

0:00:03.3 Andrew Stotz: My name is Andrew Stotz, and I'll be your host as we continue our journey into the teachings of Dr. W. Edwards Deming. Today, I'm here with featured guest, Kevin Cahill. Kevin, are you ready to share your Deming journey?

0:00:21.6 Kevin Cahill: Absolutely, Andrew. Excited to be here, looking forward to it.

0:00:25.6 AS: Yeah. Well, I think we gotta kick this off by introducing you. Tell us what is your connection to Dr. W. Edwards Deming.

0:00:36.4 KC: Well, I'm very fortunate to be his grandson, and also very fortunate that as I grew up in the Washington DC area, I got to spend a tremendous amount of time with my grandparents, my grandfather, Dr. Deming, and his wife, Lola Deming, who also assisted him in his work for many, many years, and got to know them growing up. And so, it was absolutely fascinating to see this man that I knew as a kindly, gentle, soft-spoken man who worked out of the small basement of his house in Washington DC, not in a big office, this little, tiny basement that used to flood in the rainy season and was just very, very small. And I always wondered what he did because everything that I saw was just figures and numbers and all this stuff, and he never talked about work. When we were together with him on Thanksgivings and Christmases, he was always talking about family and what it was like with my mother and her sisters growing up. So, a very different perspective of who this man was. That all changed at one point in my life but growing up, it was a very different kind of relationship.

0:02:00.6 AS: You know, my first connection with your grandfather was when I was like 24, and I was just in awe, but I was also in terror because I watched him pretty strict, pretty tough when he was dealing with people that just had nonsense questions in some cases, or had the wrong idea, and he really needed to straighten them out in one way or another. And it's kind of surprising, but now that I think about it, in our families, we don't bring that toughness necessarily into the family. Is that the case?

0:02:28.9 KC: That was the case. We never noticed that. He would sit at the dining room table, and he would just be quiet at the head of the table, and occasionally he'd pull this little notebook out and make some notes. I always wonder what he was writing. I found out later. Something came to mind, and then, occasionally, in the middle of the dinner, he would say... He would have this great story about my mother or something that he had. He would tell us growing up, and he just burst into this fantastic laughter of his, and it was so much fun. And we really didn't know what he did. We knew he traveled, and we knew that... Like I said, growing up, we would get scrap paper from his office, and it always just had sheets of numbers on the one side, and my brother and I would always joke that, man, "I'll tell you the one thing we don't wanna do in life is grow up and do what he's doing." [chuckle]

0:03:18.6 AS: That's tough stuff, whatever it is he's thinking about. And I'm just curious. What was his relationship with his wife, Lola?

0:03:29.0 KC: Oh, she was just this terrific lady. They met, and they actually worked together. I believe was at the Fixed Nitrogen Lab in Washington DC, and they co-wrote some papers together. She had a master's degree in mathematics at a time, early in the last century, when women just didn't have advanced degrees, and she helped him for decades with his work. And I remember

seeing a lot of photos of her traveling with him to Japan and around the world. That was absolutely fascinating. She was just a brilliant woman in her own time, and with what she was able to do in terms of helping him. And she doesn't get enough credit for what she did to assist him.

0:04:13.5 AS: And before we get into the Institute, I just wanna understand your own personal journey in life. You developed... You saw that stuff, and you thought, "I'm not gonna study that." But tell us just a little bit about your own personal journey in your education and in your work life.

0:04:29.7 KC: Sure. So like I said, I didn't really know much about what he did. But when I was a freshman in college, my family had moved away from the DC area to Los Angeles, and I came back for the summer for a job that I had. I called my grandfather, grandmother, and said, "Hey, you have an extra little, tiny room in your house. Is there any chance I could stay there for the summer?" And they, of course, said, "Yes." So, I stayed there for the summer. And in June of 1980, my mother called me and said, "Your grandfather travels around and has been to Japan. They're doing a show on NBC on June 24th, 1980 called, 'If Japan Can, Why Can't We?' And your grandfather is gonna be mentioned in that show for some of the work he's done in Japan." You can imagine how excited. This was at a time when there were three networks, ABC, NBC, CBS. There was no cable. There was nothing.

0:05:26.0 KC: And this was gonna be on prime time. And so she said, "Just make sure your grandfather watches it." And so, that night of 1980, I had to go downstairs and get him in the office and say, "We've gotta go upstairs and watch this show." And so, we all traipsed up to the third floor and sat down on his couch, and my grandfather, my grandmother, and then my grandmother's sister, who was also living at the house, we all sat down to watch the show. And a few minutes into it, you saw my grandfather who was, at the time, almost 80 years old, and he had about a 15-second part in the show, and I just remember being so excited, "Oh my god. That's you. It's so cool."

0:06:08.7 KC: And then there was nothing. That was it. And for the longest time... And you could tell my grandfather was getting very fidgety. He was ready... He mentioned something... He was unhappy with a few things they were saying in the show that he thought were off-base, and he was kind of mumbling a little bit about that. And he was getting ready to leave and go back down and do some work. And then they started talking about a man who was considered the... Helped transform Japan and was considered the key person in that Japanese transformation. And at that point, I looked over to my grandfather, 'cause I hadn't said anything in about 20 minutes, and I said, "Do you know who that is?"

0:06:51.0 KC: And the announcer, he said, "It's Dr. W. Edwards Deming." And it was just this disconnect. This is the man I know, who I grew up with, and the Emperor of Japan has given you credit for the Japanese economic miracle. I still get goosebumps when I think about that moment. I just could not believe it. And then we watched the rest of the show in just stunned silence. And of course, he had some comments, and at the end, they talked about the National Paper Corporation and how he had helped them, and I just remember thinking, "This is gonna change everything."

