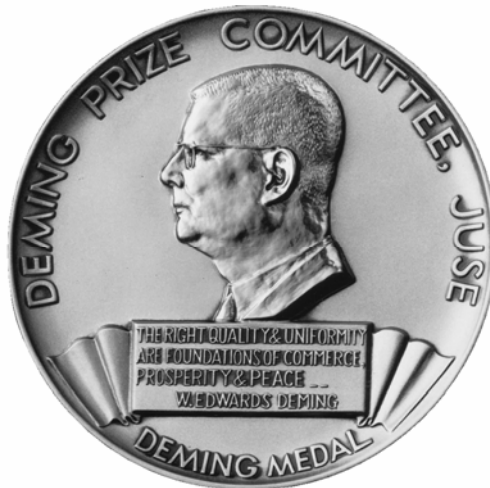


THE DEMING PRIZE GUIDE

2010

For Overseas



The Deming Prize is one of the highest awards on TQM (Total Quality Management) in the world. It was established in 1951 in commemoration of the late Dr. William Edwards Deming who contributed greatly to Japan's proliferation of statistical quality control after the World War II. His teachings helped Japan build its foundation by which the level of Japan's product quality has been recognized as the highest in the world.

THE DEMING PRIZE COMMITTEE
Union of Japanese Scientists and Engineers

Dr. William Edwards Deming

Dr. W. E. Deming was born in Sioux City, Iowa, United States in October 14, 1900. After Graduating from University of Wyoming, Dr. Deming successively held prominent positions such as university lecturer, engineer for the United States Department of Agriculture, lecturer of the National Bureau of Standards, consultant for the Secretary of the Army, and professor of the New York University. His career continued as he actively engaged in consulting and instructing of Quality Management for the government agencies and companies.

Dr. Deming is the internationally-respected authority in the field of statistics, especially the sampling theory as well as its practice and is one of the founders of the statistical quality control in the U.S. From 1950 and onward, Dr. Deming provided considerable contribution to post-war Japan in order to develop and advance the statistical quality control in the country. For his such efforts, he was awarded the Second Order of the Sacred Treasure by the Japanese Government.

Dr. Deming passed away on December 20, 1993 at the age of 93.

Cover page shows the Deming Medal with Dr. Deming's side face image and his word "THE RIGHT QUALITY & UNIFORMITY ARE FOUNDATIONS OF COMMERCE, PROSPERITY & PEACE" engraved on it designed by late Yoji Yamawaki, former professor of the Tokyo National University of Fine Arts and Music. The medal is awarded to the Deming Prize Winner.

THE DEMING PRIZE GUIDE

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HOW WAS THE DEMING PRIZE ESTABLISHED?

The late Dr. W. E. Deming (1900 - 1993), one of the foremost experts of quality control in the United States, was invited to Japan by the Union of Japanese Scientists and Engineers (JUSE) in July 1950.

Upon his visit, Dr. Deming lectured day after day his “Eight-Day Course on Quality Control” at the Auditorium of the Japan Medical Association in Kanda-Surugadai, Tokyo. This was followed by Dr. Deming’s “One-Day Course on Quality Control for Top Management,” held in Hakone. Through these seminars, Dr. Deming taught the basics of statistical quality control plainly and thoroughly to executives, managers, engineers and researchers of Japanese industry. His teachings made a deep impression on the participants’ mind and provided great impetus to quality control in Japan, which was in its infancy.

The transcript of the eight-day course, “Dr. Deming’s Lectures on Statistical Control of Quality,” was compiled from stenographic records and distributed for a charge. Dr. Deming donated his royalties to JUSE. In appreciation of Dr. Deming’s generosity, the late Mr. Kenichi Koyanagi, managing director of JUSE, proposed using it to fund a prize to commemorate Dr. Deming’s contribution and friendship in a lasting way and to promote the continued development of quality control in Japan. Upon receiving the proposal, the JUSE's board of directors unanimously made a resolution to establish the Deming Prize.

Later, the Japanese translation of Dr. Deming’s book *Some Theory of Sampling* was published. Dr. Deming further contributed to the fund using the royalties from his book. Since then, the Deming Prize has grown considerably, and today JUSE carries the overall administrative costs for the prize.

CATEGORIES OF THE DEMING PRIZE

As shown in the table below, the categories of the Deming Prize are the Deming Prize for Individuals, the Deming Distinguished Service Award for Dissemination and Promotion (Overseas) and the Deming Application Prize.

The Deming Prize for Individuals	For individuals or groups
	Given to those who have made outstanding contributions to the study of TQM or statistical methods used for TQM, or those who have made outstanding contributions in the dissemination of TQM
The Deming Distinguished Service Award for Dissemination and Promotion (Overseas)	For individuals whose primary activities are outside Japan
	Given to individuals who have made outstanding contributions in the dissemination and promotion of TQM. Examination will be carried out every 3-5 years.
The Deming Application Prize	For organizations such as companies, institutes, divisions of organizations, operational business units and headquarters office (organization, hereafter)
	Given to organizations that have implemented TQM suitable for their management philosophy, scope/type/scale of business, and management environment (Annual award)

DEFINITION OF TQM

Definition of TQM (Total Quality Management) (revised in October 2009)

The Deming Prize Committee defines TQM as follows:

Text

TQM is a set of systematic activities carried out by the entire organization to effectively and efficiently achieve the organization's objectives so as to provide products and services with a level of quality that satisfies customers, at the appropriate time and price.

