

# Deming Prize



The Deming Prize Committee

## 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) on 15 June 1950.

Upon his visit, Dr. Deming lectured at "Eight-Day Course on Quality Control" in 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 and distributed for a charge. Dr. Deming donated his royalties to JUSE. In appreciation of Dr. Deming's generosity, JUSE proposed using it to establish the Deming Prize in June 1951 to commemorate Dr. Deming's contribution and friendship in a lasting way and to promote the continued development of quality control in Japan.

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.

As for the Deming Grand Prize, it was created to commemorate the first International Conference on Quality Control (ICQC), held in October 1969 in Tokyo, and to maintain and upgrade the spirit of the conference long into the future. With the purpose of further developing the world of quality control, the Deming Grand Prize was established in 1970 with a fund from surplus conference revenues.



Dr. W. E. Deming delivering lecture at "Eight-Day Course on Quality Control"

## The Deming Prize and Development of Quality Control/Management

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

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. 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.

The Deming Prize Committee views the examination process as an opportunity for "mutual-development," rather than "examination." 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, contributed to the revitalization of its industries. Later TQC was changed to TQM to follow an internationally-accepted practice, bringing into more overseas recipients for the Deming Prize in the recent years.

For organizations that introduce and implement TQM, the Deming Prize is effectively used as a tool for improving and transforming their business management.

# Categories of the Deming Prize

There are four categories: the Deming Prize, the Deming Grand Prize, the Deming Prize for Individuals and the Deming Distinguished Service Award for Dissemination and Promotion (Overseas)

## A. The Deming Prize

**For organizations**  
(companies, institutes, divisions, business units, etc.)

Given to organizations that have implemented TQM suitable for their management philosophy, scope/type/scale of business, and management environment (Annual award)



## C. The Deming Prize for Individuals

**For individuals or groups**  
(whose primary activities are in Japan)

Given to those who have made outstanding contributions to the study of TQM or in the dissemination of TQM



## B. The Deming Grand Prize

**For the Deming Prize / Deming Grand Prize Recipients**

Given to organizations that had maintained and further enhanced the level of TQM for more than three years after the winning of the Deming Prize or the Deming Grand Prize (Annual award)



## D. 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



# What is "TQM: Total Quality Management" ?

The Deming Prize Committee defines TQM as follows:

TQM is a set of systematic activities<sup>(\*\*1)</sup> carried out by the entire organization to effectively and efficiently<sup>(\*\*2)</sup> achieve the organization's objectives<sup>(\*\*3)</sup> so as to provide<sup>(\*\*4)</sup> products and services<sup>(\*\*5)</sup> with a level of quality<sup>(\*\*6)</sup> that satisfies customers<sup>(\*\*7)</sup>, at the appropriate time and price. (as from Oct. 2009)

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, including system, software, energy, and information, which come along with finished products (and its parts and materials) and services.
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.

\*The shortest way to be awarded the Deming Prize is to manage the business suitable for your organization. Just for the sake of examination, carrying out unnecessary activities for the fundamental management is not desirable. Such activities may affect the examination in a negative manner.

\*The Deming Prize examination does not require to uniformly following the same framework of TQM. The emphasis of examination is whether the applicant developed to establish an own framework suitable for its business and scale.

\*Just copying the format or preparing excessive rules and standards more than necessary, under the name of TQM will not support.

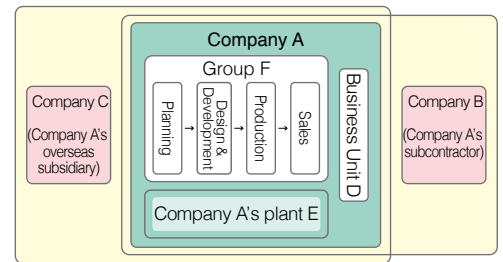
\*It is misunderstanding that the advanced statistical methods must be used to pass the examination.

\*Involving new activities suitable for your business and scale, will be highly evaluated.

