

## Module 5 – Summary of Key Points and Terminology

- **Leadership** is the ability to positively influence people and systems under one's authority to have a meaningful impact and achieve important results. Leaders create clear and visible quality values and integrate these into the organization's strategy.
- **Strategy** is the pattern of decisions that determines and reveals a company's goals, policies, and plans to meet the needs of its stakeholders. **Strategic planning** is the process of envisioning the organization's future and developing the necessary goals, objectives, and action plans to achieve that future.
- Although we often equate leadership with the executive level of an organization, leadership is critical for the organization as a whole, among teams, and for individuals in their daily work.
- Five core leadership skills are vision, empowerment, intuition, self-understanding, and value congruence. These skills help true leaders to promote and practice total quality by creating a customer-driven vision, setting high expectations, demonstrating personal involvement, integrating quality into daily management, and sustaining an environment for quality excellence.
- Leading practices for leadership include creating a customer-focused strategic vision and clear quality values that serve as a basis for business decisions; sustaining a leadership system and environment for empowerment, innovation, and organizational learning; setting high expectations and demonstrate substantial personal commitment and involvement in quality; integrating quality values into daily leadership and management and communicating extensively through the leadership structure and to all employees; reviewing organizational performance and leadership performance to identify priorities for improvement and opportunities for innovation; promoting legal and ethical behavior through an effective governance system; and integrating public responsibilities and community support into business practices.
- Leadership has been studied from many different perspectives. Some of the contemporary and emerging theories include **attributional**, **transactional**

**(charismatic), transformational, substitutes for leadership, and emotional intelligence** theories.

- The **leadership system** refers to how leadership is exercised throughout a company, including how key decisions are made, communicated, and carried out at all levels; mechanisms for leadership development; and guidance regarding behaviors and practices. An effective leadership system creates clear values, and sets high expectations for performance and performance improvements, builds loyalties and teamwork, encourages initiative and risk taking, and subordinates organization to purpose and function.
- An important aspect of an organization's leadership is **governance** – the system of management and controls exercised in the stewardship of an organization – and its responsibility to the public and practice of good citizenship, including ethics and protection of public health, safety, and the environment.
- A focus on both customer-driven quality and operational performance excellence – as opposed to traditional financial and marketing goals – is essential to an effective strategy.
- Leading practices for effective strategic planning include active participation by top management, employees, and even customers or suppliers in the planning process; systematic planning systems for strategy development and deployment, including measurement, feedback, and review; gathering and analyzing a variety of data about external and internal factors; aligning short-term action plans with long-term strategic objectives, communicating them throughout the organization, and using measurements to track progress; and deriving human resource plans from strategic objectives and action plans;
- Strategy development begins with determining the organization's **mission**, *vision*, and **values (guiding principles)** and conducting an environmental assessment of customer and market requirements and expectations; the competitive environment; financial, societal, and other risks; organizational strengths and weaknesses, and unique factors that impact the organization. These lead to **strategies, strategic objectives, and action plans** that set the direction for achieving the mission.

- **Strategy deployment** refers to developing detailed action plans, defining resource requirements and performance measures, and aligning work unit, supplier, and/or partner plans with overall strategic objectives. Deploying strategy effectively is often done through a process called **hoshin kanri**. Hoshin kanri, or **policy deployment**, emphasizes organization-wide planning and setting of priorities, providing resources to meet objectives, and measuring performance as a basis for improving it. It is essentially a total quality approach to executing a strategy.
- The **seven management and planning tools** help managers to implement policy deployment and are useful in other areas of quality planning. These tools are the affinity diagram, interrelationship digraph, tree diagram, matrix diagram, matrix data analysis, process decision program chart, and arrow diagram.
- Common **organizational structures** are the line, line and staff, and matrix organization. Organizational structure for quality must reflect individual company differences and provide the flexibility and ability to change. Companies must understand that processes, rather than hierarchical reporting relationships, drive quality within the organization.
- Leadership and Strategic Planning are fundamental to the Baldrige criteria, ISO 9000:2000, and Six Sigma. Although the relative emphasis varies, each of these frameworks views leadership as critical to successful implementation of quality and performance excellence initiatives, and strategic planning activities as a means of focusing the organization and ensuring that longer-term directions are achieved.