Explanation

1. "Systematic activities" refers to the organized activities to achieve the organization's mission (objective) under the top management's firm determination and leadership by establishing the clear mid- and long-term vision and strategy as well as the appropriate quality strategies and policies.
2. "Carrying out by the entire organization effectively and efficiently" refers to involve everyone at all levels and all parts of the organization so as to achieve the business objectives speedily and efficiently with the least management resources. This is accomplished through an appropriate management system that has a quality assurance system at its core, and it integrates other cross-functional management systems such as cost, delivery, environment and safety. The respect for humanity value encourages the organization to develop human resources which uphold its core technology, speediness and vitality. The organization maintains and improves its processes and operations and uses appropriate statistical techniques and other tools. Based on facts, the organization manages its business by rotating the management cycle of PDCA (plan, do, check and act). The organization also rebuilds its management system by utilizing appropriate scientific methods and information technology.
3. "Organization's objectives" are to aim for ensuring the appropriate profit and growth in the long term by achieving consistent and continuous customer satisfaction as well as to increase the employees satisfaction, the benefit to all the stakeholders includes society, business partners, and shareholders.
4. "Provide" refers to the series of activities from producing "products and services" to delivering them to the customers include research and study, planning, development, design, production preparation, purchasing, manufacturing, installation, inspection, order-taking, distribution, sales and marketing, maintenance, after-sales services, and after-usage disposal and recycling.
5. "Products and services" refers to all the benefits that are delivered to the customers include finished products, its parts and materials, system, software, energy, and information.

6. "Quality" refers to the usability (in functional and psychological aspect), reliability, and safety. Also, in defining "quality", influence on the third parties, society, environment, and future generations needs to be considered.
 7. "Customers" not only refers to the buyers but also stakeholders include the users, consumers, and beneficiaries.
- For any organization, the shortest way to win the Deming Application Prize is to manage its business in the most appropriate manner to the organization. It is undesirable to conduct unnecessary activities for its fundamental business just for the sake of the examination. Such activities will not help the organization with its examination; rather they may negatively affect the examination.
 - The emphasis of the examination is on whether or not the organization has developed a unique brand of TQM suitable for its business and scale. It does not require all the applicant organizations to uniformly follow the same brand of TQM.
 - If the organization just copies the format of TQM from others or if it prepares rules and standards more than necessary under the name of TQM, such activities will not support receiving the Prize.
 - Some regards that the advanced statistical methods must be used to pass the examination, however, it is a misunderstanding.
 - Including new activities that are suitable for the applicant organization's business and scale are highly respected.

THE DEMING PRIZE AND DEVELOPMENT OF QUALITY CONTROL/MANAGEMENT IN JAPAN

The Deming Prize, especially the Deming Application Prize that is given to organizations, has exerted an immeasurable influence directly or indirectly on the development of quality control/management in Japan.

Applicant organizations sought after new approaches to quality management that met the needs of their business environment and challenged for the Deming Prize. Those organizations developed effective quality management methods, established the structures for implementation and put the methods into practice.

Commonly, those who have challenged for the Prize share the feeling that they have had a valuable experience and that the management principle of achieving a business success through quality improvement has really worked. Through witnessing the success of these organizations, many other organizations have been inspired to begin their own quest for quality management. Learning from those who went before them, the new practitioners are convinced that quality management is an important key to their business success and that the challenge to attain the Prize can provide an excellent opportunity to learn useful quality methodologies. Thus, quality management has spread to many organizations, its methods

have evolved over the years and the methods contributed to the advancement of these organizations' improvement activities.

This mechanism that encourages each organization's self-development comes from the examination process of the Deming Prize, though the very process has invited some criticism that the marking criteria for the Deming Application Prize is unclear. To make the examination process more transparent and to communicate the intentions of the Deming Prize more clearly, the evaluation criteria and the judgment criteria for passing are now presented.

However, the Committee's basic stance on the examination criteria remains unchanged. Namely, the criteria should reflect each applicant organization's circumstance.

The Deming Prize examination does not require applicants to conform to a model provided by the Deming Prize Committee. Rather, the applicants are expected to understand their current situation, establish their own themes and objectives and improve and transform themselves organization-wide. Not only the results achieved and the processes used, but also the effectiveness expected in the future are subjects for the examination. To the best of their abilities, the examiners evaluate whether or not the themes established by the applicants were commensurate to their situation; whether or not their activities were suitable to their circumstance and whether or not their activities are likely to achieve their higher objectives in the future.

The Deming Prize Committee views the examination process as an opportunity for "mutual-development," rather than "examination." While in reality the applicants still receive the examination by a third party, the examiners' approach to evaluation and judgment is comprehensive. Every factor such as the applicants' attitude toward executing Total Quality Management (TQM), their implementation status and the resulting effects are taken into overall consideration. In other words, the Deming Prize Committee does not specify what issues the applicants must address, rather the applicants themselves are responsible for identifying and addressing such issues, thus, this process allows quality methodologies to be further developed.

