

A Critique of the Learned Wisdom of Dr. Deming in Relation to the Worldly Wisdom of Business Leaders

by

Dr. Bob Emiliani
(playing the role of business leader)

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

People are entitled to joy in work.	Classical management eschews entitlements for workers. Extracting joy from work is up to workers, not management.
Learning is not compulsory... neither is survival.	Learning is something you do in school. At work you do your job. Classical and neoclassical economics do not embody any need for business survival, only pecuniary gain.
The aim of leadership should be to improve the performance of man and machine, to improve quality, to increase output, and simultaneously to bring pride of workmanship to people. Put in a negative way, the aim of leadership is not merely to find and record failures of men, but to remove the causes of failure: to help people to do a better job with less effort.	There is no such aim for leadership in classical management. Finding and recording failures is useful because it ensures compliance to authority. Workers are responsible for helping themselves to a better job with less effort, not leadership.
Management by results — like driving a car by looking in rear view mirror.	Management by results enables authority and control over others. It is the prerogative of leaders to drive a car any way they want.
The aim proposed here for any organization is for everybody to gain – stockholders, employees, suppliers, customers, community, the environment – over the long term.	The fundamental nature of business, as constructed in classical and neoclassical economics, is to function over the short-term.
No one can measure the loss of business that may arise from a defective item that goes out to a customer.	In classical management, that is a good thing. Being unable to measure the cost means the cost does not exist.
It is easy to date an earthquake, but not an economic decline.	We like to date mergers and acquisitions – marketplace earthquakes – and our success-orientation prohibits us from thinking about economic decline.
Our system of make-and-inspect, which if applied to making toast would be expressed: “You burn, I’ll scrape.”	Classical management views this as beneficial because it establishes a hierarchy which, in turn, leads to authority and control over others.
There is no substitute for knowledge.	The opinion of leaders, and wealth, are superb substitutes for knowledge.
It is wrong to suppose that if you can’t measure it, you can’t manage it – a costly myth.	Myths are play a vitally important role in preserving the rights and privileges of leaders and the institution of leadership. Besides, most people do not question the boss; they readily accept the myth “What gets measured gets managed.”

Deming quote source: <https://deming.org/quotes/>, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

A system must have an aim. Without an aim, there is no system.	Classical management is rich with aim and system.
Information is not knowledge.	Information is knowledge if leaders say it is.
As I use the term here, the job of a leader is to accomplish transformation of his organization. He possesses knowledge, personality, and persuasive power.	The word “transformation” is taboo in classical management. Leaders’ interest is in preserving the status quo, not transformation.
An operational definition is a procedure agreed upon for translation of a concept into measurement of some kind.	In classical management, the system is rich with measures of some kind for the purpose of holding workers accountable.
Best efforts are essential. Unfortunately, best efforts, people charging this way and that way without guidance of principles, can do a lot of damage.	In classical management, best efforts are based on varying principles depending upon the need at any point in time.
Money and time spent for training will be ineffective unless inhibitors to good work are removed.	It is up to the people doing the work to remove inhibitors to good work.
The transformation can only be accomplished by man, not by hardware (computers, gadgets, automation, new machinery). A company can not buy its way into quality.	The word “transformation” is taboo in classical management. Companies will always try to buy their way into quality because its costs to leaders is much less than transformation.
The idea of a merit rating is alluring. The sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise.	Yes, exactly the opposite. That is the desired effect.
How can she put forth her best efforts when no matter how carefully she works, the item will still be defective? If no one cares, why should she? In contrast, when defects are rare or nonexistent or well explained, she understands that the management are accepting their proper responsibility, and she feels an obligation to put forth her best efforts: they are now effective.	She should care because she is paid to do a good job. If she doesn’t care about doing a good job, she will be fired. That is management’s proper responsibility.
The System of Profound Knowledge provides a lens. It provides a new map of theory by which to understand and optimize that we work in, and thus to make a contribution to the whole country.	Classical management has proven itself over 300-plus years as making a contribution – scores of contributions – to the whole country, and the world!

