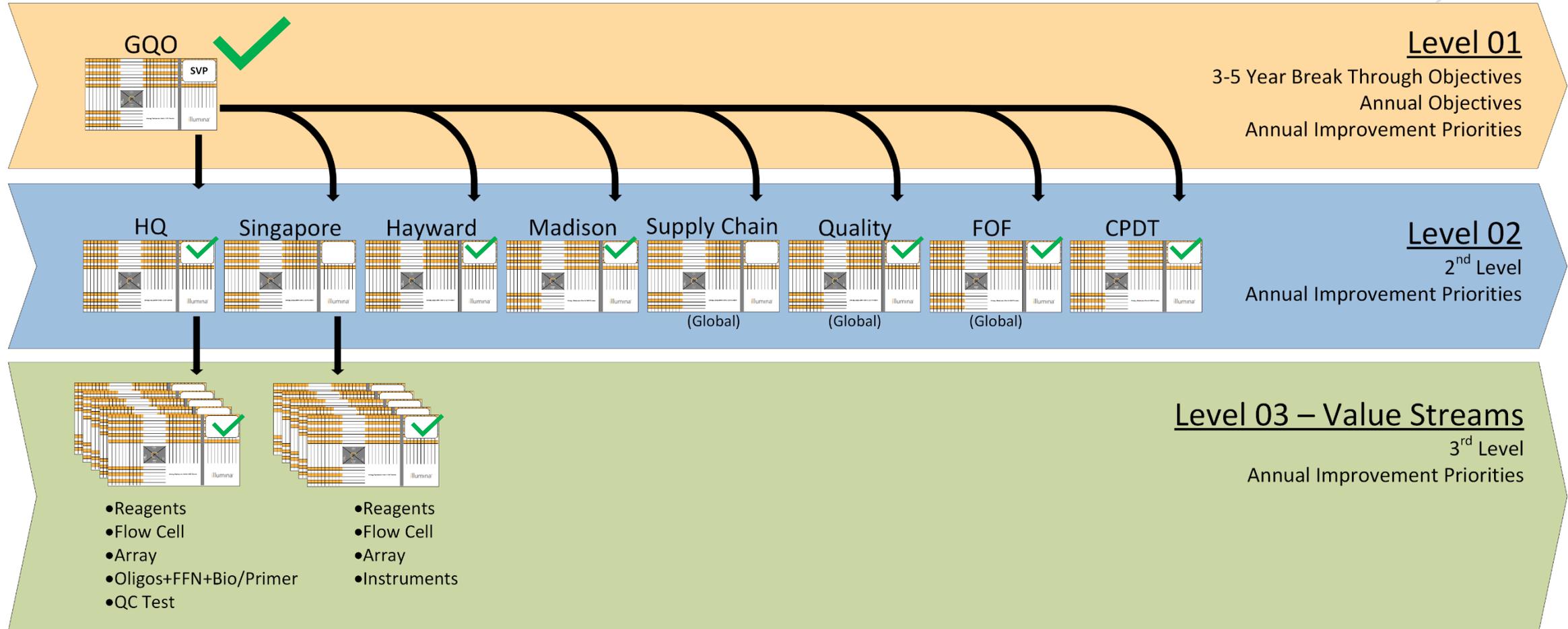


In June of 2019 Global Leadership Agreed to Complete an X-Matrix.

- BTO's were finally meaningful at this level
- AIPs were then cascaded to sites and then to value streams.



2019 Deployment



Signs of Progress

- ✓ Great cross functional alignment at the site and value stream level.
- ✓ Sites recognized that the value stream approach is working
- ✓ We are seeing results from our focused efforts
- ✓ The yearly planning process is getting easier
- ✓ There aren't so many fires to put out and our team members are acting like teams.

Evidence of Gaps

- We aren't ready for TTI's yet
- We started too late in the year

2019 Lessons Learned



We are on to something.



Starting at the top made a big difference



We need to start earlier in the year to align with our budget cycle



Change is hard!



Our strategy is working!!!!!!

