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**Performance improvement of
management systems — Guidelines for
Policy Management**

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Foreword

This Japanese Industrial Standard has been revised by the Minister of Economy, Trade and Industry through deliberations at the Japanese Industrial Standards Committee as the result of proposal for revision of Japanese Industrial Standard submitted by Japanese Society for Quality Control (JSQC)/Japanese Standards Association (JSA) with the draft prepared from the association standard (**JSQC-Std 33-001:2016**) being attached, based on the provision of Article 12 Clause 1 of the Industrial Standardization Law applicable to the case of revision by the provision of Article 14. Consequently **JIS Q 9023: 2003** is replaced with this Standard.

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Performance improvement of management systems — Guidelines for Policy Management

0 Introduction

0.1 General

Contexts of an organization are ever changing: e.g., needs of customers and the society, technologies needed to provide products and services which satisfy those needs, and values, knowledge and skills of employees, and the coordination with partners (suppliers, affiliated companies, etc.). If the organization wants to continue and develop its business, it is required to well understand these changes and implement improvements and innovations in a timely manner. Therefore, it is essential that top management determines what to aim for based on situations in and around the organization, and that each function (e.g., division, department, section, or group) implements improvements and innovations needed to achieve it. In the organization where many people work, however, there are many cases where top management's thoughts and the objectives set are not well communicated to frontlines, efforts for improvement and innovation are put off because of daily operations, different functions are not well aligned, or information from the frontline are not used for determination of objectives and plans. When these situations occur, precious efforts do not show the expected effects. Policy management is the activity which has been established to overcome these difficulties and promote process improvements and innovations. It is based on the principle that "Quality is achieved through the process" (i.e., establishing and following the process in order to economically generate the planned products and services), which has been developed in the field of quality management. If policy management is promoted adequately, efforts for challenge becomes active and generates growth of people and joy in work. Policy management is the key to organization management to overcome changes, and furthermore, to tie changes to business development. It greatly affects sustained success of the organization. Therefore, the whole organization should address themselves strives for strengthening it.

This Japanese Industrial Standard consists of the fundamentals and processes of policy management, guidelines to implement policy management, and the guidelines to organisationally promote policy management.

No corresponding International Standard has been established at this point.

0.2 Consistency with other standards

This Standard is designed with the aim of policy management and intended to be used independently; however, this Standard may be used with consistent group of standards to complement each other as **JIS Q 9026** for daily management, **JIS Q 9024** for improvement activity, and **JIS Q 9025** and **JIS Q 9027** for quality ensurance. In particular, this Standard should be used with **JIS Q 9026**, because policy management can be more effective when implemented with daily management.

Annex A shows the role of policy management, daily management, small group improvement activity, education and training on quality management, and quality assurance in TQM (total quality management). Also, this Standard is designed to be used as a supporting technique for the quality management specified in **JIS Q 9005**.

0.3 Relation between JIS Q 9001 and JIS Q 9004

This Standard is designed to be used as a supporting technique for an organization to effectively and efficiently operate the management system on the basis of **JIS Q 9001** and **JIS Q 9004**.

0.4 Compatibility with other management systems

This Standard has not been prepared as a specific supporting technique for such management systems as environmental management, occupational health and safety management, financial management and risk management, but may be used as a supporting technique to improve the performance of these management systems.

1 Scope

This Standard specifies the following three guidelines with regard to policy management as one of the major activities of quality management.

- Guidelines for managers of each function, i.e., core persons who implement policy management, on how to implement policy management for each function
- Guidelines for top management and the persons who are responsible for policy management of the whole organization, on how to implement policy management of the whole organization
- Guidelines for top management and the persons who are responsible for policy management of the whole organization, on education and training, tools and evaluation for promotion policy management organization-wide

This Standard is applicable to any types of organizations. Also, it is applicable to not only manufacturing and service provision but also business implemented by project or cooperation of plural organizations, or non-profit business.

2 Normative references

The following standard contains provisions which, through reference in this text, constitute provisions of this Standard. The most recent edition of the standard (including amendments) indicated below shall be applied.

JIS Q 9000 *Quality management systems — Fundamentals and vocabulary*

3 Terms and definitions

For the purpose of this Standard, the terms and definitions given in **JIS Q 9000**, and the following apply.

3.1 policy management

activities to achieve policies by unity of purpose and priority approach with engage-

ment of all functions and levels

NOTE Policy can include mid-and-long-term policy, annual policy and so on.