Deming quote source: https://deming.org/quotes?sf_paged=2, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

American management thinks that they can just copy from Japan—but they don't know what to copy!	It is leaders' prerogative to copy what they want, the way they want, in the amount they want, and when they want.
The greatest waste in America is failure to use the abilities of people.	So? The abilities of people are used well-enough.
Deming's First Theorem: "Nobody gives a hoot about profits." Deming's Second Theorem: "We are being ruined by best efforts."	Classical management's First Theorem: Nobody gives a hoot about Deming. Classical management's Second Theorem: Best efforts have had an enormously positive impact on society and the quality of life globally in little more than 100 years.
A common disease that afflicts management and government administration the world over is the impression that "Our problems are different." They are different, to be sure, but the principles that will help to improve quality of product and of service are universal in nature.	It's not a disease. It's an excuse, one which most people still, to this day, unwittingly accept, to maintain the status quo. We will keep using this excuse for the foreseeable future because it works.
Export anything to a friendly country except American management.	Every country has seen the great success of American management and has willingly imported it.
Where there is fear you do not get honest figures. Where there is fear you do not get honest figures.	The need to instill fear is much greater than the need for honest figures. It is not in the nature of business to be honest in the moral or ethical sense of the word.
Whenever there is fear, you will get wrong figures.	This is not a problem if the figures are consistently (predictably) wrong. You know, common cause wrong figures.
Standardization does not mean that we all wear the same color and weave of cloth, eat standard sandwiches, or live in standard rooms with standard furnishings. Homes of infinite variety of design are built with a few types of bricks, and with lumber of standard sizes, and with water and heating pipes and fittings of standard dimensions.	In classical management, rigid standardization of system, policies, and procedures assures compliance, which greatly eases the burdens on leaders so they spend their time doing other things.
Our schools must preserve and nurture the yearning for learning that everyone is born with.	That used to be a thing. People are responsible for themselves; their learning, their work, their life.
Top management should publish a resolution that no one will lose his job for contribution to quality and productivity.	The fundamental principle of classical management is to eliminate jobs when workers contribute to quality and productivity improvement. Having proven themselves, workers are now more marketable and can easily find new, higher-paying jobs in companies that have poor quality and productivity.

Deming quote source: https://deming.org/quotes?sf_paged=3, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

No community need be poor if it has people and good management. No country need be poor if it has people and good management.	Over the last 100 years, classical management has raised billions of people out of poverty. Recent increases in poverty are special cause variation.
No one can guess the future loss of business from a dissatisfied customer. The cost to replace a defective item on the production line is fairly easy to estimate, but the cost of a defective item that goes out to a customer defies measure.	Dissatisfied customers do not matter. We merge or acquire competitors in whole or part so that dissatisfied customers are forced to return to us.
To manage one must lead. To lead, one must understand the work that he and his people are responsible for.	No. The workers and their immediate supervisors have the responsibility to understanding the work. Leaders cannot trouble themselves with such details, nor should they ever get their hands dirty.
The first step is transformation of the individual. This transformation is discontinuous. It comes from understanding of the system of profound knowledge. The individual, transformed, will perceive new meaning to his life, to events, to numbers, to interactions between people. Once the individual understands the system of profound knowledge, he will apply its principles in every kind of relationship with other people. He will have a basis for judgment of his own decisions and for transformation of the organizations that he belongs to.	The word "transformation" is taboo in classical management. Leaders forbid workers to think about or engage in transformation of the organization. Workers have no authority to upset the status quo.
A company could put a top man at every position and be swallowed by a competitor with people only half as good, but who are working together.	Fortunately, organizational politics being what it is, means that working together will not last for long. They will soon be replaced by a top man in every position. Classical management is a far more interesting and satisfying spectacle than boring teamwork.
When one understands who depends on me, then I may take joy in my work.	Why? The dictionary definition of "work" says nothing about joy.
He that would run his company on visible figures alone will in time have neither company nor figures.	That's OK. It leads to a better job or retirement. Good either way.
You can learn a lot about ice and still not understand water.	True. Same goes for money and business.
There is no such thing as arrival exactly on time. In fact, exactly on time can not be defined.	We don't worry about this in classical management. We build inventories.
Defects are not free. Somebody makes them, and gets paid for making them.	Until we fire them for making so many defects.