Total Quality Control (TQC) that had been developed in Japan as discussed above was re-imported to the United States in the 1980s and contributed to the revitalization of its industries. While the term TQC had been used in Japan, it was translated as TQM in western nations. To follow an internationally-accepted practice, Japan changed the name from TQC to TQM.

There is no easy success at this time of constant change. No organization can expect to build excellent quality management systems just by solving problems given by others. They need to think on their own, set lofty goals and drive themselves to challenge for achieving those goals. For these organizations that introduce and implement TQM in this manner, the Deming Application Prize aims to be used as a tool for improving and transforming their business management.

STRUCTURE AND ROLES OF THE DEMING PRIZE COMMITTEE

The Deming Prize Committee conducts the examination and awards the Deming Prize. It is customary that the chairman of the Japan Foundation of Economic Organizations (Keidanren) assumes office as the chairman of the Committee. The Committee members are consisted of TQM experts from industries and academia. The Deming Prize Committee consists of the Deming Prize Steering Committee and five subcommittees to carry out the Deming Prize examination and discuss related matters.

The Deming Prize Committee	Determines the prize winner among candidates based on the examination report submitted by each respective subcommittee.
The Deming Prize Steering Committee	Establishes fundamental policies and scheme of the Deming Prize operation as well as overall planning.
The Total Adjustment Subcommittee	Coordinates Deming Prize-related activities, widely listens to input on how to improve the examination and award process and reports its recommendations to the Committee.
The System Amendment Subcommittee	Reviews the systems and regulations regarding the Deming Prize and proposes necessary revisions to the Committee.
The Deming Prize for Individuals Subcommittee	Examines and selects the candidates for the Deming Prize for Individuals and the Deming Distinguished Service Award for Dissemination and Promotion (Overseas).
The Deming Application Prize Subcommittee	Examines and selects the candidates for the Japan Quality Medal and the Deming Application Prize. Also, conducts the TQM Diagnosis by Deming Prize Committee Members*.
The Nikkei QC Literature Prize Subcommittee	Examines and selects the candidates for the Nikkei QC Literature Prize.

(Note) * As for the TQM Diagnosis, see page 22 of this guide.

VARIOUS DEMING PRIZES

1. DEMING PRIZE FOR INDIVIDUALS

1.1 What is the Deming Prize for Individuals?

The Deming Prize for Individuals is an annual award given to

- a) individuals who have made outstanding contributions to the study of TQM or statistical methods used for TQM, or
- b) individuals who have made outstanding contributions in the dissemination of TQM.

The examination will be carried out among candidates with recommendation from the members of the Deming Prize Committee. Any individual who fulfils the above a) or b) can become a candidate for the prize. However, those whose primary activities are limited to outside Japan are not eligible for the prize.

1.2 How to recommend a candidate for the Deming Prize for Individuals

—Due date: July 31st*

(*When the due date for an application or submission falls on a Saturday or Sunday, it will be extended to the following Monday. This rule applies to all of the other submittal due dates.)

The Deming Prize Committee welcomes candidate recommendations from the members of the Deming Prize Committee for the Deming Prize for Individuals.

The recommendation form, which is provided at the end of this booklet, must be completed and submitted.

The recommendation deadline is July 31st.

1.3 Examination

Taking into consideration the record of his/her achievement, The Deming Prize for Individuals Subcommittee examines and selects the candidates for the Prize and reports to the Deming Prize Committee.

1.4 Determination of the winners—Mid October

According to the report by the Subcommittee, the Deming Prize Committee determines the winners of the Prize and notifies them.

1.5 Public announcement of the winners -- Mid October

After the Prize winners have been determined by the Deming Prize Committee as mentioned above, the winners are announced in the following publications and the reasons for receiving the Prize are stated:

- a) The “Nippon Keizai Shimbun” (Japan Economic Journal)
- b) The monthly magazine “Quality Management” (published by JUSE)
- c) The monthly magazine “JUSE News” (JUSE Newsletter)
- d) JUSE Home Page

1.6 Award ceremony—Mid November

The winners receive the Deming Medal with an accompanying Certificate of Merit from the Deming Prize Committee and supplemental prize money from “Nippon Keizai Shimbun.”

1.7 Winners Presentations by prize winners

The Winners Presentations will take place after the award ceremony.

2. Deming Distinguished Service Award for Dissemination and Promotion (Overseas)

- Newly established in 2009 -

2.1 What is the Deming Distinguished Service Award for Dissemination and Promotion (Overseas)?

The Deming Distinguished Service Award is an award given to individuals who have made outstanding contributions in the dissemination and promotion of TQM. Candidates of this award require recommendation from the members of the Deming Prize Committee, and whose primary activities must be limited to outside Japan. Examination will be carried out every 3-5 years among candidates with recommendation from the members of the Deming Prize Committee.

2.2 How to recommend for the Deming Distinguished Service Award for Dissemination and Promotion (Overseas)

—Due date: July 31st

The recommendation form, which is provided at the end of this booklet, must be completed and submitted.

The recommendation deadline is July 31st.

2.3 Examination

Taking into consideration the record of his/her achievement, the Deming Prize for Individuals Subcommittee examines and selects the candidates for the Award and reports to the Deming Prize Committee.

2.4 Determination of the winners—Mid October

According to the report by the Subcommittee, the Deming Prize Committee determines the winners of the Award and notifies them.