3.2 policy

overall intentions and direction of an organization, formally expressed by top management, relating to achievement of mission, principles, vision and mid-and-long-term business plan of the organization

NOTE 1 A policy generally includes the following three elements :

- a) priority issues;
- b) objectives;
- c) means.

Some organizations, however, do not include all three and separately define part of them.

NOTE 2 Direction expressed by managers in an organization based on top management policy may be referred to as policy.

Example : Division manager's policy, branch office manager's policy and plant manager's policy

NOTE 3 An extra term may be added to policy in order to make it clear that it is a policy for a specific management field.

Example : Quality policy and environmental policy

3.3 priority issue

what an organization needs to focus on according to criticality, then address and achieve

3.4 objective

goals sought, and aimed for, in efforts to achieve the purpose

3.5 means

measure selected to achieve objectives

3.6 action plan

program intended to specify the resources and their operational process necessary to carry out means to achieve objectives

3.7 control point

items selected as the rating scale to manage the achievement of the objective

3.8 control level

value or range which the process in the stable or planned condition shows

NOTE 1 The process can be evaluated whether it is in the stable or planned condition by comparing the actual value with the control level.

NOTE 2 Control level can be expressed according to the following formula :

$$\bar{x} \pm 3s$$

where, $\bar{x}$: average value;
 s : standard deviation.

3.9 function

individual unit which consists an organization, assigned to a certain mission and role

NOTE 1 A function typically consists of a manager who supervises it and more than one members.

NOTE 2 A function can be divided into smaller functions. Examples of function include division, department, section, or group.

3.10 cross-functional team

team formed by collecting all relevant knowledge and skills available in different functions in order to address an issue that is hardly solved by a function on its own

NOTE 1 Cross-functional team includes personnel from design, manufacturing, sales and service provision, and other relevant functions. It may also include customer and/or partner.

NOTE 2 Cross-functional team is a type of improvement team.

4 Processes of policy management

Figure 1 shows processes of policy management, with Table 1 showing their timeline.

The fundamentals needs to be understood preliminary for the implement of policy management. Annex B shows the key concepts of policy management. Annex C shows elements that make up a policy.

Core processes of policy management, which are implemented based on mid-and-long-term business plan :

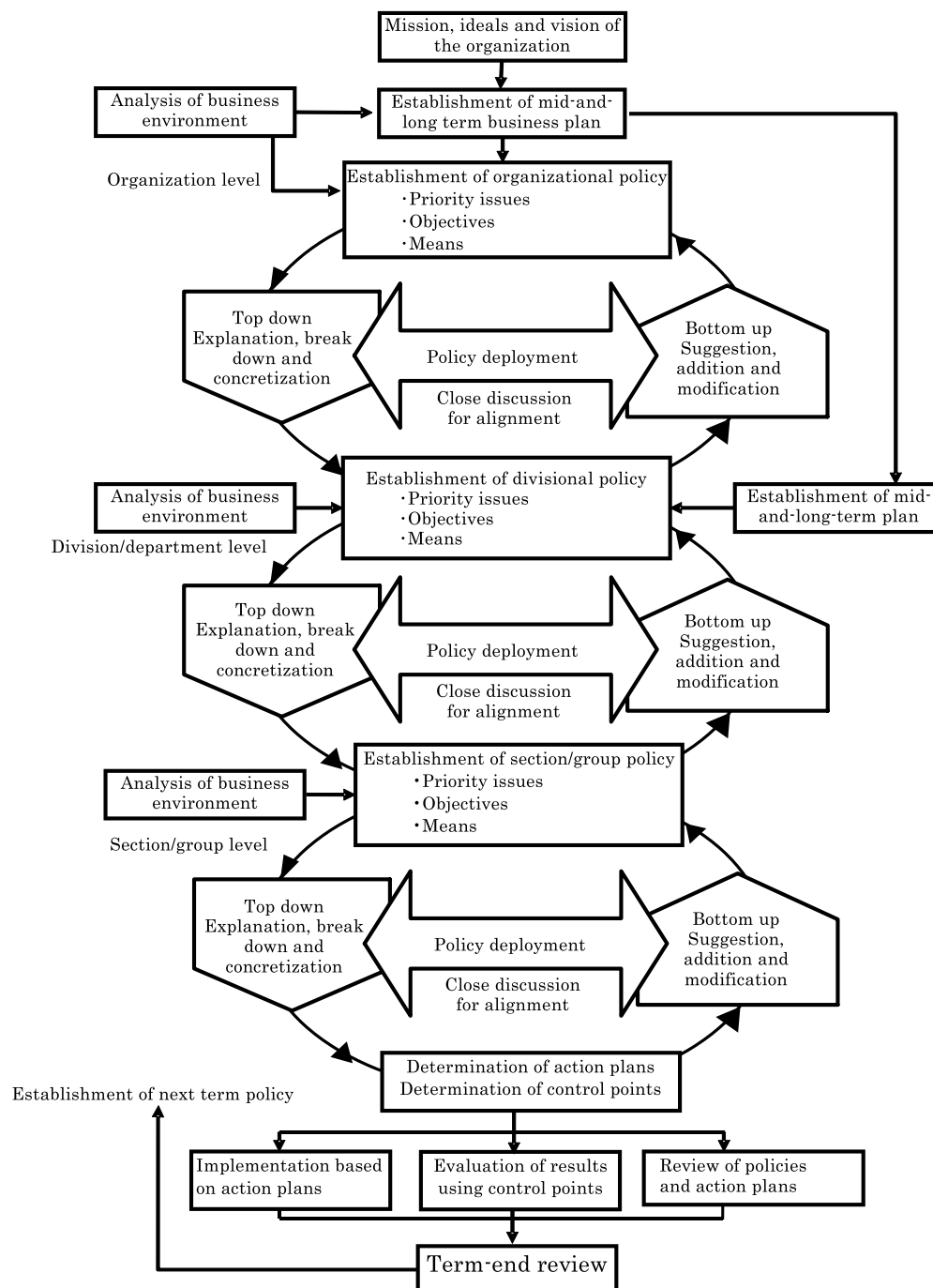
- establishment of organizational policy;
- deployment of organizational policy;
- implementation of policies and its management;
- term-end review.

