Connecting the Planners And Doers

Two Rings model shows how to systematically do the right thing and do it right

by

Willy A. Sussland

Organizations need a way to connect doing the right things and doing them right—to link business strategy to its implementation. To help organizational leadership establish strategic and operational connectivity throughout an organization, I have developed what I call the model of the “Two Rings.” The model features the key tasks of senior management on its outer ring and the key tasks of operations, or line, management on its inner ring. This model shows how senior and operations management can contribute their respective knowledge and develop business strategies together.

The Two Rings model provides a structure for an efficient collaboration between senior and operations management, ensures all the key management processes are given the necessary attention and helps organize a systematic deployment of all strategies throughout different levels and functions, all the way down to specific action plans.

Going back to the basics

Back in 1988, Joseph M. Juran wrote, “Many companies are facing serious losses and wastes that have their main origin in the quality planning process.” Was he referring to the process of planning quality or to the quality of the planning process? Of course both are important, but what comes first?

First things first, and in management the first thing—as Peter Drucker pointed out—is “doing the right thing.” Only then does doing the thing right become relevant.

Figure 1 shows Drucker’s model that I have modified to highlight the delicate link between business...
strategy (doing the right thing) and its implementation (doing the thing right). This model does not provide a methodology for doing the right thing, but it helps create awareness of the delicate link between strategy and operations. It can be used to pose pertinent questions.

Reading clockwise through this model demonstrates the following:

- The first quadrant (top left) could lead you to wonder how far the present business strategy will take the enterprise.
- Then going clockwise, the next quadrant leads you to plan the quality improvements necessary to implement the strategies effectively.
- The third quadrant features the explosive combination of bad strategy and bad implementation, which must be quickly brought to a halt.
- Finally, we get to the case of an excellent implementation of a bad business strategy.

No doubt the last quadrant presents the most challenging situation. First, shifting business strategy is as chancy as transplanting an old oak tree. Second, it takes considerable time and effort, and competitors must be willing to remain passive observers.

Sometimes noticeable achievements in doing the thing right can lull managers into a deleterious comfort that diverts their attention from doing the right thing.

To ensure the enterprise is doing the right thing right and effectively link business strategy to its implementation, management needs a comprehensive methodology that accomplishes the following:

- Connects the internal and external environments.
- Connects the past to the future.
- Connects the various levels and functions.

Unless these three parameters are managed systematically, strategic and organizational effectiveness cannot be optimized.

Taylorism revisited

Fredrick Taylor seems to have suggested managers mind the “plan” and “check,” and workers stick to the “do” and “act” parts of the PDCA cycle. In operations, the sophistication of the personnel and their empowerment make this theory obsolete.

The principle of tailoring the tasks to the competencies and vice versa remains valid, however. I find senior and operations managers have different time horizons and priorities and altogether different roles.

Senior management should concentrate on the big picture. In spite of uncertainty, it must keep the organization focused on whatever seems to be the right thing to do. Operations management must use its in-depth knowledge of the tight
market, people and their problems to ensure the thing is done right.

Focusing on doing the right thing, senior management must remain alert to shifts and initiate the necessary business breakthroughs. Doing the thing right, operations management should focus on continuous business improvement.

The specialization of key management tasks at the appropriate level leads to greater effectiveness. However, organizational efficiency also requires connectivity among the various management levels. This observation led me to develop the model of the Two Rings.

The Two Rings

The Two Rings model encompasses the whole strategic process, from the development of strategies to their deployment all the way down to action plans. As shown in Figure 2, I use the logical sequence of the PDCA cycle to present the key tasks of senior and operations management.

Figure 2 also shows where and how the two management levels should interact. Informal contacts between the different levels should be encouraged as a complement but not as a replacement for clear and coherent paths of communication and work relationships.

The key tasks of senior management, namely check, alert, plan, deploy (CAPD) are placed on the outer ring of the model. On the inner ring I show the key tasks of operations management, namely plan-do-check-act (PDCA). Note each task on the outer ring interacts with the relevant task on the inner ring.

Step one of the outer ring—check

Strategic deployment is the point at which a close cooperation between senior and operations management is particularly important.

At this step, senior management checks past results and benchmarks them to determine the organization’s strengths and weaknesses vs. opportunities or threats, then analyzes the evolution of the business environment and validates operations management’s forecasts and plans.

