

June 22, 2011 (Wednesday)

55th EOQ Congress

CONCURRENT SESSIONS
KEMPINSKI HOTEL CORVINUS

Wednesday 8:30 – 12:30
Erzsébet tér 7-8, Budapest V.

SALON CORVINUS

Wednesday 11:00 – 12:30

23.2. PEOPLE INVOLVEMENT AND MOTIVATION II.

Session Chair: *Jose C. Gatchalian, Quality Partners Company Ltd, Philippines*

11.00 Presumption of Responsibility

Vadim Lapidus, Priority Consulting Center, Russia

Lapidus, Vadim (Russia), Member of the International Academy for Quality (IAQ)

General Director, Priority Consulting Center, Nizhny Novgorod, Russia. He is Academician of Russian Academy of Quality Problems, Academician of International Academy for Quality, Member of American Society for Quality, Member of European Organization for Quality, Member of Society for Quality and Southern-Italian Society for Quality, Honorary president of International Guild of Quality Professionals (SIC), EOQ Management System Senior Consultant. He has over 40-years professional activity (consulting, lectures, publications) in the areas of standardization and total quality management, including: standardization and application of quality control methods, development of methods and tools in control, measurement and testing; he also tackles issues of leadership, motivation, quality improvement, presumption of responsibility.

Mr Lapidus studied radiophysics and electronics at Gorky State University, Radiophysics Department. He is a PhD candidate in radiocommunication and Doctor of Engineering in engineering systems management.

Vadim Lapidus gave lectures on quality management at Gorky State University. From 1995 to 1998 he worked as a Professor at the Department of New Methods of Product Quality Monitor and Control at Academy of Standardization Metrology and Certification. He is a visiting professor at Stockholm Higher School of Economy (St. Petersburg), professor of Higher School of Economy (Moscow, N.Novgorod brunch), visiting MBA (Master of Business Administration) professor at Technical University (N.Novgorod). He has been repeatedly invited to give lectures on quality management methods abroad.



PRESUMPTION OF RESPONSIBILITY

VADIM A. LAPIDUS

*CEO of GC «Prioritet», academician of the International Academy of Quality (IAQ),
member of International Guild of Quality Professionals, Doctor of Engineering*

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CENTER “PRIORITET”

SUMMARY

Responsibility is an important element of a Management System.

In the former countries of the USSR, the main management methods used were checking for completion of procedures, compulsion through administrative sanctions, and some employee financial rewards for fulfillment of standard requirements, instructions, technical procedures, etc.

The almost century-long application of this approach has led to deep consequences without elimination of which it is impossible to apply many modern methods of quality management, for example, personnel involvement, leadership development, and even the process approach.

One of the widespread negative effects in countries of the former USSR, is loss of individual responsibility, blurring of responsibility, delegation of responsibility to other persons, and the so called “flight from responsibility”.

A fully Russian constituent of this problem is the linguistic issue. In other languages, for example in English, different types of responsibility can be expressed by various terms, such as responsibility, liability, accountability, amenability etc. In the Russian language we have one term, which meaning is closer to the English word “answerability”.

Suggestions made in this report may be of interest to other countries, also facing similar problems.

SUMMARY

The central part of this presentation is the principle called Presumption of Responsibility (PoR). The presentation also deals with application of PoR in Quality Management, Project Management, Initiative Management, Management of Administrative Orders in hierarchical structures.

We define Presumption of Responsibility as follows:

PoR is the initial assumption of the readiness of executors (employees) to take responsibility of all the following types: for achievement of results (objectives) with all necessary resources, authority and competencies available, to execute their responsibilities in their work, and to provide evidence of achievement of results (objectives). In other words – responsibility for work and results, damage responsibility and guilt responsibility.

Conclusions:

This approach can greatly lessen the focus on 3rd party supervision; by providing rules for interactions in administrative reporting chains, as well as in process and project relationship chains. It has proved in practice that it is possible to do without 3rd party supervision, and substantially increase efficiency and effectiveness of task performance, processes and projects. The approach leads to a considerable reduction of performance time. PoR also yields significant results in Career Management, Working Time Management, Goal Setting and Budgeting.

RESPONSIBILITY



Freedom

(from external compulsion) is possible only when it is based on **responsibility**

In Russia we must teach this

I think that besides the term "responsibility" the term "freedom" is also very important in management. They both are connected. From my point of view freedom is based on responsibility.

