



W. Edwards Deming®

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The W. Edwards Deming Institute®

Korean translation: *Out of the Competition*

The Korean Standards Association Consulting Company and MIT Press recently released a Korean version of *The New Economics*, retitled *Out of the Competition*. The publication was made possible thanks in large part to efforts by Kiho D. Sohn, a self-described “1.5 generation” Korean who grew up in the U.S. exposed to the Korean culture.

Sohn believed he held a uniquely advantageous position to introduce new thinking processes in Korea, but initially his efforts to introduce system thinking had little impact.

When a group of professionals asked him to recommend a book for translation, Sohn seized the opportunity to suggest *The New Economics*.

Following thorough market research, the group accepted his suggestion and the translation project began. Two university professors and three industry professionals worked on the translation. Sohn’s role was to assure that the translation contained the intended meanings, not just literal meanings. After several iterations, the translation was completed in less than a year.

To appeal to a Korean audience, *The New Economics* was published under the Korean title, *Out of the Competition*. The back cover carries reviews and praise from major companies in Korea. Sohn has given lectures in Korea to promote the translation to major companies and universities. ■



courtesy MIT Press

“What business ought we to be in five years from now? Ten years now? Will we still be making carburetors?”

— W. Edwards Deming
The New Economics, p. 54.

Deming Medal awarded to Toyoda



Dr. Shoichiro Toyoda

The 2004 Deming Medal has been awarded Dr. Shoichiro Toyoda, Honorary Chairman of Toyota Motor Corporation. The medal, which is awarded annually by the American Society for Quality (ASQ), was presented to Dr. Toyoda at ASQ’s annual congress in Seattle.

The citation for the 2004 medal reads: “Awarded to Dr. Shoichiro Toyoda for the Year 2004 for his commitment to continuous improvement within the Toyota Motor Corporation, his commitment to the strategic importance of quality, and his leadership in working to improve societal and environmental welfare through application of the Deming principles of management.”

Dr. Toyoda assumed the presidency of the integrated Toyota Motor Corporation upon the merger of the sales and production organizations in 1982, and served as chairman from 1992 to 1999. Toyoda earned B.S. and Ph.D. degrees in engineering at Nagoya University. In 1980, he received the Deming Prize in Japan for his contributions to quality control. In 1984, he received Japan’s prestigious Medal with Blue Ribbon for outstanding public service through business.

Dr. Toyoda is a prominent spokesman for the automotive industry and has served as chairman of the Japan Automobile Manufacturers Association. He also has served as both vice chairman and chairman of the Japan Federation of Economic Organizations (Keidanren), and currently serves as honorary chairman of the organization. ■

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The W. Edwards Deming Institute®
 fostering understanding of
 The Deming System of Profound Knowledge®

Letters to the Editor

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Pass Along

6 April 1981

Dear Sir,

Your article about Japan in TIME for 30 March 1981 is excellent, but the paragraph concerning my work is ridiculous and can do a lot of harm to American industry at the very time when they need guidance. Dr. Deming did not just give a lecture in 1950. He gave 35 lectures in the summer of 1950 to engineers and to top management. Six months later he was there again, and six months after that yet again. He has made 19 trips to Japan.

One trouble with American industry today is that top management supposes that one lecture or one day will do it. "Come, spend a day with us, and do for us what you did for Japan, that we too may be saved." It is not so simple. Few people in top management in America understand their responsibilities and know that they must serve a life term on quality and productivity from now on, under competent leadership.

W. Edwards Deming

W. Edwards Deming

To the Editor
 TIME



Deming Interaction is the newsletter of The W. Edwards Deming Institute.® The Institute's aim is to foster understanding of The Deming System of Profound Knowledge® to advance commerce, prosperity and peace. We welcome participation. Participation in the Institute means that we share Dr. Deming's vision of a better world. We participate because we strive, with joy, to carry on the work that he began. We seek to conduct ourselves in a manner consistent with his high moral and ethical standards, professional and personal integrity, and commitment to lifelong learning. We do this solely from our dedication to the philosophy and values of Dr. Deming and our belief that together, we can and will make a difference in the quality of life for everyone.

The W. Edwards Deming Institute® is a volunteer, nonprofit organization. There is no paid staff. Volunteers, including conference speakers, members of the design council, and the board of trustees, all donate their time to the Institute.