0:07:33.7 KC: And you know what, Andrew? I was actually a little bit sad because I thought, "He's 80 years old, almost 80. He's probably..." People are gonna call him, but he may not work for more than another year or two. And then I can tell you, it was astounding because, like I said, his office was in the basement, and my grandmother and my great-aunt and I would stand at the top of the stairs, 'cause my grandfather used a speaker phone, and his assistant would say, "Dr. Deming,

you've got Don Peterson, the chairman of Ford Motor Company, on the phone. You've got the head of Xerox on the phone." You've got the head of all these different companies, and we're hearing him talk on the speaker phone, and it was just astounding. It was an amazing, amazing period.

0:08:23.5 KC: So at that point, I knew things were gonna change in my life. I just didn't know what or how or anything like that. And as I moved through college and then graduated, I was just amazed that my grandfather was continuing to work and just being quoted on news articles and everything like that, and on TV shows, just continuously. And as I got into the business world in a media business, I knew a little bit about my grandfather's philosophy, some things like how important systems are and understanding that and operational definitions.

0:09:07.4 KC: And there were some of the elements of the 14 points that I understood, breaking down barriers within the organization. And so even as an assistant, what it did, my grandfather's philosophy, even though I couldn't impact anything at the top, what I was able to do within my own sphere of influence was extraordinary in terms of how it helped me move up through the organization at a much, much, much more rapid rate than I would ever have been able to do. And so...

0:09:39.0 AS: And what would you say were the core... What was the core things if you say, you didn't know all of the different things that he said, but there was those core things that really stuck with you. What would you say was the one or two core things, particularly thinking about the listener or the viewer out there who's thinking, "Wow, I would like to be able to make that impact, and I'm not sure how quickly or how much time I have to learn everything."

0:10:02.5 KC: That's a really interesting question. I would say one of the key things that I did was making the system visible that we were actually working in. So, we were a media company that was selling advertising time on TV stations around the country. And we had all this workflow that we had to do, and nobody was making it visible what that flow was. And I remember when I was trained, and I was started off as an assistant to an assistant, and they were training me, all the training was done by memory that somebody else did it. So, a lot of times they were teaching me things that were erroneous that I was trying to do and so, as I got into that position, I made sure that I put that process down so that when I moved up, and I could hand it off to somebody else, they could see what that process was. And some of it was visual, and some of it was work instructions. Other things were like operational definitions of... Somebody was saying, "Hey, can you get this done for me?" "Well, by when?" "By the end of the day?" "By the end of the week?" "By the end of the month?"

0:11:15.1 KC: So, there were a lot of little things like that that made a difference in terms of the way, I thought, that helped the other people within the organization, that really made a difference, and helped me move up very quickly within that organization.

0:11:32.4 AS: And then, how did you go from your career to now, The Deming Institute? Maybe you can talk to us about that and tell us about The Deming Institute and the aims of The Deming Institute.

0:11:45.7 KC: As I continued to move up and took on greater roles and responsibilities within this media organization, again, my grandfather and... I would call him and ask him questions about things that I needed help on. I remember one time, in particular, I had an assistant who could not get

a particular job done, and we worked on it and worked on it, and I tried to make it visible. I tried to do different things, and I called my grandfather one day. I asked him a question, and I said... And he gave me some page numbers in one of his books to read. He didn't give me the answer; he gave me some page numbers. And it was fantastic because the way I was explaining it to her what needed to be done was the way I understood how it needed to be done and the way I learned. It was not the way she learned. And so, once we had her learn and express this in a different manner, we never had another issue with the job going forward. All this gave me the understanding after I went to one of my grandfather's seminars and continued to read the books. It gave me a sense that I could go out and start my own business.

0:13:02.8 KC: And so, I did with a colleague of mine, and he and I co-founded a software company that provided the sales systems to these companies like I worked for. And without having my grandfather's knowledge, I would never even begun to start a company like that. So, a startup is at such an incredible advantage if you understand the Deming philosophy. Because at the time we started it up, there were two companies that had about 90 share of the market on two different ends of the market. But when we were doing this in 1999, the internet was just starting to hit. And there were, I remember, about 15, 20 different companies that all were trying to get into the same space. Within two years, they were all gone except for two of us. They didn't have the value of understanding what my grandfather had taught, that I had learned from him. And then my partner had in the terms of the way we ran and operated the organization. So, to fast forward, we kept the company for a while, merged it with another company, and then ended up selling it to a big publicly traded company. And in retrospect, I almost wish we hadn't.

0:14:21.3 KC: But by doing that, I ended up at The Deming Institute. And then what was fascinating was I spent two years of what I call penance, staying at that company because of the contract. And Andrew, that was when I saw in just... What I experienced and what we had to put people through, because of the way they looked at things and the way they operated, was just extraordinary in terms of how much it hurt me, how much I knew it was hurting the people that worked for me in the business units that I was running. And I couldn't wait to get out of there. And when I did, I spoke to my mother, Dr. Deming's daughter, Diana Deming Cahill, who founded the Institute with her father and her sister. And I said, "This is an opportunity for me to give back what I have learned from my grandfather," to take an organization that's an all-volunteer organization, that was really focused on maintaining and gaining as many of my grandfather's assets as possible without really saying, "Well, what are we gonna do with all these things now that we have all the videos?" And they did a phenomenal job of getting the videos and articles, and all these different things in getting the organization started. And so, that was kind of the continuation of my journey, was to move into this role and to be one of the leaders in the organization in terms of helping move it forward.

0:15:54.7 AS: So, let's talk about... What you've described in some ways is something that I think anybody that gets deeper into Deming realizes, is that it's really a management philosophy rather than... Like a lot of times for people that don't know much about Deming, but they've heard his name, they go, "Oh yeah, quality, statistical quality control" or something like that. And they miss the whole aspect that it is a way of thinking, it's a way of managing, it's a way of interacting with other people. Like you said, the idea of trying to put yourself in the other person's shoes to make sure... The job of the senior management is to make sure people are trained to the level that they need to be. Maybe you can just talk about the Institute, generally, and that concept of what it is. What is Dr. Deming's teachings? And what is the Institute about?