## A. The Deming Prize

The Deming 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 Prize.



Any circled organization can become an application unit.

### ● 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 philosophy, industry, scale and environment, the company has established proactive customer oriented 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 capability required for future growth has been secured.

Please refer to the Application Guide for details

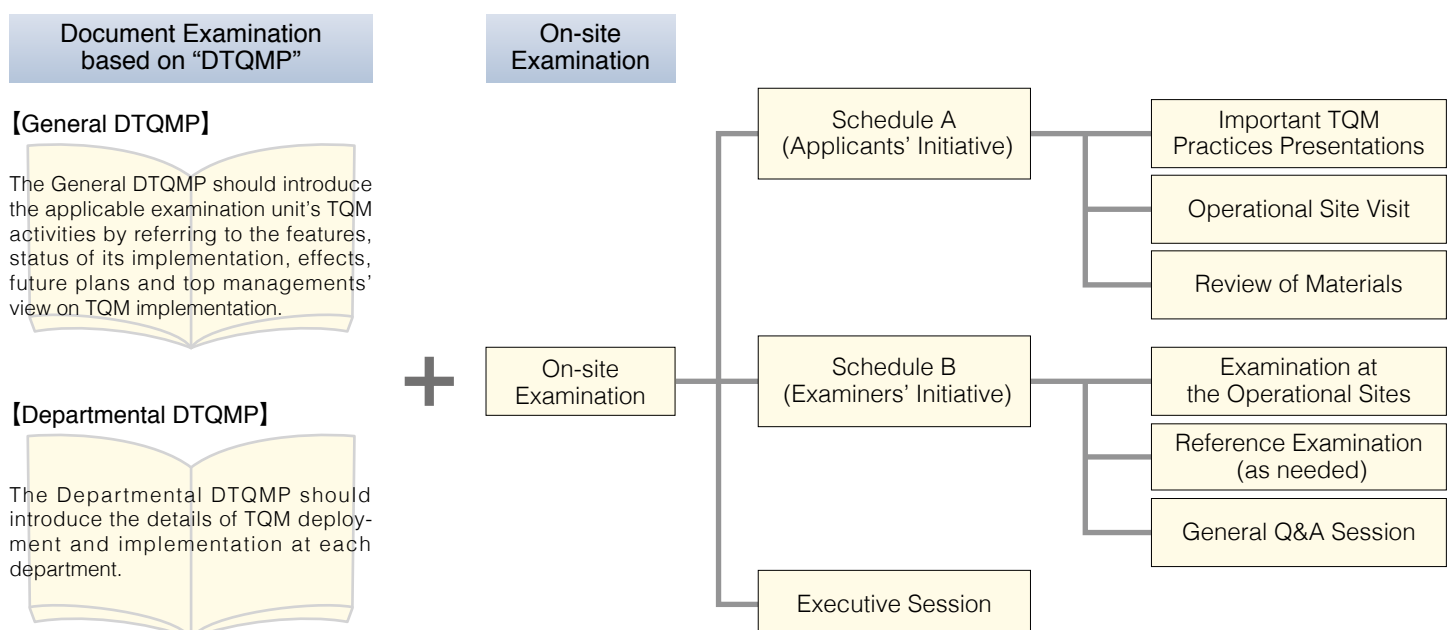
## B. The Deming Grand Prize

The Deming Grand Prize is an annual award presented to an organization that received the Deming Prize three or more years ago (counting January to December of the award year as one year), that has **continuously applied TQM to priority issues** and has been achieving its objectives steadily and effectively in a changing business environment.

Focus points of the examination are how the applicant has continuously applied TQM as described as a), b) and c) under "Organizations Qualified for Receiving the Deming Prize". If the organization has new TQM activities that impact the way it manages its business, it is encouraged to include such activities - even if they are just at the trial stage - in the examination.

An organization that wins the Deming Grand Prize is presented with the Certificate of Merit and the Deming Grand Prize medal.

