

Management in accordance with Deming

By Jean Douchement *

In 1982 Dr. W. Edwards Deming's book, *Out of the Crisis*¹, was published. In fact, the true question is : *how shall we leave the crisis ?* how must it be understood ? Perhaps it doesn't mean only getting out of a particular crisis, but of any crisis which could recur as a likely or expected effect of the capitalism operating conditions within the framework of the so-called « globalization ». The point is not to claim that we have a universal anti-crisis recipe which would rid capitalism of any risk of crisis : of course, that's impossible, because capitalism involves both financial speculation and competition, which cannot be entirely eradicated. The matter is to adopt the management expert point of view, in other words the steering of the company, without wondering about the possible alternatives to this latter. Undoubtedly, for quite a long time, we must admit, not that the demonstration that there is no alternative to capitalism has been run by History, but that today capitalism is the horizon of our destiny. Then why would it be impossible to invent adjustments limiting or correcting harmful effects, - starting with the properly economic ones - that lead to losses and waste whose financial powers are victims, even if the extreme inequality they foster implies that decision-makers are not very sensitive to these effects ?

Management is one of these words which English people borrowed from us. The initial meaning, in French, was « household ». The concern of the manager, like the housewife, is « économique² » (money saving). The most common meaning of this word is : avoiding waste without being miser, making more with less, or rather *making as well as possible and always better*. This is why *the dogma of the systematic reduction of costs is irrational* since it is applied at the expense of quality reduction, obsolescence planning (at least for the poorest) or ill-treatment of human resources.

Here is the first requirement of a rational management. As capitalism is based on the pursuit of profit, the result is a series of economic consequences, one of them being that the driving force of this type of production implies a kind of escape ahead in the research of the maximization of the means of profit. But in a primitive meaning, « économie » is the rule of the house.

Now the design of the management which is suggested here consists in *the inversion of an inversion, namely in a return to the reason*. A pernicious inversion was operated which, essentially, consists in subordinating - in aristotelician wording - Economics to Chrematistics³. The first type of exchange consists in *selling for buying* ; the second in *buying for selling* ; it is thus a mode of getting money. As long as this second mode remains subordinate to the first, it remains legitimate and natural because turned towards the natural use (consumption). But this relation can be broken, if the acquisition of money becomes an end in itself : money has a rational use only as means, never as an end. However in capitalism this relation tends to be reversed and economy (production organized for use and consumption) is then subject to the specific requirements of the chrematistic exchange.

In the financial speculation, this latter is even entirely uncoupled from the production and the « real economy », to which however it will have to return sooner or later. The main merit of Deming thought is to endeavour to restore an operating process in the company which does

¹ MIT Press

² From Greek : *oikos*, house

³ From Greek : *chrematikos*, financial

not detach it from its natural aim : the production of goods meeting needs. Thus it is the opposite of a management contaminated by the so-called « financialisation » of Economics.

To summarize it easily, let us follow the order which goes from the end to the means, from the recall of what is the nature and the vocation of a company to draw out of them the conclusions which are essential to its optimal running : integrated in a market, namely a system of exchanges where goods and services are sold and bought and where money circulates. The company really exists only if it is able *to last* in this market : so to speak its own existence is its end, being a means to other human ends. From there the main idea follows : above all a company has to be concerned about the constant *improvement* of its products. An indomitable share is to be made with competitors, even if the logic of the doctrine is opposed to the systematization of the economic competition ; indeed if a company fails in this mission for improvement, it is its existence on the market, its economic duration which is in danger together with employment. This primary thesis - improvement as an entrepreneurial obsession, so to speak - thus goes hand in hand with a primacy of *quality*, which is difficult to understand when bringing back this one to an economic luxury that the company can afford only in lucky periods. The primacy of quality comes directly and very simply from the mission of permanent improvement which is the condition of the lasting existence of the company.

The most immediate consequence of this mission for improvement and of the primacy of the quality which follows seems to be the key of everything else and the core of the Deming management doctrine : quality control should not be simply a final stage intervening afterwards in the form of an extrinsic inspection⁴ and posterior to the production process, but quite the opposite, it is what must intervene as soon as possible in the process. Quality control is not a superfluous luxury of the production but a rational need : *to make the best possible and always better, in order to last on the market, the quality of the products must be ensured so that that it does not depend, or the least possible, on such inspections*. Quality is the first and not the last concern of a rational management ; it does not exclude inspections, but these are not required to intervene only afterwards, and too late ; ideally, a perfect entrepreneurial system should be able to make disappear the need for inspections ; Likewise, a rigorous deduction, in mathematics for example, ensures the accuracy of the result without the need of an experiment to guarantee it⁵.

All the rest follows. Only the main points will be recalled here. Their common topic or watchword is : *being wary of competition as a lever of industrial and economic effectiveness*. First point : do not seek to reduce the costs upstream of the company by putting suppliers in competition, which is obviously bad for quality. Second point : improve *the system* - an essential word - in the company itself, namely all the processes of planning, production, cooperation between services and education of people. Here again, all the practices which tend to make people or departments compete against each other are irrational, a source of waste, and simply opposite to the *qualitative* aim of the company. Third point : do not segment the company in rival services, eliminate management by objectives (and any dependence on figures) ; thus, do not practise individual merit rating nor performance pay, the rule being that *pride of workmanship is a right* for all employees, workers and managers and that making people compete against each other is an obstacle to this right, and that *this right must replace fear as a motive in the job*.

⁴ This inspection « of finished works » has been recognized as aberrant by the common sense.

⁵ If this analysis is applied to the academic field, it's obvious that when inspection takes place whereas the quality of the teacher has not been assured enough by his education and training, this inspection is useless.

This is why, with an eye to quality - a properly understood quality - some orders like « zero defect » should be given up, how surprising it may appear. Indeed, it is a form of management by objectives which cannot avoid exerting pressure on people, individually or as a team, a pressure which submits them to conflict and fear. Now, this method is not only psychologically cruel, morally deplorable, with quite disastrous effects in social life outside the company, but also economically irrational. The basic causes of the failures in quality and productivity are never assignable to people first, but they are made by the system ; it is the system which must be supervised, inspected, controlled, permanently evaluated, and not the people⁶.

May we suggest that one day political leaders get closely interested in this subject, in order to define legal means likely to incite top managers to prefer this type of method to those prevailing today - which undoubtedly would be an essential aspect of a republican society.

November, 2010

** Jean Douchement is an Associate Professor of Philosophy, Nantes University, France*

⁶ A survey on the evaluation tools in this function would be useful.