0:16:51.3 KC: So the Institute, the aim of the Institute, excellent question, is "Enriching society through the understanding of the Deming philosophy." And that can take all sorts of different directions that you might be able to go in. And so what we try to do is, we look at, "Okay. Here's what the aim is; by what method can we achieve that aim? which is what my grandfather always talked about. And we also understand that people out there, like I just mentioned earlier, learn differently. Some people are auditory learners, some people are visual learners, and there's different ways of creating learning environments for people. That's one of the things that I think is great about this podcast, and I'm so thrilled that we're getting back into it and doing that 'cause many people learn by listening to podcasts like this and gain something out of it. Other people need to be in an environment where they're physically there to actually gain something. Others can do it online. Others can do it through webinars, so there's so many different things. So, I believe our responsibility is to utilize what he has given us in a manner that can reach the broadest number of people and have the greatest impact so that they have that yearning for new knowledge. And then when they have that yearning, we have a means by which that they can continue to learn, understand, and apply it.

0:18:23.0 AS: Maybe you can just talk about what's going on with the Institute, but also before you do that, I think for... Not everybody can understand. What is an institute? Is it for-profit? Is it not-for-profit? Are there 100 employees? Is it a few people? Is there a board? Are they volunteers? What is the Institute?

0:18:44.7 KC: Well, I can tell you. I'll talk a little bit about it, but one of the best things I would say, Andrew, is go to www.deming.org, and they can learn a little bit more. But when my grandfather and my mother formed the Institute, they decided to have it be a nonprofit. And I know there was a lot of questions about that because a for-profit organization, there's a lot of things a for-profit organization can do, but there's a lot a nonprofit can do, and I think it was important for my grandfather and my mother that this be something that is a nonprofit, a 501 [c], not-for-profit organization because it also opens a lot of doors.

0:19:28.1 KC: When my colleagues and I and other board members call people, and we're calling from The Deming Institute, a lot of times they'll take that call 'cause they know we're not calling to sell them something and try to sell them a whole bunch of expensive services and things like that. We're calling to help and make a difference. And so, while sometimes there are constraints with the nonprofit that we can and can't do, as you start to look at them, you realize it also opens up a tremendous number of opportunities that we might not also have as a nonprofit.

0:20:02.4 KC: So, we're a nonprofit organization. We have a board that has a number of family members on it besides my mother. My brother is on it. He's vice chairman, my mother is the chairman, and then I'm on it. And then we have several other board members who have been terrific in terms of supporting us. Paula Marshall is on there, Steven Haedrich is on there, Keith Sparkjoy is on there, Kelly Allan. So, we have this fantastic group that provides guidance for us and support for the organization and helps me... I'm also on the board and serve as the president of the board. And we just have this fantastic group. We also have just a outstanding staff right now that has helped propel this forward, whether it's the online learning that we're launching, whether it's our communication, whether it's our administration or fund development, all these different things that we have responsibilities for as a nonprofit. We've just got an unbelievable team, and they all operate virtually. We don't have a single office. We also have this advisory council. We have a Deming

fellow and Dr. Ravi Roy who's out there. We have an emeritus trustee board. So, we have a lot of people that worked with my grandfather, and then a lot of others who have this just belief in this philosophy, in these principles, and they know they need to get out there, and they're helping us get it out there.

0:21:35.5 AS: So, before we go on, I think it's kind of important to talk about, "Why Deming? Why Now?" And I'm curious to hear your idea about that. There's all kinds of new books out there. There's all kinds of gurus. There's all kinds of people talking about all kinds of things, "Come on, Kevin, this is old stuff. The world has moved on." Tell us, "Why Deming. Why now?"

0:22:04.4 KC: Andrew, I get that all the time that... Hey, I remember hearing about this guy that helped Japan after World War II, "We're closing on past 75 years on that. Why do we need this guy now? Why do we need this philosophy now?" And what I can tell you is it has worked. Every time it is used in an organization, as they begin that journey and continue down, I never hear that it doesn't work. Now, there are some companies who've tried it, and they're already too far gone to be able to even come back from the abyss that they've already gotten in. As my grandfather put it, "the pit they've already dug themselves in," and sometimes you just can't do that.

0:22:51.3 KC: But when these organizations do use this, and we have so many of them that do, it is astounding how it works. And so, the books that you're talking about and all these, what we call, oftentimes, "flavors of the month" that you hear about, just wait five years and see, does anybody really using them anymore, or have they moved on to the next flavor of the month and the next flavor of the month? You go back 20 years and look, a lot of those things are gone, or they've morphed into something completely different where they may have kept the name, and now they've kind of combined a few things to try to keep it going. But the one constant is Deming works and works, and the research shows that it makes a difference. And to me, in this world right now, where we are seeing all these issues with supply, with polarization, with the need to break down barriers, whether it's between countries or within different organizations, there is an answer. Deming, my grandfather, provided that answer, and he showed that pathway. How do you do it, and then how do you get to that next step that, all of a sudden, leads to resolution of these issues that we're facing right now?

0:24:14.0 AS: Yeah, it's a great point, and there's so much there...

0:24:16.7 KC: What do you think?

0:24:18.1 AS: Yeah, it's interesting 'cause I was thinking... The question that we often get, I often get too, I'm sure you get it, it's like, "Well, why isn't this everywhere? Why isn't his teachings everywhere?" And I was thinking about it, and my answer to that is, one of the most powerful things in this world is probably meditation. If you could meditate properly for 30 minutes a day, it would probably calm your mind, and it would make the world a better place and all that. But how many people actually do it? Very few. And I would say that my answer to that is that what Dr. Deming talked about was a transformation. And how many people are ready to make a transformation in their life? It's easier to pick up the flavor of the month and say, "Oh, let's do that, and let's do that," But what he's talking about is moving to a whole other level of starting to think of things as a system. And you and I have talked about caring for the elderly folks in our lives. And nowadays, doctors get more and more specialized, and they can't see the bigger picture. And everything operates in a system, and it's difficult to think in that way.