Contributions welcome

The Institute welcomes your charitable donation to further its educational programs. To make a contribution, please contact the Institute at the address below.

Send address changes to:

The W. Edwards Deming Institute®
 PO Box 59511
 Potomac, MD 20859-9511
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 Facsimile: 301-294-8406

Please direct comments and suggestions regarding this newsletter to March Jacques (262-786-9336 or jacques045-di@yahoo.com).

**Letters to the editor should be addressed to
 The W. Edwards Deming Institute®
 PO Box 59511, Potomac, MD
 20859-9511 or emailed to staff@deming.org.**

I have held a job in the medical equipment industry for 23 years. I took an interest in teamwork and quality during my tenure that led me to read Mary Walton's book, *The Deming Management Method*. I have been hooked on Dr. Deming ever since. I am not a trained statistician although I have taught myself the basics. I realize my limitations, but I actually consider it my strength because I have an objectivity that seems greatly lacking in U.S. industry in general. I subscribe to your newsletter and periodically make a donation. For the greater part of my career, I performed at a high level yet have been powerless to change the systems I work in. I suggest and prompt management to make systemic changes but see few results. It is business as usual.

It is difficult to promote change when you have not the power to affect it. I have documented improvements that had almost no monetary cost but because of powerless employees whose thoughts and ideas are largely thrown on the trash heap, these thoughts were not even considered. I have documented actual suggestions based on a system approach to problem solving that were rejected. I have seen people controlled by management with numbers or objectives with inefficiency as a result. I have been employed by two companies that HAD greater than 50 percent U.S. market share, resting on their laurels. They would not listen to the input of a new employee with a fresh perspective. (They won a major quality award for dynamic self-directed teams.)

I observe the U.S. auto companies on a daily basis. Do they really think they can fool the public? Toyota and Honda products are drenched in quality. No huge rebates, no exaggerated warranties, just wonderful quality.

What prompted me to write this letter was the response of Donald Petersen and his statement that, "Nine out of ten problems rest with management". The words are right, but the organization he left, from a market perspective, speaks differently. Perhaps this message did not get communicated down to the production workers and engineers. Perhaps they were not empowered with fear removed.

Thanks for listening. I now return to the quagmire of internal competition (as if external competition is not enough), to lip service to quality and the same mistakes repeated over and over and over.

Daniel Lang

Just an employee trying to do a good job

Transformation is not improvement!

Under this provocative title, the 2005 UK Deming Transformation Forum set out to establish just why best efforts at improvement are not enough to revolutionize organizations – and what approaches might be required.

Offering an eclectic mix of powerful theory and real life experiences shared with candor and humility, the forum's cadre of international speakers energized participants from all over the world and attracted coverage from the BBC. (See "Deming in the News.")

From the opening session – where Brian Swain asked: "what has beauty got to do with business?" – the forum set a cracking pace. Arie de Geus, author of *The Living Company*, demonstrated how sociable birds engage in "flocking," thereby sharing their learning and increasing their fitness as a species.

Debbie Ray of the award winning Good Samaritan Hospital, and Norman Hardie of Airbus were among the practitioners who shared the details of their journeys, demonstrating how the application of Dr. Deming's System of Profound Knowledge can achieve unprecedented results.

For many the highlight of the forum was a presentation from someone who never heard of Deming! Richard Noble – the man who led the team that broke the World Land Speed Record on a shoestring budget – talked with passion and energy about the project, about teamwork and leadership, about vision and system optimization. He stood every accepted idea on its head – and broke the sound barrier. ■

– *Courtesy of Hazel Cannon*

Deming's statistical papers in the spotlight

Would you like to present one of Dr. Deming's statistical papers at the Symposium on Deming's Analytic Papers in New York City, September 26, 2005? The Deming Institute and Fordham University are co-sponsoring this one-day symposium that features Deming's statistical work.

Many people know Deming mainly for his work in management. However, in statistical and legal communities he is better known for his analytic work, especially sampling theory and practice. He is known to have handled 50 or more legal cases in a year.

Dr. Deming wrote hundreds of statistical papers and articles. Some focused on theory

and methods, such as "Probability as a Basis for Action" and "Some Contributions to Statistical Inference and Practice."