Deming quote source: https://deming.org/quotes?sf_paged=4, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

<p>If you change the rule for counting people, you come up with a new number.</p>	<p>Yes, thankfully. We change such rules often.</p>
<p>A good question for anybody in business to ask is What business are we in? To do well what we are doing-i.e., to turn out a good product, or good service, whatever it be? Yes, of course, but this is not enough. We must keep asking – What product or service would help our customers more? We must think about the future. What will we be making 5 years from now? 10 years from now?</p>	<p>Does it matter what business we are in? A good leader can run any business, from rockets to shoelaces. More often we are thinking who we can sell ourselves to or buy other companies 5 or 10 years from now.</p>
<p>Fear invites wrong figures. Bearers of bad news fare badly. To keep his job, anyone may present to his boss only good news.</p>	<p>Yes, that is what the boss, the worker’s customer, wants. Any ambiguity on this point is quickly rectified, to preserve one’s ego and personal honor.</p>
<p>Inspection does not improve the quality, nor guarantee quality. Inspection is too late. The quality, good or bad, is already in the product. As Harold F. Dodge said, “You can not inspect quality into a product.”</p>	<p>That’s why we are investing heavily in technologies to automate inspection. Industry 4.0 and all that.</p>
<p>Support of top management is not sufficient. It is not enough that top management commit themselves for life to quality and productivity. They must know what it is that they are committed to — that is, what they must do. These obligations can not be delegated. Support is not enough: action is required.</p>	<p>Support is all you are going to get. Anything more – action – requires engaging lower-level people, which is disallowed by sacred traditions of the institution of leadership.</p>
<p>All that we have has come from people who are answerable only to themselves.</p>	<p>Not so in hierarchical economic organizations. People are answerable to their boss.</p>
<p>The aim of education should be to preserve and nurture the yearning for learning that a child is born with. Grades and gold stars destroy this yearning for learning.</p>	<p>Grades and gold stars separate the book smart from the merely smart. It is a great service to the book smart, one that lasts a lifetime.</p>
<p>Management of a system requires knowledge of the interrelationships between all of the components within the system and of everybody that works in it.</p>	<p>No, it doesn’t.</p>
<p>Pay is not a motivator.</p>	<p>Stock options prove pay is a motivator; do good or bad job, it doesn’t matter.</p>
<p>The basic problem anywhere is quality. What is quality? A product or service possesses quality if it helps someone and enjoys a sustainable market. Trade depends on quality.</p>	<p>Indeed, what is quality? Quality need only be good enough. Customers do not appreciate quality beyond good enough.</p>

Deming quote source: https://deming.org/quotes?sf_paged=5, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