0:25:28.1 AS: And so, part of what I feel like is that what he's challenging, the challenge that he has put before us, is to start to transform our thinking, to understand statistics, to understand systems, to understand how to acquire knowledge, and to bring this together into something that can really make a difference. And that's not easy. That's a journey.

0:25:49.5 KC: No, it's not easy, and I think you hit it right on the head, Andrew. And I think part of the challenge is, if you're leading an organization, and you came out of, whether it's business school or you moved up through a certain way, well you are leading that organization because you learned how to do it a certain way. Well now, all of a sudden, your organization is having trouble. Because I can tell you right now, and I think it was a Rob Rodin, who worked with my grandfather, said this, "Somebody right now around the corner, around the world, believes they can do what you're doing better, cheaper, and faster than you."

0:26:24.6 KC: And they're just looking at you as an opportunity because you can't innovate as fast anymore. You can't do this as much. I can build a better this, better mouse trap, and all that type of stuff. But the challenge is, is that you've now... If you're leading that organization, you've gotten there. You have gotten to this point by doing it a certain way. Well now, all of a sudden, you're being asked to learn to do something differently, and I think that was... One of the big challenges my grandfather had was that in... When that program aired on June 24th, 1980, there were companies who were in crisis. Don Peterson, who was the Chairman and CEO of Ford when I met with him, when he spoke at one of our conferences at University of Michigan, and he said...

0:27:13.6 KC: One of the things he said to me was, he said, "We were two billion dollars in debt, and we were close to going under, and two years before," I believe it was two years before, "I was named 'CEO of the Year' in the U.S." And he said, "But even for me," he said, "It was so hard for us to change because we'd always done it this way. We always had these already systems in place, and now you're asking us to do these different things." And so, I think sometimes it gets rejected. The other thing that I would say, Andrew, is in 1980, while these companies did Deming at that point, they were in a crisis. And oftentimes, it's not until you're in the crisis that you end up saying, "Hey, I need to do something." And you can listen to podcasts by Paula Marshall and Steven Haedrich, who are on our board, where they were in deep crisis when they came to Deming and now, all of a sudden, they're huge advocates 'cause it not only pulled them out, but it made their organization successful. So oftentimes, it takes a crisis to have people say, "Hey, it's worth looking at something else."

0:28:20.7 AS: It reminds me of one of his quotes, "Learning is not compulsory, neither is survival." And I was thinking, when you were talking about, "Hey, your competitors are learning this," think about the transformation. When we were young, if you saw "Made in Japan" on a product, it meant low quality. And there was a transformation that happened and, all of a sudden, Japan became high quality. Now, think about China. Everything that most people have seen in the, let's say, past 20, 30 years, China, "made in China," was low quality. But they are moving up the quality ladder so fast. And I would argue that, in fact, they haven't really even gotten to some of the Deming teachings of taking that to a real transformation where you start to really bring the quality into the brands and all of that. And there is a possibility that China could go through that transformation, or at least some Chinese companies, just like the Japanese companies did. And then, "ho-hum," I'm sitting in middle America, and I'm realizing, "Whoa, wait a minute. They're transforming. What about me?" And I think that that's a lesson that you're talking about, too, is this idea that, "If you don't wanna learn,

other people are learning around you, and by implementing this, you can protect yourself."

0:29:43.5 KC: You make a really good point. That's a very salient point. That's really key that if things are going well for you... And a lot of companies we're looking at before, for example, COVID hit, everything was going well. They weren't planning on a COVID hitting. They weren't... Supply chain was not an issue, and now, all of a sudden, people are having to rethink how they run and operate their business. And I'll tell you, it's fascinating, my colleague, Kelly Allan, and I have... A matter of fact, you went through one of the seminars that he put on, I believe, in Hong Kong if I remember correctly. And when he and I were traveling through the Asia-Pacific region, Singapore area, and we were going to a lot of different companies, one of the questions we would ask... And it happened to me when I started my business, my start-up, and we were struggling for a while, and we sat down at the table one day, there were only about 12 employees in the company, and we were really having a hard time. And we sat down and we talked about, "Does everybody understand what the aim of the business is?" And of course, they knew that... We had put some Deming ideas, and we were using Deming in there, they were like, "Oh yeah, yeah, we know that, Kevin. That's really important that we all know the aim of the business."

0:30:57.9 KC: So, we all wrote down the aim of the business. Well, guess what? All 12 people, including myself, wrote down different aims. So, we were working hard and giving our best efforts towards different aims. Can you imagine how much money, time, energy, and effort were being wasted because, Andrew, you were working for... You thought the aim was this, Kevin thought it was this, somebody else thought it was this. We saw the same thing in these companies as we traveled all around the country and around the world, and we would ask them, "What is the aim?" And these people, it wasn't from lack of... They were all working hard and giving their best efforts, but they all had a different understanding of the aim. Can you imagine how much more efficient and effective you'd be if everybody understood what the aim was? Just that alone... We have never once... Kelly and I together, going into different organizations and talking, never once have we seen one, unless they were a Deming organization, where everybody in that room understood what the aim was, had the same understanding of what the aim was, put it that way.

0:32:03.3 AS: They all had an aim.

0:32:03.9 KC: They all had an aim. Somebody thought it was making money, somebody thought it was selling more products, somebody thought it was... So...

0:32:13.5 AS: It reminds me of this... After many years of myself in the financial world, and I'm advising companies, and I'm... And I had these two clients and... Individually, the CEOs were fascinating and smart and all that. And individually, each member of the team, from both of these companies of the management team, were highly qualified, very experienced in their areas. And one of those companies was doing really well, and the other was doing really poorly. And I just remember thinking about that, and I thought to myself, "Number one, success is, you gotta have the right CEO." And the right CEO or the right leader, let's say, has gotta set the right direction. But more importantly, that's not enough. You can have a great guy, a man or a woman that's great, and they've set the direction. But if you let people fight against each other, you're never gonna get there, so it's that coordination amongst the management teams that's like, that's the magic. And you can't get coordination if everybody doesn't know what's the aim that we're working towards, so that coordination is kind of the systems-thinking aspect of Dr. Deming that I learned. Let's talk about the aim of the podcast. Here we are, and I'm just curious, what are your thoughts on where this podcast

goes and what's the purpose?

