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The New Economic Age

DISCUSSION GUIDE

VOLUME 1:
THE NEW ECONOMIC AGE

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AIM OF THE DISCUSSION GUIDE

The aim of this guide is to highlight points made by Dr. Deming and Prof. Reich, and to stimulate dialogue about those points among the audience. The themes and questions to stimulate discussion are ample for a series of sessions for viewing and discussion. Select a subset of questions suitable in length for the planned viewing and discussion.

NOTE: Most of the questions in this study guide must be revisited over and over again as the participants study the Deming Theory of Management.

USE OF THE VIDEOTAPES

Viewing videotapes can be a passive activity, much like watching television. Viewing can be turned into an intellectually active experience by providing the viewer with tasks of vigilance. These tasks direct the viewer's attention to important themes in the video, rather than expecting the viewer to automatically recognize the themes.

The themes listed in this discussion guide are some of the important points touched on in the program. Ask the viewers, just before the first playing of the tape occurs, to copy down the list of themes that you have selected, so they can comment on them after the first viewing. Subsequent viewing, theme by theme, can involve playing just the segment of the tape that deals with a particular theme, so that focused discussion can take place. The combination of viewing and discussion with reading can make for a very full learning opportunity.

Recommended readings: Two useful introductions to the thoughts of Dr. Deming and Prof. Reich are:

The Deming Management Method
Walton, Mary
1986: Dodd, Mead & Co., New York

Minding America's Business: The Decline and Rise of the American Economy
Magaziner, Ira C., and Robert B. Reich
1982: Vintage Books Random House, New York

It is preferable to have the viewers read the recommended books after viewing this program and after initial discussion. Reading the books before viewing the tape is certainly all right. Getting people to actually do the reading at all is a major problem. The value of the readings is to expand in breadth and depth the issues raised in the video.

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THEMES AND QUESTIONS TO STIMULATE DISCUSSION

PUTTING OUT FIRES

Dr. Deming comments that "putting out fires" and solving problems are not the same as improvement of the process. In particular, he says, "Finding what's wrong is not improvement of the process."

Try to recall the last time you "put out a fire" in your organization.

- Had you, or someone else, ever put the fire out before?
- Would you predict that the fire will occur again?
- Do you have an idea about the factors that caused the fire to occur?
- Who is working on the fire's cause system to reduce or eliminate future fires? Is Dr. Deming saying not to put out fires?

ARE CHILDREN LIVING WORSE THAN THEIR PARENTS TODAY?

Lloyd Dobyns made a prediction in the 1980 NBC White Paper *If Japan Can . . . Why Can't We?* "Unless we solve the problem of productivity, our children will be the first generation in the history of the United States to live *worse* than their parents."

Are America's children living worse than their parents today?
Will they be living worse than their parents in the future?
What do you think is the cause of this?

THE KEY IS QUALITY, NOT PRODUCTIVITY

Mr. Dobyns and Punk the Penguin discuss the idea that productivity itself (as Dobyns thought in 1980) is not the problem: "No one can be helped by turning out more and more of a trashy product. The secret is to turn out more and more of an ever-improving product. So the key is quality. Exactly. The key is quality, but quality based on a profound knowledge by management of what they are doing and why."

In your organization which comes first:

- Productivity?
- Quality?

What do they mean by "turn out more and more of an ever-improving product"?

THE KEY IS QUALITY, NOT PRODUCTIVITY

Study this statement in its parts and in itself:

"The key is quality, but quality based on a profound knowledge by management of what they are doing and why."

- What is quality?
- What is knowledge?
- What is profound knowledge?
- What is profound knowledge by management?
- What is management doing?
- Why is management doing it?
- How do all these elements fit together?

CONFUSING MANAGEMENT AND LUCK

Dr. Deming says, "People confuse, I think, management and luck:"

In your organization how do you, if at all, distinguish between management and luck?

- Think of an example of a manager in your organization who believed his ability as a manager brought about something that to you was only a lucky accident.
- Think of an example of a manager attributing to luck something that to you was the result of that manager's actions.
- Explain how you distinguish between management and luck.
- Do you believe that you can tell the difference?

MANAGING 1980'S COMPANIES LIKE 1900'S ASSEMBLY LINES

At the beginning of this century, the Taylor Theory of Management, which became known as Scientific Management, brought great improvements to the workplace. Henry Ford and other industrialists, using the Scientific Management approach, were "the key," as Prof. Reich says, "to American prosperity." He goes on to say: "I think, fundamentally, it has to do with how we are organized, the way we have organized ourselves.

Management, labor, government, it is simply that we have to understand that the old

ways of producing, of production, are no longer going to make us wealthy, maintain our standard of living."

Dr. Deming responds with, "Another kind of management is required, Dr. Reich. Totally different, and Americans never learned to face it. We didn't face it."

What is so different about managing for quality as opposed to managing for productivity?

What do you think Dr. Deming means by a totally different kind of management?

What's wrong with the management systems we have inherited from the Henry Ford Model "T" days?

If Henry Ford (or Taylor) were to come back and visit your organization, what would he find?

- How did your organization come to be organized the way it is?
- What are the recognizable features from the Model "T" days?

Sharp division between management and labor: management is to do the thinking; labor is to exactly carry out management's plan.

Work standards with numerical quotas.

Defects whose causes are associated with the closest person.

MANAGEMENT'S RESPONSE TO OUR ECONOMIC CRISIS

About the decline of America's competitiveness in world markets, Prof. Reich remarks that management's "dominant response is to cut costs." Then Dr. Deming and Prof. Reich list some ways management cuts costs including: turning people out, abrogating labor contracts, bankruptcy, offshore production, stricter accounting controls, and any number of other control measures. Then Prof. Reich comments that "cost cutting does not enhance standard of living. That is based on the quality of our work:"

What cost-cutting activities have you seen in your organization?