2019

Additional
Significant Improvement





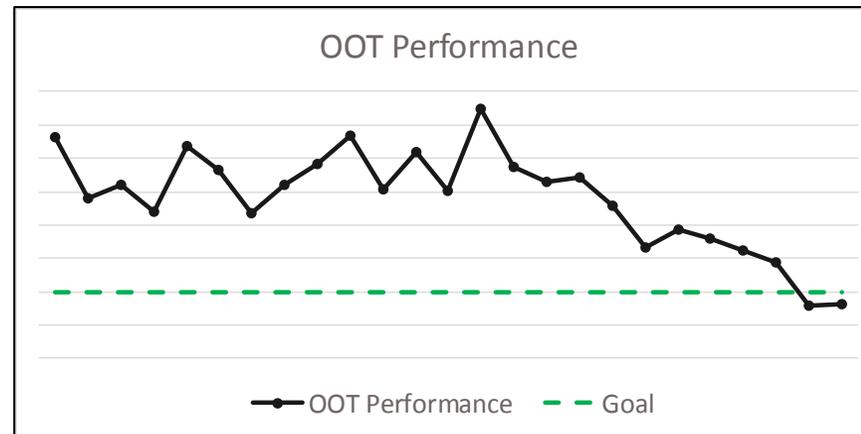
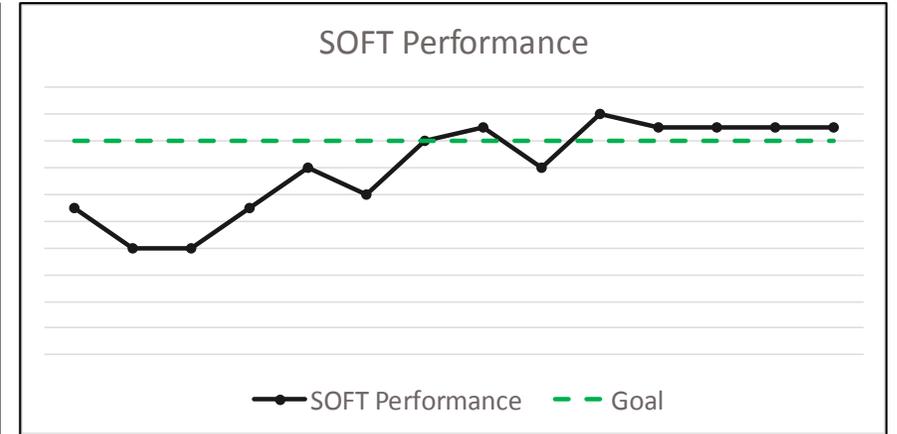
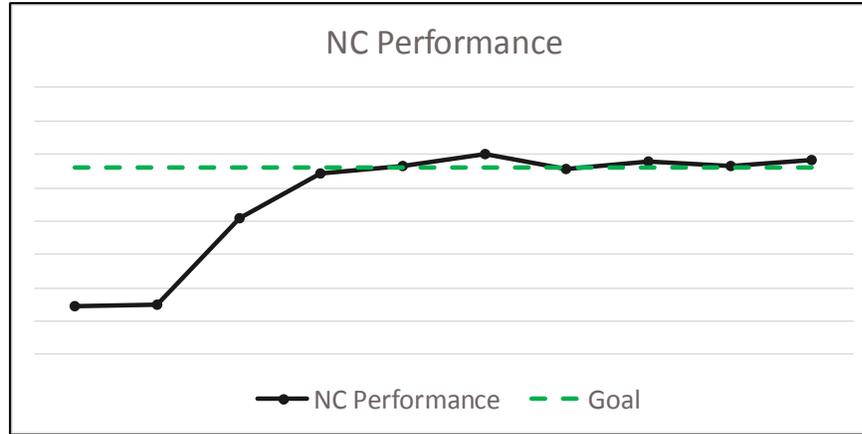
Focus more on content than tools...

