

Focus on Quality for Humanity to Recover from this Crisis

What will it take to reopen economies and recover financially?

People need to have a reassurance that returning to the social environment of the workplace is not a health threat that could lead to their risk of death. For all appearances, this will happen incrementally and society-as-a-whole will not open all at once. Thus, an important question for all who manage a work environment becomes: what can we do to make the recovery from this crisis smooth? We will leave the questions of estimating conditions that trigger this return to the medical professionals, epidemiologists, public health experts, and economists. These people all focus on the question: when should we take action to restart the economy? Instead, we will focus on initiating the dialog about what can be done by those who manage the work that accumulates into our economy to initiate this recovery: how can we restart the economy in an efficient manner?

How has Society Responded to Economic Crisis?

In the past century we have seen four examples of intervention on a massive scale to manage economic systems to achieve good for humanity: during the first world war (1917-1919); the Great Depression of 1929 that was stimulated by stock market collapse, the second world war (1941-1946); global economic crisis stimulated by the energy crisis and OPEC oil embargo as well as the shift from the gold monetary standard to floating monetary rates in 1973; and the Great Recession that occurred in 2008 stimulated by the global housing bubble and the subprime mortgage crisis. Each of these circumstances spawned an economic crisis with massive social impact and their repair was largely influenced by macroeconomic policy changes. However, two of these circumstances were created by global warfare that translated into various socioeconomic impacts. The other three were driven by human sentiment – the fear of lost value or loss of financial liquidity. Financial shock is typically restored by restoring confidence in the market. But the current economic crisis that has unfolded out of the coronavirus pandemic is different. While it has influenced the macroeconomy, it has also substantially changed the way microeconomic environments within many individual enterprises operate. Therefore, this requires a rethinking about how to address recovery of the control of our global economic system based on the impact on economy at the level of the small-to-medium sized enterprises which may require a different type of confidence to be restored to return the economy to its normal control.

How should this control effort begin? We will begin to understand and make sense out of this situation by gaining perspective and examine nature of work within the microeconomic structure of a firm and address the question: how can we determine what is necessary to stimulate this economic recovery? How will our way of working change as a result of this current situation?

What is Work?

Work is the expenditure of productive energy to design, develop, or deliver products or services. Work is necessary to have trade. It produces the products or services that are traded and thereby create a global economy. However, the scale of operations required for a firm to participate in global markets favors the large, multi-national corporations, rather than the micro-small-medium companies that do not have an easy access to resources, nor depth in productive capabilities, management competence, or financial

resources to manage effectively in times of turbulence. While this pandemic has affected all firms in a similar way, these impacts on smaller organizations will be much more difficult to reverse as these are more burdensome and institutional in structure and therefore cannot be readily overcome. However, all organizations can find a similar path forward through the application of sound quality practices that will sharpen their capabilities to manage without further loss and friction on their infrastructure.

When work is performed with good quality, then losses from time lags, material leakage, or constraints that produce managerial friction are reduced thereby inhibiting inefficiency and waste. The economic benefit of such quality work is that the financial system becomes more effective. However, when work is not performed this way, then a value loss to society is generated. But, even when this system operates well, there is a need to distribute financial benefits in an equitable way for society to respond and recover from an economic crisis so that all segments of society can return to normality.

Work Must be Managed!

Quality work is not the result of serendipity – it must be planned and managed into existence. When a society breaks down, as in the current case of a pandemic, recovery must be managed into existence. The world cannot wait for the random acts of a free market to make independent choices to recover; recovery must be a goal that is achieved through a collaborative effort of humanity which is focused on reestablishing productive systems that achieve quality deliverables which create an ability to distribute equitable prosperity for all of humanity.

This outcome can be achieved if we shift the focus of our financial paradigm from shorter-term results to building long-term strength and resiliency. This implies that investments should be made with a view to increasing future strength rather than delivering quarterly performance. Investments in capacity and capability should deliver benefits that are enduring. Capital investments in systems that are not able to maximize benefits should be avoided. This means that work must be designed for quality outcomes, not just for theoretical productivity gains. Are investments in the future able to deliver on the benefits of a finely tuned productive system: high availability upon demand, high quality output that is right-the-first time, and efficient cycle times that are close to their theoretical capability? Investments must optimize benefits delivered, not deliver sub-optimal performance. Investments should not be wasted as they will become more difficult to obtain in this restrained economic condition.

What are the actions that must be taken to achieve recovery of our productive systems? A proposed set of actions that should be pursued at the level of the firm for all industries include:

- Broken work schedules must be reinstated according to the social priority of the work outcomes that are being produced – health and welfare of society must receive precedence.
- Standardized work must be reestablished and streamlined so that work efforts are focused on doing what produces the most value for society; particularly where the risk of loss of profound knowledge from the elder workforce is severe due to the effects, both realized and potential, of this pandemic.
- Supply chains must be reactivated in a way that is robust to future pandemics and their uncertain risk conditions, so these operations can feed all essential productive engines in the economic system and essential goods and services can be delivered reliably once more.
- Financial resources must be allocated in an equitable way so that the world's resources can become more synergistic and this application can help to regain economic equilibrium for all humankind.

How should leaders manage their work to achieve these outcomes?

What are the Core Practices Leaders Should Pursue?

First, leaders need to understand the current state of their enterprise – does it produce the essential goods and services required by society or is its outcome frivolous and not an essential for society?

Second, leaders need to document the essential activities required to produce the quality outcomes of their work that are necessary for society. Those options and inconsequential components that do not contribute to the essential nature of their products and services must be postponed so the core of their deliverables may be delivered minimizing any losses in social impact. This includes recovering all process information and knowledge lost from missing employees. How can the productive system operate if it is not endowed with this critical information?

Third, leaders need to simplify their processes by eliminating time lags, material leakage and constraints that produce managerial friction and loose harmony in the flow of their products and services to the point of greatest need in the market.

Fourth, leaders must optimize their financial systems so there is an equitable distribution of the benefits and they are mutually shared among those whose efforts contributed to the productive organizational work outputs. Additionally, management must consider how it should contribute to needs of the social system that has supported their productive work. Since organizations derive their benefits in the context of a social system, that benefit provided by society must be reimbursed to assure that the social system can continue in a sustainable future.

What are the Practical Implications of this Program?

Start from the bottom up developing an integrated systems approach to the way the entire enterprise operates. Develop a documented system that codifies the corporate knowledge about the way that the system operates with particular attention to the ways that it can fail to operate as expected.

Build an inclusive system that stimulates the desire of people to dedicate their creative energy to do the work of the system.

Analyze the way work is performed using an evidence-based approach that seeks to understand how all variation in the system originates, develop a predictive approach to evaluating work outcomes, learn to manage the daily work so processes stabilize within expected limits of performance, and gain insight into conditions that cause the system to lose stability.

To accomplish this, leaders must develop a collaborative system that cooperates both internally within the organization and externally with its partners and customers.

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