2.5 Public announcement of the winners —Mid October

After the Award winners have been determined by the Deming Prize Committee as mentioned above, the winners are announced in the following publications and the reasons for receiving the Award are stated:

- a) The “Nippon Keizai Shimbun” (Japan Economic Journal)
- b) The monthly magazine “JUSE News” (JUSE Newsletter)
- c) The monthly magazine “Quality Management” (published by JUSE)
- d) JUSE Home Page

2.6 Award ceremony—Mid November

The winners receive the Deming Medal with an accompanying Certificate of Merit from the Deming Prize Committee.

2.7 Winners Presentations by award winners

The Winners Presentations will take place after the award ceremony.

2.8 Establishment of the Deming Distinguished Service Award for Dissemination and Promotion (Overseas)

According to the current eligibility of the Deming Prize for Individuals, it can be said that this prize is basically targeted for the Japanese domestic candidates, as outstanding achievement and contributions in Japan are within the scope of examination. While non-Japanese individuals overseas have the slightest chance to fulfill this requirement for the prize, there is a greater necessity today to acknowledge contributions made by non-Japanese individuals as the Deming Prize has recognized internationally. It was our wish as well as the background to establish an award targeted for primary non-Japanese individuals overseas, having the equivalent gravity as the Deming Prize for Individuals.

3. DEMING APPLICATION PRIZE

3.1 What is the Deming Application Prize?

The Deming Application Prize is an annual award presented to an organization that has implemented TQM suitable for its management philosophy, scope/type/scale of business, and management environment. Regardless of the types of business, any organization can apply for the Prize under certain conditions, be it public or private, large or small, domestic or overseas, or part of or entire organization.

There is no limit to the number of potential recipients of the Prize each year. All organizations that score the passing points or higher upon examination will be awarded the Deming Application Prize.

3.2 Organizations Qualified for Receiving the Prize

The Deming Application Prize is given to applicant organizations that have implemented TQM suitable for their management philosophy, scope/type/scale of business, and management environment.

- a) Customer-oriented business objectives and strategies are established in a positive manner according to the management philosophy, type of industry, business scale, and business environment with the clear management belief.
- b) TQM has been implemented properly to achieve business objectives and strategies as mentioned in Item a) above.
- c) The business objectives and strategies in the Item a) above have been achieving effects as an outcome of the Item b) above.

3.3 How to apply for the Deming Application Prize—Due date: February 20th* (*When the due date for an application or submission falls on a Saturday or Sunday, it will be extended to the following Monday. This rule applies to all of the other submittal due dates.)

The application form, which is provided at the end of this booklet, must be completed and submitted with necessary documents as well as the application fee.

The application deadline is February 20th.

3.4 Examination

The Deming Application Prize Subcommittee examines and selects the candidates for the Prize.

A document examination will be carried out based on the Description of TQM Practices submitted by the applicant organization. If the applicant organization passes the document examination, an on-site examination will be conducted. The

Subcommittee makes judgment according to the evaluation criteria and reports the results to the Deming Prize Committee.

The examination process is not open to the public, and all possible measures are taken to ensure the confidentiality of applicant organizations.

3.5 Determination of the winners—Mid October

According to the report by the Subcommittee, the Deming Prize Committee determines the winners of the Prize and notifies them.

In the event that the applicant has not attained passing points, final judgment is reserved and, unless the applicant requests withdrawal, the status is considered as “continued examination.” Subsequent examinations are limited to twice during the next three years.

3.6 Public announcement of the winners—Mid October

After the Prize winners have been determined by the Deming Prize Committee as mentioned above, the winners are announced in the following publications and the reasons for receiving the Prize are stated:

- a) The “Nippon Keizai Shimbun” (Japan Economic Journal)
- b) The monthly magazine “Quality Management” (published by JUSE)
- c) The monthly magazine “JUSE News” (JUSE Newsletter)
- d) JUSE Home Page

3.7 Award ceremony—Mid November

The winners receive the Deming Medal with an accompanying Certificate of Merit from the Deming Prize Committee. The winners also receive a written report on the examination findings (including recommendations for future improvement of their TQM activities.)

3.8 Winners Presentations by prize winners

The Winners Presentations will take place after the award ceremony.

3.9 Status Report and Post-Prize Review Three Years after Receiving the Prize

The prize winner is requested to submit a short report on the status of its TQM practices three years after having received the prize. As a rule, post-prize review for about one-day will be conducted based on the report.

In lieu of this review, the prize winner may also choose the following to further promote and develop its TQM:

- 1) To receive TQM Diagnosis by the Deming Prize Committee Members (refer to page 22).

- 2) To receive the examination for the Japan Quality Medal. (the TQM diagnosis by the Deming Prize Committee is mandatory at least one year prior to your desired year of application. Refer to page 22)

As for the details, please contact the Secretariat for the Deming Prize Committee.

For more detailed information about the application procedures and the examination criteria, please refer to “The Guide for the Deming Prize Application”.

***Examination Expenses and the application fee**

The examination of the Japan Quality Medal/Deming Prize is volunteered by the examiners. However, in order to appropriate for the administrative expenses associated with the examination, the following application fee is made payable:

One examination unit*: JPY1,200,000-*

Two or more examination units:

JPY1,200,000-* + JPY400,000-* per additional examination unit

(eg.) In case of three examination units,

JPY1,200,000-* + JPY400,000-* X 2 = JPY2,000,000-*

* As from 2009, the application fee structure fee has been revised as above.