Among these, in establishment of organizational policy, policy (priority issues, objectives and means) that ought to be achieved as an organization in the current term is determined taking the mid-and-long-term business plan, analysis of business environment and results of term-end review for the previous term into consideration. And during deployment of organizational policy, the formulated organizational policies are deployed to lower policies in accordance with the levels of the organization. Here, an upper level manager and lower level managers should hold close discussions for alignment and ensure that upper and lower level policies are aligned with each other. Therefore, the upper level manager should explain own policy to his/her lower levels and simultaneously with breaking it down and concretize them with lower level policies, the lower level managers should make suggestions in view of the situation in their

respective functions and make additions or modifications in the upper level policy. In order to ensure definite implementation of policy (means) deployed to lower levels, control points are determined to evaluate the specific action plan and its progress status. During the term, if it is found that the plan is not progressing despite carrying out activities as per the action plan, it is necessary to take suitable actions including investigation of causes and change of policy and action plan. At the term-end, evaluate the achievement status of each policy and implementation status of the corresponding action plans and carry out an overall review of achievement status and implementation status of organizational policy in that term. Results of review should be reflected in the next term policy by taking changes in business environment into consideration.

Table 1 . Timeline of policy management

	Term					
	Previous term : $n - 1$		Current term : n		Next term : $n + 1$	
Actions during the term	Implement the $(n - 1)^{\text{th}}$ term action plans/Evaluate results using control points/Update the policy and the action plans		Implement the n^{th} term action plans/Evaluate results using control points/Update the policy and the action plans		Implement the $(n + 1)^{\text{th}}$ term action plans/Evaluate results using control points/Update the policy and the action plans	
Actions at the term-end		Term-end review Establish and deploy policy for the n^{th} term/Develop action plans		Term-end review Establish and deploy policy for the $(n + 1)^{\text{th}}$ term/Develop action plans		Term-end review Establish and deploy policy for the $(n + 2)^{\text{th}}$ term/Develop action plans
NOTE 1	A term may be defined, depending on the operation method of an organization, as 12 months, six months or three months.					
NOTE 2	When a term is defined as 12 months, the term-end review generally starts about two or three months before the term-end.					



NOTE 1 This figure illustrates the case when an organization as a whole is made up of 3 levels, i.e. organization — division/department — section/group. In some cases, an organization has 2 levels, while in many other cases it may have many more levels.

NOTE 2 Sometimes a lower level organization is involved only in the action plan and not in policy establishment. And sometimes, an upper level organization does not deploy the policy to the lower level organizations and directly formulates the action plan.

