



**Greater El Paso  
Section**

# *Amigo Quality*

**Volume 26 Number 12**

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Welcome to the September 2006 issue of the Newsletter. Your local provider of information and learning opportunities related to quality professionals.

## **MEMBERSHIP MEETING**

**Membership meeting scheduled for 20 September.**

## **MEMBERSHIP MEETING**

**LOCATION:** HomeTown Buffet (9120 Viscount Blvd.)  
**REGISTRATION & SOCIAL HOUR:** 6:15 p.m.  
**DATE:** September 20, 2006  
**SPEAKER:** Kim Pries  
**TOPIC:** Reliability

MEETING IS FREE FOR EVERYBODY (MEMBERS OR NON-MEMBERS) AND THE  
SPEAKER STARTS AT 6:45 P.M.

If you want to eat, we start our social hour at 6:15 p.m.

DINNER COST: \$5.00

## **THE CHAIR SPEAKS**

HECTOR LUGO

Hi Y'all,

The Section Year is now in full swing. Preparation Classes are underway for a couple certifications. The program for September 20 is fully planned and we are going to a new place, HomeTown BUFFET, hoping that the name called the manufacturers, because the cost decrease 50% with the quality of the place and great food.

Also the Juarez Section is rapidly approaching their fall Conference. Details are available on their website at [www.asq1429.org](http://www.asq1429.org).

## AUTOMOTIVE SECTION

HECTOR LUGO

Thank you for all the correspondence I received and the winner is what one of the Big Three is doing. Faced with the worst crisis in his company's 103-year history, William Clay Ford Jr. on Tuesday made a stunning acknowledgement: It would take a plane guy--not a car guy--to turn around Ford Motor Co. Caught in a whirlpool of heavy losses and eroding market share, the Ford scion gave up the chief executive's job at his family's car company and handed the position to Alan Mulally, the longtime head of Boeing Co.'s commercial airplane group.

Ford, 49, said he will remain a day-to-day presence at the company as "executive chairman." But he is counting on Mulally, who engineered an impressive turnaround at Chicago-based Boeing, to pull Ford back from the edge. "Our management team really needed someone who had been through the wars, had the battle scars and came out victorious," Ford said at a news conference after the announcement.

The move comes as Ford Motor weathers one of the worst years in its history. The nation's No. 2 car company has lost \$1.4 billion so far amid a 10 percent slide in sales. Rival General Motors Corp., meanwhile, has been enjoying a mini-revival, earning \$1.2 billion in the second quarter on an operating basis.

Since he took the job in 2001, Bill Ford had been widely criticized for failing to provide the firm leadership needed to shake up his company's sclerotic corporate culture. Tuesday's move confirms he was uncomfortable, too.

"I went to the board earlier this summer and said, 'I've got too much to do,'" he said. Analysts were quick to say that Ford was ill-suited for the job. "Because he was a Ford, people were afraid to tell him the truth," said Rebecca Lindland, a senior analyst with Global Insight. "There was a level of coddling that has no place in a CEO's office."

There are precedents in many industries for bringing in complete outsiders as chief executive. But that hasn't always worked out in the auto business. Former Bausch & Lomb executive Ron Zarella's tenure in the 1990s as head of GM's North American operations was considered a failure.

"We shouldn't take for granted that heading a plane company [means] that you can be a great CEO of a car manufacturer," said Boris Groysberg, an organizational behavior expert at Harvard Business School. "But ... it might take an outsider to transform Ford."

Mulally, 61, certainly knows a little about a corporate icon in crisis. In his eight years as head of Boeing's commercial airplane group, the aeronautical engineer saw archrival Airbus SAS swoop past Boeing as the world's largest planemaker by stealing away more than 20 percent of Boeing's market share.

The problems at Boeing were very similar to those at Ford. Costs were out of control, Boeing had too many outdated products, its foreign competitor was the more efficient manufacturer and an inbred corporate culture prevented management from doing anything about it.

Mulally, a 37-year Boeing veteran, was appointed head of a highly troubled commercial unit in 1998. When the Sept. 11 terrorist attacks decimated the airline industry, he slashed billions in costs, shaved Boeing's product line down to four key models and drastically shortened the amount of time it took to build an airplane.

Throughout it all, Mulally, who former Boeing Chairman Harry Stonecipher once likened to "a high-school cheerleader," gets credit from former colleagues for being a strong team builder among both union and salaried employees. His eternally optimistic style can sometimes grate, associates say. But part of his success is that he never backed down from Airbus.

In the midst of the market share slide, Mulally committed the company to the most ambitious new-product program in its history--a radical new plane called the 787 Dreamliner. Because it was built out of strips of carbon-fiber composite instead of aluminum it would be significantly lighter and more fuel-efficient than anything Airbus had to offer. But it would also require the company to shed its tired old skin and adopt a completely new business model and manufacturing process.

The gamble has so far paid off. Over the last two years, the 787 has allowed Boeing to adroitly outmaneuver Airbus to win key orders. Mulally predicted that based on the order book, Boeing should have its lead back by next year. "Some people think America can't compete in the design and manufacture of sophisticated products,"

Mulally said Tuesday in the conference call. "I believe we absolutely can if we pull together. We've shown we can do that in commercial airplanes and we'll show we can do it in automobiles."

