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DEMING  
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The 14 Points

DISCUSSION GUIDE

VOLUME 2

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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.

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## **THE 14 POINTS**

### **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 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 reading:* A useful introduction to the thoughts of Dr. Deming is:

*The Deming Route to Quality and Productivity: Road Maps and Roadblocks* Scherkenbach, William W. 1986: CEEPress Books, Washington and ASQC Library, Milwaukee

It is preferable to have the viewers read the recommended book after viewing this program and after initial discussion. Reading the book 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 reading is to expand in breadth and depth the issues raised in the video.

## **CHANGES REQUIRED IN MANAGEMENT FOR QUALITY**

### **NEED FOR BETTER QUALITY**

The purpose here is to learn that better quality is necessary for the survival of industry in the Western World, to learn a few principles for improvement, and to study the cause of our decline.

Devaluation of the dollar against the yen is a disappointment, as anybody could predict. Lower prices against the yen will not produce a market for goods that nobody wishes to

buy. Most American products are simply not salable at any price. Devaluation of the dollar is not the road to better business. Better quality is. We are in a completely different position than we were in till around 1960.

Wrong styles of management, with concomitant bad practices, have grown up and taken root in the Western World. They must be blasted out and replaced with new construction, directed at quality and productivity. Traditional ways of doing business must change. Theory for better management is at hand, and the way is clear.

## **EXAMPLES OF FAULTY PRACTICE**

Top management occupied with finance, the quarterly dividend, not with quality. Short-term planning. Sub-optimization. Lack of policy for quality. Quality requires operational definitions at every step along the route from procurement to design for the customer.<sup>1</sup> Quality is made in the board room, at the top.

Lack of organization for quality. Deep knowledge of statistical theory, plus skills in practice and in teaching, is a necessary ingredient for organization in quality (p. 467 in the book just cited).

<sup>1</sup>*W. Edwards Deming, OUT OF THE CRISIS, Center for Advanced Engineering Study Massachusetts Institute of Technology 1986: Ch. 16.*

Business on price tag, without regard to total cost and overall optimization. Two or more suppliers for one item, for insurance.

The annual appraisal of performance of people, the so called merit system. Of all the forces of destruction that have beset American industry, this one has dealt the most powerful blow. It destroys people, our most important asset. Ways are clear toward better administration.

Management by objectives. Management by the numbers.

The supposition that improvement of operations will ensure quality. Outgoing quality is limited by design of product and service, the responsibility of management.

Use of work standards (quotas).

Worship of zero defects, meet specification, the fallacies of which are well known.<sup>2, 3</sup>

Dependence on QC-Circles sent adrift, helpless without participation of management.

Dependence on quality of work life and employee involvement, without participation of management.

Dependence on the statistical control of quality, or SPC, adrift on the factory floor, too often taught by hacks, not masters, detached from management.

Incentive pay or bonuses to individual, team, or division.

Theory of management teaches us why these practices defeat quality and productivity. The same theory provides guidance to better practices.

<sup>2</sup> *William W. Scherkenbach, THE DEMING ROUTE TO QUALITY AND PRODUCTIVITY (CEEPress, The George Washington University, Washington 20052, 1986), p. 1.*

<sup>3</sup> *Peter T. Jessup, "PROCESS CAPABILITY: THE VALUES OF CONTINUING IMPROVEMENT," Proceedings of the Institute of Electrical and Electronic Engineers, 24 June 1985.*

## **THEMES AND QUESTIONS TO STIMULATE DISCUSSION**

### **CHANGE IS VITAL**

One of Dr. Deming's first remarks on the tape is: "Change is vital! And I don't mean a little bit! I mean the whole system has got to be thrown overboard!" Statements related to this statement, in one form or another, will recur over and over in Dr. Deming's lessons. Thus, it is invaluable to take a moment and consider the meaning and importance of these words.

Consider the word "system." Systems are the things and ideas at work that we intend to utilize in transforming some form of input into some form of output. Within the Deming Theory of Management, we specifically want a system to produce output that provides the required customer quality at a price the customer can afford. A system can be as simple as that involved in answering the telephone when it rings, or as complex as that involved in the management, over decades, of a multinational corporation or a government. Systems are made up of subsystems, and in turn are subsystems within meta-systems. The word "system" refers to the immediate point of interest within the organization we are examining. As our focus of interest changes, so the system we are examining changes.