Figure 1 Processes of policy management

5 How to implement policy management in a function

5.1 Establishment of mid-term plan

Continuity cannot be ensured only by formulating the policy every term in a function that needs to implement activities from the mid-and-long-term perspective to carry out its mission or role. Therefore, the manager responsible for such function should analyse the market environment and current situation in the function in the light of mid-and-long-term business plan of the organization and formulate the mid-term plan specific to that function.

In particular, the function should formulate a 3-year or similar plan for activities that need several years to get the results such as new product or new technology development, development and deep drilling of customer and sales channel, global deployment of supply chain, building of information system and human resource development etc.

Formulation of mid-term plan may be carried out in accordance with the method to formulate mid-and-long-term business plan of the organization (see **6.2**).

NOTE The function in this Standard means division, department, section, group, etc.

5.2 Establishment and deployment of policy

5.2.1 Output from establishment and deployment of policy

The manager responsible for a function should formulate and create the following three documents, based on upper level policy, mid-term plan of the function, results of review of the previous term and results of the analysis of business environment surrounding the function etc.

- Functional policy: document containing summary of priority issues that the function needs to address in the concerned term, objectives to be achieved and means to achieve those objectives.
- Action plan: document that indicates deployment in time series of items implemented regarding each means by the function and concretized till the implementable level and indicates when, where and how they would be implemented.
- Control point, control level and control document for progress control : item selected as the index to evaluate the progress of policy or action plan as per the plan, level (target value and control limits in each juncture during the term) determined as the criteria to judge whether its achievement status is appropriate, and a graph or table that shows the level and actual values, and on which the person in charge puts causes and remedies for an unachieved level so that the related persons can grasp the progress immediately.

Relations between these outputs as well as the upper level policy, mid-term plan of the function, results of review of the previous term, results of analysis of business environment surrounding the function etc. have been illustrated in Figure 2.

- Functional policy should be aligned with the upper level policy, policies of other

- Action plan, when executed as per plan, should achieve the objectives of the corresponding policy. And the required resources for its realization should be secured.
- Control point should be chosen from the perspective of enhancing the possibility of achievement of objectives at the term-end and be able to suitably evaluate the progress of the corresponding policy or the action plan during the term. And the control level should be consistent time-wise with the contents of the action plan. (It should change in a phased manner depending on the progress of the action plan.)

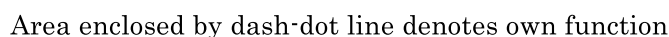


Figure 2 Main outputs of establishment and deployment of policy and their interrelations

5.2.2 What to be aimed at by the function – Establishment of policy of the function

In order to contribute to upper level policy for the current term, and also to be able to perform the mission and role of the function from the perspective of achievement of mid-and-long term business plan, manager responsible for the function should formulate the policy clearly indicating what to be aimed at for the concerned term. In this

policy, priority issues, objectives and means for the achievement of objectives should be articulated.

The manager responsible for the function should take into consideration following perspectives in the discussion to articulate what to aim for :

- Customer satisfaction and satisfaction of other interested parties (society, region etc.)
- Relation between financial results and policy implementation status
- Analysis for success and failure factors from the perspective of job process and improvement proposals learnt from successes and failures.
- Human resource development and satisfaction of employees and partners (suppliers, affiliated companies etc.)

a) Determination of priority issues The function should extract important issues (potential priority issues) that it ought to address by classifying and streamlining internal and external situation that surrounds the function, shortlist the issues and decide on the priority issues.

When extracting the candidates for potential priority issues, following aspects should be examined. Candidates for potential priority issues should be expressed specifically based on the actual situation in the concerned function. It will be specific if expressed as “Achieve AA (objective) by BB (action)”.

- Upper level policy: confirm expressly stated priority issues, objectives and means of the organization, and clarify the related items in the light of mission and activity scope of the function.
- Mid-term plan of the function: if the function has formulated the mid-term plan of the function, clarify the items from among them that need to be implemented in the concerned term.
- Issues identified from analysis of business environment: analyse the business environment surrounding the function and clarify the opportunities and risks. Also carry out analysis of ability and characteristics of the function and compare them with the ability and characteristics of competitors and clarify the strengths and weaknesses of the function.
- Issues identified from term-end review: streamline the issues whose objectives could not be achieved in the previous term and that were carried forward to the current term or the items pointed out during review by senior management.
- Suggestions from lower levels and requested matters from the related functions: streamline the items suggested by the lower levels and items requested by related functions.

