

Contents

	About the Author	<i>ix</i>
	Introduction	<i>xi</i>
Chapter One	Why Continual Improvement?	1
	1.1 What is Quality?	3
	1.2 The Three Questions	5
	1.3 Summary	6
Chapter Two	Visualize Your Process	7
	2.1 Brainstorming	7
	2.2 Flowcharts	8
	2.3 Constructing Flowcharts	12
	2.4 Deployment Flowcharts	17
	2.5 PERT Diagrams	18
	2.6 Do People Really Do This Stuff?	21
	2.7 Processes and Systems	23
	2.8 Cause-and-Effect Diagrams	24
	2.9 Exercises	27
Chapter Three	Collecting Good Data	31
	3.1 What Are You Trying to Do?	31
	3.2 Operational Definitions	33
	3.3 Counts, Categories, and Types of Data	35
Chapter Four	Visualize Your Data	39
	4.1 Running Records	39
	4.2 Bar Charts	43
	4.3 Pareto Charts	46
	4.4 Histograms and Stem-and-Leaf Plots	52
	4.5 Summary of Bar Charts and Running Records	58
	4.6 Pie Charts	62
	4.7 Exercises	63
Chapter Five	Graphical Purgatory	69
	5.1 Computer-Generated Bar Charts	70
	5.2 Computer-Generated Running Records	72
	5.3 Stacked Bars and Linear Pie Charts	75
	5.4 Radar Plots	76
	5.5 Improving the Two Best Computer Graphs of Table 5.1	79
	5.6 Summary	80

Chapter Six	Some Arithmetic	81
6.1	Measures of Location	81
6.2	Measures of Dispersion	83
6.3	Numerical Summaries and Data Types	86
6.4	Ratios, Percentages, and Proportions	87
6.5	How Many Digits Do You Need?	90
6.6	Comparing Apples and Oranges	91
Chapter Seven	Visualize Your Process Behavior	95
7.1	Two Types of Variation	95
7.2	Two Types of Action	97
7.3	The Basic Process Behavior Chart: the <i>XmR</i> Chart	99
7.4	An <i>XmR</i> Chart for Accounts Receivable	102
7.5	Exercises	104
Chapter Eight	Interpreting the Process Behavior Chart	107
8.1	What Do Predictable Processes Look Like?	107
8.2	Detecting Strong Signals and Weaker Signals	108
8.3	Why Johnnie Can't Breathe	113
8.4	The Voice of the Customer and the Voice of the Process	115
8.5	Summary	117
8.6	Exercises	118
Chapter Nine	Using <i>XmR</i> Charts Effectively	121
9.1	Comparing Groups Using Process Behavior Charts	121
9.2	The "Has a Change Occurred?" Chart	123
9.3	Why Susie <i>Can</i> Breathe	129
9.4	A Clinical Report: Peter's Story	134
9.5	How Do You Use These Charts for Continual Improvement?	140
Chapter Ten	How to Create Good Charts	141
10.1	What Kind of Data Belongs on an <i>XmR</i> Chart?	141
10.2	Using the Median Moving Range	145
10.3	Charting Adjusted Data	149
10.4	Exercises	151
Chapter Eleven	What Makes the <i>XmR</i> Chart Work?	155
11.1	The Logic Behind Process Behavior Charts	155
11.2	Why Three-Sigma Limits?	157
11.3	The Wrong Way to Compute Limits	161
11.4	But How Can We Get Good Limits From Bad Data?	163
11.5	So Which Way Should You Compute Limits?	163
11.6	Where Do the Scaling Factors Come From?	165
11.7	Chunky Data	167
11.8	Exercises	170

Chapter Twelve	Avoiding Man-Made Chaos	173
12.1	Creating Man-Made Chaos	173
12.2	Description Is Not Analysis	176
12.3	Charts for Each Region	178
12.4	So What If We Combined All Six Regions?	187
12.5	How Then Can We Compare Regions?	189
12.6	Avoiding Man-Made Chaos	190
12.7	A Triumph of Computation Over Common Sense	192
12.8	Exercises	194
Chapter Thirteen	Charts for Count Data	199
13.1	Counts and Measurements	199
13.2	Areas of Opportunity	201
13.3	Collecting Good Count Data	204
13.4	Charts for Counts	205
13.5	Charts for Rates Based on Counts	207
13.6	Some Cautions About Ratios Involving Counts	208
13.7	Summary	210
13.8	Exercises	211
Chapter Fourteen	Traditional Charts for Count Data	213
14.1	Charts for Binomial Counts: the <i>np</i> -Chart	213
14.2	Charts for Binomial Proportions: the <i>p</i> -Chart	216
14.3	Charts for Poisson Counts: the <i>c</i> -Chart	219
14.4	Charts for Poisson Rates: the <i>u</i> -Chart	220
14.5	So How Should You Chart Count Data?	223
14.6	<i>XmR</i> Charts for Chunky Ratios	225
14.7	Process Behavior Charts for Rare Events	229
14.8	Summary	232
14.9	Exercises	233
Chapter Fifteen	Using Count Data Effectively	235
15.1	Three Characteristics of Count Data	235
15.2	The Problems of Aggregation	237
15.3	The Difference Between Aggregations and Summaries	240
15.4	The Power of Disaggregation	242
15.5	Disaggregation Across Workers	245
15.6	Disaggregation Across Problems	251
15.7	Ratios of Aggregated Measures	256
15.8	The Cumulative Effect of Reducing Variation	259
15.9	Summary	260

Chapter Sixteen	Average and Range Charts	263
16.1	Creating an Average and Range Chart	263
16.2	What Average Charts Do Best	269
16.3	When Does It Make Sense to Use Subgroups?	270
16.4	Daily Department Store Sales	271
16.5	Regional Sales by Quarter	274
16.6	More on Peak Flow Rates	276
16.7	Administrative Average and Range Charts	277
16.8	Exercises	278
Chapter Seventeen	Smoothing Out Seasonal Data	285
17.1	Moving Averages	285
17.2	Year-to-Date Plots	290
17.3	Summary	292
17.4	Exercises	293
Chapter Eighteen	Deseasonalizing Data	295
18.1	The Problem of Seasonal Effects	295
18.2	Deseasonalized Values	297
18.3	Finding Seasonal Factors	299
18.4	Deseasonalizing the Sales Values	301
18.5	Not All Data Show Strong Seasonality	307
18.6	The Appliance Store Data	310
18.7	The Claims Per Day Data	312
18.8	Working with Seasonal Data	317
18.9	Exercises	319
Chapter Nineteen	The Learning Way	323
19.1	Mail Order Improvement	324
19.2	Plan, Do, Study, Act	328
19.3	“Let’s Reduce Losses on Beer and Sake Sales”	330
19.4	What Should You Do Now?	344
Afterword	The Germ Theory of Management	347
Appendix		365
	Answers to Exercises	365
	Bibliography	382
Table One	Bias Correction Factors	383
Table Two	Charts for Individual Values	384
Table Three	Factors for use with Deseasonalized Values	385
Table Four	Average and Range Charts	386
Table Five	Average and Range Charts	387
	Glossary of Symbols	388
	Index	391