That kind of thinking was what attracted Bill Ford--especially given the company's struggle to design and produce more cars that Americans respond to. Ford said he first started thinking about asking for help in May and June but didn't formally tell the board he wanted to search for someone until July.

During his search process he didn't focus solely on the auto industry as would have been the norm. Instead, he looked for the best executive who had led a turnaround and Mulally's name "kept popping to the top consistently." What's clear, however, is that even with all his turnaround experience, Mulally faces the challenge of his career.

In January, Bill Ford made a first stab at a restructuring when he anointed former Mazda executive Mark Fields to head the company's struggling North American division and announced a broad rescue plan called "Way Forward."

The original plan called for eliminating 30,000 union jobs, 4,000 salaried positions and 14 North American plants by 2008. But analysts now expect more and Ford recently warned that "everything is on the table." On Tuesday, neither Mulally or Ford shed any light on what might really happen. But Mulally said he had studied the Way Forward plan and thought the company was on the right track.

While Bill Ford said he had no concerns that Mulally's lack of auto experience would get in the way, building cars for consumers is different than building planes for airlines. Global Insight's Lindland said what Ford still needs is a product czar like GM vice chairman Bob Lutz.

But David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., said the most important thing is that Ford needs new leadership--fast. "The move amplifies the urgency for Way Forward to move more quickly," Cole said. "It also highlights that Ford needs help from the outside to do it."

See you at the meeting!

## Education Section

Kim Pries

Beware of rampant use of the automotive process indices called Cp and Cpk. The indicator is frequently used in machine capability studies and Gage Repeatability and Reproducibility studies with individual measurements.

Both Cp and Cpk are calculated using an estimator of the value of the standard deviation of the mean. The estimator is based on the value of  $R_{avg}/d_2$ , which is derived from the x-bar/R control chart methods (average of the range over the control chart parameter  $d_2$ ). The control chart values require the use of rational subgroups; i.e., sampling. Although much software allows the calculation of these values from individual data points (even Minitab®!), the process indices should really come from sample means—the Central Limit Theorem pushes the means of subgroups into a normal distribution.

Automotive users might consider using the alternative values, Pp and Ppk, which do not require anything but the ability to calculate a standard deviation and a normal distribution.

### **Potential meeting and dinner schedule**

(note that 19 October is a Thursday):

<b>MONTH</b>	<b>DAY</b>	<b>TOPIC</b>	<b>LOCATION</b>
September 2006	20	Reliability	<b>HomeTown Buffet – Viscount</b>
October 2006	19	Auditing or Dr. Roth	<b>HomeTown Buffet – Viscount</b>
November 2006	15	EPCC Plant tour	<b>EPCC – ATC</b>
December 2006	13	Christmas Dinner Nolan Richardson Middle School	
January 2007	17	Business Page El Paso Times	
February 2007	21	Military	
March 2007	21	Statistics or Sports	
April 2007	18	Sports or Statistics	
May 2007	16	Hospital Quality Management	
June 2007	20	Policy Quality Document	
July 2007		ASQ Section Officers training	<b>EPCC ATC</b>
August 2007		ASQ Section Officers training	<b>EPCC ATC</b>
September 2007			
<b>October 2007</b>	<b>??</b>	<b>Quality Conference 2007 El Paso</b>	<b>Chair Joe Publicity Alfonso Facility Hector</b>

## RE-CERTIFYING AND ASQ CERTIFICATIONS

STEVEN SCHAFER

Out of a total of 7 member(s) whose **certifications expired June 2006**, 5 will lose their certifications if they do not re-certify by the end of December 2006, 0 member(s) re-certification are being processed and 2 member(s) completed their re-certifications.

Out of a total of 7 member(s) whose certifications **will expire December 2006**, 5 will lose their certifications if they do not re-certify by the end of June 2007, 1 member(s) re-certifications are being processed and 1 member(s) completed their re-certifications.

**Some members are already re-certifying early!** As long as you have enough points to re-certify early, you can. Your Certifications will be extended 3 years beyond the certification expiration date you currently have for your certification. So you don't lose anything by re-certifying early. Out of a total of 8 member(s) whose certifications will expire June 2007, 8 will lose their certifications if they do not re-certify by the end of December 2007, 0 member(s) re-certifications are being processed and 0 member(s) completed their re-certifications.

If anyone has questions on how to re-certify to extend their ASQ Certifications and/or how to synchronize them if they have more than one, please let me know. Re-certifying by exam now costs more money, since the prices went up January 2005 and is a lot more difficult than re-certifying. You can reach me, the Re-Certification Chair, at 915-612-7392 during working hours and at 915-584-0033 after hours. Both numbers have answering machines and if I don't answer, I will call you as soon as I can. You can also reach me via the Internet at **my new e-mail address** [spikequate@sbcglobal.net](mailto:spikequate@sbcglobal.net). I am ready to help with any questions you might have about Re-Certifying or about any ASQ Certifications you might have. Call me. The Re-Certification Journal is at the following link <http://www.asq.org/certification/recertification/rucredits/index.html> .

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Our Section is on-line! Make a suggestion – win a FREE meal! <http://asq1401.org>