Extracted candidates for priority issues should be shortlisted based on the following procedures :

- Similar matters or matters having cause- and- effect relation should be grouped

in advance.

- Evaluate the importance and urgency and shortlist about three to five items. The number of issues that ought to be taken up becomes large depending on the job scope of function. In order to surely achieve the tasks, however, concentrate resources and shortlist the priority issues that to be addressed based on priority approach.

The shortlisted priority issues of the function should be proposed to the upper level managers and the priority issues should be decided based on the intent of the upper level managers including collaboration with other related functions.

b) Determination of objectives Objectives should be determined for each priority issue. Here, attention needs to be paid to the following matters :

- Clarify the state to be achieved and the target date of achievement.
- When formulating the upper level policy, take the mid-term plan of the function into consideration and make them aligned.
- Hold close discussions for alignment (see **5.2.3**) with upper level managers, related functions, and the concerned cross-functional team etc. and if necessary, revise the objectives determined in the beginning.

Determination of target values should be carried out as per the following procedures :

- Investigate the actual results transition in the past few years and the level of competitors. If need be, also stratify them by the types of products and services.
- While taking the actual performance values and the level of competitors into consideration, determine the level required from the target values in the upper level policy in a manner that they can be achieved as surely as possible.
- Confirm that the target values would lead to achievement of the required level, in case target values in the mid-term plan of the function have been determined.

c) Planning of means for achievement of objectives The planning of means for achieving the objectives should be carried out as per the following procedures for each of the priority issues :

- Clarifying the factors : identify the factors that have significant impact on achievement of objectives in the job process concerning priority issues by investigating and grasping the current status and anticipating future results.
- Determination of means : Examine and list up the means to change important factors into desirable state, shortlist them and establish those that are to be implemented as means.

Following matters should be taken into consideration when clarifying the factors :

- In principle, while observing actual things (*Gembutsu*) at actual site (*Gemba*), think about them in a realistic manner (*Genjitsu*). [This basic principle is called

Sangen-shugi (Gemba, Gembutsu and Genjitsu)].

- Investigate the factors from the perspectives of related people in the organization, facilities and equipment, methods of implementation, used parts and materials and services etc. The investigation can be deepened by repeating “Why-why” several times.

The means should be determined by taking following matters into consideration :

- Bring the related persons together and get them to bring ideas regarding means for achievement of objectives to the table. Means will be more specific if they are expressed as “Do BB (act) on AA (object) by XX (means).”
- Break the devised means against one important factor down into several implementable specific means by repeatedly asking how to attain it.
- Examine the means with focus on improvement of job process.
- Evaluate the effect of each devised means and the obstacles that could occur at the time of its implementation. Next, estimate the people, facility and equipment and financial resources to be injected and evaluate the cost vs. benefit beforehand. Shortlist the means to be implemented based on these results.
- Allocate required budget for implementation of finalized means and ensure their availability when needed.

The manager responsible for the function should clearly indicate in the form of policy the direction his/her function is aiming for in the future and the necessary actions for it. He/she should guide his/her subordinates and demonstrate leadership to lead them in the proper direction. Following matters should be taken into consideration to demonstrate leadership:

- Align purpose and direction of the organization and those of the function.
- In order to realize the mission, ideals, vision and the mid-and-long term business plan of the organization, focus on total optimization and not just the function-level optimization and lead collaboration with the related persons by own behaviours.
- Make constructive proposals and suggestions to the superiors, related functions, cross-functional teams etc., proactively seek suggestions from the lower levels, persons in charge, partners etc. and build consensus on the functional policy based on sufficient communication.
- Build and maintain internal environment so that everyone in the function can participate in learning and improvement and pursue self-actualization for achievement of functional policy.

5.2.3 Close discussions for alignment

While establishing the functional policy and the action plans, the manager responsible for the function should hold close discussions for alignment with the upper level manager, lower level managers and persons in charge as well as with functions and

partners related with the achievement of the functional policy (see Figure 3). This will make the deployment of the policy from the upper to the lower level aligned.

