 Thomas Pyzdek

# A Quality Lexicon

## Let's define those buzzwords we use every day.

In the deployment of six sigma, we usually begin by defining our terms. I must admit to negligence in this regard, because I haven't yet defined for you what I mean when I write about "quality." As this definition is at the root of all of our discussions in one way or another, it deserves and needs to be stated in explicit terms.

Let's start at the beginning: ethics. Most of us feel that quality is important because it's "right" at a fundamental level. Conversely, failing to provide the best possible quality is considered somehow "wrong." These feelings of right and wrong are implicit in discussions of quality and are the source of heated debate between quality practitioners and others. But feelings aren't tools of cognition; they're automatic responses based on previous conclusions. As such, they may be in error. If feelings are to provide a useful guide for behavior, they must correspond to reality. Let's see if we can validate the feeling that quality is "good."

Productiveness and honesty are the moral virtues upon which the concept of quality is based. Productiveness is the process of sustaining your life by using your mind.[1] Most of us spend a substantial percentage of our waking hours engaged in this pursuit. Productive work is the central purpose of rational people's lives and the central value that integrates and determines the hierarchy of all of their other values. Reason is the source, the precondition of a person's productive work. Pride is the result. Productiveness involves reshaping the world in the image of one's own values. Honesty is the refusal to fake reality to acquire value. When managers know how to provide greater quality but fail to do so, they are being dishonest. Employees who fight to keep jobs that are no longer needed, or who fail to perform their jobs to the best of their ability, are likewise being dishonest.

With these terms defined, we're ready to define quality: *Quality* is the value added by a productive endeavor.

Quality comes in two flavors: potential and actual. Potential quality is the known maximum possible value added per unit of input. Actual quality is the current value added per unit of input. The difference between potential and actual quality is *waste*. Waste, we all know, is bad, and now we know why it's bad: It's dishonest.

Quality science is the attempt to increase potential quality through mental and physical effort. It's the systematic search for knowledge of productivity improvement. It may involve creating more value with the same resources, creating the same value with fewer resources or creating entirely new values.

Quality improvement is the process of increasing actual quality through mental and physical effort. This can be done by either reducing waste or developing new systems that increase both actual and potential quality. Because quality is value-added, it can be measured for any process that adds value.

In any enterprise, all stakeholders engage in a value exchange. Employees exchange their labor and ideas for monetary compensation in the form of wages or bonuses. Owners exchange their investments for a financial reward. Managers exchange their organizational and planning systems for monetary compensation. Customers exchange their money for the benefit they derive from the product or service.

These value exchanges are based on the belief that other parties in the exchange are performing to the best of their abilities. Investors assume that management utilizes the assets entrusted to them in the most effective way they know. Owners expect management to look for better ways to utilize the organization's assets. Management assumes that employees will, to the best of their abilities, do the jobs they are paid to do and offer suggestions for how the job might be done better. Employees assume that they will be rewarded commensurately to the value they create. Customers assume that the products and services provided are the best the company can produce consistent with the rightful interests of the owners, managers and employees.

Because everyone knows that these assumptions are held by the various parties, any departure from them is dishonest unless the departure is made explicit. In short, all stakeholders are entitled to receive maximum value from any exchange.

The rate of exchange for these values is established by the market. The market's moral function is to establish an honest rate of exchange. This is what we mean when we say that inefficient producers or producers of shoddy merchandise are "punished in the marketplace." Ultimately, in a free market, reality determines the value of an exchange. Dishonesty (i.e., creation of a fake reality) is impractical in all its forms, including poor quality. When poor producers suffer in the marketplace, it isn't punishment—it's justice.

1. *Definitions of philosophical terms discussed in this column are from* The Ayn Rand Lexicon: Objectivism from A to Z, *edited by Harry Binswanger* (www.secondrenaissance.com).


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