When Dr. Deming says "...the whole system..." he is describing the design and management of the entire organization-including all the subsystems, which together form the whole system.

In your organization:

- What makes up the whole system? In other words, what are the subsystems that you recognize as making up "the whole system" of your organization?

Is there an accounting subsystem?

Is there a purchasing subsystem?

Is there some sort of production subsystem, etc.?

List all of the major subsystems in your organization.

Most organizations maintain block diagrams, called organizational charts. Either locate one for your organization or develop one from your list of subsystems.

- How do the subsystems come together to form the whole system diagrammed in the organizational chart?
- Are there other ways to define subsystems and represent their interrelationships?

Dr. Deming says "...the whole system has got to be thrown overboard." It is essential that you study what Dr. Deming means by this figure of speech.

In your organization:

- What does it mean to "throw the whole system overboard"?

The purchasing subsystem is mentioned several times in the videotape. What does it mean to throw the purchasing subsystem overboard along with the rest of the system?

Is it possible that Dr. Deming would have the workers in purchasing "walk the plank"?

Is it possible that Dr. Deming means that there should be no purchasing function, nor any other organizational function, when the whole system is thrown overboard?

Now consider the entire statement "Change is vital! And I don't mean a little bit! I mean the whole system has got to be thrown overboard!"

- Is it possible that a subsystem, such as purchasing, could have its current system of functioning thrown overboard and have a changed system of purchasing put in place?
- For subsystems, like purchasing, that you are familiar with:  
Are there other possible ways to organize that function?

Are there features of the subsystem you would welcome throwing overboard?

Are there features of the subsystem you would regret losing?

- What is the change Dr. Deming is saying is vital?
- How can your system be changed to produce the quality of product and service that your customer requires so that you have a market in the new economic age?

What must top management do?

What must you do?

## **THE OX YOKE**

In the parable of the ox yoke, Mr. Dobyns describes a horse being harnessed with an ox yoke. Most people have at least seen photographs of horses and oxen used as work animals. You may recall that horses and oxen are physically very different. An ox yoke is a harness designed so that the large shoulder hump of the ox takes the load in, for instance, pulling a plow. The horse is thought to have been domesticated later than the ox. In applying an old solution to a new problem, a variant of the yoke that was so successfully used on the ox was now used to harness the horse to the plow. Horses have almost no shoulder hump, so the yoke, designed to take advantage of the ox's hump, had no hump to be pulled against. Instead, the yoke was pulled up and back by the transfer of the load to the yoke through the rest of the harness. The yoke now rode snugly against the horse's windpipe, not completely choking it but making it difficult for the horse to breathe while pulling the load. As Mr. Dobyns said, a horse wearing an ox yoke could do the work of four men.

Someone invented the horse collar. It was designed to use the horse's chest for bearing the load. This transfer of load from the horse's neck to its chest resulted in the same horse being able to do the work of 16 men, a 400 % increase in productivity.

American workers are neither horses nor oxen. But there is a lesson to be drawn from the parable. The person doing the work is wearing the "harness" that management has put in place. This harness is the work process that is used by each worker to accomplish the production of the quality of goods and/or services he or she produces. Management in many workplaces may claim that it is the worker who is responsible for what he or she produces; thus he or she is responsible for the design of his or her own work process. A manager – through successive job changes, which result in inheriting an earlier manager's work process design – may feel that he or she isn't responsible for that work process. Other managers, through simply not knowing the work process design duties that go along with being a manager, are never even aware that they are the key influence in work process design.

In your organization:

- What is the level of awareness that there are work processes, which are the methods by which people accomplish their work?
- Are the lowest level employees seen as having a work process?

Are such processes defined in readily understandable ways?

Do the lowest level employees understand how to carry out the defined work process?

Are they provided with suitable inputs (supplies, equipment, information, etc.) to accomplish the work?

How is feedback provided to these employees on how well they are doing the work?

Is there an understanding of how the work process, along with the inputs, determines the quality of the output?

- Are the highest level employees (top management) seen as having a work process?

Are such processes defined in readily understandable ways?