PROBLEMS OF RESPONSIBILITY IN POST-SOVIET MANAGEMENT

Principal question:

What is the root cause of the inefficiency of post-Soviet management?

Hypothesis:

Repressive (R) management, based on the overlap of **responsibility area** and **guilt area**, is the cause.



- Responsibility area



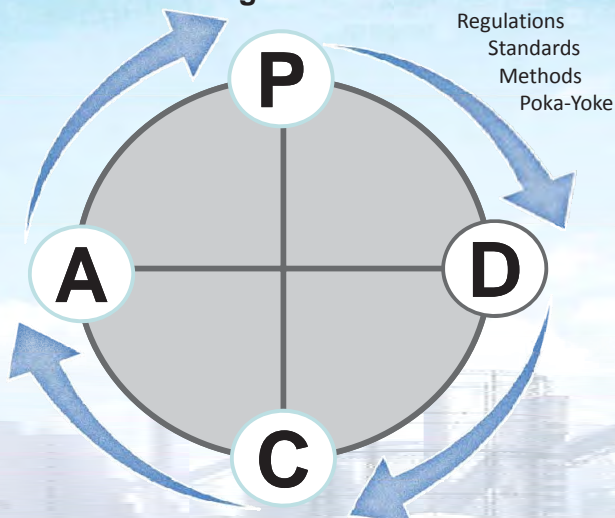
- Guilt area

Repressive management leads to the "flight from responsibility (punishment)".
Least responsibility, least risk of accusation and punishment.

Irresponsibility – is a pandemic of Russian (post-Soviet) management.