Please refer to “****what is the on-site examination” below for examination units.

The applicant organization is expected to carry expenses related to examination such as travel and hotel accommodations for the examiners and their accompanying Secretariat member, as well as production cost of the report on examination findings and the summary report of the Winners Presentations.

****What is the Description of TQM Practices?**

DTQMP is a written report that describes the applicant organization’s promotion and implementation of TQM activities from the time of introduction to the time of application, including resulting effects. It is the subject for the document examination to judge if the applicant organization qualifies to stand for the on-site examination. It is also used as a reference for the on-site examination.

*****Document Examination**

The purpose of the document examination is not a screening process to simply limit the number of organizations that can proceed to the on-site examination. Rather, it is to evaluate the level of TQM practices at the applicant organizations based on their documents submitted. In this manner, the document examination serves as a preparatory process so as to carry out the on-site examination without wasting any costs and time, which can be a high burden especially for the overseas organizations.

*****What is the on-site examination?**

When an applicant organization passes the document examination, it proceeds to the on-site examination, which makes the core of the examinations for the Deming Application Prize. The on-site examination is carried out in Japanese. However, English may be used for handout or visual aid materials.

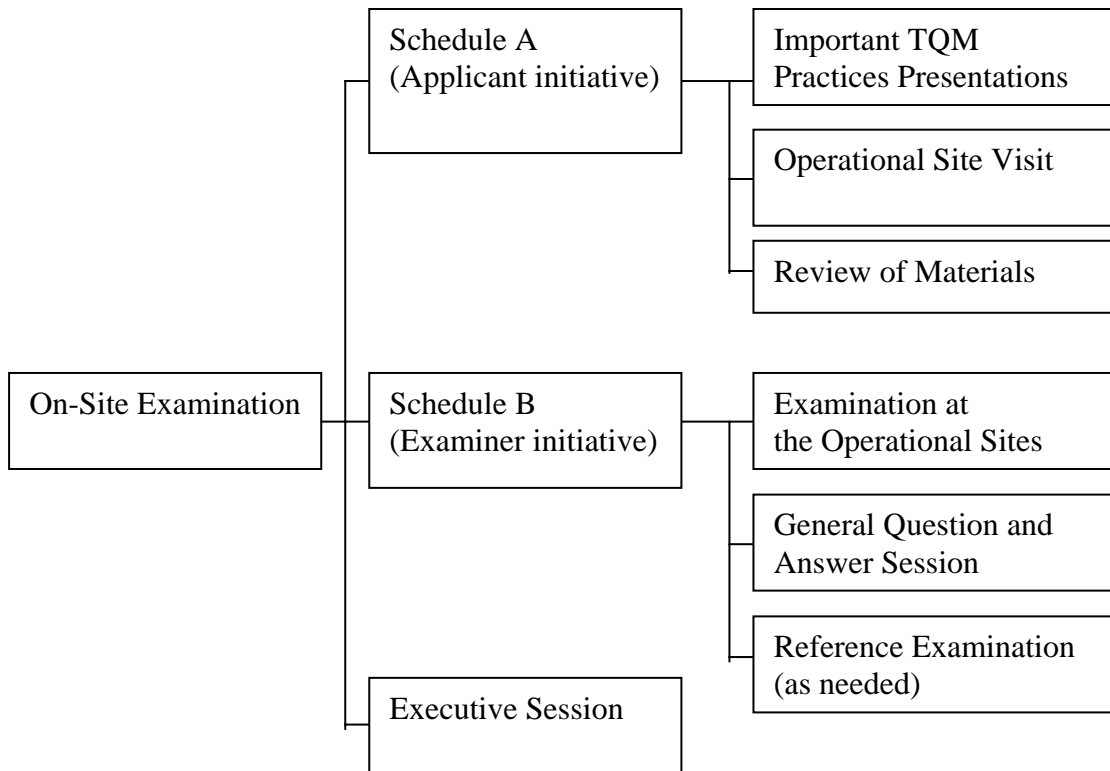
During the on-site examination, the examiners, who have been assigned to an examination unit, visit and investigate the status of its TQM practices referring to its DTQMP.

In determining examination units, locations, schedules and the number of examiners for the on-site examination, the Subcommittee considers the applicant's request and the best possible method for examining the applicant's TQM implementation status.

As shown below, the on-site examination consists of Schedules A and B. If necessary, a reference examination will be conducted.

Additionally, during the on-site examination of the examination unit with overall administrative functions, an executive session will be held with top management.

The specific schedules of the on-site examination are determined through discussions between the applicant organization and the lead examiner at the preparation meeting.



a) Schedule A

Schedule A is the time allocated for the applicant organization to take the initiative in making the examiners understand the status and features of its TQM practices.

Schedule A consists of Important TQM Practices Presentation, Operational Site Visit and Review of Materials.

b) Schedule B

Schedule B is the time allocated for the examiner-initiated portion of the examination. It is conducted at the departments and functions related to Schedule A's presentations on the important TQM practices and operational sites. The purpose of Schedule B is to see in actual the TQM practices presented during Schedule A.