Government service is to be judged on equity as well as on efficiency.	If there is no competition, then it makes no sense to judge on the basis of equity and efficiency. That's the beauty of monopolies, and consequently which we always strive to achieve. Competing is much too difficult.
It will not suffice to have customers that are merely satisfied. An unhappy customer will switch. Unfortunately, a satisfied customer may also switch, on the theory that he could not lose much, and might gain.	It usually does suffice to have customers that are merely satisfied. If too many customers switch, we will buy our competitor and gain more from doing it than customers.
A numerical goal leads to distortion and faking, especially when the system is not capable of meeting the goal. Anybody will meet the quota (goal) allotted to him. He is not responsible for the losses so generated.	It's hard to design a better system than that! All the distortion and faking give managers something to do, which is to figure out how to meet the goal. It takes knowledge, imagination, innovation, risk, trial and error to do this.
Stamping out fires is a lot of fun, but it is only putting things back the way they were.	It's more than just fun. It allows leaders to blame people for their failings and thus continuously show the workforce who is in charge.
Profit in business comes from repeat customers, customers that boast about your product and service, and that bring friends with them.	Not always. The CEO Wealth Creation Playbook lists more than a dozen ways to generate profit that have nothing to do with customers.
Long-term commitment to new learning and new philosophy is required of any management that seeks transformation. The timid and the fainthearted, and people that expect quick results, are doomed to disappointment.	The word "transformation" is taboo in classical management. Transformation is not sought, so the doom of disappointment is averted.
A leader is a coach, not a judge.	In classical management, a leader is a judge.
Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.	Yes, we are building in quality with Industry 4.0.
New product and new types of service are generated, not by asking the consumer, but by knowledge, imagination, innovation, risk, trial and error on the part of the producer, backed by enough capital to develop the product or service and to stay in business during the lean months of introduction.	It's easier, lower cost, and shorter lead-time to ask customers what new types of products or services they desire. If they don't like what we produce, we can blame them for misleading us.
To copy is to invite disaster.	We copy all the time, and look how successful we are. Profits beyond measure.

Deming quote source: https://deming.org/quotes?sf_paged=6, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

Motivation – nonsense. All that people need to know is why their work is important.	People would not have a job if their work was not important. If they don't understand that, their boss tells them. That motivates them.
...Good operations are essential, yet they do not ensure quality. Quality is made in the boardroom... The cause of failure at the bank was bad management, not operations.	Good operations produce good enough quality. The cause of failure is operations, not management. Management gives operations all the tools that it needs to succeed.
I should estimate that in my experience most troubles and most possibilities for improvement add up to the proportions something like this: 94% belongs to the system (responsibility of management) 6% special	In classical management, the proportion is something like this: 94% belongs to employees, the remaining 6% belongs to suppliers.
I read them. Not to grade them. No, I read them to see how I am doing. Where am I failing? What don't they understand? Why do they give wrong answers? Why do they have some point of view that I don't think is right? Where am I failing? Where do I need to build up.	This kind of feedback from below (workers, customers, suppliers) is irrelevant. Only feedback from above (The Board) matters.
One gets a good rating for fighting a fire. The result is visible; can be quantified. If you do it right the first time, you are invisible. You satisfied the requirements. That is your job. Mess it up, and correct it later, you become a hero.	Humanity needs heroes. Our system produces an abundance of heroes. The non-heroes look up to them and are held in high esteem, hopefully for others to follow. They get special rewards, which they fully deserve because they stepped up, unlike the non-heroes.
It is not enough to do your best; you must know what to do, and then do your best.	Workers know what to do when they do what the boss asks, and they clearly know it is in their personal interest to do their best.
Does the customer invent new product or service? The customer generates nothing...	Thankfully, the customer does not invent new products or services. They have no claim to intellectual property, which gives us wonderful pricing power.
The idea of a merit rating is alluring. The sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise... The merit rating rewards people that conform to the system. It does not reward attempts to improve the system. Don't rock the boat.	Merit rating is another myth, one that that play a vitally important role in assuring continuous compliance to the system and to authority. It successfully integrates another myth, "What gets measured gets managed."
It is not necessary to change. Survival is not mandatory.	Thankfully. If survival was mandatory, we could not do our usual merger and acquisition activities, and we would not be seen as business heroes.
A bad system will beat a good person every time.	Thankfully, our traditions of classical management and the institution of leadership will beat a better system every time.

