



While We Are Sleeping

Globalization is moving at warp speed and waiting for no one to wake up.

by William H. Denney, Ph.D.

Know & Go

- We are at war in the world marketplace with competitors who want for their children what we want for ours.
- We seem oblivious to the gravity and speed of the threat to our economy, our way of life, and our future.
- Our competitors work tirelessly to improve by asking, "How?" They seek how to improve while we bury our heads in the sand and ask, "Why? Why should we change?"
- The methods to save and create jobs and be competitive in the new global supply chain are simple and easily mastered.



"We are going to win, and the industrial West is going to lose: There's nothing much you can do about it because the reasons for your failure are within yourselves."

—Konosuke Matsushita

They work tirelessly to change our world irreversibly. If they succeed at what they're doing and aren't challenged, our way of life as we know it will end. While we whine about our bosses, our organizations, and our government; while we do the minimum that our jobs require; while we flip-flop through the mall and watch Oprah they're planning, learning, and executing. When we're tucked away in our beds, tossing and turning in restless sleep, they're even busier. They don't seem to tire; their passion is relentless. To them, weekends and holidays are inconsequential in their desire to have what we have.

We're at war, but we seem oblivious to it. Our children's future, our families, even our liberties are at risk, but for now, apathy is our primary defense. Secure in our ignorance of what's happening far away, we think that we're safe. But we're not.

This isn't a conventional war. No troops can protect us. Our meager efforts seem to be, as Will Rogers phrased it, "... like spitting on a railroad track to stop a freight train." In this war, the enemy just keeps coming. Who is it? Where's the battlefield? Is there anything we can do to save ourselves?

The battle is raging in the world marketplace, and there's no single, external foe. But we have in fact met the enemy—and he is us. Self-righteousness is our *bête noir*, and whining and mediocrity cripple us.

Day and night, in India, China, and across the rest of Asia, there's a passionate focus on learning, improving, and succeeding. There, the question isn't, "Why are quality methods and organizational improvement the means to success?" They only ask, "How?": How to get better, how to get faster, how to do what we Americans thought we did best. They have seen what we have, and they understandably want the same for themselves and their families. They'll learn as much and work as hard as necessary to get it.

If you've read Thomas L. Friedman's *The World Is Flat* (Picador, 2007), or if

you've worked in Asia, you understand what's happening—the speed of change, the rate of productivity, the intensity of activity, the capacity for learning. The world has been leveled by technology, and like it or not, we're all part of the global supply chain. Globalization has shifted into warp drive; if we don't learn how to manage our place in it, we'll be run over and cast aside.

We shouldn't feel smug about the quality and production problems we hear about in China. That country is currently where Japan was during the 1950s and 1960s. As a result of our mistakes 50 years ago, we drive Toyotas, and no U.S. company makes the electronic devices that we can't seem to live without.

"Can you blame your competitor for your woes?" demanded W. Edwards Deming nearly 40 years ago when chastising U.S. executives. "No. Can you blame the Japanese? No. You did it yourself." In another decade, China will have learned everything it needs to know, just as Japan did. What will we do then?

So, here we are, nearly 40 years later, and the stakes are higher. Wishing it weren't so won't change the new reality. Only a new attitude and a structured approach to managing our businesses, schools, and health care systems can make us successful at home and abroad. There's an effective prescription for surviving in the new global economy. It's a simple 10-step methodology:

1. Change fast and often.
2. Innovate or die.
3. Lead with passion.
4. Plan and execute.
5. Understand customers, students, and patients.
6. Measure and analyze (i.e., manage knowledge).
7. Focus on the workforce.
8. Manage and improve processes.
9. Strive to be effective, not just efficient.
10. Localize the global: find your place.

Change fast and often

In their brilliant little book, *Our Iceberg Is Melting: Changing and Succeeding Under Any Conditions* (St. Martin's Press, 2006), authors John Kotter and Holger Rathgeber describe the problem that we all face.



This short fable depicts the plight of a penguin colony in Antarctica. Fred, an inquisitive penguin, discovers that their iceberg is getting smaller. Invisible to the general population, underneath and inside, their home is slowly melting away. Below the surface, Fred saw fissures and other symptoms of deterioration caused by melting. No one believed him. "Problem? What problem?" the penguin leaders asked. "The iceberg isn't melting!" Everything seemed fine to them.

As Kotter and Rathgeber point out, all too often people and organizations don't see the need for change. But we must transform ourselves, or like the penguins we'll surely perish on our own iceberg paradigm.

Kotter has long been a student of change and recommends the following guidelines:

- Create a sense of urgency.
- Pull together the guiding team.
- Develop the change vision and strategy.
- Communicate for understanding and buy-in.
- Empower others to act.

- Produce short-term wins.
- Don't let up.

Innovate or die

As Justin Levesque and Fred H. Walker explain in "The Innovation Process and Quality Tools" (*Quality Progress*, July 2007), "Cost control and product quality are only capable of sustaining a competitive advantage. It takes product or service innovation to create competitive advantage in a global marketplace."

In the world marketplace, everything is a commodity. What truly distinguishes the successful from the mediocre is uniqueness—standing out from the crowd and getting to market quickly.