0:33:33.1 KC: So what I see, the aim of the podcast is also tied into what listeners can expect, and that aim... What I see as the aim of the podcast is raising awareness and understanding of the Deming philosophies and teachings by presenting stories, sharing knowledge of the Deming philosophy, in a variety of different voices and from a variety of different types of organizations. And I think we look to do this by providing real-world examples of what makes Deming such a ground-breaking, unique, and unrivaled successful approach, which we just talked about a little while ago. I think we... We're also going to... And you and I've talked about this, is explore why is Deming different and so much more valuable than the wide variety of improvements and improvement programs and flavor-of-the-months out there? And I think with this podcast, it's really valuable for us to explore the Deming advantage in all of those type of organizations, how it's been implemented in different types of industries and businesses. Because one of the things, Andrew, and you and I have spoken about this before, is a lot of people think, "Well, I'm not gonna do Deming. That's manufacturing. When your grandfather was alive, he focused on manufacturing. It was Ford, it was General Motors, it was Xerox, it was... And all manufacturing companies, and if he wanted it for more than manufacturing, why didn't he spend time?"

0:35:09.4 KC: Well, the thing I would say on that is, that's where the greatest need was at that time, was in the manufacturing. But he spent time; he knew it was important to have this in education, in nonprofit, in government. He started to work, towards the latter part of his life, with Congress several times, trying to get them, as you can imagine how polarized they are, they all wanna help the country, but they all see, "We gotta do it this way or this way. And it's my way or the highway." How do you get to work together, think together, learn together, act together? And so, for us, if we wanna explore that, how it's been implemented in different types of organizations and businesses and industries, and what that transformation is like for these individuals, what challenge... Because it's not all a piece of cake, as you know. What "aha moments" did they have? What challenges were along the ways? Impacts and benefits? And then, talk to people at different stages of their Deming journey.

0:36:12.6 KC: We've got a couple of people that you and I've talked about that are on... That have been doing this... Like Paula Marshall who is the CEO of Bama Companies. She worked with my grandfather. I think she is the only one who not only worked with my grandfather, but has been the CEO all the way through to this day and is still implementing it within her organization. And so, I think the last thing I'd say is we believe that by providing people information and inspiration, they're gonna yearn to learn more, and they're gonna wanna delve deeper into Deming and hopefully apply it in their lives and organizations. And what could be better?

0:36:57.0 AS: Yeah, yeah. And I just wanna highlight that one word. One of the first words that you said is "stories," and this is a great podcast or a great platform for telling stories. We're not gonna go into super technical details about things. We've got great resources, we've got great books, we've got all that stuff. But the stories, and importantly, as you just said, to chronicle the stories of the people who knew Dr. Deming at the time while we have that opportunity, but also all the other people that are going through... And I think the other word that I like is the "journey" and the "transformation," and highlighting that journey and transformation. That's very exciting. So, how do people get the podcast?

0:37:39.8 KC: So, there's a couple of different ways that you can get the podcast going forward.

For those of you.. There's many of you that have listened to the podcast in the past. We've had almost 1.6 million podcast... What would you call it downloads or listens?

0:37:56.4 AS: Yeah, downloads.

0:37:56.5 KC: And so, what we're gonna do is we're still gonna make that available just like we always have. But in one of our newer programs, which is called DemingNEXT that we're just launching right now, that program is a subscription program, DemingNEXT. We're gonna put the podcast in there with the video that you and I are talking right now, through Zoom that we're using, so that it will be in there with the video, audio, and then the transcript. And then our producer on the programs, in DemingNEXT, is also putting it in a different format so that you're not just watching a video with the words right next to it, it's in a very, very nice format. I think you saw a sample of that that I sent you the other day, and it's gonna be really cool how it's gonna be accessible through that mechanism so that within that subscription service, you'll be able to see it. But for those who aren't in the subscription, they'll still be able to hear it, just like they always have.

0:38:57.6 AS: So, if somebody is listening to it, let's say they've never really heard that much about Dr. Deming, they're listening and thinking, "This is good stuff. I like what I'm hearing on the podcast." Where do you want them to go so that they get that? Is it... Tell us the website and tell us where they should start.

0:39:14.1 KC: So, what I would suggest is you go to www.deming.org. And then from there, depending upon what you're looking to do, as an individual or with your organization, you're going to see that we have this online program, DemingNEXT, that we're just launching. We have workshops, in-person that we're gonna hopefully going back to soon, seminars in-person. We also have virtual workshops, webinars, some conferences coming up. So, there's a whole different, wide variety of ways that you can learn. But I think one of... The big thing that I would say is the launch of our DemingNEXT program which is an online learning program. It's a blended learning program where we're building in all sorts of webinars into it as a part of it. So, it's not just online.

0:40:12.4 KC: That opens us up to a whole different world that, as you know. You attended a seminar in person in Hong Kong, and I wanted to talk about that in a few minutes, but I don't know how many people were there, maybe 40, 50, 60, whatever that is. It's not 400, 800, 600, that we need to get that pivotal number of people that are learning this stuff, understanding, and applying it. So, the DemingNEXT online is a mechanism for us to be able to do that around the clock, around the world, at any time, with organizations of different sizes where they can use these in their own learning management systems. They can use it in our learning management system. They can use it in working with their consultants who they're... Who are advising. There's all sorts of different ways to do that.

0:41:00.8 AS: So, if someone is listening and think, "My goodness, I need my management team to get, to understand, some of these things," they can use the resources that DemingNEXT, just directly and say, "Hey, you guys, I want you to... Everybody to listen to this particular module," or that type of thing. Or if there's a consultant out there that's helping people implement, they could say, "Wow, why don't I use that as a tool within my toolbox?" So, it sounds like... It's really gonna be something that can be implemented across a company without having to go to a seminar if they can't or whatever.