Deming quote source: https://deming.org/quotes?sf_paged=7, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

<p>"We installed quality control." No. You can install a new desk, or a new carpet, or a new dean, but not quality control. Anyone that proposes to "install quality control" unfortunately has little knowledge about quality control.</p>	<p>Industry 4.0. Got a team, got budget, got suppliers. We're on it!</p>
<p>We cannot rely on mass inspection to improve quality, though there are times when 100 percent inspection is necessary. As Harold S. Dodge said many years ago, 'You cannot inspect quality into a product.' The quality is there or it isn't by the time it's inspected.</p>	<p>Either way, we ship the product or deliver the service. Budget variances are unacceptable.</p>
<p>The system that people work in and the interaction with people may account for 90 or 95 percent of performance.</p>	<p>Systems may vary and systems may change. Regardless, 90 or 95 percent of the performance is people doing their job or not doing their job.</p>
<p>Experience teaches nothing. In fact there is no experience to record without theory... Without theory there is no learning... And that is their downfall. People copy examples and then they wonder what is the trouble. They look at examples and without theory they learn nothing.</p>	<p>Experience teaches us classical management. The economic theories that it is based on may reflect magical thinking and now be outdated, but people still believe in it despite evidence to the contrary. The effectiveness of this learning is unquestionable.</p>
<p>Does experience help? No! Not if we are doing the wrong things.</p>	<p>Whether something is right or wrong depends on the leader's opinion, which will change as needs change. Experience does help with that.</p>
<p>The consumer is the most important point on the production-line.</p>	<p>The budget is the most important point on the production-line.</p>
<p>Putting out fires is not improvement of the process. Neither is discovery and removal of a special cause detected by a point out of control. This only puts the process back to where it should have been in the first place.</p>	<p>Putting out fires feels like improvement of the process, which is good enough. We reward people accordingly, which puts the process back to where it should be.</p>
<p>Experience teaches nothing without theory.</p>	<p>Experience teaches that experience trumps theory.</p>
<p>Numerical goals set for other people, without a road map to reach the goal, have effects opposite to the effects sought.</p>	<p>Workers have brains, largely underutilized, so their task is to figure out how to reach the goal. Leaders are too busy to hand-hold.</p>
<p>Management by numerical goal is an attempt to manage without knowledge of what to do, and in fact is usually management by fear.</p>	<p>The reality is that leaders are quite effective at managing without knowledge of what to do. The fear that comes with that is a welcome bonus.</p>

Deming quote source: https://deming.org/quotes?sf_paged=8, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

Quality is made in the board room. A worker can deliver lower quality, but she cannot deliver quality better than the system allows.	There is support in the board room for quality. Quality is talked about in the board room. Quality is made on the front-lines. Workers improve the process to improve quality.
It is not necessary to change. Survival is not mandatory.	Thankfully. If survival was mandatory, we could not play our usual merger and acquisition games, and we would not be seen as business heroes.
The merit rating nourishes short-term performance, annihilates long-term planning, builds fear, demolishes teamwork, [and] nourishes rivalry and politics. It leaves people bitter, crushed, bruised, battered, desolate, despondent, dejected, feeling inferior, some even depressed, unfit for work for weeks after receipt of rating, unable to comprehend why they are inferior. It is unfair, as it ascribes to the people in a group differences that may be caused totally by the system that they work in.	Right! There is so much goodness in that. Merit ratings assure everyone remains aware of who is in charge – leadership. It also assures stability – continuation of a long-established status quo – and it avoids anarchy. By definition, someone who is not a leader is inferior. If workers do not like merit ratings, they can find a job somewhere else that does not use merit ratings.
Every system is perfectly designed to get the results it gets.	This produces opportunity-rich environments that are essential for creative destruction and rapid business growth.
No defects, no jobs. Absence of defects does not necessarily build business... Something more is required.	The leader's work task is to build a business despite the existence of defects.
The moral is that it is necessary to innovate, to predict needs of the customer, give him more. He that innovates and is lucky will take the market.	There is no trouble doing that within the realm of classical management.
The supposition is prevalent the world over that there would be no problems in production or service if only our production workers would do their jobs in the way that they were taught. Pleasant dreams. The workers are handicapped by the system, and the system belongs to the management.	Experience proves the supposition to be correct. The company belongs to management. The system belongs to the workers who designed it; leaders had no hand in that.
It is extension of application that discloses inadequacy of a theory, and need for revision, or even new theory. Again, without theory, there is nothing to revise. Without theory, experience has no meaning. Without theory, one has no questions to ask. Hence without theory, there is no learning.	Revision introduces uncertainty, and so it is to be avoided. Experience has more meaning without theory. Despite being barren of theory, leaders have an abundance of challenging questions for subordinates. That's how they learn.
This may be the world's most underdeveloped nation. We're number 1.	We are number 1 because, as a nation, we have underutilized our human resources. That, of course, is by design. It reduces labor costs and reduces challenges to authority.