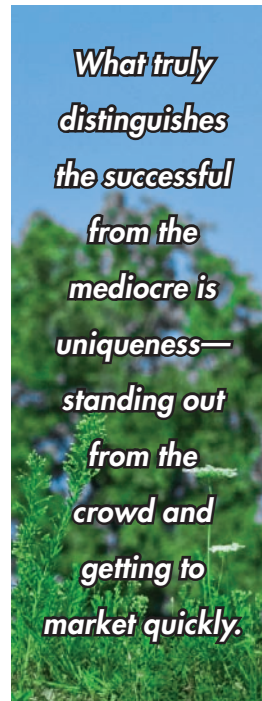
Lead with passion

More has been written about leadership than any other quality topic. Deming

used to say, "A leader is a coach, not a judge." In a nutshell, that's exactly what a leader does—coaches the organization. He or she has a vision of the future and lays out the road map of how to get there. Organizational leaders set vision and values, and ensure that they're deployed. Leaders promote and foster ethical conduct, high performance, workforce learning, and customer focus. They set expectations and ensure good governance. All of this must encourage passion and a sense of urgency.

Plan and execute

As a World War II general, Dwight D. Eisenhower used to say, "In preparing for battle, I have always found that plans are useless but planning is indispensable." Strategic planning is



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the simplest of ideas that we tend to make incredibly complicated. It's little more than a road map to get from where you are to where you want to be. Regardless of size, all organizations have objectives, complexity, and challenges. Strategic planning makes work easier by dividing it into smaller parts.

Understand customers, students, and patients

The late, great management writer Peter F. Drucker observed that financial people believe that businesses make money, but in reality what they do is make a product or service that a customer needs—money may follow. Businesses, schools, and hospitals (or any organization providing products or services) can't survive if they don't understand the needs of their customers and markets. This requires developing ways to gather customer data and use information to change and improve value creation and delivery processes.

Measure and analyze

There's a sound basis to the old saying, "What doesn't get measured doesn't get done." Internal organizational measurements are critical to performance improvement. How an organization aligns, reviews, and improves performance depends on what it measures and what it learns.

Focus on the workforce

Regardless of what else is done, nothing can be accomplished without the enthusiastic involvement of employees, teachers, medical staff, volunteers, and other organizational support personnel. However, research from Gallup indicates that as many as 71 percent of U.S. employees are disengaged in the workplace. The cost to productivity, innovation, improvement, and the bottom line is staggering.

Manage and improve processes

Value creation is simply a step-by-step approach to converting a market need into something that a customer, patient, or student would want more of; in other words, it's a process. Most people involved in doing specific jobs believe that they understand their processes, but they generally don't.

Strive to be effective, not just efficient

The goal of most popular organizational improvement methods (e.g., lean and/or Six Sigma) is cost reduction and capacity creation—or being more efficient. Efficiency is all about doing things right. However, it's equally important to do the right things that affect the

organization's higher goals. Effectiveness is driven by integrating everything the organization does, working together as an operational system. Effectiveness, then, is a measurement of all the organization's high-level goals. It answers the simple question, "Are we improving?" Improvement drives organizational success and sustainability.

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Localize the global: find your place

Finally, the challenge for all of us is to find our own roles in the global marketplace. Joel Cawley, an IBM strategist, says, “There’s going to be a huge amount of business for those small and medium-size firms that learn how to take all the global capabilities that are now out there and tailor them to the needs of a local

community. It’s the localization of the global, and we’re just at the beginning of it. It has enormous potential to be very job-creating.” This is referred to as finding “the great localizers” in Thomas Friedman’s book.

To some, all this may seem too much to do—the “why” question again. Many accuse Friedman of being Chicken Little, causing panic and fear by implying that

the sky is falling. Of course, some people still believe that the Apollo moon landings were filmed in a Hollywood studio, and that global warming is a hoax.

Whoever you are, wherever you live, it’s likely that you know people who lost their jobs to globalization. We’re all inextricably connected to the irreversible changes that have already begun. What happens in Bangalore or Shenzhen, or Ha Noi is now as important to us as what happens in Dallas, Chicago, or Minneapolis. The debate over globalization and whether our iceberg is melting is now irrelevant. Government can help by encouraging change and accountability, but the choice really belongs to all of us. We can continue to be victims, or we can do something about it. As the late Texas Governor Ann Richards was fond of saying, “The shadow of the gallows is a powerful motivator.”

About the author

William H. Denney, Ph.D., spent 30 years in senior management positions at Johnson & Johnson, Halliburton, and Microsoft, and as chief quality officer for Examination Management Services. He now serves as CEO of the Quality Texas Foundation (www.texas-quality.org). Quality Texas is a nonprofit organizational improvement, training, and educational foundation that helps businesses, schools, nonprofit organizations, and health care alliances achieve competitive excellence through knowledge, feedback, and recognition.

Recommended reading

- *The Executive Guide to Understanding and Implementing the Baldrige Criteria: Improve Revenue and Create Organizational Excellence*, by Denis Leonard and Mac McGuire (Quality Press, ASQ Quality Management Division Economics of Quality Book Series, 2007)
- *The Executive Guide to Understanding and Implementing Employee Engagement Programs: Expand Production Capacity, Increase Revenue, and Save Jobs*, by Patrick L. Townsend and Joan E. Gebhardt (Quality Press, ASQ Quality Management Division Economics of Quality Book Series, 2007) **QD**

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