Schedule B consists of the examination at the operational sites and the general question and answer session.

c) Executive Session

As executives play such important roles in promoting TQM, "the executive session" intends to investigate (evaluate) their understanding, enthusiasm, establishing and deploying policies and reviewing activities through questions and answers in an informal manner.

d) Reference Examination

A Reference Examination may also be carried out, if deemed necessary. Reference Examination is applied to organizations such as the procurement-related, subcontractors, affiliated organizations in relation to overall administration, that closely relate to the applicant from the standpoint of assuring and improving quality in products/services provision. The reference examination will serve as a reference when evaluating the applicant organization.

4. THE NIKKEI QC LITERATURE PRIZE

5.1 What is the Nikkei QC Literature Prize?

In 1954, the Nippon Keizai Shimbun (Japan Economic Journal) Company established the Nikkei QC Literature Prize. It awards excellent literature on the study of TQM or statistical methods used for TQM (including literature involving numerical tables and software) that are recognized to contribute to the progress and development of quality control/management. The Deming Prize Committee examines the candidates for the Prize and awards them annually as part of the Deming Prize event.

5.2 Eligibility for the Prize

The Nikkei QC Literature Prize is given to the author(s) of the literature published in Japan as follows:

- a) Literature on the study of TQM or statistical methods used for TQM (including literature involving numerical tables and software) that is recognized to contribute to the progress and development of quality control/management
- b) As a rule, the literature eligible for examination is one, which was published between July 1st of the previous year through June 30th of the awarding year.

Note) The literature involving software is one, which was published during the past three years and is excellent in wide-application, effectiveness, uniqueness and availability.

Note) Please be informed that we do not accept nominations from publisher related parties.

5.3 How to recommend or apply for the Nikkei QC Literature Prize —Due date: July 31st

There is no difference in the examination process regardless if the candidates have been recommended by others or self-applied.

The recommendation/application form, which is provided at the end of this booklet, must be completed and submitted.

The recommendation/application deadline is July 31st.

5.4 Examination

There is no difference in the examination process regardless if the candidates have been recommended by others or self-applied.

The Nikkei QC Literature Subcommittee examines and selects the candidates for the Prize and reports to the Deming Prize Committee.

5.5 Determination of the winners—Mid October

According to the report by the Subcommittee, the Deming Prize Committee determines the winners of the Prize and notifies them.

5.6 Public announcement of the winners—Mid October

After the Prize winners have been determined by the Deming Prize Committee as mentioned above, the winners are announced in the following publications and the reasons for receiving the Prize is stated:

- a) The monthly magazine “Quality Management” (published by JUSE)
- b) The monthly magazine “JUSE News” (JUSE Newsletter)
- c) JUSE Home Page

The winners are also reported in newspapers.

5.7 Award ceremony—Mid November

The winners receive the Certificate of Merit and supplemental prize money from Nippon Keizai Shimbun.

EFFECTS OF THE DEMING APPLICATION PRIZE

More than 200 organizations have been awarded the Deming Application Prize. As a result, a quantum leap in the quality of their products and services has been achieved. The Deming Application Prize, which was born in Japan, has earned an internationally renowned reputation as a coveted quality award. This section introduces the effects that can be expected from challenging the Prize and also words from the top management of the Prize winners.

1. Expected Results

(1) Quality Stabilization and Improvement

By disseminating the concept of quality and the concept of controlling/managing business activities throughout the organizations have improved their day-to-day operations. At the same time, statistical quality control methods have been utilized and a quality assurance system has been established. These activities, together with an enhanced quality consciousness, have allowed organizations to provide customers with quality products and services that are matched with customer requirements and organization policies and that have been properly planned, developed, designed, produced and installed. As a result, there have been reductions in development and design troubles, parts defects, production defects, installation defects, service defects and market claims and complaints. Expected product and service quality has been achieved, and it has become possible to provide products and services with attractive quality that positively satisfy customers. Results also include improved reliability, safety and quality that meet society's needs. Due in part to these improvements, many organizations have acquired a world-class reputation.

These quality improvements not only please customers but also bring about positive economic results, as listed in Items (2), (3) and (4) and improve the organizational constitution, as described in Items (4) through (10).

(2) Productivity Improvement/Cost Reduction

Significant effects have been achieved as a result of the following improvements: reduced development and design troubles during the new product development stage; decreased parts defects or reduced process troubles due to the spread of TQM promotion with vendors; lower manufacturing defects and reduction of rework and adjustment work at the manufacturing stage; reduced installation defects at construction firms; and increased customer satisfaction in service industries. Furthermore, through a systematic approach to cost reduction during new product development, competitive cost targets have been achieved. Activities to improve production control systems and reduce man-hour have also enhanced productivity.

(3) Expanded Sales

Through a systematic approach to satisfying customers' requirements, or to developing competitive new products in anticipation of customers' potential requirements, Deming Prize winners have achieved improved customer satisfaction and, as a result, have been able to expand their sales. Furthermore, they have strengthened their management system for the initial distribution of new products and have deployed TQM into their sales activities. These efforts have contributed to capturing new customers or markets and to preventing out-of-stock problem situations, both of which have resulted in increased sales.

