

Continuous Improvement and the Deming Philosophy

When asked what our competitive advantage is at Bama, we answer “culture,” without a second thought. This seems counter-intuitive to most business people. Most businesses would answer “price,” “speed,” “customer service,” -- but this is one of the many reasons Bama is not a typical company.

Our employees are trained extensively in the philosophies of Dr. W. Edwards Deming. Deming was a management and manufacturing expert who helped the Japanese revolutionize car manufacturing in the 1950's. His work spurred Japan into becoming the global leader in the automotive industry. At the time, many

American companies refused to heed Dr. Deming's warnings about the state of “business as usual.” He preached that by adopting appropriate principles of management, organizations can increase quality and simultaneously reduce costs (by reducing waste, rework, staff attrition and litigation while increasing

customer loyalty). The key is to practice continual improvement and think of manufacturing as a system, not as bits and pieces.

Continuous Improvement is an interesting philosophy that can apply to many areas of life. In manufacturing, it posits that there is no perfection--however, a company can get close to perfection if they focus on continually improving their processes across the organization. It is a way of saying “don't get stuck in your ways, always innovate. See new opportunities to keep getting better.” Dr. Deming believed that people are the heart of every business.

Profound Knowledge

Deming also believe that there are “systems of profound knowledge” that every manager should know intimately. Deming said “the prevailing style of management must undergo a transformation. A system cannot understand itself. It must come from the



outside. The transformation requires a view from outside. [It needs]...a system of profound knowledge. [This system] provides a map of theory by which to understand the organizations that we work in.”²

Dr. Deming believed that we needed to transform ourselves from within. That by transforming ourselves into better people, we could then see the system differently and improve it. He knew that it would take time, effort and understanding: three things management has typically been short on. Here are the systems of profound knowledge:

4 Systems of Profound Knowledge₂

1. **Appreciation of a system:** understanding the overall processes involving suppliers, producers, and customers (or recipients) of goods and services
2. **Knowledge of variation :** the range and causes of variation in quality, and use of statistical sampling in measurements;
3. **Theory of knowledge:** the concepts explaining knowledge and the limits of what can be known
4. **Knowledge of psychology:** concepts of human nature

At Bama, we train all of our managers and supervisors in core classes that have to do with each of the Systems of Profound Knowledge. They are required to refresh this learning every year. We also incorporate teachings from Dr. Stephen Covey, Dusty Staub as well as Robert Kaplan and David Norton’s initial theories concerning the Balanced Scorecard to round out our Deming Training. This diagram reviews how all of our trainings fit together to create a unique and supportive culture.



Deming's 14 Points of Management₃

One

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

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.

Three

Cease dependence on inspection to achieve quality. Eliminate the need for massive inspection by building quality into the product in the first place.

Four

End the practice of awarding business on the basis of a price tag. Instead, minimize total cost. Move towards a single supplier for any one item, on a long-term relationship of loyalty and trust.

Five

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

Six

Institute training on the job.

Seven

Institute leadership. The aim of supervision should be to help people and machines and gadgets do a better job.

Eight

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

Nine

Break down barriers between departments. People in research, design, sales, and production must work as a team.

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.

Eleven

- a. Eliminate work standards (quotas) on the factory floor. Substitute with leadership.
- b. Eliminate management by objective. Eliminate management by numbers and numerical goals. Instead substitute with leadership.

Twelve

- a. Remove barriers that rob the hourly worker of his right to pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
- b. 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 of management by objectives.

Thirteen

Institute a vigorous program of education and self-improvement.

Fourteen

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



By valuing our team as whole people, instead of numbers on a page, we are able to understand them from the inside out. When we all feel heard and understood, we can better work together for the common good of our company and our customers.

Further Reading

Out Of The Crisis - Dr. W. Edwards Deming

First Thing's First - Dr. Stephen Covey

Principle Centered Leadership - Dr. Stephen Covey

The 7 Acts of Courage - Robert E. Staub

The Heart of Leadership - Robert E. Staub

The Balanced Scorecard: Translating Strategy Into Action -
Robert Kaplan and David Norton

Resources

[1] W. Edwards Deming. BrainyQuote.com, Xplore Inc, 2013. <http://www.brainyquote.com/quotes/quotes/w/wedwardsd378714.html>, accessed October 28, 2013.

[2] Deming, W. Edwards. 1993. *The New Economics for Industry, Government, Education*, second edition.

[3] Deming, W. Edwards (1986). *Out of the Crisis*. MIT Press.