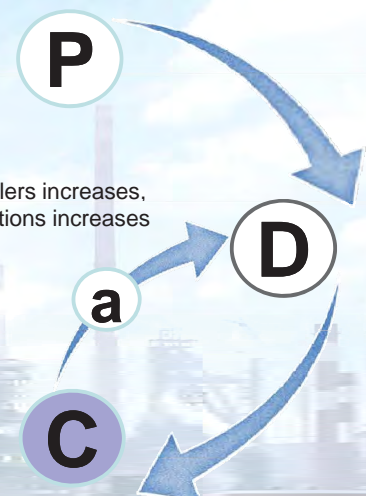
IMPROVEMENT CYCLES

Using system feedback concept
Deming - Shewhart



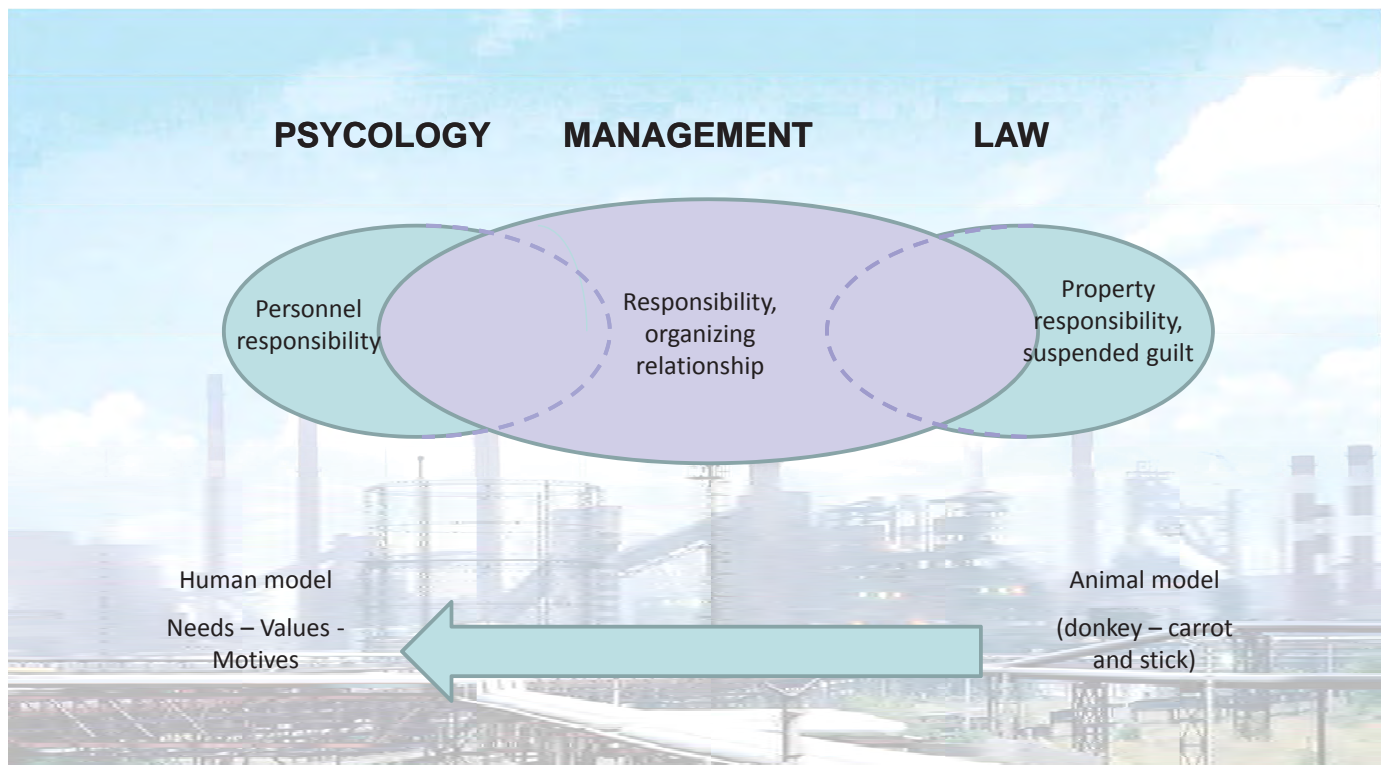
R-manageent

Number of controllers increases,
Number of instructions increases



- 1) Control (Inspections)
- 2) Performance (non-provision of resources)
- 3) Corrective actions (often punishment)

RESPONSIBILITY IN DIFFERENT SCIENCES



A RESPONSIBILITY MODEL FOR CHANGE TERMS

Responsibility for causes and results –

readiness and ability to create objectives, that result in predictable consequences and hard evidence of whether desired outcomes were achieved.

Damage responsibility (answerable to stakeholders) – readiness to compensate stakeholders for non-achievement of promised objectives or damage caused, as determined by various value perceptions.

Guilt responsibility – readiness to admit personal responsibility.

Responsibility of causes and results – area of normal work

Damage responsibility – risk area

Guilt responsibility – crime area



RUSSIAN LANGUAGE ISSUES

Ответственность (Otvetstvennost) (literally “answerability”)



Responsibility, Accountability, Amenability, Liability

In this presentation we will use the term “responsibility” in context of decisions and results, damage and guilt.

PRESUMPTION OF RESPONSIBILITY

Presumption of responsibility (PoR) – initial assumption about readiness of performers (employees) to take responsibility of all three types for achievement of results (**objectives**) with all necessary resources, authorities and competencies available, to **perform** the work they are responsible for, and to provide **evidence** of achievement of results (objectives).

Irresponsibility is a pandemic of Russian (post-Soviet) management. PoR is a remedy for irresponsibility. Probably, this remedy for our problem will be useful for solving other problems regarding irresponsibility.

PoR minimizes supervision and punishment, and, consequently, compulsion, that changes the essence of the motivation system.

Comments

A company, understanding PoR, considers all its employees responsible by all three types unless otherwise proved.

If an employee does not fulfill his responsibilities, including non provision of evidence of their completion, the reason for that must be found.

Possible reasons:

1. An employee is not competent enough, i.e. does not have the necessary knowledge and skills;
2. An employee is not capable of providing evidence of goal achievement (incl. expertise, inspection, test, diagnosing, modeling, etc.);
3. An employee is not motivated, has no energy or will to achieve goals;
4. An employee has insufficient resources (budget, equipment, personnel, etc.);
5. External reasons.

Management must find the correct reason and conduct personnel training to remediate deficiencies.

If it is impossible to remediate employee deficiencies, then he or she needs to be given other work with less responsibility. In case this can not be done, an employee should be fired.