Deming quote source: https://deming.org/quotes?sf_paged=9, accessed 29 November 2021

Dr. Deming vs. Business Leaders



Dr. Deming, Says:

Dr. Emiliani Says:

Data are not taken for museum purposes; they are taken as a basis for doing something. If nothing is to be done with the data, then there is no use in collecting any. The ultimate purpose of taking data is to provide a basis for action or a recommendation for action. The step intermediate between the collection of data and the action is prediction.	In classical management, data is useful only under two conditions: When it makes leaders look good or look bad. In the former case, the prediction made prior to action is that it would be best to share the accurate data. In the latter case, the prediction made prior to action is that it would be best to ignore the faulty data. Requisite action is taken accordingly.
Improvement of Quality and Productivity, to be successful in any company, must be a learning process, year by year, top management leading the whole company.	Top management leads the whole company in a different type of learning process: Compliance in relation to changing circumstances, year by year.
You can not inspect quality into a product.	Hence, the management directive to ship the product or deliver the service regardless of internal quality metrics or goals.
Hopes without a method to achieve them will remain mere hopes.	Leaders hope workers find a method. If they can't, management will find someone else who will.
The most important figures that one needs for management are unknown or unknowable.	True. This is a top strength of classical management.
Nothing can do you so much harm as a lousy competitor. Be thankful for a good competitor.	Lousy competitors cost less to buy. Good competitors will tank on their own.
Training for a job must teach the customer's needs.	Workers who are taught customers' needs subvert management's interests and impinge on management vested rights and privileges.
95% of changes made by management today make no improvement.	By definition, an improvement is whatever a leader says it is.
Management is prediction.	Management predicts success. Management is unusually successful at predicting success.

Deming quote source: https://deming.org/quotes?sf_paged=9 and https://deming.org/quotes?sf_paged=10, accessed 29 November 2021

Dr. Deming vs. Business Leaders

Take Some Time to Reflect

What do you make of Dr. Deming's learned wisdom?

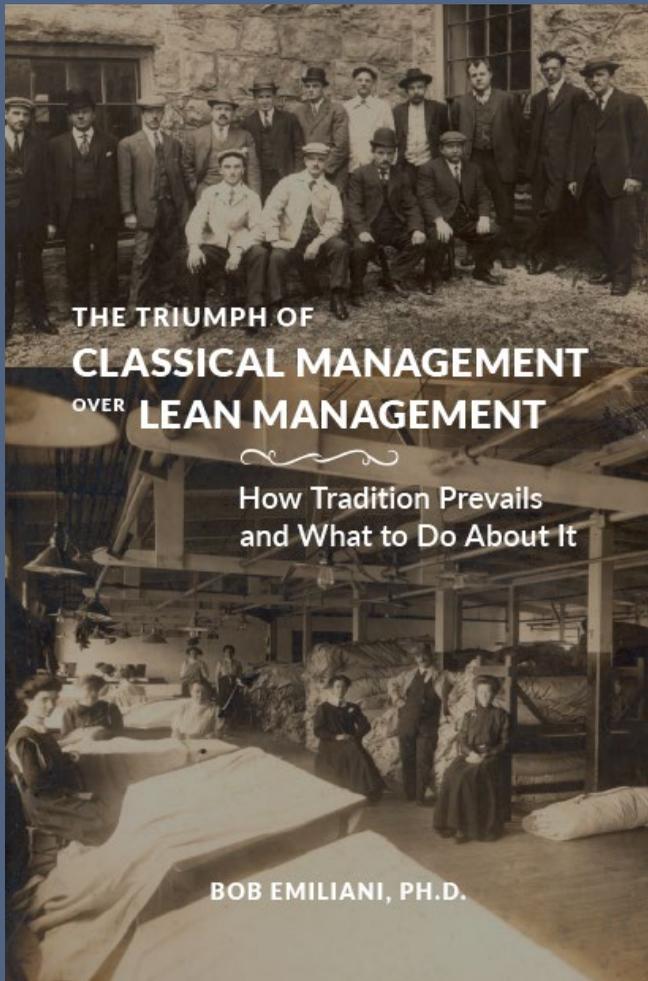
- Hopelessly naïve?
- Visionary progressive?
- Right for the times we now live in?