Is the primary work process of top management to design the quality products and services (and the work processes to produce them) that customers will require in the future?

Do the highest level employees understand how to carry out their defined work process of planning the quality output and the processes to produce that quality into the future?

Are they provided with suitable inputs (primarily knowledge, but also supplies, equipment, information, etc.) to accomplish the work?

How is feedback provided to these employees on how well they are doing the work?

Is there an understanding of how the work process, along with the inputs, determines the quality of the output?

Apply these same questions at several intermediate levels in your organization and map out the degree to which various employees understand what their job is and the degree to

which they are provided with the training, work process knowledge, feedback, and inputs they need to accomplish their job.

In your organization:

- Are there opportunities for improvement in work process at the top so that new products and services to satisfy future customer requirements are developed? At the level of the work force so that existing processes can undergo continual refinement?
- What are your estimates of the improvement of quality, with the resulting productivity gain, that might result from improvement of the work process?

## **QUALITY... THE INTENT OF THE TOP PEOPLE**

Dr. Deming says, "With better quality and lower costs we can capture the market with better quality and lower price ... . One has to know how to produce quality; quality is the ultimate aim; quality goes all the way through an organization. It can be no better than the intent of the top people."

In your organization:

- What is your understanding of what constitutes quality?
- Are there any organization priorities that conflict with quality?
- What is the intent of the top people with respect to quality?

## **REDUCING COSTS AND OUR STANDARD OF LIVING**

Professor Reich says, "There are lots of ways to reduce cost, but that is not going to enhance our standard of living because our standard of living is based on improving the quality of our work and our skills, our skill bases – the value of what we do." These days we would be hard put to find an organization that has not undertaken major cost-cutting activities. The aim of these activities is frequently an attempt to increase profits by reducing the expenses associated with a given amount of revenue. Sometimes cost cutting is associated with the very survival of the organization.

In your organization:

- What cost-cutting activities have occurred within the last few years?

Make a list of the more notable cost-cutting activities.

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For each of the activities, answer three questions.

1) What was the aim, the rationale, of the cost cutting?

2) What was the actual short-term consequence?

3) What was the long-term impact?

- When the cost cutting has had a negative long-term impact, was it possible to predict that negative long-term impact at the time the cost cutting took place?
- If it was possible to predict the negative long-term impact of the cost cutting, why was the cost cutting undertaken?
- What was the impact of the cost cutting on "the quality of our work"?
- What was the impact of the cost cutting on "our skills – our skill base"?

## THE FOURTEEN POINTS

### POINT NUMBER ONE

**Create constancy of purpose toward improvement of product and service, with the aim to become competitive and to stay in business, and to provide jobs.**

"Point number one is constancy of purpose-to stay in business. How? By turning out products and services that will help man to live better materially and which will have a market. Marketing is pretty important. It requires planning. Looking to the future. It requires knowledge."

All of Dr. Deming's 14 points need to be examined and reexamined. Consider the first element of point one "constancy of purpose-to stay in business." He speaks of having a "purpose-to stay in business." Purpose is an intent, a goal, a vision of some future desired state. To have constancy of purpose, then, one must first have a purpose.

In your organization:

- What is the purpose (vision, intent, desired state, etc.) of your organization?

What is the official purpose put forth by management?

Are there unofficial versions of the purpose?

- What do the unofficial versions say?
- What is their source?
- How have you come to know the purpose of your organization?
- Does the stated purpose (if one exists) correspond to the purpose you see evident day-to-day through management actions?
- How is your organization's purpose linked to satisfying your customers' quality requirements at an affordable price?

Who is it that has the purpose? Who is Dr. Deming talking about here? Is it the top manager? The top management group? The middle management? First line supervisors? The workers? Which of these is Dr. Deming talking about when he says "purpose-to stay in business"?

*The text of each of Dr. Deming's 14 Points for Management is used in this discussion guide as captions for each of the 14 Points discussed within the video program. This text is from pp. 23-24, OUT OF THE CRISIS, W. Edwards Deming, 1986: ,MIT-CAES, Cambridge, MA 02139.*

In your organization, who has as a "purpose-to stay in business"?

- Does top management have this as its purpose?
- Does the top management team have this as its purpose?
- Does the middle management?
- Does first line supervision?
- Does the work force?
- How does each of the groups express having a "purpose-to stay in business"?