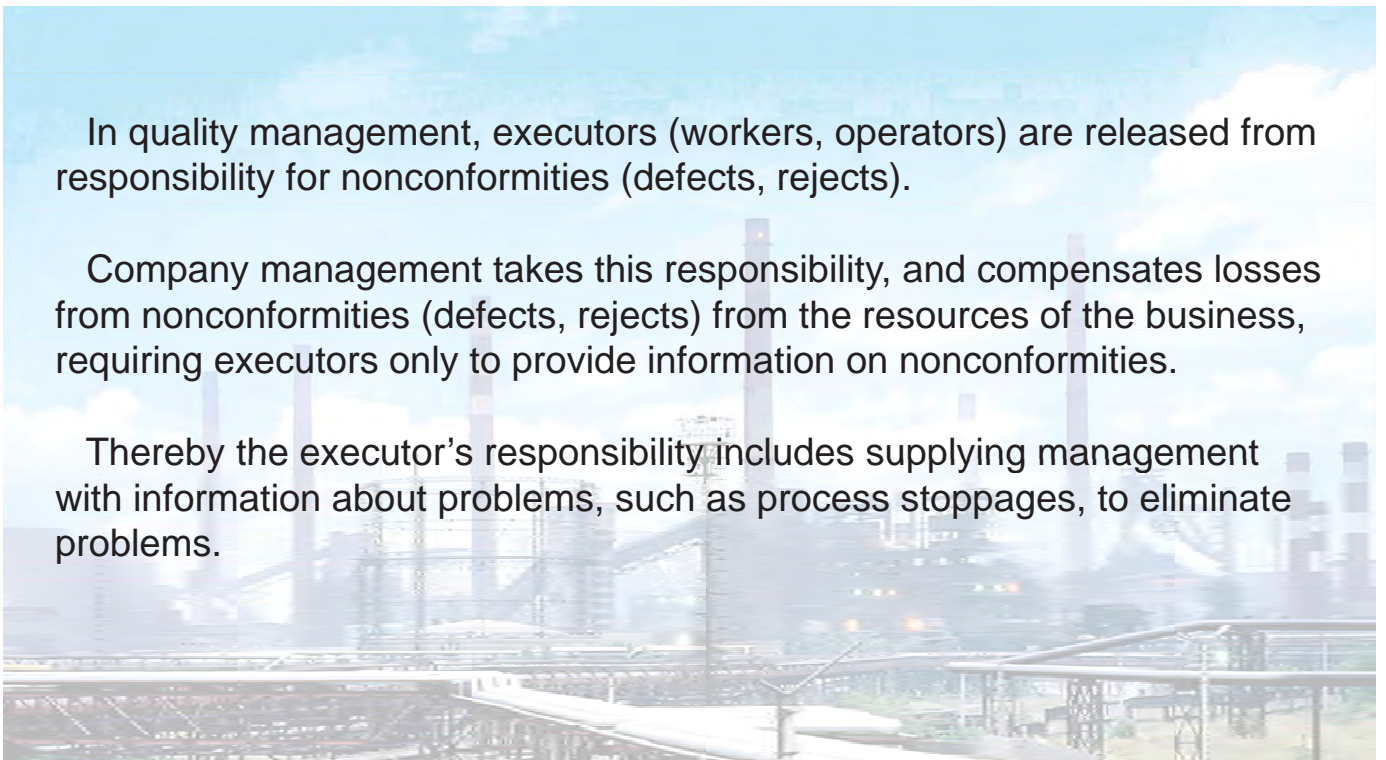
If employee activities cause unintended damage for the company, he or she shall partially compensate this damage, according to the corresponding agreements, charters, etc. In case of refusal, employee loses his/her position, and possibly his/her job.

If employee activities cause intended damage and/or an employee breaks a company taboo, he must leave the company.

In quality management, executors (workers, operators) are released from responsibility for nonconformities (defects, rejects).

Company management takes this responsibility, and compensates losses from nonconformities (defects, rejects) from the resources of the business, requiring executors only to provide information on nonconformities.

Thereby the executor's responsibility includes supplying management with information about problems, such as process stoppages, to eliminate problems.



PRESUMPTION OF RESPONSIBILITY

Company personnel take

responsibility for:

- **reasons** (factors) and **consequences** (results);
- **risks** of non-achievement of goals, compensation of unintended damage;
- **breaking taboos** and the punishments for that

Personnel must be competent
(knowledge of theory and models,
skills, experience)

If X – reasons (factors),
 Y – consequence (result),
It is necessary to know

2 model types:

- Direct ties model « $X \rightarrow Y$ »;
- Reverse ties model « $\Delta_Y \rightarrow \Delta_X$ », where Δ_Y – deviation from goals, and Δ_X – deviation (change) of factors.