## The Deming Prize/Deming Grand Prize Examination



※ "DTQMP" stands for Description of TQM Practices



## The Deming Prize/Deming Grand Prize Evaluation Criteria

Evaluation criteria consists of “A. Establishment of business objectives and strategies and top management’s leadership”, “B. Suitable utilization and implementation of TQM” and “C. Effects of TQM”.

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

Evaluation Items	Points
<b>I. Establishment of proactive customer-oriented business objectives and strategies</b>	100
Under clear management belief, proactive customer-oriented business objectives and strategies has been established according to the management philosophy, industry, scale and environment, taking into account social responsibility of the organization. And the aspirations and future plans of the organization have been clearly spelled out.	
<b>II. Role of top management and its fulfillment</b>	100
Top management is exhibiting leadership in formulation of proactive customer-oriented business objectives and strategies and implementation of TQM. It has insight concerning business objectives, strategies and environmental change and understands the importance of enhancement of organizational capabilities, human resource development and corporate social responsibility. It has understanding of and enthusiasm towards TQM.	

### B Suitable utilization and implementation of TQM

Evaluation Items	Points
<b>III. Suitable utilization and implementation of TQM for the realization of business objectives and strategies</b>	100
TQM is being suitably utilized and implemented as a management tool for the realization of business objectives and strategies. And scientific methods (statistics, etc.) methods and IT are being utilized suitably in the process.	
<b>1. Organizational deployment of business objectives and strategies</b>	(15)
Business objectives and strategies are being deployed throughout the organization and implemented in a united way based on total employee involvement, and close cooperation between departments and related organizations.	(15)
<b>2. Creation of new values based on understanding of customer and social needs and innovation of technology and business model.</b>	(15)
Development of new businesses, products and services and/or innovation of work processes are being carried out proactively and effectively, aimed at creation of new value based on understanding of customer and social needs and innovation of technology and business model.	(15)
<b>3. Management and improvement of quality of products and services and/or work process</b>	(15)
a. Daily Management: There are few troubles in day-to-day operations through standardization and education & training and major operations in each department have been stabilized. b. Continuous improvement : Improvements in quality of products and services and/or work processes are being carried out in a planned and continual manner and claims and defects in the market and/or next-processes are decreasing or are being maintained at an extremely low level. Customer satisfaction level has improved or is being maintained at an extremely high level.	
<b>4. Establishment and operation of cross-functional management systems such as quality, quantity, delivery, cost, safety, environment, etc. across the supply chain</b>	(15)
Cross-functional management systems necessary for the organization are being established and operated suitably across the supply chain headed to customers including partners and related organizations and are effective in achieving the objectives in the changing business environment in a rapid and reliable manner.	(15)
<b>5. Collection and analysis of information and accumulation and utilization of knowledge</b>	(15)
Collection and analysis of Information from the market and within the organization and accumulation and use of knowledge necessary for operations is being carried out in an organized manner. In addition, such information is useful in creation of new values, management and improvement of products, services and/or operational quality and establishment and operation of cross-functional management systems.	(15)
<b>6. Development and active utilization of human resource and organizational capability</b>	(15)
Development of human resource and organizational capabilities is being carried out in a planned manner and it is useful in realization of business objectives and strategies and implementation of TQM, and activation of people and organization that supports them.	(15)
<b>7. Initiatives for social responsibility of the organization</b>	(10)
The organization is aware of its role and responsibilities as a member of the society and has established specific indicators in this regard and is adopting initiatives proactively (for instance, environmental preservation, regional contribution, fair operating practices, respect for human rights, information security, etc.) according to its management philosophy, type of industry, business scale and business environment.	(10)

### C Effects of TQM

Evaluation Items	Points
<b>IV. Effects obtained regarding business objectives and strategies through utilization and implementation of TQM</b>	100
The organization has obtained effects on business objectives and strategies through suitable utilization and implementation of TQM.	
<b>V. Outstanding TQM activities and acquisition of organizational capabilities</b>	100
The organization has obtained effects in the core areas for the realization of business objectives and strategies based on outstanding TQM activities regarding content and/or application of TQM and has acquired organizational capabilities necessary for its future sustainable growth.	