Some of the measures used in this check step are quantitative (such as financial results, market share and quality reports), while others are essentially qualitative (such as intellectual capital and customer capital).

There should be a reasonable balance between quantitative and qualitative results. Lagging indicators should be complemented by an analysis of leading indicators—in other words, how results have been obtained.

Key activities are the following:
- Senior management gets a copy of the quarterly reviews conducted by operations management from the inner ring’s check step. External sources are used to get a broader and far reaching picture of the business environment.
- As a result of its analysis of the quarterly reviews, senior management may provide feedback to operations management.
- The output of senior management’s check step serves as an input to the alert and plan steps of the outer ring.

Step two of the outer ring—alert

To lead the enterprise to a promising future, senior management must remain alert to early signs of shifts
in the business environment. It should distinguish between passive and proactive changes.

Passive changes are those that cannot be avoided but can be managed with contingency plans. Management’s greatest opportunity is to initiate proactive changes. These are the changes that will enable the enterprise to get to the future first. They may enable the enterprise to set new standards, dictate the rules of the game or blanket the market.

Alertness has become a crucial task because, in our turbulent times, many a false step has been taken by standing still. To emphasize senior management’s alertness, our model focuses on this task in the second step. I advocate adopting the Delphi technique\(^3\) for consultation and consensus development with internal and external experts, and using checklists such as the one proposed by this author.\(^4\)

An early warning system should be established and coupled with methods such as scenario management.

The check and alert steps are complementary. The check step focuses on intelligence regarding the business environment, with a short- to medium-term horizon. The alert step explores the future and hence the unknown. The check process goes from inside the enterprise toward the outside; the alert process goes from the outside in.

Key activities in step two include the following:

- Senior management takes into account the business fundamentals (business model, strategic thrust, resource allocation process, review evaluation recognition processes, strategic ambitions and the style of leadership).
- Senior management analyzes the inputs from the check step of the outer ring and checks inputs from the check step of the inner ring for new developments operations management might have identified.
- Senior management consults with external thinkers who are recognized for their authoritative views on future trends.
- The outcome of the alert step serves as an input in the plan step.

**Step three of the outer ring—plan**

General and President Dwight Eisenhower has been quoted as saying that the plan is nothing, but planning is everything. Planning is the complex intellectual and social process that sets the direction and pace for the whole organization. The plan step consolidates the inputs from the check and the alert steps as well as inputs obtained from a variety of external sources.

The balance among the inputs is often not optimal, and as Charles De Gaulle, another general who became head of his government, pointed out, sometimes too many facts drown intuition and creativity.\(^5\)

At this step of the outer ring, strategic objectives and strategic resources are planned and distributed throughout the organization as a basis for launching the deployment process.

Senior management must evolve strategic objectives for the following:

1. **Business breakthroughs**—concerning a few high priority objectives that should enable the enterprise to make a quantum leap ahead of competition. Recently, Toyota, a master at process improvement, said _kaizen_ no longer suffices and that business breakthroughs have become indispensable.

A gap analysis between the results that can be expected with continuous business improvement at the planning horizon and the strategic ambitions of the enterprise will determine the type and amount of innovation required to support success. If necessity is the mother of innovation, planning must proclaim that necessity.

2. **Long-term projects**—such as basic research and new plant construction, which are usually managed outside normal structures, have a different

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**FIGURE 4** The Process of Strategic Deployment

*Strategic business unit management*  
Middle management  
Supervisory management
time frame and are endowed with special resource allocation and review systems.

3. **Continuous business improvement**—senior management should delegate to operations management the formulation of strategic objectives for continuous business improvement to ensure the performance improvements needed to remain competitive.

4. **Business maintenance**—concerning less important activities.

Working closely together, senior and operations management must integrate these four strategic objectives for both the corporation and its business units into a coherent multiyear road map with the appropriate checkpoints.

Key activities in this step are the following:
- Senior management reviews the strategic ambitions formulated in the business fundamentals.
- Senior management studies, integrates and prioritizes the inputs from the check and alert steps.
- Senior management may receive inputs from the plan step of the inner ring when operations management seeks the support of senior management to deal with unforeseen situations. This may induce senior management to examine the adequacy of the business forecasting system and take into account emerging situations in the new planning cycle.
- The output of the plan step serves as the basis for the next step, the process of strategic deployment.