(4) Increased Profits

Item (3), expanded sales, and Item (2), improved productivity/reduced cost, work together to increase profits. To promote TQM, of course, some expenses are inevitable, such as education and training, payroll for TQM promotion staff and other activities and events. However, based on the improved business performance organizations have achieved by implementing TQM, it is clear that TQM is highly cost-effective.

(5) Thorough Implementation of Management Plans/Business Plans

To secure profits, it is important to implement management plans/business plans that center on profit plans. Naturally, quality control/management must be carried out in concordance with these plans. To logically establish policies and objectives, it is necessary first to understand and analyze historical business performance. Then, to efficiently achieve these policies and objectives, it is necessary to deploy them, implement them and evaluate the results achieved. As a concrete means to do this, Policy Management, one of the TQM management methods, has been widely introduced and promoted. Through systematic approaches like Policy Management, many organizations have been efficiently achieving their management plans/business plans.

(6) Realization of Top Management's Dreams

To a greater or a lesser extent, an organization has its traditions, organizational cultures, customary business practices, the way of thinking, complex human relations, etc. These factors, quite often, make it difficult for top management to communicate and carry out what it intends to implement in the organization. However, by establishing the high goal of winning the Deming Prize and by promoting TQM with an examination date in mind, many organizations are able to improve their organizational constitution. Top management at these organizations often pleasantly states, "We were able to achieve at once many things we had wanted to accomplish for years."

As quality control/management is disseminated throughout the entire organization, and as top management's policies are promptly communicated to all levels of the organization and achieved, plant managers, department heads, section chiefs as well as supervisors improve their understanding of business management. Moreover, their solidarity is strengthened and, thus, it becomes possible to develop the next generation of executives and managers. Some top managers have commented, "I have been president for a long time and achieving my policies has never gone this well."

(7) TQM by Total Participation and Improvement of the Organizational Constitution

Many executives and managers of Deming Prize winners emphasize the following:

"During the process leading up to the Deming Prize examination, the organization as a whole focused on improving product and service quality, and the organizational constitution was strengthened. These efforts have contributed to breaking down sectionalism, improving interdepartmental communications, removing barriers between departments and instilling a sense of unity. Every employee has learned to see things from the viewpoint of the entire organization and has become more confident in his/her job."

Some top management says, "Through challenging for the Deming Prize, we became convinced that it is possible for us to accomplish anything when all our employees

cooperate. We have become much better at interdepartmental communications and cross-functional management."

(8) Heightened Motivation to Manage and Improve as Well as to Promote Standardization

Some organizations commented, "Each employee has improved his/her understanding of scientific management and ability to objectively understand the work situation. Employees have enhanced their ability to think on their own and, thus, they have become more capable of coming up with improvement ideas. For example, the number of suggestions per employee has dramatically increased." Others are happy to say, "We can promote standardization that produces good results, not just standardization for its own sake, an effort that has greatly contributed to the establishment of standards that are alive and in use throughout the organization."

(9) Uniting Total Organizational Power and Enhancing Morale

In recent years, QC Circle activities have captured worldwide attention. QC Circles are not just for a morale-boosting movement. In organizations that have active QC Circles, first-line supervisors and employees have acquired simple managerial and analytical skills, have become more interested in their own work and have acquired the ability to autonomously manage and improve their day-to-day tasks in a logical manner. Obviously, when the efforts of each and every employee are combined, an organization can expect to generate enormous powers. Employees enjoy coming to work and, therefore, attendance rates improve. The organization's further development is accelerated, a foundation for better labor-management relationships is laid, morale is improved and a contribution is made to optimizing the competence of every employee. When this occurs, staff group roles become much clearer and, thus, staff is able to concentrate its energy on bigger and more meaningful improvement projects.

(10) Establishment of Various Management Systems and the Total Management System

As discussed in the preceding sections, when scientific management activities through TQM penetrate the entire organization, the organizational constitution is genuinely improved. Quality assurance and other management systems for new product development, profit, cost and vendor relations are established along with many other cross-functional management systems. All these different systems then become connected through the total management system. Moreover, standards for every individual's action in the organization become clarified as are the lines of authority and responsibility. Thus, the organization improves its overall efficiency and effectiveness.

These great results, achieved by the Deming Prize winners, would have been difficult to achieve without challenging for the prize. Therefore, we would like to extend our invitation to your organization to apply for the Deming Application Prize with courage, enthusiasm and a conviction plan as part of your pursuit for organizational constitution improvement.

2. Effects of Winning the Prize—Words from Top Management

Mr. Shigeo Aiki, Chairman, Aisin Seiki Co., Ltd.
(1972 Deming Application Prize, 1977 and 1990 Japan Quality Medal)

"Just do it to accomplish it", is my motto. I often remind myself to just do it.

My company received the Deming Application Prize in 1972 and the Japan Quality Medal in 1977 and 1990. Especially, the 1990 Quality Medal was a great pleasure, as I had assumed the chairman of the promotion committee for our challenge to become a two-timer winner of the Medal for the first time in its history.

