

CRAFTSMAN'S CRIBSHEET

NUMBER
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Miles Free – Director of Technology and Research

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Management

ADAPTING THE DEMING CYCLE TO THE MANAGEMENT PROCESS

The Deming Cycle (Plan, Do, Check, Act) is a staple of management in the manufacturing world. Why does it need to be adapted for management? It was written for management.

The Deming Cycle addresses the management and continuous improvement of *manufacturing* processes. It is a tool for managing shop-floor processes and fostering their improvement. But how could the Deming Cycle be updated to address *management* processes?

In shop-floor processes, the inputs are known, the tools are known, the people involved are known and the outputs are known. What have to be adjusted in the shop are the processes. Management does not have the certainty of known inputs, tools, people or even outputs for all of their managerial processes.

We live in an economic and political environment that is best described by Volatility, Uncertainty, Complexity and Ambiguity (VUCA). That's the acronym the U.S. military came up with in describing its battlefield. Given a VUCA world, planning (the first step of the Deming Cycle) could be the first and insurmountable failure. How can you plan for what you don't know?

AREIR is an acronym that stands for Anticipate, Recognize, Evaluate, Implement and Review. This is my proposal for how top managers can systematize their practice of guiding their firms through today's VUCA landscape.

Anticipate. This is more than just planning. It is taking an active role to identify vulnerabilities and opportunities that are likely to emerge. These can be in the supply chain (inputs), customer (outputs) or in the entire market ecosystem (changes in availability of financing, regulatory enforcement, currency and economic crises). *Who on your team is your "over-the-horizon radar?"* How much time do they devote to this? Is it sufficient?

Recognize. Recognize means that when a change has occurred, you must become aware of it. If your books are not kept up to date, how long would it take before you run deeply into debt without knowing it? Recognize means having the right indicators and having them on a timely basis.

Evaluate. This means to critically think about the facts and their implications for your business.

I define critical thinking as recognizing and challenging assumptions. How do these new facts challenge your current operational plan? If you fail to respond to the new facts, what will be the consequences?

Critical thinking is the step where "courage" is a key ingredient to your success. Without the courage to recognize, challenge and make inferences, what is the point? Evaluate is the step where decisions are made.

Implement. Implementing the decisions made by your team's evaluation has you safely back in Deming Land. Implementing is the "Do" of the "Plan, Do, Check, Act" cycle. You already have mature processes for management. Make sure to use them as you implement the decisions the facts have convinced you to make.

Review. It is imperative that every action we take is reviewed for the possibilities for continuous improvement. This is what makes a managerial work cycle. What is our opportunity to improve? What if we had those new business-changing facts sooner? How can we make that happen? What can we do in the future to recognize our vulnerability sooner?

The Deming Cycle is a useful tool for managing and nurturing industrial processes. "Anticipating, Recognizing, Evaluating, Implementing and Reviewing" is now the order of the day for management work.

AREIR is not as graceful an acronym as Dr. Deming's PDCA. But in the volatile, uncertain, complicated and ambiguous world in which we manage our shops today, it gives us at least a heads-up view—ahead of everyone else—about what might be coming.