## Judgment Method

### 1 Passing Points

	Deming Prize	Deming Grand Prize
<b>A Establishment of business objectives and strategies and top management’s leadership (100 points)</b>	70 points or higher	75 points or higher
<b>B Suitable utilization and implementation of TQM (100 points)</b>	70 points or higher	75 points or higher
<b>C Effect of TQM (100 points)</b>	70 points or higher	75 points or higher

#### Note:

- Points will not be disclosed.
- The committee has right to suspend awardings if socially irresponsible issues are brought about.

### 2 Judgment Procedure

- Each examiner evaluates independently and gives point to Item **A**, **B** and **C** respectively.
- Point given to Item **A**, **B** and **C** by examiners will be shown as a median value.
- When the applicant organization has only one examination unit, each of Item **A**, **B** and **C** needs to reach the passing point in order to pass.
- When the applicant organization has two or more examination units, weightage for each examination unit based on the role performed by it in the applicant organization will first be determined. In addition, pass or fail of the examination unit including the organization that holds the overall supervision function of the applicant organization as a whole will be evaluated based on the above method, and that of other examination units will be evaluated based on the method excluding II. Role of top management and its exhibition of Item **A**. Next, passing units will be given 1 point and non-passing units will be given 0 point and the weighted average of these will be calculated. If it is 0.5 or higher, the applicant passes the examination.

## 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).

## Summary of the expected effects through Deming Prize journey

- |   |  |
|---|--|
| 1. Quality Stabilization and Improvement                    | 7. TQM by Total Participation and Improvement of the Organizational Constitution     |
| 2. Productivity Improvement and Cost Reduction              | 8. Heightened Motivation to Manage and Improve as well as to Promote Standardization |
| 3. Sales Expansion  | 9. Uniting Total Organizational Power and Enhancing Morale                           |
| 4. Profit Increase  | 10. Establishment of Various Management Systems and the Total Management System      |
| 5. Thorough Implementation of Management and Business Plans |  |
| 6. Realization of Top Management's Dreams                   |  |

## Deming Grand Prize/Deming Prize winners from overseas in recent years

2013	★Rane Brake Lining Limited [India] Komatsu Shantui Construction Machinery Co., Ltd [China] RSB Transmissions (I) Limited, Auto Division (Jamshedpur (Unit 1), Pune & Pant Nagar Plant) [India] SCG Logistics Management Company Limited [Thailand]	2015	★National Engineering Industries Limited [India] CPRAM Company Limited, Ready to Eat Food Business [Thailand]
2014	GC America Inc. [U.S.A.] Mahindra & Mahindra Limited, Mahindra Powerol Business [India]	2016	Ashok Leyland Limited, Pantnagar Plant [India]
		2017	★SCG Logistics Management Company Limited [Thailand] Ashok Leyland Limited, Hosur Unit II [India] CEAT Limited [India]

Note: ★ indicates the Deming Grand Prize winner

## C. 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
- 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.

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 (Japan Economic Journal).

Please refer to the Deming Prize website for details

## D. 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. As a general rule, examination will be carried out every 3-5 years among candidates with recommendation from the members of the Deming Prize Committee.

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

Please refer to the Deming Prize website for details

## The Nikkei QC Literature Prize

The Nikkei QC Literature Prize was established by the Nippon Keizai Shimbun (Japan Economic Journal) in 1954. 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.

### Eligibility for the Prize

The Nikkei QC Literature Prize is given to the author(s) of the literature as follows: Literature written in Japanese or by the author whose main scope of activity is in Japan.