Others concerned cases he worked on, such as "Trends in the Diagnosis of Schizophrenia," "Mental Health and the Deaf," and "On a Rational Relationship for Certain Costs of Handling Motor Freight." A list of his papers appears on the Institute web site under "Resources-Publications."

To present one of Deming's statistical papers, email orsini@fordham.edu or telephone 212-636-6219. Register for the symposium on the web at www.deming.org/calendar/index.html. ■

Call for papers 12th International Research Seminar

The W. Edwards Deming Institute® and Fordham University have issued a call for papers for the Twelfth Annual International Research Seminar, which will be held February 13-14, 2006 in New York City. Papers that link Dr. Deming's work to academic literature or to the works of other great thinkers are particularly sought, as are papers that extend or expand Deming's work, and papers that describe applications of Deming's management ideas in organizations.

The annual research seminar brings together people from around the world, and from a variety of specialties, to develop an understanding of Dr. Deming's theories in a wide-ranging context. For a list of topics and speakers from the last research seminar, go to: <http://www.deming.org/calendar/11thannualseminarFeb2005.html>.

To be considered, papers must be original work. Proposals of 200 words or less should be sent by October 3, 2005 to WEDresearch@fordham.edu. For more information about submitting a paper, please send an email or call 212-636-6219. ■

Deming's Famous Four-Day Seminar on Video

Dr. Deming is at the podium again delivering his management message in a videotape collection available from The W. Edwards Deming Institute®.

The Deming Four-Day Video Set is a 12-hour video collection, available in video tape (NTSC, PAL, SECAM) or DVD format.

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Outside U.S. (PAL Format) – \$445
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DVD Selection

NTSC U.S. DVD Set - \$275
NTSC International DVD Set - \$325

To order, visit the Institute's web site:
<http://www.deming.org/resources/video.html>
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telephone 301-294-8405;
email staff@deming.org.**

Heart Healthy Waukesha County receives state health award

The Wisconsin Public Health Association (WPHA) recognized Heart Healthy Waukesha County for “Special Achievement of a Public Health Partnership” during the association’s annual conference in May. Heart Healthy Waukesha County is an outgrowth of the Deming Institute’s Community Partnership Project (a.k.a., Tacoma project) and is supported in part by the Deming Institute.

Heart Healthy Waukesha County is the recipient of the WPHA’s partnership award, which was created in 2002 to recognize special contributions to public health by a partnership of two or more groups working together to achieve a common public health goal. Heart Healthy Waukesha County received the award for demonstrating the power of collaboration in influencing healthy behavior change.

Launched by the Waukesha County Health Council in partnership with the Center for

Quality and Innovation of Waukesha County Technical College (WCTC), the initiative is an alliance of 20 some healthcare providers, educational institutions, businesses, government, and community based organizations with a shared mission to improve cardiovascular health. The project attempts to apply Dr. Deming’s theories in a systems approach to community health improvement.

In 2004, Heart Healthy Waukesha County completed a collaborative action project that assisted nine cross-organizational teams in launching health improvement initiatives. Team projects touched more than 7000 people during their first year. The collaborative was modeled on the Breakthrough Collaborative developed by the Institute for Healthcare Improvement and used in the Tacoma Collaborative on Family Violence. Additional details on project activities are available at www.healthywaukesha.com. ■

Deming in the news

BBC and *Fortune* discuss Deming influence

The British Broadcasting Corporation (BBC) interviewed participants and speakers at the 2005 UK Forum for a feature on Dr. Deming’s system of management to air in the June 30 broadcast of *In Business* on UK Radio 4. *In Business* covers trends and developments in industry and the world of work, and purports “to report on ideas coming over the horizon, just before they start being talked about.” The BBC broadcast is available online at <http://www.bbc.co.uk/radio4/news/inbusiness/index.shtml>. For additional information on the BBC world service broadcast, check www.deming.org.uk.

In the U.S. media, the June 27 edition of *Fortune* magazine discussed Dr. Deming’s work in Japan in the 1950s as part of a special issue on “How to Make Great Decisions.” The story of Deming in Japan is featured among stories of twenty key decisions that made history. You will find the piece in *Fortune*’s archives at <http://www.fortune.com>.