How were the targets selected?

What was the benefit the company received from the cost cutting?

What unanticipated consequences resulted from cost cutting?

How is cost cutting like fighting fires?

WHAT IS MANAGEMENT'S JOB?

Dr. Deming says that to change managerial attitudes in the U. S.: "Someone will have to provide incentive toward education so they may know what their job is. How could they know?" and "The American worker is not the problem. The problem is at the top. Management."

What does he mean "so (management) may know what their job is"?

In your organization:

- What education does a person receive to become a manager?

Education prior to joining the organization?

Education at the time of joining the firm?

Experience at the work being managed?

Experience at working with the organization's customers?

Ongoing education about management? For enrichment?

By saying the problem is at the top, does Dr. Deming mean that the workers should not or do not need education?

MANAGEMENT IS THE SOLUTION AS WELL AS THE PROBLEM

Mr. Dobyns and Punk the Penguin say: "Management is also the solution" and "Change has to come from management, because only management has the authority to study a situation, play hunches, and test theories. And that causes progress."

Theories are the ideas we have that we use to explain, to make sense of something. The people who believed the world was flat had the idea that the oceans must be contained by some large open container. People who sailed to the edge of the container would be in danger of falling off the edge of the ocean. Therefore, it was crazy for anyone to sail out into the open ocean, because at some point, theory said, you would drop off the edge of the world.

Put into words what you understand to be the dominant theory of management in your organization. Sometimes we can make guesses as to what theory a person is using by making inferences from the actions, and the explanations for those actions, that a person takes.

- Consider several managerial decisions.

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Identify the actions taken.
Seek the rationale for the action.
Seek an explanation of the situation leading to action.
What are the IF-THEN rules used to make the decision?

How could you define and carry out a test of some hunch you have about some area of your work that you feel you understand well?

- Sketch out your ideal theory.
- Pick some place where you would like to see an improvement.
- Plan an experiment to attempt to bring about the improvement.
- Carry the experiment out.
- Evaluate the results.
- Adapt your idea/theory to your findings.

TWO KINDS OF INNOVATION: PRODUCT AND PROCESS

Dr. Deming and Prof Reich discuss innovation, continual improvement, as being of two kinds. The kind most of us recognize is the major product innovation, such as color television replacing black and white television. Much harder to see are the opportunities for the small, incremental improvements in the work process itself.

In your organization:

- How often is there a major product innovation?
- How often do you see opportunities for incremental innovations?
- How often do you see small product innovations?
- How often do you see innovations in the work process?

LIMITS OF ACCOUNTING SYSTEMS

Dr. Deming and Prof. Reich discuss the limits of accounting systems.

In your organization:

- What things are kept track of through the accounting system?
- What things are untrackable by the accounting system?
- Are the untracked things of any importance?

THE MOST IMPORTANT NUMBERS

"The most important figures are unknown and unknowable;" according to Dr. Deming.

What does that mean?

MANAGEMENT IS RESPONDING TO PRESSURES

Prof. Reich says, "It's easy to blame management, but management is responding to a stock market, to take-over artists, to a system of moving in and out of large issues very, very rapidly. If management is not looking at the bottom line in the short term, management feels that it's in danger of getting taken over or getting replaced."

In your organization:

- What pressures that promote short-term thinking does management face?
- Who is putting management under this pressure?
- What can management do about this pressure?
- What can you do about the pressure management is under?

CREATE A COMMUNITY

Prof. Reich says, "The firm of tomorrow, if it's going to be truly competitive . . . has got to create a community of itself. Workers, managers, all those associated with the firm have got to be part of the same effort."

In your organization:

- Do you have a community of common interest?
- If not, why not?
- Is it even possible to create such a community in your organization?
- What would have to change for a community to come about?
- Is a community desirable, and, why?

CHANGE IN ATTITUDE

After discussing techniques, Prof. Reich says, "What Dr. Deming and I are talking about is changes in attitude about what we are trying to do, and there it's much more subtle. What are we trying to do? Are we trying to make a great deal of money in a short amount of time? . . . Or are we concerned about the standard of living of the United States, maintaining and enhancing over the long term our standard of living?"

In your organization:

- What are the attitudes of management, judging from their actions?
- What are the short-term consequences of those attitudes?
- What are the long-term consequences?

COPYING AND UNDERSTANDING

Dr. Deming says, "You cannot copy. You have to learn why something works and then try to improve it:"

In your organization:

- Who studies the system you work within?
- Who knows how it works?
- How did they come to learn how it works?
- Have they made efforts to try to improve the system?
- How successful do you judge these efforts to be?
- What efforts have been made to improve the system by introducing a copied solution from some other organization?

THE INTENT OF QUALITY BEGINS WITH TOP MANAGEMENT

When Dr. Deming says "The intent of quality begins with top management, provided they have an interest in it, is the key," what does he mean?

- What is the intent of top management with respect to quality?
- What leads you to that conclusion?
- What are top management's words about quality?
- What are top management's actions about quality?

PROVIDING SOMETHING OF VALUE

"In order to be competitive in maintaining our standard of living," says Prof. Reich, "we have to provide something of value to the world market that is not the same thing that everybody else provides."

What does your organization have to provide, that nobody else can provide as well, which will make and keep you competitive in world markets?

If you realize that your organization does not have something of value to provide to the world market, that nobody else provides as well, how are you going to survive in the new economic age?