**Step four of the outer ring—deployment**

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The process of deployment (POSD) is based on *hoshin kanri*. For an effective deployment, the POSD prioritizes and integrates the business breakthrough and continuous business improvement objectives evolved in the plan step. It involves different levels of management to capitalize on their knowledge and creativity.

Finally, connecting the fourth step of the outer ring to the first step of the inner ring deploys strategies systematically all the way to specific action plans. The POSD encompasses a vertical and horizontal deployment.

**Deployment**

As vertical deployment begins, senior management explains the outcome of the plan step on the outer ring, communicates its objectives for business breakthrough and tells how the objectives complement the business improvement objectives of operations management.

Then the process works top down. As already advocated by *hoshin kanri*, the POSD suggests objectives are dictated top down, but the strategies to achieve them should be delegated to the next level responsible for implementing these strategies. Therefore, as illustrated in Figure 3 (p. 57), N passes its objectives to N-1 but delegates to the latter the development and the selection of strategies to achieve these objectives. This precept is important because people find it difficult to commit to strategies if they have not taken a part in the strategic deployment process.

To determine how best to achieve the objectives, each management level must do the following:
- Develop actionable alternatives.
- Screen them for effectiveness and efficiency.
- Deploy the strategies and the resources cross functionally.
- If necessary, review the strategies evolved with superiors.
- Establish a deployment plan.
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At each level, these tasks are carried out in the framework of workshops, ensuring appropriate participation and welcoming contributions so all concerned identify with the outcome.

Human resource experts can observe the participants at these workshops, analyze their rational, relational, emotional, creative and operational processes, and come up with useful recommendations. In that way, POSD can serve as a real-world assessment center.

When the strategies evolved by N-1 cannot be deployed at that level, N-1 will evolve objectives to achieve his or her strategies and pass these objectives to N-2, who will then develop suitable strategies. The top-down deployment should involve no more than three management levels so the POSD will not become too detailed and time consuming.

On completion of the top-down deployment, the process reverses direction and works its way back up, level after level, to get approvals and the necessary resources. Finally, N brings the annual POSD cycle to a close and allocates roles, responsibilities and resources.

The transparency and organizational interactivity enabled by the process of strategic deployment foster commitment, cooperation and collective creativity.

The negotiations that take place during the vertical and horizontal deployments are extremely important. They ensure vital cross functional communications and efficiencies.

As shown in Figure 2 (p. 56), the deploy step on the outer ring connect to the plan step of the inner ring. This is where operations management translates the strategies into specific actions and assigns roles, resources and responsibilities. These plans can be scheduled on a monthly basis over a period of up to three years.

The inner features the PDCA tasks of operations management, which concern the planned action, resources used, processes deployed, products and services delivered and partners of the value chain (customers and suppliers). I will not discuss in detail the PDCA of operations management because the subject is amply covered in existing literature.

This model, which I published in 1993 under the name the “5 Ps of Performance,” is quite similar to the one of ISO 9001:2000 or ISO 9004:2000. Quarterly reviews of operations assess the performances achieved in each of the 5 Ps of performance as well as on their synergies.

A visually based management system using something similar to Komatsu’s Flag System or Hewlett-Packard’s hoshin charts helps operations management look after the effective implementation of the strategies.10

Cooperation between planners and doers

The first priority of management should be doing the right thing. Only then does doing the thing right become relevant. Senior management owns doing the right thing while operations management is in charge of doing the thing right. But the two levels and their respective objectives must be coordinated and aligned in order to achieve strategic and operational effectiveness.

The systematic approach taken in the deployment step of the outer ring ensures everyone understands who does what, why and with whom. The transparency and organizational interactivity enabled by commitment, cooperation and collective creativity.

The Two Rings model is a systemic, systematic and stimulating approach that organizes and fosters cooperation between planners and doers. The methodology shown helps management connect the internal and
external environments, the past and the future and various levels and functions.

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REFERENCES

8. Ibid.

WILLY A. SUSSLAND is a visiting professor and management consultant on strategic and organizational effectiveness. Based in Geneva, he has conducted a postgraduate course on strategic management at the Swiss Federal Institute of Technology, Lausanne, and at the Ecole Nationale Ponts Chausees, Paris.

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