And what do you make of the worldly wisdom of business leaders who embrace classical management?

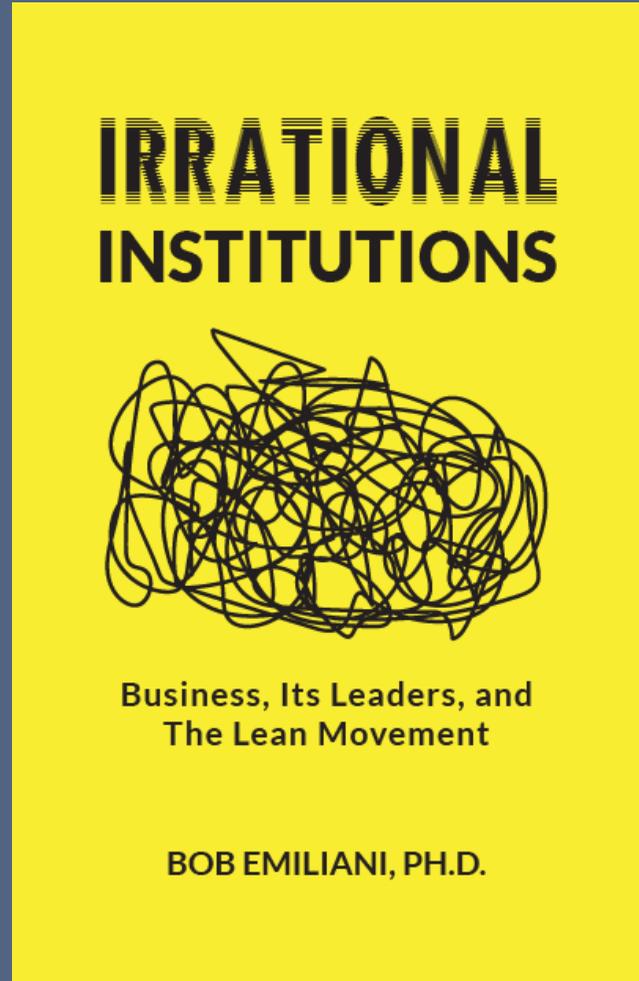
- Gift to humanity?
- Holding back needed change?
- Archaic management practice unfit for the times we now live in?

Overall, what have you learned? What action can you take?