"Constancy of purpose." Constancy of purpose is sometimes confused with consistency of action. Consistency of action means doing the same thing over and over. Such actions may be useful or harmful, depending on the circumstances. Constancy of purpose is different. It means adapting to changing circumstances in such a way as to continue to progress toward the goal, the purpose-to stay in business, even if momentarily the adaptation means progressing toward the goal by indirection.

In your organization:

- What is the guiding purpose management uses to chart the organization's course?

- What part does ever-improving quality, with resulting increases in productivity and reduced cost, play in the organization's guiding purpose?

Is this a written statement of purpose?

Do people in the organization believe the statement of purpose?

Do people basically agree on the purpose stated?

Can people recognize when management is guiding the organization by moving toward the goal by indirection?

How will "constancy of purpose – to stay in business" be accomplished? "By turning out products and services that will help man to live better materially and which will have a market. Marketing is pretty important. " Clearly something of value must be produced and sold if the organization is to achieve its purpose.

In your organization:

- What are the products and services that are produced to help man live better materially?

How are the products and services bundled together?

How does this bundle help man live better materially?

How do you know that the bundle you produce is the one best suited, or at least well suited, to helping man live better materially?

How is the marketing, product design, and work process development being carried out to develop the bundle of goods and services man will need to live better materially tomorrow?

"It requires planning. Looking to the future"

In your organization:

- How is "... planning. Looking to the future" carried out?
- What is considered to be planning for the future?

What time period?

What is planned?

How adaptable are the plans to new information?

What happens if the expected conditions change?

"It requires knowledge."

What does Dr. Deming mean when he uses the term "knowledge"? Study his usage. The term appears over and over.

In your organization:

- What is knowledge?
- How is it acquired?
- How difficult is it to acquire?
- Who has it?
- How do they use it?
- How is developing and having knowledge rewarded?

## **POINT NUMBER TWO**

**Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change.**

Prof. Reich points out: "We have a tendency in this country to take for granted the organization, not only of production, but the whole organization of our corporations, our economy. No one is stepping back and asking the fundamental questions, asking whether it makes sense."

Dr. Deming responds: "Systems are in place that will have to be not just modified, but thrown out and replaced by leadership."

What is "leadership for change"? What is the new philosophy that must be adopted in this new economic age?

Organizational systems are like individual systems; as with habits, for instance, we are so used to them that they are "transparent" to us. We encounter those organizational systems every day, but we don't see them or think about them. Again, as with personal habits, we can ignore systems that are in place and ask if we need to replace them only after a crisis occurs and our back is to the wall. Or, we can reawaken ourselves to the systems we are

immersed in daily and improve or replace those systems with ones built on the new philosophy of leadership.

In your organization:

- What systems are in place that are unexamined habits?
- Do they "make sense"?
- How did they come to be what they are today?

When was the system initiated?

What was the intent in initiating the system?

Who initiated the system?

When new, did it operate as intended?

Does it operate as intended today?

Is it needed today?

Why hasn't it been changed?

- What are the organizational habits with respect to quality?
- What are the consequences of the habits with respect to quality?

### **POINT NUMBER THREE**

**Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.**

"Cease dependence on mass inspection. You might think it trivial. Just suppose that all you do is turn something out, inspect it, correct it, put it back in the furnace if you need to. Those days are over with. They were never right. It raises cost, puts us out of business."

These remarks about mass inspection may read as if they were intended strictly for the factory floor. The idea that we will somehow produce whatever it is we produce, then sort the good ones from the bad ones, has long ago been carried over to white collar and service work. Look around your organization and see just how much "burnt toast" is produced.

Can you identify, within your organization, systems of production that could be modified or replaced so that quality could be built into the production? How is quality handled in those systems now?

In your organization:

- Where is the toast burnt and then scraped?

Identify several areas where this occurs.

Is the toast burning predictable?

Has it existed for some time?

Do people have some idea, a theory, about why the toast is repeatedly burnt?

- Do people have a theory, an idea, about how the production process could be improved to eliminate the need for scraping the burn?
- Do people have a method, a work process, by which to test the theory of process improvement?
- What obstacles exist to hinder the testing of the process improvement theory?