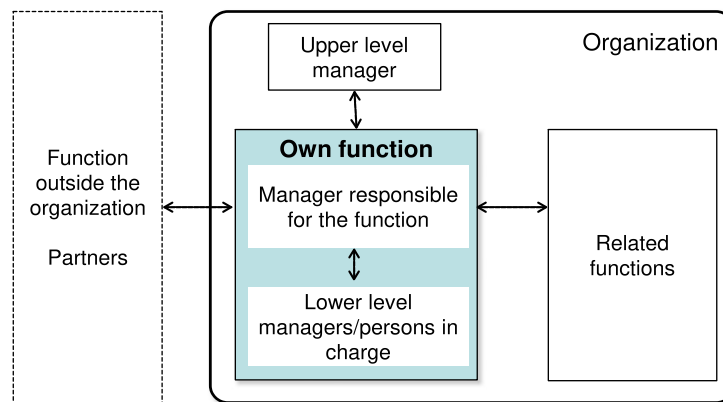


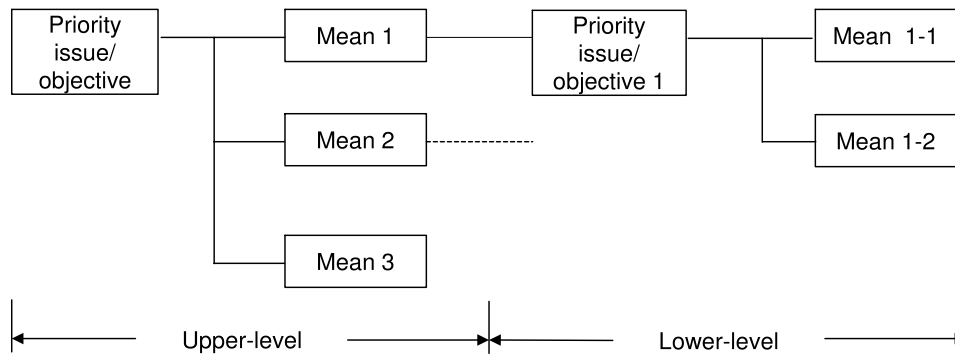
Figure 3 Target persons/parties for close discussions for alignment

The manager responsible for the function should carry out the following activities during close discussions for alignment with the upper level manager and related functions and partners, which are held by the upper level manager.

- During term-end review held prior to close discussions for alignment, sum up the priority issues of own function and things he/she wants to implement in the next term and report and explain them to the upper level manager. At the same time, propose the priority issues that ought to be taken up in the next term to the upper level manager.
- Understand the upper level proposed policy and its intent.
- Clarify and explain the proposed policy of own function, which is deployed from the upper level proposed policy, and the basis for it.
- Compare the requirements and expectations indicated by the upper level with regard to the proposed policy of own function with the situation in own function, and in case of any gaps, with examining the countermeasures, consult the upper level manager.
- Ask for the management resources required for achievement of the proposed policy of own function and mid-term plan.
- Seek support from other functions and partners concerned with achievement of the proposed policy of own function.
- Deepen understanding regarding proposed policies of related functions and partners and extend cooperation to them.

The manager responsible for the function should carry out the following activities during close discussions for alignment with lower level managers and persons in charge, and related functions and partners, which are held by the self.

- Establish a forum (meeting etc.) for holding close discussions with lower level managers, persons in charge, and related functions and partners.
- Use this forum to hold two-way discussions where besides sufficiently explaining the intent behind the upper level and functional proposed policies, lower level managers and persons in charge give their opinions regarding the proposed policy in view of actual condition in the respective workplace.
- Generate awareness among lower level managers and persons in charge so that they deepen their understanding of upper level and functional proposed policies, work in tandem, assume responsibility for the policy and achieve the objectives.
- Nominate the persons responsible for lower level policies and the action plans concerning functional policy and get them to formulate the specific plan. Convey own requirements and expectations for lower level policies and action plans.
- Clarify the need for coordination with other related functions and partners and decide the content for cooperation and the contact person. Seek cooperation when necessary and plan activities in cooperation with related functions and partners.
- When a cross functional team is formed for an issue that cannot be resolved by one function alone and participation of team members is required for, after having confirmed the role and how to participate in the cross-functional team, select the suitable persons or request for selection of suitable persons.
- Form a cross-functional team comprising of lower level managers, persons in charge, related functions and partners etc. if necessary, in such situation as inability to determine the means etc., and assign them appropriate tasks such as analysis of data concerning achievement of objectives, planning of means and their implementation etc.
- Confirm that the functional policy, and the lower level policies and the action plans to which it was deployed are aligned (see Figure 4). Examine whether or not the functional policy will be achieved in case lower level policies and the action plans are achieved and that contribution of which lower level policies and action plans is significant. Confirm that it gets more specific as the functional policy gets deployed to lower level policies and action plans. Techniques such as tree diagram and matrix diagram can be useful.
- Compare the required resources and the available resources for the implementation of means, and examine elimination of hurdles for achievement of objectives.



