Purposeful Resource Management

Presented by
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Abstract: The aim of this session is to present a proposal for “better thinking about thinking” as it applies to how resources are managed, both individually and collectively. Beginning with a series of seemingly simple questions, the answers to which reveal assumptions made in how we allocate resources, this session offer insights into how Genichi Taguchi’s ideas on “Quality Loss” have been integrated with W. Edwards Deming’s “New Economics” to establish a new approach to resource management, termed “Purposeful Resource Management.” The foundation of a radical departure from “Reflexive Resource Management” lies in a transformation of the way we think about our thinking.
Agenda

- Quiz
- Present State
- Future State
- Better Thinking About...
Quiz
What is the leading use of alligator skin in the United States today?
Q2: Automobile Tires

Who makes the best automobile tires in the world today?
Q3: Time Management

How much time is spent discussing parts which are good and arrive on time?
Time Management
Styles of Thinking

- Categories
  - Absolutes
  - Discrete / Digital
  - Black & White
  - Good/Bad, Up/Down

- Continuum
  - Relative
  - Wholeness / Analog
  - Shades of Gray
  - Better/Faster
How important is customer satisfaction?
Disappointment
Expectation Dynamics

Value

Delight

Satisfaction

Disappointment

Expectation
Q5: The Last Straw
Last Straws
Q6: Grades

What letter grade is required for all parts purchased?
Grades
Q7: Cutting Wood
Cutting Wood

target
Cutting Wood
W. Edwards Deming on Quality

“A product or a service possesses quality if it helps somebody and enjoys a good and sustainable market”

Philip Crosby on Quality

“Zero defects is another way of saying ‘do it right the first time’”

*Quality* is defined as conformance to requirements

Source: Let’s Talk Quality, Philip Crosby, 1989
Defects

![Graph showing Defects distribution based on Hole Diameter, inches.](image)

**Frequency**

- Hole Diameter, inches:
  - 0.2298: 0
  - 0.2299: 295
  - 0.2300: 101
  - 0.2301: 42
  - 0.2302: 121
  - 0.2303: 206
  - 0.2304: 166
  - 0.2305: 295
  - 0.2306: 80
  - 0.2307: 31
  - 0.2308: 12
  - 0.2309: 10
  - 0.2310: 1
  - 0.2311: 5
  - 0.2312: 7
  - 0.2313: 2

**Defects**

LOWER SPEC LIMIT: 0.2298
UPPER SPEC LIMIT: 0.2313
Genichi Taguchi on Quality

“Quality is the minimum of loss imparted to the Society by a product after its shipment to a customer”

Source: Introduction to Quality Engineering, Genichi Taguchi, 1983
Taguchi’s Quality Loss Function

“Loss to Society”

Lower Specification Limit  TARGET  (desired value of parameter)  Upper Specification Limit
A Better View

“The Taguchi Loss Function is a better view of the world”

W. Edwards Deming

Source: Out of the Crisis, W. Edwards Deming, 1986
Reform & Transform

- Reform(ation)  
  (Physical Change)
  - Process Change
  - Change in Requirements
  - Relocation
  - Renaming
  - Rephrasing

- Transform(ation)  
  (Mental Change)
  - From Observer to Participant
  - From Witness to Participant
  - From Part to Part Of
  - From Spectator to Spect-Actor
Present State
Present State

- Driving Change
- Focus on Reformation (Reforming)
- Reducing Cost, Waste, Inventory, Variation, etc
- Talk about “Working Together”
- Striving for “Zero Defects”
- Striving for “Zero Waste”
- Striving for “Satisfaction”
- Continuous Improvement
- Using Metrics for Alignment*

*without a thinking transformation
Resource Management

Activity

Ownership

Proactive

Reactive

"Mine"

"Ours"
Assumptions

- A better way to operate an organization is to invest resources with the ability to manage customer delight, satisfaction, and disappointment.
- Better investment results from discovering opportunities to invest.
- The discovery of opportunities for investment is limited by how thinking is conditioned.
What is needed?

Thinking that promotes *better* discovery
Future State
Future State

- Leading Transformation
- Use of Reformation and Transformation
- Resource & Relationship Management (Striving for Balance)
- Thinking & Learning Together - Then Working Together
- Managing Customers’ Expectations
- Continuous Investment
- Using InThinking for Alignment
InThinking

The concept of “InThinking” derives from “awareness of our own thinking and the assumptions we make in how we act when we allocate resources, where thinking is defined as “a way of reasoning.” Fundamental to resource allocation is whether our activities are proactive or reactive, and whether the resources involved belong to the enterprise (“ours”) or to one's own department, function, district, part, etc. (“mine”).
InThinking invites an individual to learn to perceive the patterns of interdependencies surrounding him or her and to reason and judge with new insight and thereby engage in the activities of *Purposeful Resource Management* and *Purposeful Resource Leadership* across their enterprise.
Resource Management

Ownership

Proactive

Reactive

Activity

"Mine"

"Ours"

Purposeful

Reflexive
Better Thinking About...
Imagine the Possibilities...

- when operating in an “InThinking” environment
- if we could develop a broader appreciation of “continuous and connected learning”
- if we could develop a deeper appreciation of “working together,” “learning together,” and “thinking together”
Imagine the Possibilities...

- and the markets we could create

  Thinking Together
  Investing Together
  Designing Together
  Building Together
  Learning Together
  Working Together
  Leading Together
Questions/Comments/Feedback:  
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Additional Information
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