

“Americans have also been major investors in Europe. The total U.S. direct investment in the E.C. is nearly \$125 billion, \$65 billion of that in manufacturing. For its part, the U.S. is the most open market in the world; foreign acquisitions of American companies in 1988 were more than \$55 billion, double the figure two years previously...

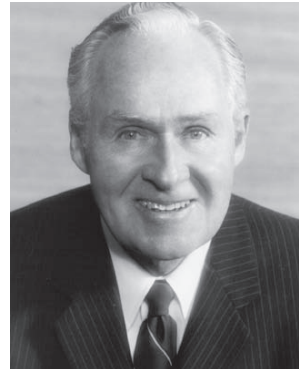
“Perhaps the greatest barrier to cultural homogeneity remains language which is also a political and economic barrier. I would like therefore to urge a little restraint on those who expect too much or too little from E.C. ‘92. On the one hand it will not immediately be a United States of Europe; the French will pursue French interests. Germany will pursue German interests. Italy will pursue everybody else’s interest and Britain will look on with its usual Olympian detachment.

“On the other hand, it would be a grave error to underestimate the widespread idealism and the assertive market forces that are driving towards greater European union. Above all, there is a pervasive feeling amongst Europeans that the national antagonisms which nearly destroyed Europe twice in this century must not be allowed to rise again. As an Irishman, I have a special interest in developing the more unifying notion of Europe to defeat the divisions and grievances of history and to create enterprise and jobs that are basic to human rights and human dignity.

“In the wake of the Cold War, Americans should not turn away from Europe. Isolationism would be counterproductive to long-term U.S. interests. Rather, the U.S. should now work with the E.C. to build a greater and more powerful community of democratic capitalism from the Atlantic to the Urals. At a time when Communism is declining, let us demonstrate that democracy can feed and house its people, protect our planet from environmental abuse, counter the deadly scourge of drugs and ensure we will never again wage world war.”

Robert W. Galvin: The Heresies of Quality

Robert W. Galvin was chairman of the Executive Committee of Motorola, Inc., and a company-wide recipient of the Baldrige National Quality Award, when he addressed The Economic Club of Chicago on October 25, 1990.



“What is a heresy? A heresy is a challenge to an old truth. And I respectfully suggest that there have been old truths that have been impacting an institution, at least like ours, somewhat holding us back in terms of what we potentially could be achieving, and some of us are learning, to our advantage, that those truths, challenged as they are, generate new truths...

“Quality. We’ve all had it. We have operated very substantially under the rubric of quality control. Our institutions, our companies have had quality departments... Quality is a very personal obligation... But, this is what I did about quality. And do so daily... That is the single most useful thing that I can say to anybody on the subject of quality. You must be a believer that quality is a very personal responsibility...

“Of course, when one is interested in vast improvements in quality, that’s consistent with another of our great objectives, which is to be competitive. And when we were examining the issue about 1979 or ‘80, when we had a renewal, a kick start of dedication to the issue of quality, we were simultaneously asking the question ‘How do we make ourselves more competitive?’...I finally came into my associates one morning and I said, ‘I think I’ve identified the key to being competitive. We’ve got to be competitive one person at a time, counterpart to counterpart...’

“Here’s where the leaders, and that’s what we are,

have to...engage in acts of faith. That things are doable that may not always at the instant be provable. I said 'Folks, I don't know how we're going to account for the ledgers, and the case flows, through this thing called training. But it's never going to cost us a penny.' The old truth was that training is overhead. And it's a cost. The new truth is, training is not a cost...

"But, there has to be a cost somewhere. And every once in awhile, when we get out, as many of us give speeches on quality. And we end up by saying things like, that quality is low cost, or what have you. People come along like the man did in Houston back about a year ago, and he waited in line until everyone else had left, and he said, 'Galvin, you've made a point that quality is low cost. But, what did you do about upfront cost? That's the big hurdle we all have to get over. You have to put a lot upfront, and then finally hope you make it back.' Well, I had been thinking about that for sometime, and I looked around. Nobody else was listening. And I figured if it didn't sound good if I answered him this way, I could deny it. And I said, 'Sir, we never had any upfront cost.' He said, 'That's incredible...' I said, 'No, it's the truth.' Now, we didn't know that at the time when we got started in 1979... Our cost of bad quality was extremely high. Incidentally, do you know what the cost of bad quality of a very ordinary administered quality class of company is? Upward to forty percent of sales. Not four or fourteen. Forty percent of sales. This was now about 1985, and we were kind of getting into some of these things. And we estimated that our cost of bad quality at that point-we were already into a quality program six years-was between ten and twenty percent of our sales. We were doing about five billion dollars worth of sales at the time, so at least we had a five hundred million dollar cost of bad quality. Too much space for this. Too much inventory for that. Too many returns. Too much warranty. It just goes on and on...And so, when we finally bought our first next piece of instrumentation to allegedly improve our quality, we'd already effectively paid for it...

