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Implementing Lean Marketing Systems



Dr. W. Edwards Deming: A Difference Maker

Guest was Dr. Joyce Osini and Kevin Cahill

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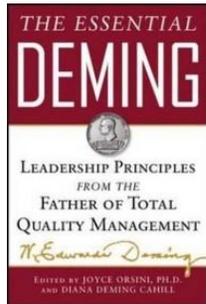
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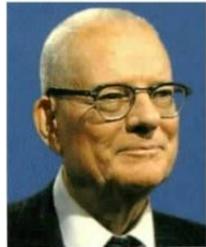
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About the [Deming Institute](#): The W. Edwards Deming Institute® was founded by Dr. Deming in 1993 to provide educational services related to his theories and teachings. The aim of The W. Edwards Deming Institute is to foster understanding of The Deming System of Profound Knowledge® to advance commerce, prosperity and peace.



Kevin Edwards Cahill, Successor Founding Trustee is Dr. Deming's grandson. He currently volunteers full-time as Executive Director of The W. Edwards Deming Institute® where he oversees general operations and development. Previously, Kevin was the co-founder and CEO of ViewBridge, Inc. Prior to that; he was Vice President Sales Manager for media rep firm, Katz Communications. As a member and chairman of the system oversight committee, he helped guide the design and implementation of various sales, technology, and management systems. Kevin holds a BA in history from UCLA.



Joyce Nilsson Orsini, Ph.D., Associate Trustee, is Associate Professor of Management Systems at Fordham University Graduate School of Business, where she directs the Deming Scholars MBA program. She has been a practicing statistician and consultant to industrial management and government for more than 25 years. Dr. Deming directed her doctoral dissertation research at New York University. She assisted Dr. Deming with his teaching at N.Y.U., as well as with many public and private seminars. The Metropolitan Section of the American Society for Quality awarded her the Deming Medal.



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Transcription of Podcast

Joe: Welcome, everyone. This is Joe Dager, the host of the Business901 podcast. With me today is two distinguished guests from the W. Edwards Deming Institute. For those of you that may not know about the Institute, it is a nonprofit organization dedicated to fostering understanding of the Deming system of profound knowledge. My two guests are Dr. Joyce Orsini, a professor of Fordham University and president of the Deming Institute and Kevin Cahill, the Executive Director of the Institute. I would like to welcome the both of you and old-fashioned or not, Dr. Orsini, would you start out and give me an update about your new book, "The Essential Deming."

Dr. Orsini: Well, it's out, published by McGraw Hill. It came out the end of November and it brings together a lot of the speeches and writings of Dr. Deming that never made it into his other books or hasn't had much of a circulation and it includes some of the topics that he talked about all the time as well as some topics. I candidly had never heard him talk about before. So for me, it was interesting and I think for others, even those who have read his earlier books, will find new things in the book.

Joe: Could you tell me a little about your connection with Dr. Deming?

Dr. Orsini: Yes, well, I met Dr. Deming when I was a student at NYU in 1971. He was a teacher--an elderly teacher, 71 years old--and he was teaching courses on the theory of sampling and the design of statistical studies. As a major in quantitative analysis, those were two topics that interested me and that's how I met him. Over the years, we talked more and more outside of the class, obviously, and got to know him fairly well and spend

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some time with him that continued until 1993.

Joe: Well, Kevin, can you tell me about the Institute and what role they've assumed in furthering Dr. Deming's thoughts?

Kevin: Deming Institute--the idea behind it is to Institute teachings of my grandfather, Dr. Deming, to a new generation for an evolving world. The Institute believes it is important to inspire individuals and organizations to make a difference and as an institute, our great joy as a nonprofit is when we can inspire people to think differently, ask questions, and seek new knowledge, something my grandfather thought was very important.

That's the essence of what we believe in and why we do it is because we believe it's good for families and communities and business and we do that through a number of different elements: we inspire people to explore a new way to think about themselves and their organizations. We believe that's a way of thinking that can be used and understood at all levels and we aim to foster an understanding of the Deming System of Profound Knowledge, as we said on the website, to advance commerce, prosperity, and peace.

Joe: Well, I think it's interesting. Most of us were introduced to Dr. Deming through quality and that's where we first think of him, but he spent a lot of time really in a much greater sense than just quality. Can one of you explain, "Profound knowledge" a little, just to get a basic understanding of it?

Dr. Orsini: Profound knowledge is, in my opinion, the accumulation of what he was working

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on throughout his whole life. He talked about different parts of different aspects of management and quality. Toward the end of his life, he identified that what he was really talking about were four fields of knowledge: one of those fields being understanding people through use of what's known in the field of psychology, he talked about statistical variation, which was a topic that he's been working on since World War II and before, he talked about systems thinking--not so much in the traditional sense that you hear people talking about systems, but more in terms of getting this organization that we're a part of operating as a system because, as you know, most organizations break themselves down into little parts and don't really function as a system or component.

The theory of knowledge that comes directly out of epistemology has a lot of insight into how we learn, how we know what we know as people, as organizations. These people, these fields, he concluded, were probably what he was talking about and so he called them profound knowledge. He felt it was a much deeper knowledge than most corporate executives have. Interestingly, someone at one of his seminars said: "Dr. Deming, if I went out and got an expert in each of these four fields, would I, then have this profound knowledge that you're talking about?"