- a) Literature on the study of TQM or statistical methods used for TQM (including literature with numerical tables and software) that is recognized to contribute to the progress and development of quality control/management
- b) Literature, published between July 1<sup>st</sup> of the previous year and June 30<sup>th</sup> of the application year

#### Note:

1. Literature involving Software must be easily available and excellent in versatility, effectiveness, and uniqueness, which was published in the past three years
2. Translated literature is not eligible
3. Nomination from publisher-related parties will not be accepted

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# TQM Diagnosis by the Deming Prize Committee

The TQM Diagnosis by the Deming Prize Committee is a mandatory requirement upon application for the Deming Prize/Deming Grand Prize, or understand the level of TQM at your organization.

It was established in 1971 with the aim of contributing to the further development of the TQM promotion. The Deming Prize Examination Committee members objectively diagnose the implementation status of TQM and provide recommendations so that the organization can better understand where it stands and what has to be made to further promote TQM effectively.

The TQM Diagnosis is not a preliminary examination. However, the linkage between the TQM Diagnosis and the examination has become strengthened. Overseas organization wishing to apply for the Deming Prize/Deming Grand Prize must carry out the TQM Diagnosis by the Deming Prize Committee no later than one year prior to the year of application. The TQM Diagnosis and the Deming Prize examination will not be carried out in the same year.

The results of the diagnosis will be communicated through comments provided immediately after the diagnosis, and through a report on the diagnosis findings.

In the event of applying for the TQM Diagnosis by the Deming Prize Committee with an aim to prepare for the Deming Prize/Deming Grand Prize, the same submittal documents as the examination, will be requested, the same procedure will be followed, and the pre-application consultation will be carried out during the on-site diagnosis.

## Other Information

1. The Deming Prize Committee welcomes applications and recommendations for the Prizes subject to eligibility.
2. Application, examination and awarding of the prizes are carried out once a year.
3. Examination will be carried out by the examination team in a voluntary manner and fee for examination itself will not be required. However, application fee is required to appropriate for the administrative expenses associated with the examination. All expenses related to travel, hotel accommodations, for the examination team, as well as production cost for examination findings report etc., will be borne by the applicant.
4. Please refer to the "Application Guide for the Deming Prize" for further information.
5. Contact the Secretariat for the Deming Prize if you have questions.

## Contact Information

### The Secretariat for the Deming Prize Committee

1-2-1 Koenji Minami, Suginami-ku, Tokyo, 166-0003, JAPAN

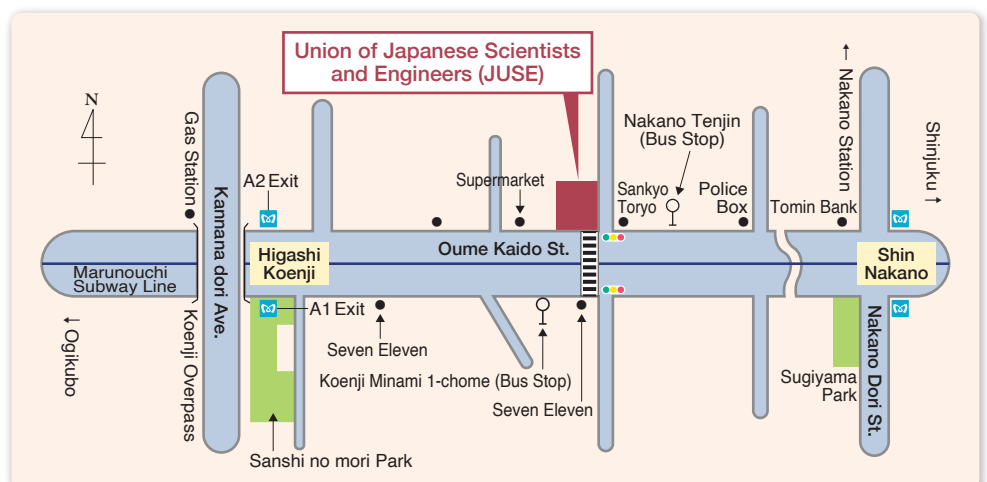
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※ 5 minutes walk from "Higashi Koenji" station, Tokyo Metro Marunouchi line.