



# Maximum PIE - Winning in Business



***Happily Maximizing Profit in a Small or  
Medium-Sized Company***



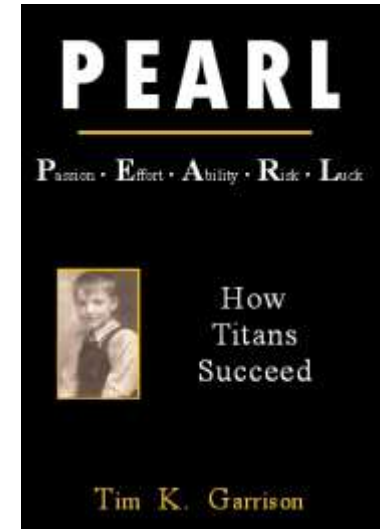
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# Sources

The source material for this presentation comes from:

- \* My 5<sup>th</sup> book, P.E.A.R.L., which includes a bibliography of 60+ books on success.
- \* Success consulting with 30+ companies, including national and international work with True North Development, a Detroit-based global lean consultant.
- \* Battle grime from starting up and running successful construction, consulting, and software companies.
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**Maximum PIE - Winning in Business.**  
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# Part 4.2



# TQI Culture - Quality

Copy

# Quality

**TQI = Team. Quality. Integrity.**

The second aspect of our **TQI** culture is **Quality**.

*Who or what do you think of when you think of quality?*



# Quality

**TQI = Team. Quality. Integrity.**

I think of Deming.

Deming's main thrust in helping businesses be profitable was to minimize defects and **maximize quality**.



## Total Quality Management

- The American statistician Edward Deming developed the revolutionary concept, now commonly referred to as TQM.
- "Zero Defect" production, concept of TQM.
- The basic four cornerstones of Deming's TQM include
  - customer focus,
  - continuous improvement,
  - defect prevention and
  - the importance of sharing quality responsibilities.
- Teamwork and team effort .

- *Why is quality so important?*
- *One company is mediocre, another great. List some reasons for the difference.*



# Mediocre vs. Great

What's the difference between a mediocre short stop and Derek Jeter?

...between a mediocre golfer and Jack Nicklaus?

...between a mediocre basketball player and Michael Jordan?

Answer: **Consistency**. Anyone can be great once in a while.

***The world pays big bucks for consistency.***

*In business, what is a simple definition of consistency?*



# Consistency

**TQI = Team. Quality. Integrity.**

Consistency in business is: *Performing at a very high level all the time, no matter what.*

Consistency means unaffected by:

- Stress
- Adversity
- Competition

*For each of the above three, discuss how consistency can be affected.*



**The bitterness of poor quality remains long after the sweetness of low price is forgotten.**

**BENJAMIN FRANKLIN**



# Consistency

**TQI = Team. Quality. Integrity.**

Stress can cause poor thinking and decision making. We tend to rush when under stress.

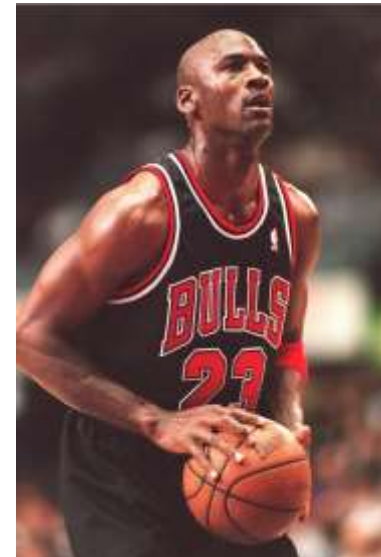
Adversity, such as not enough manpower, bad weather, equipment failure, etc., makes it more difficult to do our job.

Competition can cause us to get psyched out. We might make rash decisions based on some perception of what a competitor might be doing.

*“If I missed a shot, so what? I wasn’t going to let a missed shot or mistake affect the rest of my night. Why would I worry about a shot I hadn’t even taken yet?”*