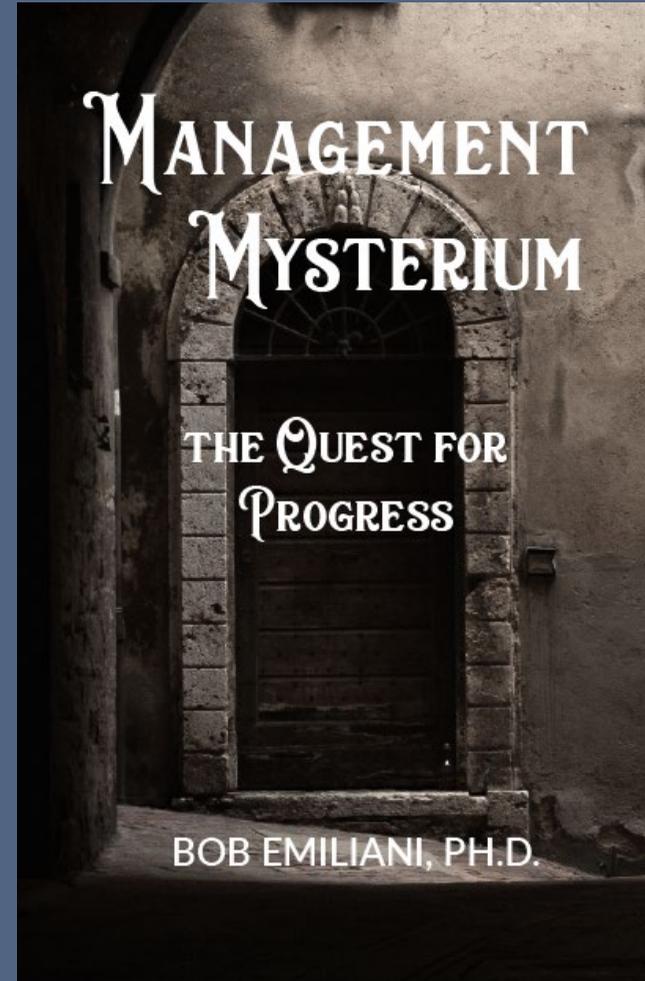
“Are You Ready for The Ultimate Reality Check?”



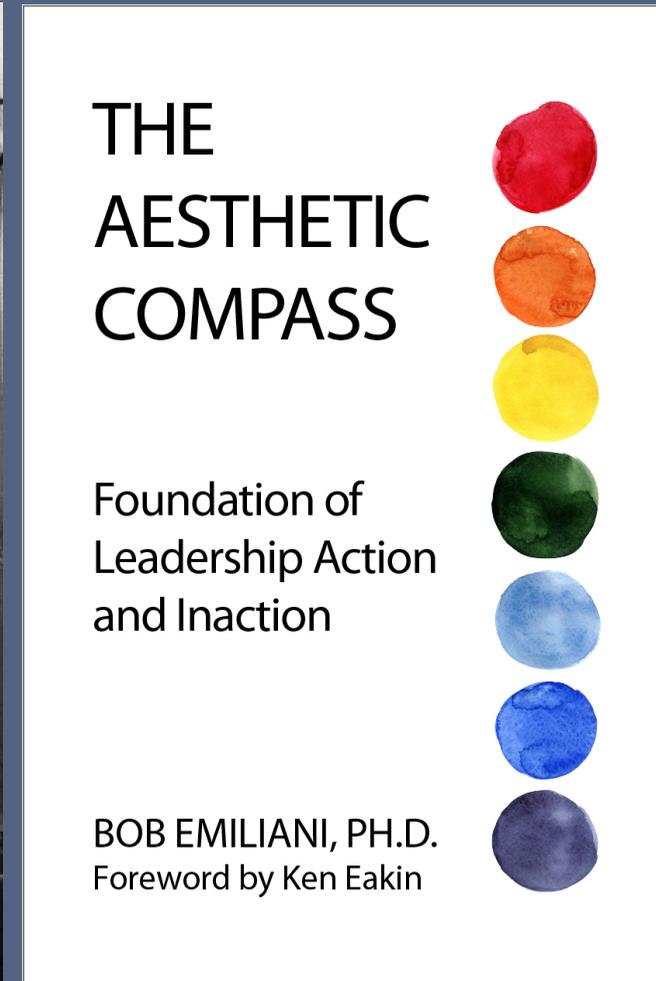
Read This One First



Read This One Second



Read This One Third



Read This One Fourth

Learn More About the Worldly Wisdom of Business Leaders

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