

Adapting the Deming Cycle to the Management Process



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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 these 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.

Let's look at inputs (procurement). Suppliers go out of business and new startups can appear. Accidents and natural or manmade disasters can take out key capacity at supplier locations. That's what happened last year when the Japanese tsunami hit; and in March with the explosion and fire at the Evonik Nylon 12 plant in Marl, Germany. And that's just looking at inputs.

Compounding this is 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.

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DEMING CYCLE

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

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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?

Can we create a ratio or rule-of-thumb to give us an early warning? What did we miss in our evaluation of the facts, and how can we prevent that from happening again? How well did that implementation really go? What were the showstoppers that had us paralyzed? How can we make them go away?

The Deming Cycle is a useful tool for managing and nurturing industrial processes. But in today’s VUCA world, “Planning, Doing, Checking and Acting” is not enough. “Anticipating, Recognizing, Evaluating, Implementing and Reviewing” is now the order of the day for managerial 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 looming just over the horizon.

New Employees Face More Risks

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Did you know that according to the U.S. Bureau of Labor Statistics, approximately 35 percent of workers injured on the job have been with their employer for less than 12 months?

Why are new workers more likely to be hurt? One reason is new employees are often unaware of how they can be injured in the workplace. They may not understand how to safely perform the job—especially what *not* to do.

Employers may not include safety in new employee orientation out of a belief that “common sense” will keep workers from committing unsafe acts. Unfortunately, a lack of knowledge—not a lack of common sense—is more often the problem.

Including safety training in employee orientation can help your employees gain the knowledge they need to avoid injury.

Some important tips:

- Explain safety rules before assigning jobs. Employees are more likely to follow rules if they understand the reasons for them. Give each employee a copy of the rules for future reference.
- Encourage employees to ask questions if they don’t understand what they are being asked to do.
- Point out workplace hazards and discuss how to avoid injury, including what not to do.
- Make sure employees understand they should never operate machines unless trained and authorized to do so.
- Explain how lockout devices prevent injuries and why they should not be removed.

Knowledge and effective communication are the keys to accident prevention. Always encourage discussion—it promotes understanding. Put these principles to work and give your employees the tools they need to work safely.