#### **POINT NUMBER FOUR**

**End the practice of doing business on the basis of price tag. Minimize, instead, total cost. Move toward a single supplier for any one item, on a long-term relationship of loyalty and trust.**

"Point number four is cease doing business on price tag. Nobody can afford it!" Dr. Deming points out that we need to consider what we get for our money within the broad context of long-term and company-wide. This difference in thinking, between looking at immediate cost in the short term and looking at the long-term cost of what we buy, requires an entirely different way to evaluate costs. Short-term price consideration, within our narrow part of the organization, can be termed consideration of first cost. Consideration of life cycle cost is the long-term, organization-wide perspective.

Dr. Deming recommends that a company "move toward a single supplier for any one item, on a long-term relationship of loyalty and trust." This runs contrary to current business ideas, which hold that competition for price will get you the lowest cost for an item.

In your organization:

- How has the purchasing policy been arrived at?

What is the policy?

Who originated it?

What is the aim of the policy?

What assumptions underlie the policy?

- How do suppliers think?
- How will they act?
- Can they be made afraid?
- What time perspective do they have?

Are the assumptions about suppliers fulfilled?

Are the assumptions self-fulfilling?

What do you think you buy with this policy?

What do you actually get under this policy?

How do you account for the difference between what you believe competitive bidding will buy for you and the actual result of using the purchasing policy?

## **POINT NUMBER FIVE**

**Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.**

To improve a process, one has to recognize what a process is.

In your organization:

- What linkages are recognized between the quality of the output and the work process that is in place to produce that output?
- What jobs are described with operational definitions?

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An operational definition consists of three things:

1. An object, which can be examined by multiple people and at different times. An object can be a report, a videotape of an action, a part, etc.
2. A test to apply to the object. The test must be such that different people at different times produce consistent results.
3. A conclusion. Either yes, the object does meet the test, or no, the object does not meet the test.

- For those jobs not described in operational terms, which jobs are described in a flow chart and/or in a written step-by-step procedure?

Do people follow the procedure?

How do you know?

- For those jobs that are neither operationally defined nor defined in writing, how are they defined?

How does a new person learn the job?

How do you know how well a new person is learning the job?

How do you tell how an experienced person is doing?

What costs do you save by not bothering with operational, or even just written, definitions of the job to be performed?

How do you know that?

How much do you lose because of not having operational definitions of jobs?

How much do you lose by not having written descriptions of jobs?

How do you know?

Dr. Deming, in commenting on a company that traces defects to Brazil, remarks "It sounds great, but it's the path to destruction because they're not studying the system, they're managing defects instead of studying the system that produced the defects."

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- Are defects studied?
- What is the aim in studying defects?
- Is there a blame assignment component to studying defects?
- What does ". . . studying the system that produced the defects" mean?
- How can that be better than looking for the source of the defect?

## **POINT NUMBER SIX**

### **Institute training on the job.**

"It's no good to tell somebody to do something when he does not understand why."

In your organization:

- Do you understand what your job is?
- Does your supervisor agree with your understanding of your job?
- Do your subordinates understand what your job is?
- Do the people to whom you send your output understand what your job is?
- Do the people who supply you with your inputs understand what your job is?
- Do you, and all of the people above, understand why your job is what it is?

"To do my work I need to know who is going to use it. Who am I working for?" Earlier, Dr. Deming said: "Everybody has a customer in any organization...." The customer is not only the end user, the customer is the next stage of the production process. We are the supplier to our customer at the next stage of the process. In turn, we are customers to the immediately preceding stage of the production process. That stage is our supplier. Training on-the-job for workers can entail developing an understanding of the requirement of the next stage of the process. What do they need from me? And, how will they use what I supply? In turn, we need to work with our supplier, the preceding stage of the production process, to help him or her understand what we need and how we are going to use what he or she supplies.

In your organization:

- Who are your suppliers?
- What do they supply you with?
- Is what you're supplied with what you need to do your job?
- Does your supplier understand what you need from him or her?
- Does your supplier understand how you will use what he or she supplies?
- Who are your customers?
- What do you supply them with?
- Is what you're supplied with what your customer needs to do his job?
- Do you understand what your supplier needs from you?
- Do you understand how your customer will use what you supply?