0:41:36.3 KC: You hit it right on the head because what we have is that... We'll oftentimes have CEOs and executives come with their management teams to a workshop or seminar like the one you went to. Well, then they come to us afterwards and say, "This is fantastic. We're gonna start to implement it, but I've got another 200 people in my company. I don't have the ability to send them to the seminar, or have you bring the seminar to us." Some companies are doing that, but others are saying, "We don't have the ability to do that, yet I want everybody within the organization to have an understanding of the common language, what we're talking about when we talk about a special cause, a common cause, an operational definition, system, system of profound knowledge, understanding variation theory of... Just a basic understanding."

0:42:23.5 KC: And so, that was one of the things that pushed us to develop this DemingNEXT is, to not only have it available for leadership and management, but for all levels of the organization to be able to understand, learn, and apply it, and not to push back. Because that was one of the things, again, going back to Don Peterson and Ford was, even though they sent hundreds of people every month, sometimes thousands, he had 150,000 people around the world, they couldn't send everybody through. And the people that didn't go through were the ones that were a challenge. Not because they wanted to be a problem, but because they didn't understand what was being talked about when management was saying, "Hey, we need to look at our suppliers differently."

0:43:09.5 KC: Well, no, that's not how we do it. And so, it's hard. You know what it's like. When you push against somebody, they push back. They always do. So, what you need to do is provide them a level of understanding, and then it's accepted, and then they're not pushing back and fighting you. They're actually embracing it. And so, that's one of the advantages of using this approach, is that it can be blended learning. It can be done at your own and, like you said, with consultants. We already have a number of consultants that have their own specific external portal tied into our DemingNEXT where they're working with clients in a completely different environment to help support what they're already teaching them.

0:43:52.0 AS: It's exciting. That's a whole other level. When you think about my own Deming journey, I think about, there was limited resources. There are some books, and I found what I could find and that type of thing, but you kinda had to piece it together. And so, I think I'm really excited, and I feel like the journey going forward, it's so important to get this message out. But the ability to get it out now is really there, and so I would say that's really accomplishing the main aim of the Institute.

0:44:22.2 KC: You're right, and for those who are listening who know about it, a lot of my grandfather's videos, writings, case studies, articles, things like that that he did, they're also in there. But we've spent a lot of time using subject matter experts, some of whom worked directly with my grandfather, to help us develop specific courses that are tied into the way adults learn. Adults, a lot of times, don't wanna sit and watch my grandfather go through the red bead experiment for an hour and the lessons of the red beads on a video recording that is 40 years old. The audio is not that great, the video is not that great, but you know what's interesting, Andrew, what we have found is once they go through some of the developed courses that we've worked on, then all of a sudden they wanna learn more. They then go and watch it. They'll spend the hour watching my grandfather do the red beads and lessons of the red beads or talk about the 14 points in these long-form video formats that were acceptable back in the '80s and early '90s. But we need to get them there to be able to say, "I wanna learn and go ahead and do this."

0:45:35.3 AS: Yeah, it's... The method of learning has changed so much. But it's so fun to watch those old videos 'cause you see his reactions, and you see the way he's berating people and making... He was also a very funny guy at times. He would really have some great cracks. [chuckle]

0:45:52.8 KC: Yeah. He really did. Let me ask you a question if you don't mind. How did you come to know about my grandfather, and what was kind of your Deming journey? You and I came across each other years and years ago, but I'd love for the audience to also hear that.

0:46:06.8 AS: So, I was a young guy, studying finance at Cal State Long Beach in Los Angeles, and I got a job at Pepsi in operations in Los Angeles. And Pepsi was also kind enough to pay for my MBA if I got good grades, and I did. And basically, I worked in operations, and I just saw all of these troubles. Now, I happened to be... It was 1989 when I went to work for Pepsi. And I had learned how to use a computer so I could make charts and graphs, and I started charting stuff and putting stuff up on the walls. And I had this habit I've had all my life, is I just chart performance of different people and put it up there, and then I don't say anything about it. And then, I just let people go and look at it, and then they start asking questions. And then you start getting information from that, and so that was kind of where I... And then there was a manager at Pepsi, he's like, "Oh, you're really into statistics." I wasn't necessarily into statistics, but he thought I was, and he said, "You ought to go to listen to this guy."

0:47:07.9 AS: And so, Pepsi flew me in 1990, in October of 1990, to George Washington University and to take the instituting Dr. Deming's methods for management of productivity and quality. And I got 1.44 continuing education credits for it. But I remember...

0:47:28.2 KC: Wow, you got some CEUs.

0:47:30.4 AS: Yeah, I remember going to this event. It was a huge room. I was 23, maybe 24. I was a young guy, all the older people in there. And I just thought, the only thing I'm gonna do is, I'm just gonna go to the front row. And I just sat in the front row listening, and it just... Everything was blowing my mind. I had been working for a year or so in Pepsi, and I'd seen all of the problems we had in the factory, and then here was the solution. And so, I really caught on to that, and I went back and I started to try to implement that. And then, I started to realize what he was talking about. Change has to happen from the top because a young guy trying to make an impact, you can do something, but you can't make a huge impact. And that was kind of my first beginning. And then I got Dr. Deming's book, "Out of the Crisis." I still have the one he signed at that time, and I got a great picture of me with him at that time.

0:48:25.9 AS: And then I went back, and my roommate, Dale, and I used to read chapters and discuss them in my apartment, in our apartment where we lived in L.A. And then another time in 1992, he had a seminar done by quality... What was it called? A quality enhancement seminar. Yes, that was 1992. And so, I got a double dose, and I listened to him and was blown away. I just kept learning. And then I eventually moved to Thailand, and I was a young guy teaching finance, and I went to work in finance. But the point was, my best friend, that he and I were reading those chapters of Dr. Deming's teaching. Dale came, and we set up a company called CoffeeWORKS here in Thailand, and we just really wanted to implement Dr. Deming's teaching. We weren't fanatical about control charts or anything like that. We were operating in pretty much chaos here on the outskirts of Bangkok, but we definitely tried to implement ideas like systems thinking and treating people with respect and dignity and trying to get out fear in the workforce. That's a little bit

of my journey.