*-Michael Jordan*

*How do we minimize stress?*



# Consistency

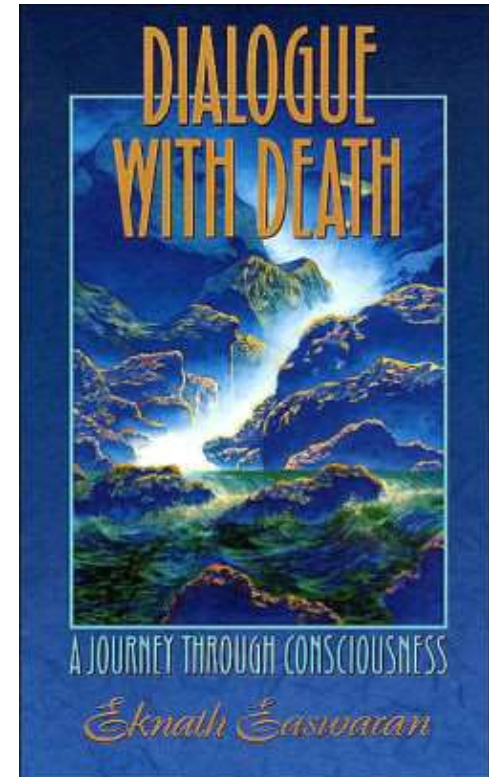
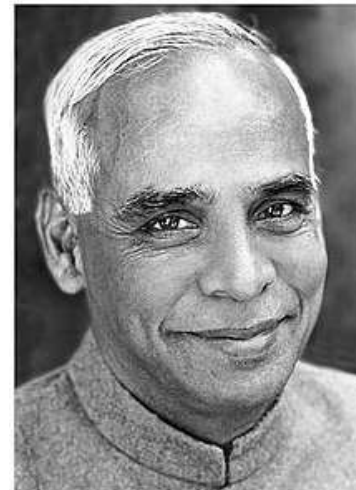
**TQI = Team. Quality. Integrity.**

We avoid stress by thinking clearly at all times. Easier said than done. To accomplish this requires mastery of mind. Training our mind to handle stress is possible. Meditation is one way. A great resource is Dialogue With Death by Easwaran.

Certainly we can also manage stress by actively, optimally managing our situation.

“Management by crisis” is the opposite of this.

*How do we minimize  
adversity?  
... competition?*



# Consistency

**TQI = Team. Quality. Integrity.**

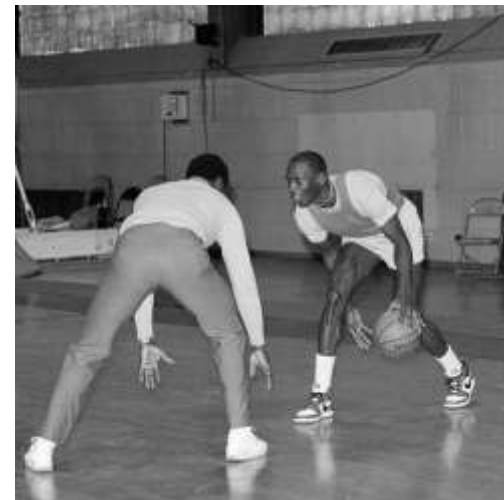
Adversity and competition are things beyond our control. The best we can do is *be prepared* for what fate deals us. It's the old Boy Scout motto: "Be Prepared." That we can do. Specifically:

- Do we have an active bullpen of replacement workers? If not, do we have a well-defined method of hiring at a moment's notice?
- Are we prepared for bad weather, earthquake, etc.? Why not?
- Do we have backup machines for our mission-critical ones? If not physical backup machines, methods for getting it done when ours fails?
- Do we embrace or avoid competition? We should absolutely embrace it. That keeps us sharp, and it keeps us from getting psyched out as competitors come and go.

- *Who's our champion for each of the above?*
- *Name a product or service you buy that's rock solid consistent.*
- *How about one that's not?*

*"If you practice the way you play, there shouldn't be any difference. That's why I practiced so hard. I wanted to be prepared for the game."*

*-Michael Jordan*



# Consistency

**TQI = Team. Quality. Integrity.**

Internet service providers need to be consistent. You as a consumer don't want any excuses when you're on-line.

Restaurants need to be consistently clean and serve consistently tasty food. Excuses = you'll go elsewhere.

The biggest cost of poor quality is when your customer buys it from someone else because they didn't like yours.

— *W. Edwards Deming* —

*What can a business do to become more consistent?*

# Mistakes

**TQI = Team. Quality. Integrity.**

To be consistently great we must eliminate mistakes, miscues, and poor quality.



*What is the cost of a mistake?*

# Mistakes

**TQI = Team. Quality. Integrity.**

Mistakes cost at least **5x**.

1. Cost doing it wrong.
2. Cost to undo the mistake.
3. Cost to redo it correctly.
4. Cost in bruised relationships.
5. Cost in time – lost opportunity.

Sometimes also:

- 6\* Ripple effect – downstream workers affected by your mistake.
- 7\* Cost in Brand devaluation.

If you want to be profitable, Quality is paramount.

**"IF YOU THINK GOOD DESIGN IS EXPENSIVE, YOU SHOULD LOOK AT THE COST OF BAD DESIGN"**

DR. RALF SPETH, CEO JAGUAR

- *5x mistake examples in our company?*
- *Does it make sense to spend more time up front to ensure it's right; or just blow and go!*
- *What matters more: working hard; or working smart?*
- *How do we prevent mistakes?*



# Know Your Systems

TQI = Team. Quality. Integrity.