DIRECT AND REVERSE TIES (FEEDBACK)

PoR suggests that competence includes direct and reverse ties.

Accidents and uncertainty lead to deviations in results:
 $y_1 = y_0 + \Delta_y$ instead of y_0

Reverse ties mean that executor knows, is capable and has authority to implement correction into x_0 and set $x_1 = x_0 + \Delta_x$, i.e. according to Δ_y set Δ_x .

x – reasons
(factors)
 y – consequences
(results)
 Δ_y – y deviation
 Δ_x – x deviation

SUPERVISION

Meaning and purpose of supervision – identify deviations (incl. status of product, process, project) and provide information on necessary corrective actions.

The problem of the demotivating role of supervision appears when it is carried out by a third party and not by the work executor or manager. Instead, information on supervision results goes to the manager instead of the executor, who must implement correction in a reverse ties chain.

Term «**process owner**» means ownership of direct and reverse ties, and, therefore, supervision

The Manager has no process corrective actions. Instead of process correction he influences the executor, often through punishment.

SUPERVISION – EXECUTOR'S FUNCTION

If supervision means measurement, evaluation, comparison, then status identification is done by another person, specializing in this operation, and it shall be considered as a service to the executor.

COMPETENCE AND AUTHORITIES

COMPETENCE

– knowledge of models of processes, skills and experience and ability to influence the factors leading to specified consequences (goals).

AUTHORITY

– right to influence factors (incl. through disposal of necessary resources) leading to specified consequences (goals).

- ❑ To take responsibility, the executor must have competences to achieve specified goals and see himself as their owner.
- ❑ The Executor must have authority to manage reasons, and, therefore, the right to use the necessary resources.

«DELEGATION» OF RESPONSIBILITY

Appointment of responsible persons without their assent (agreement), that they:

- ☐ must take responsibility, and
- ☐ must get authority to influence the reasons (factors)

This is professional incompetence on the part of the manager (director)

«Delegation» of responsibility is an agreement

- ☐ Responsibility is duplicated: if manager places responsibility with the employee, then both will be responsible in case the task is not completed.
- ☐ Responsibility cannot be delegated, only authority.