0:49:32.7 KC: So, how is the company doing?

0:49:35.8 AS: Well, we've survived, and we've survived COVID, that's for sure. And basically, we've been in operation about 28 years. And so, we have about roughly 100 employees, and we're growing, and we're profitable, and we've learned a lot. I would say that also operating in a foreign country has always been a challenge. But I would say we're doing okay, and our objective is to try to make sure that we are making an environment where employees really enjoy their work and feel trust and feel cooperation in particular.

0:50:15.9 KC: And with you saying that, we're hearing in the States, and you're experiencing it, how many... So many companies seem to take it for granted that, hey, the employees are gonna stay because this is really their only job opportunity here, and that has been just spun completely out of control with the advent of COVID. And now, all of a sudden, people are saying, "Wait a second. I wanna be at a company where I feel I can make a difference, and I enjoy being there because I've now realized that life can be pretty darn short, and I need to have, as my grandfather always talked about, joy in work." And we would talk to executives in organizations in years past, a lot of times, we would never bring up joy in work because they didn't see it that way. It was just "grind it out," have these people just work. And now, all of a sudden, there's this realization how important that is, and I think that's another... Once you implement that Deming philosophy, it has an enormous impact on employee retention, on joy in work which is keeping people there, that they wanna stay. They wanna be a part of something where they enjoy being there, and I think that's just one more reason why the Deming philosophy, we talked about it earlier, is still even relevant today, and more so than ever.

0:51:45.1 AS: And that's part of driving out fear, is making a trusting place and Dale's... Now, it's interesting situation in my case. I never worked as an employee in my own company. Dale is the managing director, and we own it equally. But we decided in Thailand, it would be better if I focus my efforts on building my career in the world of finance.

0:52:08.6 AS: Now, this is where I think my experience with Dr. Deming becomes interesting. The first part is that I felt like I really wanted my employees in the coffee business to understand it, and that's the reason why I started taking notes about the 14 points and thinking about how would I explain this. The way he talked, I don't think it's gonna translate very well into Thai language and for Thai people. How do I simplify that? And that's when I started writing the book, "Transform Your Business with Doctor Deming's 14 Points," and ultimately translated it into a Thai language so that the employees would be able to get some access to this and understand it, and that was my only real goal. I did put it up on Amazon. But the main thing was how do I bring this teaching to these people who really didn't know anything about it?

0:52:57.2 KC: Oh, that's interesting, I didn't know that was really the basis for the book. I know there's some companies that we've mentioned already today who actually have purchased your book and use it as kind of a book club type thing that they do with their team members as they go through the one that you wrote. So, that's pretty interesting. I didn't realize that about... With you about the 14 points.

0:53:20.9 AS: Now, the other angle that I think it's been interesting because one of the things that

Dr. Deming talked about was the idea of "don't be focused on quarterly results," but isn't that the whole financial world?

0:53:34.6 KC: Well, it's funny 'cause I was just about to ask you. With all your focus on finance and understanding it, you've gotta run up that... Even if you're not a publicly traded company, we talk to organizations that are always focused on that. One of the suppliers that we work with at the Deming Institute, we literally left them about six months ago because you could always tell it was it... I'd always look, and I'd go, I'd start getting the phone call going, and if I hadn't thought about it, it's gotta be the end of the quarter 'cause, man, they're just trying to sell me something now. And they were always trying to gain their numbers, do something by the end of the quarter. And I said, "You know what, I'll let you watch it, as my guest, go through some of the DemingNEXT stuff because as long as your management will do it because you have no idea the impact you're having," and we left them because...

0:54:33.3 KC: And we ended up going with a different vendor because we could see this happening, and it was getting worse and worse. And we were told there was a new CFO that had come in. There was a real focus on, "we've got to get the numbers up." And so, what they ended up doing was cutting customer support because that was an easy one. People like us already had a contract with them for a certain amount of time, and they figured they might be able to get us to renew it. But the impact... Stop. I can keep going on and on.

0:55:04.2 AS: Well, maybe I'll just explain it. I grew up as an analyst in the stock market in Thailand, and I was eventually voted the number one analyst in Thailand. And I was the head of the CFA Society for Chartered Financial Analysts which was an honor of a lifetime. And I had seen, maybe... I've met with maybe a thousand fund managers, and I've taken them to meet with a thousand CEOs. And a CEO asked me, "What would be your advice from everything you learned?" And I just said, "Never listen to analysts. They don't know about your business. They don't know how to run your business, and you have to be very careful. All they wanna do is set a fire of quarterly earnings." Which brings me to, having taught finance all my career, when I walk into a finance class nowadays, I tell the students, the first thing I tell them is, "Finance adds no value." And that puts their head in a spin, particularly, 'cause they're studying that topic, and I said, "What adds value?"

0:56:05.6 AS: And we have a long discussion about what adds value in a business, and I say, "Ultimately it's the products and the service, and finance is a support function just as human resources. And the purpose of finance is to operate as a mirror to reflect management's decisions to help us see the consequences, short term and long-term, of management decisions. And it's when finance starts being the head of the business that you get into trouble." Never make, as I say, "Never make the right finance decision over the right business decision."

0:56:44.3 AS: Always make the right business decision over the right finance decision. So, I've come at finance from a very, very different perspective, and that's allowed me also to help my clients improve their profitability and help them really think about profit very differently than a lot. And that's where I think the combination of my experience with Dr. Deming, as well as my finances, bring me to a place that I really enjoy talking about the finances of a business.