I recommend executives to apply for the examination for the Deming Prize as an evaluation for their company's everyday activities by presenting what they have implemented to achieve their vision just the way they have done it. In this way, I believe that they can expect to accomplish the following effects, as the phrase "just do it to accomplish it" also suggests:

- (1) Bring all employees' powers together, under the slogan of "Challenge for the Deming Prize".
- (2) Accelerate their activities to achieve the vision by having a target to "materialize it by the examination dates"
- (3) Obtain precise third-party findings in the form of Report on Examination Findings to use them for future plans.

Mr. C. Narasimhan, President, Sundaram-Clayton Ltd.
(1998 Deming Application Prize)

We wanted to change to new way to working to overcome the recessionary years of late 80s, tackle emerging competition and to improve the profit performance of the company. We decided to implement the Japanese way of TQM, as it was congruent with our culture. Also, we found similarity between the Japanese culture and Indian culture like Guru-Student relationship.

We stressed the importance of change to all the employees through change seminars and also through every possible platform of communication. We removed all visible barriers to bring employees closer and to develop team working. We trained our employees in statistical tools and our employees started to approach a problem statistically and not intuitively. The employees participate in problem solving and continuous improvement through Quality control circles / Suggestion scheme / Cross functional teams (CFT) / Supervisory improvement teams (SIT) and Task forces.

We have streamlined our daily activities through daily management with standard operating procedures (SOP) and "Genba" management. The daily management targets are deployed up to the supervisor level in the company through "Managing points and Checking points"(MPCP). Specific objectives for obtaining breakthrough results are established, deployed and reviewed company-wide through policy management process.

Some of tangible and intangible benefits we achieved through TQM are:

- Improved customer satisfaction
- Improved new product development process
- Improved customer quality
- Supplier satisfaction
- Employee / Family fulfillment
- Excellent industrial relations
- Change in organizational culture - high ownership among employees for improving organizational performance
- Breakthrough achievements in business results
- Satisfied local society

We decided to challenge the Deming Prize to encourage our employees to achieve higher standards and also to motivate them.

After successfully winning the Deming Prize in 1998, we continue to improve our performance namely: 100% employee participation in Quality Control Circles consecutively for the last two years and 100% participation in Suggestion (Teian) scheme during the last year. We have been certified for QS9000 quality systems in August 2000 and ISO14001 environmental management systems in August 2001.

Deming Prize is not our destination and we believe that it is only a ticket for TQM journey towards organizational excellence. We have embarked further improvement in our performance: Improvement in product quality, improving productivity and reducing cost through achieving 100 ppm quality, implementing lean manufacturing systems and Total Productive Maintenance (TPM).

TQM DIAGNOSIS BY THE DEMING PRIZE COMMITTEE

Mandatory requirement to be eligible for the Japan Quality Medal/Deming Prize challenge, or grasping the level of TQM

1. What is the TQM Diagnosis?

It is useful to have a third party objectively diagnose the implementation status of TQM and provide recommendations so that the organization can better understand where it stands and what it has to do to promote TQM more effectively.

Established in 1971, the TQM Diagnosis, which is provided by the Deming Application Prize Subcommittee upon request of an organization, aims to contribute to the further development of that organization's TQM.

The TQM Diagnosis is not a preliminary Japan Quality Medal/Deming Application Prize examination. However, since 2000, the connection between the TQM diagnosis and the Japan Quality Medal/Deming Prize examination has become strengthened. An organization that receives the TQM Diagnosis cannot apply for the Japan Quality Medal/Deming Prize examination that same year.

2. TQM Diagnosis Procedures

The purpose of the TQM Diagnosis is to further advance the promotion and practice of effective TQM in organizations under diagnosis. The TQM diagnosis and resulting guidance is provided from an objective viewpoint to organizations at varying stages of TQM advancement as indicated below. Those organizations that wish to receive the TQM Diagnosis must complete and submit the application form, which is provided at the end of this booklet, with necessary documents at least three months prior to the desired diagnosis dates. However, no diagnosis will be conducted during the Deming Prize examination period (early July to mid-October) in principle.

- a) To receive a diagnosis and recommendations for the introductory or promotional stage of TQM.
- b) To receive a diagnosis and recommendations for making an effective use of the Deming Application Prize challenge.
- c) To receive a diagnosis and recommendations for making an effective use of the Japan Quality Medal challenge, in lieu of receiving the Post-Prize review three years after receiving the Deming Application Prize.

The Deming Application Prize Subcommittee conducts the TQM Diagnosis. While the details of the diagnosis program will be determined in consultation with the applicant organization, the methods and documents used for the diagnosis follow those for the Deming Application Prize. As a rule, the diagnosis will be based on the organization's presentations, the on-site examination, the document review and questions and answers. The results of the diagnosis will be communicated through a report on the diagnosis findings after the findings of all the examiners who conducted the diagnosis have been

compiled. Those organizations that wish to receive the TQM Diagnosis should contact the JUSE Secretariat for the Deming Prize Committee.

FEE

As for the TQM Diagnosis, fees for the diagnosis as well as expenses for travel and hotel accommodations, production cost for the diagnosis report and administration costs will be charged to the applicant organization. A deposit of JPY3,000,000- is required upon application for the TQM diagnosis.

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Organizations that wish to apply for the Deming Application Prize are encouraged to read the Guide for the Deming Application Prize available through the JUSE Home Page.

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Contact Information

All inquiries about the Deming Prize should be directed to the Secretariat for the Deming Prize Committee as follows:

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