

# In line with the changing times

## Merger of Evaluation Items:

**Supply Chain, Accumulation and use of knowledge,  
Social responsibility**



# On revision of Deming Evaluation Criteria

From FY 2018

“Deming Prize” provides the guidelines for using TQM (Total Quality Management) as a tool for the realization of business objectives and strategies and it has been used by many organizations as an excellent opportunity to dramatically improve the organizational ability through the process leading up to challenging and receiving the Prize.

The cornerstone of the examination by the Deming Prize Committee is that “the examination ought to reflect the status of the respective organization”. And this concept has remained unchanged since the inception of the Deming Prize in 1951.

Deming Examination Criteria has been revised several times in line with the demands of each era. The current evaluation criteria were revised last in 2002 with a view to make the “Examination Perspective” easy-to-understand.

On the other hand, the type/scope/scale of business and business environment of companies/organizations challenging the Deming Prize have diversified with time and it has become increasingly important to formulate customer-oriented business objectives and strategies matching their respective situation and use TQM for their realization. Hence, the Deming Prize Committee stipulates three conditions for the “Organizations Qualified for Receiving the Prize.” These

are colloquially called “ABC for receiving the Deming Prize” and in principle, the examined organizations as well as the examination team members consider them as the foundation for TQM promotion and the examination. The three conditions are indicated on the next page.

### Revision of criteria in line with the format of ABC of “Organizations Qualified for Receiving the Prize”

The interrelation between the evaluation criteria until now namely, ‘Basic Categories,’ ‘Outstanding TQM Activities’ and ‘Roles of top management’ and ‘ABC for receiving the Deming Prize’, despite having a close relationship, was ambiguous. Hence, the evaluation criteria this time has been streamlined to exactly match the ‘ABC for challenging the Deming Prize.’ The revision this time will make the requirements for the examination much more clear than ever before both for the examined organization as well as examiners.

### Merger of evaluation items (Supply chain, accumulation and use of knowledge and social responsibility) in line with the changing times

With the changes in business environment in recent years, companies and organizations are faced with the need to cope with a steady stream of new challenges. Among these, we believe that

‘Supply chain,’ ‘Accumulation and use of knowledge’ and ‘Social responsibility’ that the Deming Prize Committee has added this time are indispensable items in the borderless business environment. Therefore, in the revision this time, evaluation criteria have been organized and revised in a manner that they match the actual activities of companies/organizations and are added and merged with the previous evaluation criteria.

Deming Prize examination does not seek application of quality management model presented by the Deming Prize but attempts to evaluate situational awareness based on own initiative, determination of issues and objectives, results of improvement and innovation by the whole organization and its process and their validity in the future. Examination team members strive for examining that the issues have been determined in line with the actual situation in the organization, that the initiatives befitting the actual situation in the organization have been undertaken, and that in the future higher objectives can be achieved based on those activities.

It is expected that this revision of the evaluation criteria will be useful in better understanding and practice of TQM than ever before by companies/organizations.

Until now, evaluation criteria consisted of 3 categories namely, 'Basic Categories,' 'Outstanding TQM Activities' and 'Roles of top management' but this time we have organized the criteria in line with A-C of 'Organizations Qualified for Receiving the Prize.'

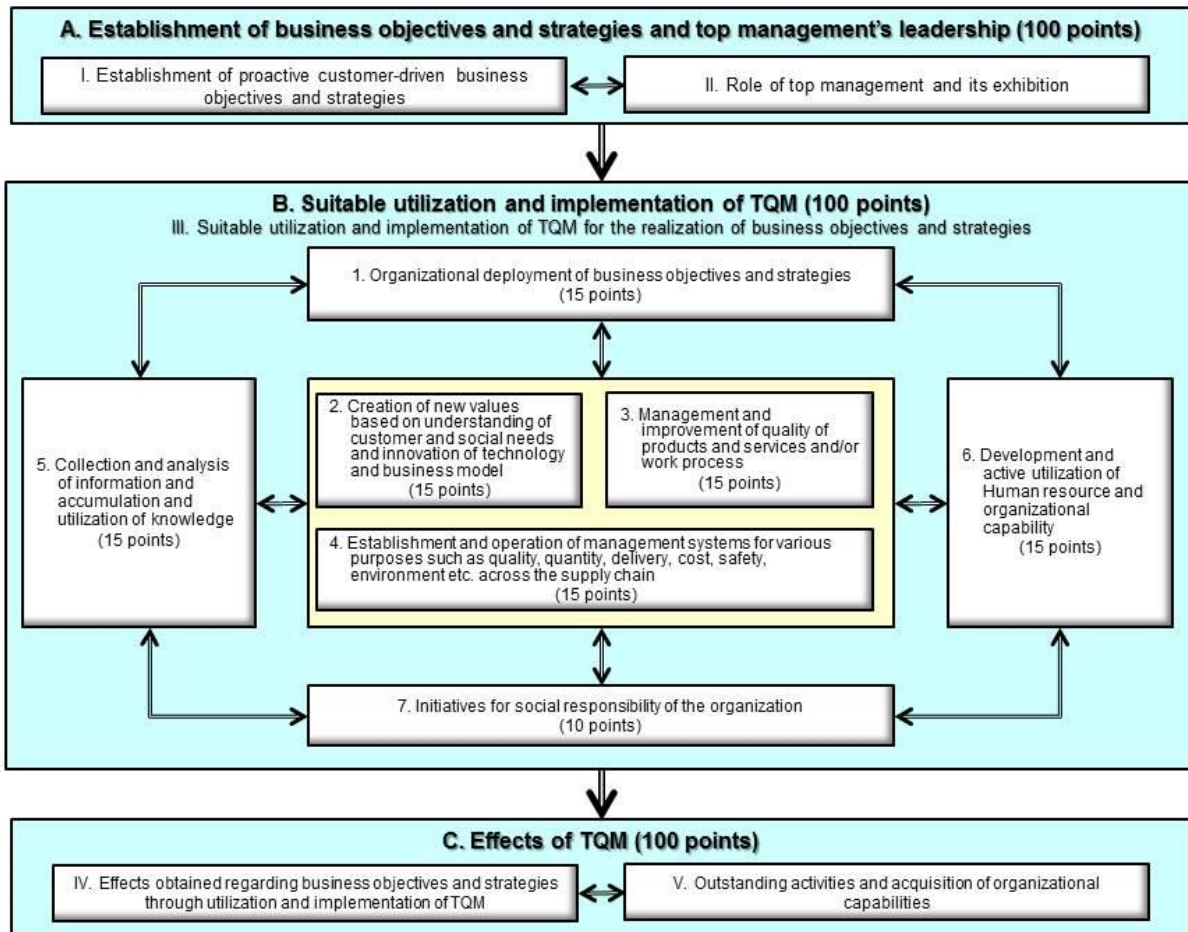
Formerly, 'Roles of top management' was positioned in Evaluation Items A, 'Basic Categories' in Evaluation Items B and 'Outstanding TQM Activities' in Evaluation Items C as the core elements.