- The value add of Hoshin is broad alignment to a strategy deployment plan
 - Conversations about the tool, the matrix, the prioritization mechanism are necessary but waste
 - Move past method conversations to strategy conversations whenever possible
- While Hoshin Planning can be new territory, the support mechanisms aren't
 - ✂ – Hoshin Review Meeting : Propose and Approve Changes, Review TTI Scorecard (Change Control, Metrics Review)
 - ✂ – AIP Review Meeting : Review and support progress of project teams (Project Review Meeting)
 - Support your team by designing these meetings and scheduling as soon as hoshin planning ends.

Business Impact

2019 San Diego AIP Focus

- Non-Conformance
- SOFT
- OOT



2020 Next Steps



We are starting earlier

- Completed the top-level strategy session in early June



We are improving our review mechanisms



Leadership is asking for a way to estimate resources so that they can say **NO**

- Our original failed tool is coming back:

A screenshot of a spreadsheet application. The spreadsheet has multiple columns and rows. A large section of the data is highlighted in green, and a specific cell in the top right is highlighted in yellow.

The difference is we are now ready for it....

Why it matters.



In closing...



- The reality is..... we still have a long way to go.
- We are still not great at measuring our initiatives impact on the business
 - We struggle with aspects of project management.
 - We take on more than we can actually support.
 - We believe in illumina's mission and know the journey to hoshin excellence will be worthwhile for us and humanity.

This is a journey and hopefully you can learn something from the lessons we have learned along the way.....

Thank You!

Your opinion is important to us!

Please take a moment to complete the survey using the conference mobile app.

Session No: TS/10

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Illumina

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Logistics		
Frequency	Duration	Owner
Monthly	2 Hr	Op Ex

Objectives / Desired Outcomes
<ul style="list-style-type: none"> Verify all AIPs are on Schedule TTI Scorecard Review Verify “plan to green” for all exceptions

Attendees			
Function	Attendee	Function	Attendee
Site Leader		HR	
Manufacturing		Finance	
OpEx		Facilities	
Quality Assurance			
EHS			
Supply Chain			
Development			

Agenda			
Inputs	Topic	Duration	Output
AIP Review Schedule	Updated to reflect scheduled Presentations	Prior	Updated Outlook Invite
Action / Decision Log	Review prior Actions and Decisions	10	Updated Action / Decision Log
List of AIPs Selected for Review	AIP Status Review Presentations	~20 per AIP	Updated Action / Decision Log
Hoshin Calendar and TTI Scorecard	Review Hoshin Plan Status	20	AIPs Selected for Next Review
Action / Decision Log	Confirm New Actions and Decisions	10	Updated Action / Decision Log



Hoshin Review

Meeting Charter

Logistics		
Frequency	Duration	Owner
Monthly	1 Hr	Op Ex

Attendees			
Function	Attendee	Function	Attendee
Site Leader		HR	
Manufacturing		Finance	
OpEx		Facilities	
Quality Assurance			
EHS			
Supply Chain			
Development			

Objectives / Desired Outcomes
<ul style="list-style-type: none"> X-matrix amended to maintain relevance <ul style="list-style-type: none"> Add / Eliminate AIPs Changes in AIP priorities Add / Redefine / Eliminate TTIs

Agenda			
Inputs	Topic	Duration	Output
Action / Decision Log	Review prior Actions and Decisions	10	Updated Action / Decision Log
X-Matrix, Change Proposals	Change Proposal Presentations / Approval Decisions	30	Updated X-Matrix (approved changes)
Updated X-Matrix	Approve Updated X-Matrix	10	Approved X-Matrix
Action / Decision Log	Confirm New Actions and Decisions	10	Updated Action / Decision Log

Hoshin Change Summary



Content	Site (Level 1) AIP #10 and #15 (Owner)
Current	AIP # 10 : Develop portfolio guide (risk assessment) AIP # 15 : Process Development Projects
Proposed	Replace #10 with : “Identify, prioritize, communicate, and execute on process risks” Delete AIP #15
Justification	Captures strategic rather than tactical intent. Detailed activity listed in departmental X-Matrix
Approved	Delete AIP #15 Replace AIP #10 with language indicated