To read some of what Dr. Deming had to say about what happened in Japan, see his 1981 letter to the editor of *Time* magazine reproduced in this issue of the *Deming Interaction*. As for Japan today, the *Fortune* article says “don’t blame Deming for Japan’s current economic problems, which have to do with banking and politics, not quality.” ■

Better thinking for a better future

The In2:InThinking Network (In2:IN) held its Fourth Annual Forum, “*Daring to Lead – Influencing Better Thinking for a Better Future*,” in April in Los Angeles, CA.

Keynote presentations included thought provoking speeches by Karen Ayas, Rick Stephens, Gerald Suarez, and Ginny Wiley. Russell Ackoff joined these keynote speakers in a closing panel discussion. A slideshow tour of the forum is available online at <http://cutienbama.com/In2InThinking2005/>.

The aim of the In2:IN and its annual Forum is to increase the consciousness of better thinking in individuals and organizations. The 2005 forum was made possible through the efforts of an international network of volunteers and sponsors, including The W. Edwards Deming Institute® and The Boeing Company.

Attendees traveled from across the United States and from as far away as the United Kingdom to take part in the weekend conference, which was preceded by two days of pre-conference workshops.

Mark your calendar for the Fifth Annual Forum in Los Angeles on March 30-April 2, 2006. For more information on the In2:IN, including this year’s Forum and newsletter, please visit the In2:IN website at www.in2in.org. ■

– Courtesy of Williams Bellows

Scholarships available

The Deming Institute offers five \$1000 travel grants each year to enable individuals to study Dr. Deming’s papers at the Manuscript Division of the Library of Congress in Washington, D.C. The Institute also makes scholarships available for students and others to attend Institute conferences, which are held in October each year. The conference scholarships cover registration fees and travel expenses up to \$1000. For additional information or to apply for a scholarship, contact staff@deming.org. Conference details are available at www.deming.org. ■

Future Vision – What do we need to leave behind?

**The W. Edwards Deming Institute®
Annual Fall Conference**

**October 21-23, 2005
Purdue University
West Lafayette, IN**



The W. Edwards Deming Institute®
fostering understanding of
The Deming System of Profound Knowledge®

As we move into the future, what types of practices – business and personal – need to change? What habits need to be stopped? Which need to be adopted and cultivated?

Join The W. Edwards Deming Institute® when the Annual Fall Conference gets underway with a Friday evening reception, October 21, at the Purdue Memorial Union. Dr. Dennis Depew, Dean of Purdue’s School of Technology will welcome conference goers. The reception will feature hot hors d’oeuvres and time to connect with friends, both old and new.

Plenary Speakers: Visions of future possibilities

Saturday morning: Prof P.N. Murthy, India

*Can Global Harmony be our Future?
A Systemic Inquiry into the Possibility*

Saturday night: Marcia Daszko, USA

Inspiring Legacy – How are We Doing?

Sunday morning: David Train, United Kingdom

(title TBD)

Parallel Tracks

Metrics. Leadership and Management.
Opportunities and Practices.

Metrics Track

Victor W. Lowe, Jr., Ph.D.

*Forecasting the Future Use of Metrics
as Decision Support Tools*

Dave Schwinn

Let Us Say That No Community Need Be Poor

Larry Smith

Back to the Future

Deming Study Group of Greater Detroit –
Panel Discussion

The Future of Metrics and Human Dignity

Leadership and Management Track

Harold S. Haller, Ph.D.
Haller and Associates

The Future Role of Managers: Coach and Mentor

Martin G. Carver
CEO, Bandag Corp.

*The Joys and Frustrations of Creating a Learning Company
in the Environment of a Mid-sized Publicly Traded Company*

Hazel Cannon
UK Deming Forum

Transformation by Exemplary Leadership

Alan Winlow
UK Deming Forum

The Bell Boat – A School on Water

Opportunities and Practices Track

Barbara B. Lawton, Ph.D.

Nature’s Secrets for Successful Transformation

Ian Bradbury, Ph.D.

*The Use of Quality as a Business Strategy in Pursuing
Future Vision at Peaker Services, Inc.*

Jim Windle, Ph.D.

Purdue University, Panel Discussion by Graduates

*Leadership Strategies for Quality and Productivity,
and Leadership for Lean Enterprise*

Edward D. Rothman, Ph.D.

University of Michigan

*On the Use of Mastery and other Strategies to
Avoid the Peter Principle*

**Abstracts and speaker bios are available on Institute
web site: www.deming.org.**

Interaction is a hallmark of conferences sponsored by The W. Edwards Deming Institute®. This year it starts with the Friday night reception and continues through a Saturday afternoon that provides conference goers an opportunity to interact with the speakers and further explore ideas generated during the day's sessions.