0:57:12.2 KC: Yeah, and I think what you said is really important because if the focus of the company is on... is solely on making a profit, they may make a profit to the detriment of the

organization that eventually puts it out of business. I always loved what, I think it was Isaacson's book on Steve Jobs, where he was talking to Jobs about what was really the... I don't think they use the word aim, but what was the aim of the organization? And it wasn't to make money. Apple wasn't there to make money. It was to make insanely great products that help people. And then, the money was a byproduct of it. They sure did well taking that approach. Now, you look at somebody like Enron, for those of you that remember Enron. Well, their goal was to make money. Well, that didn't work out so well. And you can see that the finance, like you said, if that's where it becomes the focus on is how do we just make money, and every decision is based on making money, eventually that is going to bite you big time. And the companies that focus on that are usually gone at some point within a certain amount of time.

0:58:18.8 AS: Yeah, and that's one of the reasons why I feel like Deming is such a critical tool, or critical knowledge, that people need to have now because we're slipping into an era of data. And we are very fast, quickly slipping into this era where a young person graduating from university today may think that their job is setting key performance indicators and tracking them, and you can almost imagine the ideal job... I have a cartoonish picture in my head of a young manager these days with a bunch of screens in front of them and KPIs going. And then they've got this button that sends an electrical shock to the employee who's not hitting their KPIs, and then that's it. There's business and there's management, and I fear that a lot of people are feeling like being tough on KPIs is what good management is, and they're lost on that.

0:59:18.0 KC: Well, and I can say if they come in and start to learn Deming, whether it's using DemingNEXT, whether it's using other resources or videos or books or things like that that we have, if their focus is on solely on KPIs, I encourage you. Come in and read and go through and learn some of this, whatever the best way for you to learn is, because it will open up a completely new world in terms of understanding what the impact of those on the organization.

0:59:45.8 KC: And it's usually a detrimental impact. And what the potential is by looking at things a little bit differently, or a lot differently, depending upon where you are, but you're right. There's so much stuff, and you hear about big data all the time, and we've all seen so much. So many journalists, and I always feel bad for them because they're looking at these data figures, whether it was COVID or other different things, and they make interpretations that are oftentimes erroneous. And we see it all the time. Andrew, it must drive you crazy when you see, "Well, the stock market was down yesterday, it must mean this is happening." Two days later, "Well, the stock market is up because this is happening." Talk about not understanding variation and special and common cause and reacting to a common cause as a special cause. It's unbelievable. But once you understand it, you start to see things, and it opens up a completely different world for you.

1:00:44.6 AS: And one part of my business is managing people's money. And for that part of my business and investing, it's so critical what I learned from Dr. Deming about that they're ultimately... What I say is that we can understand the variation and the randomness of a flip of a coin or at the roulette wheel. We understand these core principles of randomness and variation, but we then kind of abandon all that when we go into life, and we don't... We miss that there's this subtle thing happening below the scenes and the outcomes of things that we're seeing. There is a portion of those outcomes being driven by randomness and variation. And if we don't have awareness of that, we will get misled, and it will happen all the time to amateurs in the stock market that will assign special causes to different things. And they get all excited about things, and they miss the whole randomness and variation. And that is a carryover from the world of what Dr.

Deming taught in statistics in to the world of the markets and investing.

1:01:53.6 KC: Yeah, it's a big problem. I talk to people all the time. And that treating a special cause as a common, you know, common variation as special variation, and vice versa, ends up being huge. And the thing is, we already know it in our lives. We know to get to the grocery store is gonna take us between 9 1/2 minutes and 11 minutes, and the average is, whatever, 10 minutes. But we know we're never gonna arrive there exactly at 10 minutes. We know. And when you ask people, "Why is it?" Well, because there's variation in there. It's 9 1/2 to 11 minutes to get there. Yet they go in their companies and they teach. They, all of a sudden say, "Well, I got there in 9 1/2. Oh my gosh. I got there really quickly." That's great. Okay. Well then, the next time when you get there at 10 1/2, "What did I do wrong?" And they try to fix that instead of understanding that, "Well, wait a second. I know how this works when I go to the store. Why do I not apply the same concepts when I'm in the business?"

1:02:57.3 AS: And every now and then, they come home, and they say, "It took me two hours to go to the store." Oh, what happened?" "Well, I had a flat tire, or there was a fire, and there was a..." And all of a sudden, you start to understand special causes. Now, I think I would like to wrap it up at this point and ask you, do you have any parting words for the audience? What would you like the audience to understand about what's going on at the Institute? What's going on with the podcast? Let's leave them with something exciting.

1:03:30.3 KC: Well, I don't know how exciting this is, but one of the questions that I get right now, Andrew, is what would your grandfather say about DemingNEXT? Because it's completely different. It's not always using just him because there's people out there that tell me, "Unless you're using Deming's exact words, then it's wrong." And I'm like, "No, no." My grandfather, when I look through his books, quoted people all over the place, whether it was Don Wheeler, whether it was Ed Baker, Joyce Orsini, he was always learning. Bill Scherkenbach. He was learning from everybody.

1:04:06.2 KC: And I would say the one question I get a lot now is, what would your grandfather think about DemingNEXT? And I gotta tell you, I believe he would be absolutely thrilled because he would see that as another means, another way that we have done a PDSA Plan-Do-Study-Act where we have tried to improve the means for us to get his message out to a broader audience. And I think he would be absolutely thrilled with what we've done, how we're doing it, why we're doing it. And I believe he would be very excited about what that impact is to get that message out. Because I know when he departed from this earth, I think the thing that probably bothered him the most was he didn't have more time to get his message out. He knew that he was running out of time as he got older, and he formed this organization to get that message out. And I think that, to me, is an important thing, is by what method are we getting this message out that will accommodate the needs of how people learn, understand, interact within their own organizations?

1:05:14.7 AS: Well, ladies and gentlemen, you've heard it from the man who probably is the closest to understanding the ultimate aims of Dr. Deming. Kevin, I wanna thank you for this great time together and sharing your personal experiences, as well as divisions, and the opportunities that I see at the Institute and what you're doing. That concludes another great story from the worldwide Deming community. Remember to go to deming.org, as Kevin has told us, to continue your journey. This is your host, Andrew Stotz, and I will leave you with one of my favorite quotes from Dr. Deming, "People are entitled to joy in work."