- You can't improve something unless you understand the nature of the system.
- A "system" could be: employee timekeeping; producing widget X; producing report Y; delivery of materials; customer happiness; job safety. Anything that is results-driven.
- Deming used statistics to accurately define systems. If a process is in **statistical control**, it's pretty easy to know when a wrench has been tossed into the gears.

*Name two systems we have, and tell how we know they're operating well.*



# Know Your Systems

**TQI = Team. Quality. Integrity.**

Run charts and control charts alert us to a problem. They don't say what the problem is or the cause, just that there is one.

- *Name a money-bleeding system that is out of statistical control. IE one that we don't have data on to know better.*
- *How can we define it better?*

**Average 40 home run hitters per baseball team per year since 1924**



Run chart example. This could show miles per gallon, number of defects, patient falls in a hospital – anything.

# Know Your Systems

**TQI = Team. Quality. Integrity.**

The only sure way to define a system is to collect data on it.

“ YOU CAN'T MANAGE  
WHAT YOU DON'T MEASURE.

- W. Edward Deming



- *Would data collection be worthwhile for us? How?*
- *Once collected, will we be able to monitor data effectively in the future?*



“Without data you're just another person with an opinion”

- W. Edwards Deming

# Know Your Systems

**TQI = Team. Quality. Integrity.**

Deming worked with giant corporations. Data collection and analysis was critical to their success. But he also knew about too much data.

A small company may spend more resources collecting data than it's worth - diminishing returns.

Bottom line is, *if you don't have control of your systems, they are not running as efficiently as possible, and your quality is not optimal.* Thus profit suffers. Do what makes sense for your company, but do **something**.

- *Again name two systems and tell what we should do to ensure statistical control.*
- *How do we avoid mistakes?*

**JUST BECAUSE YOU CAN  
MEASURE EVERYTHING  
DOESN'T MEAN THAT  
YOU SHOULD**

W EDWARDS DEMING

# Avoid Mistakes

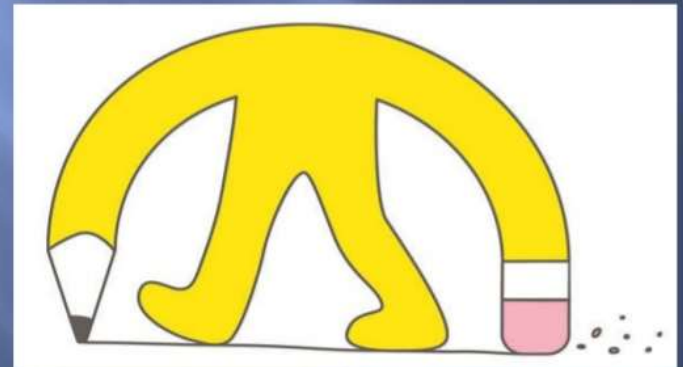
**TQI = Team. Quality. Integrity.**

Here is the best way to avoid mistakes:

1. Thoroughly understand what you're doing. If you're even a little foggy, stop and ask.
2. Plan it. If you don't have a plan, stop and get one.
3. Time everything right. If you can't, don't start.
4. Learn from failure. Yours and others'.

- *What letter grade would you give our company's quality?*
- *What letter grade should it be?*

## WAYS TO AVOID MISTAKES AT WORK



**A+**

**TQI = Team. Quality. Integrity.**

I always strive for A+.

Not C, not B, not A-.

A+, always.



*What benefits do we reap from being an A+ company?*



# A+

**TQI = Team. Quality. Integrity.**

The main benefit of A+ is that we Stand Out. To our clients, to the people they tell, and to all who observe us.

In all things business, marketing is HALF. More on this later...

We want the reputation of being not just good, but *great*. We should **set** the industry standard, not try to keep up with it.

*\* What are the consequences of being a C-level company?*

*\* Can we be an A+ company if several individuals are C or B-level?*

**IF YOU DON'T HAVE  
TIME TO DO IT  
RIGHT, WHEN WILL  
YOU HAVE TIME TO  
DO IT OVER.**

- JOHN WOODEN

**A+**

**TQI = Team. Quality. Integrity.**

Anything less than A-level and we'll pay ultimately through diminished or non-existent profit. We'll lose customers. We'll get a bad rap on Yelp. We'll fuel negative buzz.

It is possible for a company to be A+ for a while, even if there are 2s and 3s on the bus. To do that, however, will put a tremendous strain on the 1s to compensate. Not sustainable.