COMPETENCE AND AUTHORITIES

RESPONSIBILITY > AUTHORITY

If an employee has more responsibility than authority –

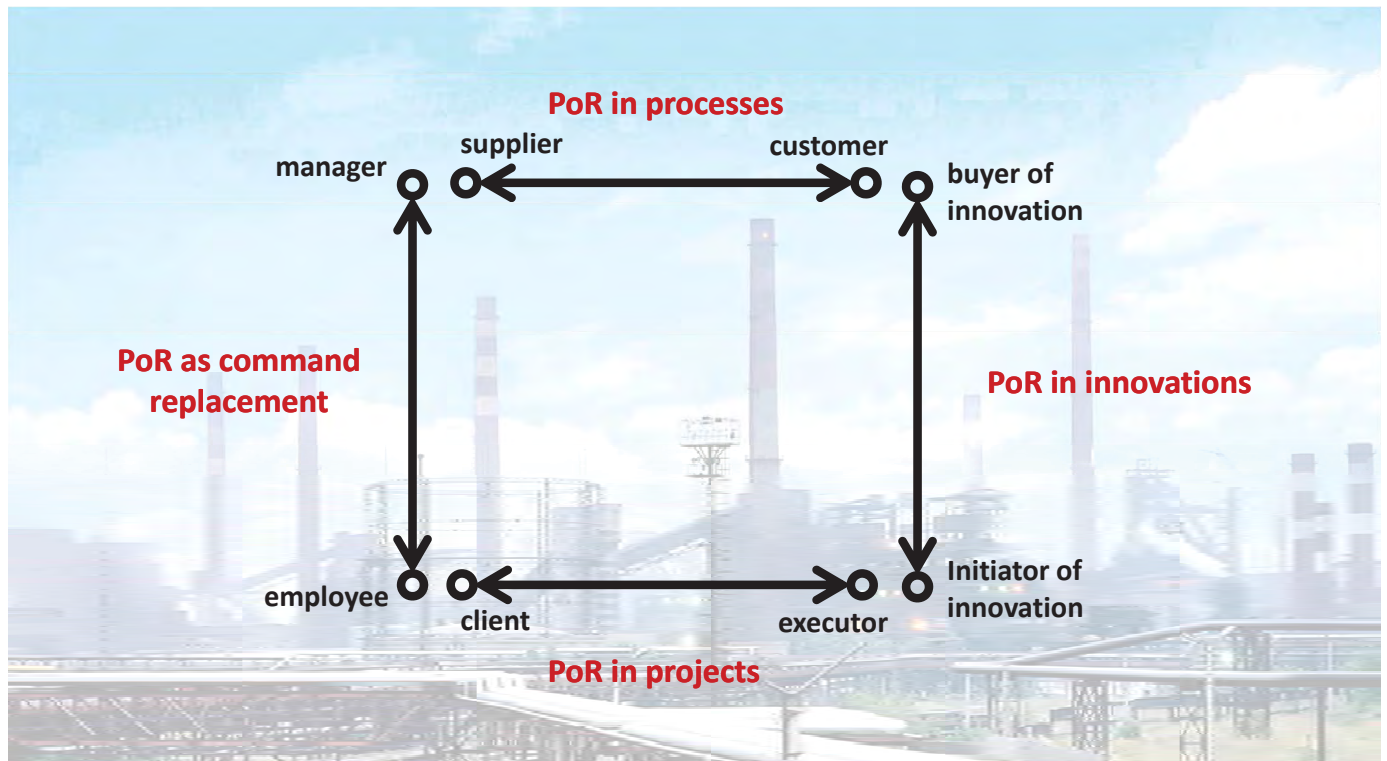
WHO IS HE? «A whipping boy»?

RESPONSIBILITY < AUTHORITY

If an employee has more authority than responsibility –

WHO IS HE? «A seller of authority»?

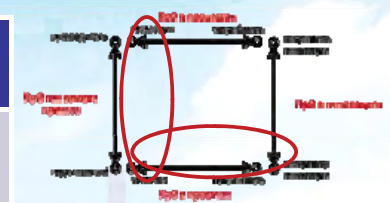
SQUARE OF COMPANY RELATIONSHIP 4 SIDES OF PoR



Management system modernization at the "cell" level

REPLACEMENT OF COMMAND WITH GOAL-SETTING AGREEMENT

Command based management	Presumption of responsibility
Command	Contract (agreement) of goal-setting
Entrusting supervision to 3 rd parties	Status monitoring
Sanctions (reprimand, bonus reduction, punishment)	Readiness of executor to adhere to values, important to him or her (honour, reputation, position, career, as well as money) Damage responsibility Guilt responsibility



Command's replacement with EXECUTOR RESPONSIBILITY

Executor takes:

- ☐ Responsibility for achieving goals (with all necessary resources available on the basis of direct and reverse ties);
- ☐ Action status assessment (done, not done, in process, etc.) and provision of evidence, proving status correctness;
- ☐ Risk assessment and details in process of work, asking for help at defined stages or work termination (after proving its uselessness);
- ☐ Readiness to answer with values for non-achievement of goals (penalties, loss of position, apologies, etc.);
- ☐ Readiness to answer for guilt if taboo breaking is proved.

Command's replacement with MANAGEMENT RESPONSIBILITY

Manager (client):

- ☐ Supports executor with information and additional knowledge (if necessary);
- ☐ Supports executor with resources (financial, technical, human, organizational, time);
- ☐ Rewards in case of success;
- ☐ Receives status reports;
- ☐ Maintains positive emotional atmosphere of work and its acceptance.

Command's replacement with COMPANY RESPONSIBILITY

Company supports high level values, in particular:

- ☐ Honesty (as internal obligation to comply with contracts);
- ☐ Trust;
- ☐ Acknowledgement of competences and merits;
- ☐ Respect of people and acknowledgement of self-respect;
- ☐ Development and maintenance of a creative atmosphere, striving for knowledge and innovations;
- ☐ Acknowledgement of the employee right to self-actualization.

