

Corrected Vision

BY DOUGLAS C. WOOD

The quality process must be seen clearly in order for it to work effectively.

MANY BUSINESS LEADERS TODAY understand the connection of process quality and business improvement. There are also many, however, who view quality as merely a form of risk management and who do not apply quality tools and personnel to business improvement initiatives.

We should care about this view because rapid improvement is essential to remain competitive and ensure a stable and sustainable business environment. Because of the easy international movement of work across borders we face three issues:

1. While the cash flow for single businesses may improve with the transfer of labor to another country, economic dislocations and cost to the overall society are not borne by the individual firm.
2. Political instability and associated risks to an extended supply chain are often ignored or denied, with business leaders hoping that political leaders will protect them from disruption. This is not assured.
3. We have all seen evidence of major mistakes made by business leaders in the last decade. These problems have often required government action to prevent economic disruption. The prevention of major economic disruption is laudable, but public funding of business mistakes cannot continue at the pace we have seen. There is simply not enough tax revenue.

Quality tools are about working smarter, and working smarter is the best way to achieve breakthroughs in efficiency and competitiveness. Proper application of quality tools is the best method to reach breakthroughs in competitiveness without raising the deeper risks of outsourcing. This is good advice that has been touted for decades. Why isn't the advice being applied?

Beliefs drive our understanding and reactions to the world around us. A belief (or myth) can help or hurt our decision making. To make faster progress, leaders need to identify and address myths that are beliefs based on false or inaccurate information.

"Blurred Vision," an article I wrote for the July 2008 issue of ASQ *Quality Progress* magazine, identified eight myths that get in the way of understanding quality's role in business improvement. Anecdotal evidence from many quality consultants and quality control specialists in a wide variety of industries shows that the majority of business leaders believe in some of these myths. The eight myths are presented here with a look at what may be misleading or false in each

and what can be done to improve understanding.

Myth 1: Quality is strictly about product or service issues

Quality products are important, but to say that quality is limited to only products or services is just wrong. If you want to offer your organization's great products consistently and at the best cost and avoid being overrun by competition, you really do need organizational excellence. But what does that mean?

The statement by quality guru W. Edwards Deming, "It is not necessary to change. Survival is not mandatory" is as true as ever. What is really at stake here is not a just striving for excellence but survival. With companies around the world doing what the United States used to be uniquely good at—taking leadership in many areas of applied technology and business—survival for any firm is less assured than ever.

Organizational excellence in the United States is promoted by various state and national quality awards. You don't need to pursue an award to understand that these concepts outline what it takes to succeed. (You may download a free booklet that describes more about the core values and concepts from <http://www.quality.nist.gov/Criteria.htm>.)

Your products and services will come and go, but improving the business process is how you build value that lasts. System-wide, comprehensive improvement is not easy and adoption of these core values and concepts does not guarantee success. The 'free' market has destroyed and will continue to destroy long established organizations. There is no perfect shield against business failure, nor is there a magic bullet for business transformation. Applying these core values and concepts will increase the probability of success.

Myth 2: Quality is only about controlling risk

This myth is not that good product quality controls risk (it does) but that many think that is all it does. Quality tools provide so much more than just risk management. Consider this: a carefully constructed product quality control program can reduce risk



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of quality defects with inspection, but no inspection program is perfect. A strong inspection program will be costly, and when the inevitable defects are passed (as always happens with inspection) your customer will be dissatisfied.

If your competition is getting better, or is about to become better, or a new competitor is entering the market, you are going to need real process control, not more inspection. You will need to develop a process that does not produce failures. This is where Six Sigma, Lean, statistical process control, and the many other quality tools really shine.

Myth 3: Cost of quality programs are old school

According to this myth, measuring quality costs is an old concept no longer important. Fifty years old and known by various names—cost of quality, cost of poor quality, cost of poor execution, cost of conformance and nonconformance—many leaders feel there is little to be learned by applying this concept.

If quality is only about managing risk, you really don't want to track return on investment. Who considers the return on their insurance policy premiums? Quality control limited to risk management is like an insurance policy: your objective is to keep the premiums as low as possible and insure only what you need to insure.

To apply quality tools and methods that make your organization run like the proverbial Swiss watch, you need to use cost of quality as the key measure of all your improvement activities. This metric draws the connection between the prevention expenses and the costs of your mistakes, giving focus to improvement activities.

Myth 4: Quality is a discipline learned on the job, not in a classroom

Future business leaders need to learn quality tools and approaches from their master's level courses. Without teaching the quality body of knowledge, most of our future leaders will remain unschooled in what the quality tools can do for them, and unaware of the value that trained quality professionals can contribute to business improvement.

Myth 5: Six Sigma and Lean are great new tools

This myth speaks to use of tools. Six Sigma and Lean are great tool sets that use compilations of older proven tools, applied in better ways. Lean was created from

Toyota's rethinking of Henry Ford's mass production process. Most of the tenets of Lean are industrial engineering techniques, to be applied by the normal production staff. Lean is industrial engineering for the masses, incorporating these tools from the existing body of knowledge for industrial engineering. Rewritten and used directly by workers, the implementation rate is much greater than when relying on a few engineers to apply the tools.

Six Sigma is quality engineering applied in a matrix of command and control than emphasizes project planning and management. Six Sigma is a powerful tool, but efforts can be wasted by working on processes that lack data, failing to use the Six Sigma command and control structure, and emphasizing statistical controls for processes that have significant special cause problems.

Certified quality professionals possess the knowledge to apply these tools effectively. Widely deployed improvements need to be applied by trained teams, with leaders that understand the tools well.

Myth 6: Choosing a quality approach is a task for senior leaders

Must senior leaders identify a quality approach? They *will* make the final decisions. What senior leaders may lack is an intimate knowledge of detailed business processes. The solution here is to make sure there is a robust upward communication flow within the organization.

Upward communication is difficult to sustain. Older leaders may view it as a distraction; new leaders as a threat. Tight command and control can stifle upward communication. Regular, thorough reviews of the processes of upward communication are needed to keep vital information flowing upward.

Myth 7: No preparation is required to run an improvement program except willpower

When improvement approaches go wrong, it is often due to the idea that willpower will overcome poor preparation. Many firms skip good preparation, seeking quick results and fast action. It's not the fast action that's in question; rather, it's the confusion of action with progress.

Understanding current root problems, looking at data, planning, training, communication are all part of preparation that can make fixing a problem or making an improvement change quick and straightforward. Lack of good preparation often results in fixing symptoms or addressing

the wrong issues.

Costs are a second excuse to skip good preparation. Training is expensive, and the better the training, the more it costs. You can buy a business help book, skim it, try to apply what it tells you, and even succeed some of the time. Getting a group to all understand the same ideas and commit to working together as a team does not happen in a book. Good preparation can take weeks to months, and there will be little short term return for the investment in preparation.

Myth 8: Cost, quality and schedule form an iron triangle

This myth says improvements in these three areas are mutually exclusive. To improve any one, you will hurt one or both of the others. For example, to make a shipment on schedule, either product quality is sacrificed to speed up the process, or significant labor additions (higher cost) are needed.

If quality is seen as risk management, the above example seems intuitive. It is not true if the focus of quality is on both process and product. If the quality of a process is improved, it will run faster, produce fewer defects and cost less. In other words, process quality underlies both service and cost.

Survey

Evaluation of the myths that we all use to process our view of the world is sometimes needed to make forward progress. With some effort, we can avoid the limitations that these myths place on our drive toward improvement. And be sure to take the survey on "8 Quality Myths" at www.dcwoodconsulting.com. Register your e-mail at the survey to receive study results.

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