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## **Drastic Changes for Western Management**

W. Edwards Deming

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W. Edwards Deming

### **ABSTRACT**

This report is a compact summary of the most important points that Dr. W. Edwards Deming has been making about changes that must be made by American businesses if they are to be competitive. Consider one of these points, for example. Many commentators have pinpointed foreign competition as the primary cause for the troubles now being experienced by American industry. Dr. Deming, however, states that these problems are mainly self-inflicted.

**KEYWORDS:** *Management problems; Necessary changes; Consistency of understanding; Consistency of effort; Knowledge needed; Profit; Growth; The loyal customer; Design of product; Design of process; Stable system; Responsibility of management; Constant improvement of design and of process at the source.*

## Drastic Changes for Western Management

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The biggest problem that most any company in the Western world faces is not its competitors, nor the Japanese. The biggest problems are self-inflicted, created right at home by management that are off course in the competitive world of today.

Systems of management are in place in the Western world that for survival must be blasted out; new construction commenced. Patchwork will not suffice.

Everyone doing his best is not the answer. Everyone is doing his best. It is necessary that people understand the reason for the changes that are necessary. Moreover, there must be consistency of understanding and of effort.

There is much talk about the need to improve quality and productivity. Moreover, everyone knows exactly how to go about it. It is for other people to accomplish, not for me.

In the eyes of many people in management, the big trouble is that a lot of employees in operations and in management as well are careless and neglectful on the job. One writer has the solution – hold all employees accountable for job behavior as well as for the results expected of them. The fact is that performance appraisal, management by the numbers, M.B.O., and work standards, have already devastated Western industry. More of the same could hardly be a solution.

The annual rating of performance has devastated Western industry. Work standards double the cost of the operations that they are applied to.

Other writers see information as the solution. Anyone can improve his work, they say, if he has enough information. The fact is that a figure by itself provides no information, has no meaning, no interpretation, in the absence theory. In short, there is no substitute for knowledge, and a figure by itself is not knowledge.

Other people put their faith in gadgets, computers, new machinery, and robotic machinery. Solving problems is not the answer, nor improvement of operations. They are not the transformation required.

It will not suffice to match the competition. He that declares his intention to meet the competition is already licked; his back to the wall. Likewise, zero defects are a highway down the tube. The sad truth is that all parts of an apparatus may meet the specifications, yet the apparatus may be unsatisfactory or maybe even be a total failure. It is necessary in this world to outdo specifications, to move continually toward better and better performance of the finished product.

Likewise, it will not suffice to have customers that are merely satisfied. Satisfied customers switch for no good reason, just to try something else. Why not? Profit and growth come from customers that can boast about your product or service – the loyal customer. He requires no advertising or other persuasion, and he brings a friend along with him.

Western management has for too long focused on the end product – get reports on people, productivity, quality, sales, inventory. It is necessary that management shift the focus to management's responsibility for the source of quality and service, viz., design of product and of the processes that turn out the product and service. Management in the Western world have too long been driving the automobile by keeping an eye on the rear view mirror (Myron Tribus).

Recognition of the distinction between a stable system and an unstable one is vital for management. A stable system is one whose performance is predictable; it appears to be in statistical control.

For example, if a plot of points shows that the number of fires per month on the premises over two

or three years has been stable, then only fundamental changes by the management will reduce the frequency of fires.

It is instructive to look at a plot of proportion of people week by week over the past two years. Does the plot show a stable system? If yes, then only the management can reduce it. Plots of weekly proportions of people absent from the job, number of accidents, frequencies of complaints of customers, costs of warranty, sales, outgoing quality, costs, scrap, rejections, accounts overdue by four weeks or more, will show where the responsibility for improvement lies.

Incidentally, such plots make clear the futility and fallacy of management by the numbers. A goal that lies beyond the capability of the system can not be achieved except at the destruction of other systems in the company. What is needed for management is not goals, but constant improvement of design and of processes at the source, the responsibility of management.