Command's replacement with GOAL-SETTING AGREEMENT for hierarchical relationship

1. Identification of a goal/objective.
2. Explaining objectives, goals and expected results.
3. Feedback, identification of understanding of objectives, goals and expected results.
4. Identification of interests and proof that goal is in the interests area.
5. Identification of potential attainability of goals: resources (incl. money, materials, equipment, infrastructure, knowledge, skills, competences, time).
6. Risks of non-achievement of goals and the rule of risk division.
7. Red flag rule.

Example: Boss (B) vs Employee (E)

1. B – Do you see the objective (task, goal)?
E – Yes, I do.
2. B – I'll explain the task. Do you understand it? E – Yes. I understand.
3. B – Could you explain how you understand the task? E – Yes, I can explain it.
4. B – Are you interested in this task?
E – Yes.
5. B – Do you have authority and resources to achieve this goal? E – Yes, I have.
6. B – Can you determine and assess the risks? E – Yes, I can.
7. B – During 25% of time you can re-estimate the risks. If they are not satisfied, you can ask for help or stop the work. E – That's clear.

Command's replacement with GOAL-SETTING AGREEMENT for hierarchical relationship

8. Reward for goal achievement.

9. Responsibility for non-achievement of goals – return of critical value: money, position, reputation.

10. Monitoring of plan and project performance.

11. Status control – status report.

12. Rule of evaluation and risk acceptance.

13. Success ceremony – consolidation of emotions + social and personal values.

14. Writing a report (as a Case description).

8. B – If you achieve the objective, you and your team will get the reward. E – Ok, this reward is good.

9. B – If you do not achieve the goal, how will you act? E – It is my reputation. I'll leave the company voluntarily.

10. B – You will monitor all steps. E – OK, I'll do it.

11. B – Give me information about the status. If the status is not OK, change the plan. E – OK, that's clear.

12. B – You will get part of your reward during work process, and the rest part – after the work is accepted. E – That's OK.

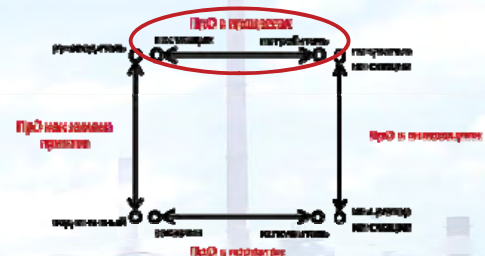
13. B – I will organize a banquet after work is finished successfully. E – Perfect.

14. B – In the end I will ask you to write a report as a Case for the future. E – I'll do it.

IN PROCESSES

Supplier responsibility:

- ☐ Supplier takes responsibility to maintain the process in control (permitting him authority to influence factors);
- ☐ Supplier takes responsibility to ensure process compliance with supplier requirements;
- ☐ Supplier takes responsibility to prove that a process is in control and satisfies customer requirements.



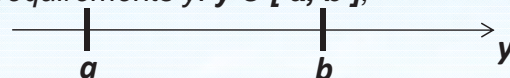
IN PROCESSES

The Process owner shall have the following competences:

- ❑ Engineering competences, ability to choose *X-parameters* leading to *Y-results*;
- ❑ Experiment planning competences (Design of experiment);
- ❑ Knowledge of corrective action models on the basis of audit, problem solving techniques, Pareto diagram, Ishikawa diagram, etc.;
- ❑ Knowledge of risks and ability to control them;
- ❑ Knowledge of ways to improve capabilities, including extreme capabilities.