**<Organizations Qualified for Receiving the Prize>**

**The Deming Prize is given to applicant organizations that realize the following three particulars by means of TQM.**

- A) Under clear management policies that reflect its management principles, industry, business, scope and business environment, the company has established proactive customer driven business objectives and strategies based on social responsibility of the organization. And the top management exhibits leadership in their formulation.**
- B) TQM is being suitably utilized and implemented for the realization of business objectives and strategies mentioned under A) above.**
- C) As a result of B), along with achieving effect regarding business objectives and strategies of A) above, organizational ability required for future growth has been secured.**

## Evaluation criteria



## The Deming Prize : Evaluation Criteria [Current]

### I. Basic Categories

Evaluation Items	Points	Passing point
1. Management policies and their deployment regarding quality management	20	70 points or higher
2. New product development and/or work process innovation	20	
3. Maintenance and improvement of product and operational qualities	20	
4. Establishment of systems for managing quality, quantity, delivery, costs, safety, environment etc.	10	
5. Collection and analysis of quality information and utilization of IT	15	
6. Human resource development	15	

### II. Outstanding TQM Activities

Evaluation Items	Points	Passing point
· Top management vision, business strategies and leadership · Creation of values for the customers · Remarkable improvement of organizational performance · Establishment of the management foundations	5	3.5 points or higher

### III. Roles of top management

Evaluation Items	Points	Passing point
1) Understanding of and enthusiasm toward TQM 2) Insights into top management leadership, visions, strategic policies and environmental changes 3) Organizational strength (maintenance and strengthening core technology, speed and vitality) 4) Employee development 5) Organization's social responsibilities	100	70 points or higher



## The Deming Prize : Evaluation Criteria [FY2018~(Proposed)]

### A. Establishment of business objectives and strategies and top management's leadership


Evaluation Items	Points	Passing points
I. Establishment of proactive customer-driven business objectives and strategies	100	Above 70
II. Role of top management and its exhibition		

### B. Suitable utilization and implementation of TQM

Evaluation Items	Points	Passing points
III. Suitable utilization and implementation of TQM for the realization of business objectives and strategies	100	Above 70
1. Organizational deployment of business objectives and strategies	(15)	
2. Creation of new values based on understanding of customer and social needs and innovation of technology and business model.	(15)	
3. Management and improvement of quality of products and services and/or work process	(15)	
4. Establishment and operation of management systems for various purposes such as quality, quantity, delivery, cost, safety, environment etc. across the supply chain	(15)	
5. Collection and analysis of information and accumulation and utilization of knowledge	(15)	
6. Development and active utilization of Human resource and organizational capability	(15)	
7. Initiatives for social responsibility of the organization	(10)	

### C. Effects of TQM

Evaluation Items	Points	Passing points
IV. Effects obtained regarding business objectives and strategies through utilization and implementation of TQM	100	Above 70
V. Outstanding activities and acquisition of organizational capabilities		



This revised evaluation criteria will be applied for the examination of organizations that challenge the Deming Prize and the Deming Grand Prize from FY2018. It should be noted that this revision of the evaluation criteria will be notified to make it widely known by one and all until December 2017 but we plan to implement them in TQM diagnosis in advance to try out the proposed revised evaluation criteria from FY2018.

It may be noted that based on the results of such diagnosis, the final wording of the evaluation criteria may undergo some further revision.

Further information on the evaluation criteria will be successively made available on our website.

And we shall send the latest information to the organizations that are considering challenging the Deming Prize and the Deming Grand Prize after FY2018.

We plan to announce the acceptance criteria (Scores) for the Deming Grand Prize in December 2016.

※The contents of this pamphlet are as on October 2016.

#### 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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