## **POINT NUMBER SEVEN**

**Institute leadership. The aim of supervision should be to help people and machines and gadgets to do a better job. Supervision of management is in need of overhaul, as well as supervision of production workers.**

Dr. Deming remarks on leadership: "...leading people to help them do a better job, be it management or on the factory floor... . Who helps his people, who helps them to be consistent so the differences between them disappear."

In your organization:

- Are there differences in the way different people perform the same job?
- Are there efforts to reduce or eliminate those differences?
- Are there efforts to increase the differences in job performance?
- How would reducing or eliminating differences in doing a job benefit your organization?
- Do members of your management recognize the benefits?

Later in this section of the videotape, Dr. Deming comments that the new workers "... just come in and learn from their co-worker what [the work] is. They learn what's right and what's wrong, and nobody knows, and there is no one to help. It seems incredible, but these words are correct. Almost nowhere is there any training by someone that knows." While clearly referring to the need for training on the job (Point 6), this statement emphasizes the role leadership plays in creating the work process to accomplish the job, whatever it may be.

In your organization:

- How do new people learn what their job is?
- Is on-the-job training used in your organization?
- Do the people on-the job know best what a new worker needs to learn?
- What might be some of the negative effects of on-the-job training?
- Are there any positions in your organization in which the worker who learned it on the job is the only one who has any understanding of what the job is?
- How is it possible to supervise such a person?
- How is it possible to lead such a person?

## **POINT NUMBER EIGHT**

**Drive out fear so that everyone may work effectively for the company.**

As Mr. Dobyns points out, "The only way to get rid of fear is to give everyone in the company, top to bottom, a sense of security." But people are afraid. "What are they afraid of?" asks Dr. Deming. "Their jobs? Afraid of knowledge in their own company? Afraid to bring in knowledge? Because it might bring about change and, change, where would that leave me? I might not be able to learn. It might leave me in a worse position. Afraid the company will go out of business? Afraid his annual rating will not recommend him for a raise?"

In your organization:

- Is there a fear of mentioning fear?
- What is the organization's reputation?

Do you feel secure in your job?

Do you feel secure with your supervision?

Do you feel secure with your subordinates?

- Will your organization remain intact?
- Will the market for your organization's output change?
- If it does change, what will happen to you?

## **POINT NUMBER NINE**

**Break down barriers between departments. People in research, design, sales, and production must work as a team, to foresee problems in production and in use that may be encountered with the product or service.**

"Staff areas. " says Dr. Deming, "are independent kingdoms. Each one trying to maximize his own profit..." Mr. Dobyms and Punk the Penguin comment: "American senior managers sometimes argue that competition among divisions is good for everybody. But if you think about it, internal competition cannot possibly be good for everyone. Someone has to lose. Exactly. Someone has to lose...Can't build quality that way. No. But you can destroy it. If you know anything about corporate politics, then you know that if you can't look better, the next best thing is to make *everyone else* look worse."

In your organization:

- What are the barriers that must be broken down for staff areas to work together?

Is there rating between departments?

Is there rating between groups?

Are there individual performance ratings?

What are the bridges that must be built for staff areas to work together?

Do people have knowledge of how to collaborate?

Do they know how to develop common goals?

Have they learned to function in roles other than superior-subordinate, and competitor?

What reward system must be put in place?

## **POINT NUMBER TEN**

**Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity. Such exhortations only create adversarial relationships, as the bulk of the causes of low quality and low productivity belong to the system and thus lie beyond the power of the work force.**

We all enjoy, at one time or another, inspirational words. And we all can recall the disappointments that have occurred when, for some inspirational words, we have realized that there was no substance behind the words. Beyond the momentary inspiration the words may evoke in us, we need to have a method by which to achieve the promised goal of the message. Without a method, a work process by which to achieve the goal, a slogan or exhortation provides only a brief lift to the spirits, before the bitter disappointment of realizing that the words are hollow sets in. The method, the work process, by which the goals of management are to be achieved must accompany the inspirational statement of the goal.

There have been, there are, and there will probably always be people who give inspirational advice about how to run organizations. There are consultants, current and former business and government executives, professors of business and other academic disciplines, even sports coaches with advice on how to make our organizations more effective, productive, etc. Often the words of these advisors are passed along to the work force, but the method for achieving the results the words promise (if those methods, in fact, exist) are not passed along.