AGREEMENT WITH PROCESS OWNER

1. Set process input requirements $y: y \in [a, b]$;



y – quality parameter

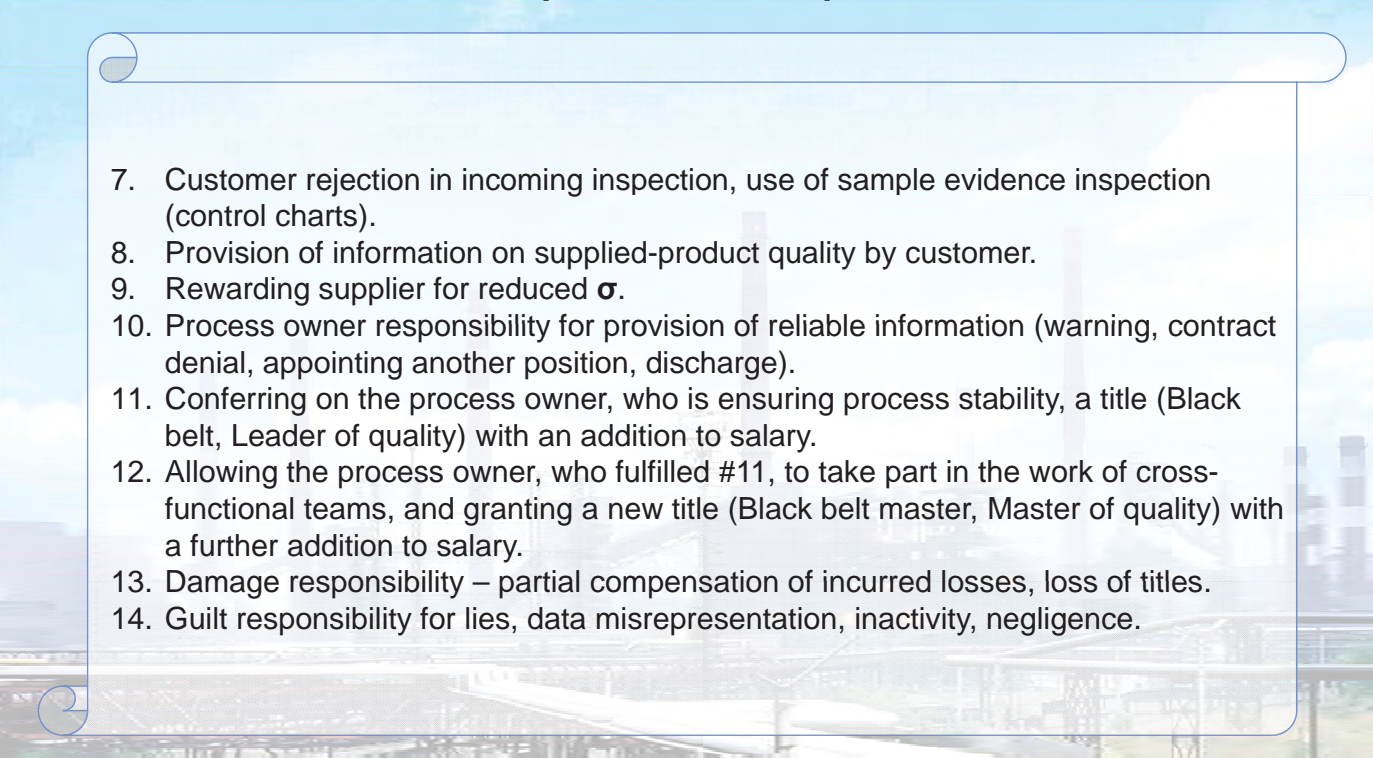
2. Set measurement technique and decision making rules

Product acceptance rule (inaccuracy not more than Δ): $a + \Delta \leq y \leq b - \Delta$;



3. Requirements for maintaining a process in control (lack of special causes);
4. Requirements for process capabilities $C_p \geq 1,67$ (1,33), $C_p = (b-a)/6\sigma$;
5. Process owner takes responsibility to ensure the process is in control through control charts ($C_p \geq 1,67$) and evidence provision (through **PPAP** procedure) on process capability to stably comply to quality requirements;
6. Process development with the use of control charts: detection and elimination of special causes, reduction of variability σ to the level $\sigma \leq \Delta/0,1*(\Delta-a)$;

AGREEMENT WITH PROCESS OWNER (continuation)

- 
7. Customer rejection in incoming inspection, use of sample evidence inspection (control charts).
 8. Provision of information on supplied-product quality by customer.
 9. Rewarding supplier for reduced σ .
 10. Process owner responsibility for provision of reliable information (warning, contract denial, appointing another position, discharge).
 11. Conferring on the process owner, who is ensuring process stability, a title (Black belt, Leader of quality) with an addition to salary.
 12. Allowing the process owner, who fulfilled #11, to take part in the work of cross-functional teams, and granting a new title (Black belt master, Master of quality) with a further addition to salary.
 13. Damage responsibility – partial compensation of incurred losses, loss of titles.
 14. Guilt responsibility for lies, data misrepresentation, inactivity, negligence.



Thank you for your attention!

Attention is not your responsibility, but my pleasure!