NOTE Not all means are necessarily deployed. Some means like “Mean 3” are implemented by upper level managers themselves without being deployed.

Figure 4 Deployment of policies

5.2.4 Preparation for implementation

The manager responsible for the function should cooperate with lower level managers and persons in charge and ensure that the following things are in place as preparation for implementation before the start of the term :

- Preparation of resources
- Development of action plans
- Determination of control points and control levels, and preparation of documents for control

- a) **Preparation of resources** Required resources including budget should be arranged by appropriate time, so that the means deployed based on the functional policy can be achieved as per plan. Education and training regarding field-specific or management technologies and procedures or methodology for improvement needed for implementation of policy should also be carried out.

NOTE 1 Resources to be arranged include people, facilities and equipment, job environment, information, intellectual resources, partners such as suppliers, financial resources etc.

NOTE 2 The procedures for improvement include task-achieving type QC story (can be mainly applied for achievement of new issues) and problem-solving type QC story (can be applied mainly for solving chronic problems).

- b) **Development of action plans** Among the means derived based on functional policy, the function should establish the action plans regarding those that will not be deployed to the lower levels any more.

When establishing the action plan, the function should clarify the possible obstacles, contingencies, and their impact on implementation of said means and ensure that activities to deal with them are in place.

Following matters should be clarified in the action plan :

- Person in charge of the action plan and his/her responsibility and authority.
- Corresponding upper level policy, and target value and target completion date.
- Specific activity items and main persons in charge for a predefined term such as a month should be decided. Activity items can include implementation of survey, analysis and improvement activities.
- Control point, control level and document for control to be used for managing the progress of the action plan.
- Person in charge to take necessary actions in case it does not progress as per plan.
- Necessary support system based on impacts of activities of own function on other functions and content of cooperation.

When carrying out specific activities, content of the action plan should be explained beforehand to internal and external related persons so as to deepen their understanding.

The manager responsible for the function should ensure agreement with everyone related with the action plan and its reflection in their respective job plan. The manager should also evaluate their involvement and contribution based on results with respect to achievement of the action plan.

- c) **Determination of control points and control levels, and preparation of documents for control** In order to evaluate the achievement and implementation status of policy, means and action plans during and at the end of the term, control points and control levels should be determined. Following matters should be taken into consideration when determining the control points and control levels :

- Choose such control points that can be checked periodically during the term. In case action gets delayed if confirmation is made based on results, the indicators calculated through comprehensive evaluation of factors that lead to results should be used as substituted control points. Select control points whose definition is clear, they are measurable efficiently, and the trend of their achievement and the implementation status is comprehensible.
- Determine the control levels (target values and control limits) during each phase of the term for control points. Also clarify the timing or frequency to confirm the transition of control points as well as the person responsible for confirmation.

NOTE 3 Numerical objectives determined in the policy usually become the control points as it is. Also, for means and action plans, important milestones are fixed at the implementation stage, and the degree of progress of activities that need to be implemented till the milestones are mostly set as control points.

NOTE 4 In control points, attention should be paid to distinguish between control point of results to check results and control point of causes to check causes. Upper level positions mostly manage using control points of results that mainly indicate the achievement status of objec-

tives, and lower level positions manage using control points of causes that indicate the achievement status of means and action plans.

NOTE 5 Control points are used in both policy management and daily management but the nature of control levels in both is different.

Control points of policy management have close relation with functional policy and action plans and it is necessary to judge their achievement status and the trend in a timely manner. The aim of control levels (target values and control limits) in policy management is to determine breakthrough-type challenging levels, desirable for solving the priority issues and improvement in the process in most of the cases. Hence, control levels in each stage should be changed to make them consistent with the implementation items in the action plans, so that the final target values are achieved.

On the other hand, control points in daily management are closely related with the mission and roles of the function and it is necessary to detect abnormalities of the job promptly and definitely. The central value in the control levels (central value and control limits) in daily management is determined based on the level currently achieved and the control limits are the values to objectively judge whether or not the process is stable and their aim is to maintain a stable process. Therefore, control levels in each stage should be fixed or should be extension of the levels currently achieved so far.

Control points and control levels should be in graphical or tabular form and the actual values should be plotted or entered. Also, the document for control with columns to enter contents that need to be implemented at each stage (month, week etc.), contents implemented, results of root cause investigation in case of deviation from the control level and the actions taken should be arranged. This will make the achievement and implementation status of policy and action plan easy-to-understand for the related persons and enable to rotate PDCA cycle in a timely manner.