In your organization:

- Develop a history of the various exhortations you have heard in the last 5 years.

- For each one of the identified exhortations:

What was its source?

Who was the champion or chief spokesperson?

What was the method for putting it in action?

What happened?

Why did it happen?

- What are the exhortations with respect to quality?
- What effect do you think those exhortations have on the quality of what you produce?

## **POINT NUMBER ELEVEN**

**11a. Eliminate work standards (quotas) on the factory floor. Substitute leadership.**

**11b. Eliminate management by objective. Eliminate management by numbers, numerical goals. Substitute leadership.**

Point number eleven is to eliminate numerical quotas for work.

What numerical quotas is your work measured against? Virtually everywhere, people's work is evaluated against some number that represents what "should have been produced." Often, the numbers are unstated. Sometimes, they are introduced as an afterthought.

Where do the numbers, which our work performance is judged against, come from? How are they generated? What is their source? What is the intent in using numerical quotas to measure work against?

A numerical quota appears to be a prediction. What we need to do is examine the basis of the quota, then evaluate its potential as a prediction.

In your organization:

- Identify several numerical quotas that are used to judge the adequacy of people's work.
- Select one of the quotas and try to determine its source.

When was this quota first used?

How was the number arrived at?

Does the number represent an average?

If so, what was the range associated with the average?

Who was the developer of the quota?

What was the developer's intent in generating the quota?

- How has the numerical quota been evaluated against the capability of the system of people, methods, materials, etc., which make up the production system?
- What would happen if management shifted from prescribing outcomes, such as setting a quota, and instead focused on the process?

## **POINT NUMBER TWELVE**

**12a. Remove barriers that rob the hourly worker of his right to pride in workmanship. The responsibility of supervision must be changed from sheer numbers to quality.**

**12b. Remove barriers that rob people in management and in engineering of their right to pride of workmanship. This means, *inter alia*, abolishment of the annual or merit rating and management by objective.**

Prof. Reich says, "Your most precious possession is not your financial assets; your most precious possession is the people you have working there, and what they carry around in their heads, and their ability to work together."

In your organization:

- What is management's most precious possession?

What value does management put on the "...people working there...?"

Illustrate that valuation with examples.

- If management is denying the workers pride of workmanship, what is it costing the company?

Dr. Deming cites the annual performance appraisal as a barrier that robs management of pride of workmanship.

In your organization:

- Is management subjected to annual performance appraisal?
- Can that appraisal actually measure what it claims to measure?
- Are the results ever "cooked" to produce a predetermined pattern of results among the managers?

- What does it cost the company to deny management pride of workmanship through the annual performance appraisal?

## **POINT NUMBER THIRTEEN**

### **Institute a vigorous program of education and self-improvement.**

Dr. Deming says, "No organization can survive with just good people – they need people that are improving . . . the education need not be connected with the work. Keep people's minds moving."

In your organization:

- What efforts are made to encourage self-improvement?
- What obstacles are put in the way of self-improvement?

How does management respond to awareness of self-improvement efforts on the job? Away from work?

- What constraints on your organization discourage education for self-improvement?

How does tax legislation discourage this education?

How does the focus on short-term financial performance discourage this education?

Are there constraints in labor/management agreements?

## **POINT NUMBER FOURTEEN**

### **Put everyone in the company to work to accomplish the transformation. The transformation is everybody's job.**

Dr. Deming says, "You must create a critical mass in the company that understands what the job of top management is-otherwise they cannot do the work. This critical mass – how do you go about it? By seminars? By teaching? Providing printed materials? Classes? Anything will do it."

In your organization:

- Do you understand what top management's job is?

What is a capsule statement of top management's job?

How does your work contribute to top management's job?

- How did you find this out?
- What feedback have you had on your contribution?
- Is there a critical mass in the company that understands what the job of top management is?

For the critical mass, what is a capsule statement of top management's job?

What must top management ask of the critical mass so that top management can do its job?

How will the members of the critical mass find out whether they are providing top management with what it needs?

- Does top management understand what the job of top management is?

How did they come to know this?

Do they have the necessary knowledge to do the job?