The conference concludes Sunday with a panel of long-term students of Dr. Deming who will delve deeply into ideas that they have encountered that they believe vary from Dr. Deming's work. This is an unusually rich opportunity to take advantage of the thinking of people who worked intimately with Dr. Deming.

Conference Schedule

Friday, October 21

7:00pm - 10:00pm - Reception

Saturday, October 22

7:00am - 8:00am – Registration and continental breakfast

8:00am - 5:00pm – Conference

7:00pm - 10:00pm – Dinner and speaker

Sunday, October 23

7:00am - 8:00am – Continental Breakfast

8:00am - Noon – Conference

Registration Fee: \$200

Location

Stewart Center

Purdue University

College of Liberal Arts,

100 N. University St.,

West Lafayette, IN 47907-2067, USA

<http://www.sla.purdue.edu/buildings/stew/>

Lodging

A block of 100 rooms is available to conference participants at the Union Club Hotel at the rate of \$83.00 plus tax per night.

Union Club Hotel (next to Stewart Center)

Purdue Memorial Union

101 North Grant Street

West Lafayette, IN 47906-3574, USA

<http://www.union.purdue.edu/PMUC.html>

Reservations: 1-800-320-6291 or 765-494-8913

Popular seminar repeated

How to Create Unethical, Ineffective Organizations that Go Out of Business

(Organizations Do It, But Do You Know How?)

October 19-21, 2005

Indianapolis, IN

Hotel TBA

Twenty-seven faulty management and corporate governance practices create most of the problems in any organization. Learn to identify faulty practices and what to do instead.

When better practices are introduced, quality of products and services increase. Costs decline. And you create a globally competitive advantage for your organization.

Learn how governance practice leads to the heaviest losses. How inconsistencies between policy and strategy create sub-optimal outcomes. How mismanagement of people leads to unethical and ineffective behavior. Learn how to overcome these problems.

Study the theory and practice of management. Not quality management, not good management, not excellent management, not knowledge management, not risk management, not process management, not performance management, not supply or asset management, not technology management, not time management, not emergency management. Just plain management.

If you were arrested for managing your organization, could they find enough evidence to convict you? Isn't it about time you really managed your company for the future?

Isn't it time you learned the Deming management method?

Simple, powerful principles for anyone who manages or leads people.

Fee: \$495 per registrant

Register online at www.deming.org, under "Events," fax to 301-294-8406, or telephone 301-294-8405.

Mark your calendar

September 26, 2005
Symposium on Deming's Analytic Papers
 New York City

October 19-21, 2005
How to Create Unethical, Ineffective Organizations That Go Out of Business
 Indianapolis, IN

October 21-23, 2005
Annual Fall Conference Future Vision – What do you need to leave behind?
 West Lafayette, IN

February 13-14, 2006
Twelfth Annual Research Seminar
 New York City

October 14-15, 2006
Fall Conference Leadership to Achieve
 Washington, DC

For reflection

Dr. Deming provides the following example in Out of the Crisis:

“A small manufacturer of shoes was having trouble with his sewing machines, rent of which was costly. The operators were spending a lot of their time rethreading the machines, a serious loss.

“The key observation was that the trouble was common to all machines and to all operators. The obvious conclusion was that the trouble, whatever it was, was common, environmental, affecting all machines and all operators. A few tests showed that it was the thread that caused the trouble. The owner of the shop had been purchasing poor thread at bargain prices. The loss of machine-time had cost him hundreds of times the difference between good thread and what he had been buying. Bargain prices for thread turned out to be a costly snare.

“This was an example of getting rooked by the lowest bidder and being taken in by price alone without regard to quality or performance.

“Better thread eliminated the problem. Only management could make the change. The operators could not go out and buy better thread, even if they had known where the trouble lay. They work in the system. The thread was part of the system.

“Prior to the simple investigation that found the cause, pedestrian but effective, the owner had supposed that his troubles all came from inexperience and carelessness of the operators.

– *Out of the Crisis*, pp. 377-378

How much of our energy is spent trying to fix the people who work in the system, when the trouble comes from causes built into the system by the policies and actions of management?

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