NOTE 6 Trend graph with target line and control limits is sometimes called as “control graph.”

NOTE 7 Control limit is sometimes called as “action limit.”

5.3 Implementation of policies and its control

5.3.1 Implementation according to action plans

The manager responsible for the function should collaborate with persons in charge for the action plans, persons responsible, upper level managers and related persons with regard to implementation items determined in the action plans and pursue activities for achievement of policy rotating the PDCA cycle at the prescribed cycle such as monthly.

5.3.2 Checking of the implementation status

The manager responsible for the function should understand the policy and strive for achievement of objectives as per the expected plan. For that, the manager should check

the progress of the action plan at the prescribed frequency and that there is no deviation in achieving the final objectives.

The manager should carry out the following matters when checking :

- With regard to control points the manager is responsible for, check the achievement status by comparing the actual values with target values and control limits using trend graphs containing control levels (target values and control limits).
- Periodically check the progress status of related lower level policies and action plans. Here, check the permeation of policy based on *Gemba*, *Gembutsu* and *Genjitsu*. Also check that task achieving and problem solving capabilities of the persons in charge are adequate.
- Instruct lower levels to invariably report if data of control points for which each individual is responsible are outside the control limits or if they have any concern about deviation.
- Receive reports or consultation at appropriate intervals and control the overall progress so that all the related persons in the function and cross-functional teams collaborate to achieve the objectives.

5.3.3 Actions based on the results of checking of implementation status

The manager responsible for the function should carry out the following in case data of control points of policy and action plans are outside the control limits or if there is any concern about deviation :

- After having determined the cause, take actions to recover the gap or the delay up to that point.
- Request senior manager or related persons for support such as allocation of required resources, if needed.
- Carry out recurrence prevention for causes (such as action plan not ready, resources not allocated, policy or action plan not communicated to the related persons, required education and training of persons in charge is insufficient, control points and control levels are inappropriate etc.) on the process of policy management.
- Consider changes in means and action plans, in case it becomes evident that it is difficult to achieve objectives of the initial means and action plans and new means and action plans are required, or when it is a case corresponding to 5.3.4.

5.3.4 Change management: react to changes in internal and external factors

Normally, the duration of policy management in an organization is 6 months or 1 year. During this period, it is possible that the initial policy, means and action plans have to be changed in response to

- Changes in internal factors such as change in upper level policy, change in organization due to merger etc., difficulties in securing management resources, occurrence of unanticipated problem or field-specific technology related issue.

- Changes in external factors such as big fluctuation in exchange rate, change in competitor situation or customer and social needs and expectations, change in supplier or partner, natural disaster such as earthquake or typhoon etc.

Simultaneously with grasping sensitively such symptoms and analysing them, the manager responsible for the function, should change the means and action plans so that there is no impact on the achievement of functional policy to the extent possible. And in case change in functional policy is necessary, the same should be promptly communicated to upper level managers and related functions, and coordination based on the process similar to policy formulation and deployment should be carried out.

5.4 Term-end review

The manager responsible for the function should integrate and carry out overall review regarding the status of policy management in the function and clarify the issues that need to be taken up in the next term. Following matters should be carried out at the time of review :

- Review term-end reports of the part of functional policy deployed to the lower levels.
- With regard to functional policy, carry out gap analysis between the plan and the actual.
- Review the processes of policy management in the function based on correspondence between achievement status of objectives and implementation status of means and action plans.
- Sum up the results of term-end review of the function in a report form and have the senior manager carry out its review.

5.4.1 Review of the part of policy deployed to lower-levels

The manager responsible for the function should carry out the review of achievement and implementation status of the part of policy deployed to lower levels based on the term-end reports prepared by lower level managers and persons in charge. Here, following matters should be taken into consideration :

- Have a forum for lower level managers, persons in charge, and related functions and partners to assemble and carry out the review.
- Report and discuss each priority issue of the function based on the structure of functional policy deployment as shown in Figure 4 of 5.2.3.
- Ask lower level managers about the issues that they think ought to be taken up in the future.
- In addition to policy achievement and implementation status, also check the operational status of policy management.
- Check whether or not instructions, support and management resources allocated by the self were adequate.
- Check based on *Gemba*, *Gembutsu* and *Genjitsu* in case there are any unclear