"The new truth is, you can't raise cost by raising quality. If you really have a quality, 'quality program,' then you change so many things from front to back, from the beginning to the end of whatever is your business, your process, or your service, that you can't raise costs...

"Now notice I'm talking concepts in these heresies. I'm not talking the how-to's. These are the beliefs that we think leaders need to know, and respectfully, now that we've been out talking to thousands of companies on quality, we're obliged to do that as a Baldrige winner...

"How do you run a quality program? Well, you have to have data. What's the old testament? Keep data to the minimum. How do we pronounce that? Short memos. Not too much mathematics, metrics, etc. The new truth is: to be a problem-solver, you can't have too much relevant data. Redundancy, of course, pass that aside. But, we keep records on everything. We measure things left and right, and down to the bowels, because we have to keep peeling that onion back, one more layer at a time, to get to first causes. So, the new truth to us is that you cannot have too much relevant data.

"But, isn't there a phenomenon in our existence as human beings, that to err is human? And isn't that going to always be a restraint? To err is human... The new truth is that even though it's we human beings, who can try very hard when we want to, that are the make-up of the corpus body. That the only acceptable standard for a corpus body is perfection. Perfection. I went to grammar school at St. Jerome's, up on Howard Street. And one day, in the fourth or fifth grade, Sister Mary Norberdette announced that she was going to give a test on the conversion of fractions to decimals, decimals to fractions, on Friday. The twelfth, the eleventh, the ninth, the seventh. All of the odd ones, as well as the regular conversions. And she said there's only one acceptable grade. I went home and told my parents how unreasonable the nun was, and I expected them to go over and set her straight. And guess whose side my parents came up on. And we worked very hard, because my mom and dad

helped me a lot for the next few nights. And I was one of the six or seven kids in the class that got a hundred on that test...

“And therefore, if there’s any other word beside personal involvement that I would wish to leave with this marvelous audience, it is expectation. Expectation level. Our expectation level was ground in a culture of the old testaments. Today, our expectation is perfection...The better our quality, the greater our share of the market...

“The last of these heresies has to do with an oblique item. The biggest mistake that our company made when we started, and were on the program of trying to improve our quality, was our failure to bring properly, and early enough into the process, our suppliers. Fifty percent of our costs are the things that we acquire from some of you. Or, from our suppliers overall. And, we weren’t smart enough to engage them, and involve them. So, there’s something we would do differently if we had to do it all over again...

“We have, incidentally, practiced this policy that I speak of because we sent word out a year ago and said, if you want to be a supplier to Motorola, you have to go for the Baldrige Award. Now, that wasn’t terribly appealing to about half of the suppliers. And frankly, fifty or sixty of them told us that we could take our business elsewhere. And, they don’t do business with us. And we don’t do business with them anymore...”

Jimmy Carter: A Former President’s Plans

Former President Jimmy Carter addressed The Economic Club of Chicago on February 11, 1991 as U.S. Forces were fighting in Kuwait and Iraq.



“Advocates for peace have not been very successful. In the last ten years, for instance, since I left office... There have been several wars launched from one nation to another, or either brief attacks across international borders. One was the Israeli invasion of Lebanon in 1982. Another one was the U.S. sending troops to Lebanon, and the subsequent bombing and strafing of villages around Beirut. The U.S. bombing of Libya. The U.S. invasion of Grenada. The U.S. invasion of Panama. The promotion of the Contra War against the Sandinista government in Nicaragua. And then finally, this past year, the invasion by Iraq of Kuwait...

“It’s hard to draw a distinction, or formula by which peacemakers can prevent wars because the reasons are so wide and broad and unpredictable. The control of land, of the seas, of transportation routes. Sometimes a war is launched just to convert an alien society to one’s own philosophy, or one’s own religion, to secure wealth, money, mining, oil, to overthrow a despised regime, to empower, or to establish a friendly regime, or to alleviate one’s own domestic problems.

“In all those wars I mentioned, in almost all of them, there was an anticipation of an easy victory. And that quite often does precipitate a war. If an invading country, an attacking country thinks they’re going to win easily, that’s a case. The Soviets, for instance, invaded Afghanistan, December, Christmas Week of 1979. They thought that they would have a quick victory. Iraq went into Iran in 1980 expecting an easy victory because