And after a little thought, Deming said, "No, I'm afraid not," because it's not the individual fields that are profound--although they are--it's the interaction which brings the essence of what he's talking, how all these fields interact and that's when he began to call it a system of profound knowledge to make it clear what he was talking about.

Joe: So when he's saying, "systems thinking," he's really talking about blending those four

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components of profound knowledge together.

Dr. Orsini: Yes, yes he is. And using them in the organization so that the organization works as a system. Instead of being competitive, one department with another, that type of thing, which is fairly common.

Joe: When I read *The Essential Deming*, I took from it that he thought that, really, even with competitors, sharing of competitors, he used the example of sharing tow trucks with two gasoline fuel stations. He looked at that systems thinking beyond just your individual organization.

Dr. Orsini: Absolutely, but when somebody would ask him about, "Well, how big is the system?" he would say, "Well, start with your company and then, when you get done with that, come back and I'll help you figure out the rest of the system." But someone conjectured once that the whole world is a system and certainly we know that from the sustainability viewpoint.

Joe: Kevin, of all the accomplishments that Dr. Deming had, what do you think he would want to be remembered by most? Is it profound knowledge?

Kevin: That's a good question. It's not one I'd want to try to answer on his behalf, but thinking about it, I think he would be proud of the fact that, close to 20 years after his passing, that people are still looking at his ideas as an opportunity to make a difference in this world and make people's lives better. I think that would be one of the most important

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things, not that one particular company was successful but that his ideas were still continuing to permeate throughout the world and that they're still interested in them.

As you read *The Essential Deming*, one of the things that struck me was I would read chapters that Joyce had put together and say they are as relevant today as when he wrote some of those papers and the fact, we hadn't listened would be something on the opposite side that I think he would say would be one of his biggest disappointments.

Joe: I think they're so relevant today that I'm surprised. he wasn't considered kind of like Galileo. Galileo got locked up, okay? It wasn't heresy back in the '90s or something 'cause it is so relevant today.

Kevin: Well, especially when you look at the school system. There were a number of articles in there that were talking about schools and how we treat kids in grades and it really struck me that so much of that's true today and I think one of the things that Joyce pointed out, that he came back to over and over, was the fact that performance appraisals and merit pay, how devastating they are to organizations, a lot of times without them realizing it.

I think one of the things that struck me in the book, in particular, was the fact that the people who made it to the top who are the CEOs who are saying these performance appraisals and these ways of making a difference are the ways to go because that's how I got to the top, so that's how everybody should get to the top and that because they did well in performance appraisals means that everybody else should like them and they

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should be a mechanism to get people to the top when they really are not.

Joe: We think of Toyota as being the best case study of Dr. Deming's work and it's where Lean has evolved from. Am I studying Deming when I read, let's say, *The Toyota Way*?

Kevin: I honestly don't know enough about how Toyota does things to say that they are using Deming. I'm sure my grandfather would say they might be using some of Deming and maybe not all of it. I really don't know that, but I do know what we saw with this Toyota crisis, that when Akio Toyoda went before Congress and started talking, one of the things he said: "We have to get back to our roots. We have to get back to what we were doing."

So, in that sense, I think they learned some lessons and they took some of the background that they had being exposed to Deming to say rather than our aim being to be the biggest car company in the world, we need to change our aim back to building quality vehicles or modes of transportation for people. I think that's a realization and an acknowledgement that, yes, we need to look back at what we've done and what we've learned from Deming back in the '50s and '60s.

I do think what Joyce said was the system of profound knowledge was a culmination of his life's body of work and it really came through at the end and; in the '50s and '60s, he was using elements of that but he hadn't synthesized it yet.

Joe: I look at it as such a broad stroke--what profound knowledge is but his roots are in

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statistical and a lot of people that were attracted to him were statisticians--I think Hunter, Joiner, were all statisticians and maybe even Dr. Orsini?

Dr. Orsini: That's correct.

Joe: Why do you think that's true? Just because of the way he talked or the way he approached things?

Dr. Orsini; It's very appealing from a scientific viewpoint. Deming spent most of his time before World War II writing about physics--equal potential circuits, electrons, and that type of thing. That was his basic grounding. I'd say from about 1937 until 1980 or so, he focused on statistics and sampling and his writings, his work, his teachings. That, I think, is what brought to his mind the importance of statistical variation--which he had studied earlier with Walter Shewhart--and caused him to start building links out to statistics.

A lot of what he talks about in systems thinking and psychology and theory of knowledge actually had their roots in the statistical thinking and, in my experience, people who have a statistical background get Deming quicker than people who have, for example, a psychology background or some other discipline. So, somehow, it all links into logic and scientific thinking, I believe.

Joe: Well, I found out recently in another podcast when we were talking about Dr. Deming that he was also a composer. Is there a relationship there between composing and statistical thinking?

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Dr. Orsini: Well, I've been told that statisticians--or mathematicians, in general—are often quite good with music, so I don't know. I've heard that but I don't know if it's true or not. But he certainly was; he was a composer; he loved music, wrote music. He revised the Star-Spangled Banner to make it singable without all the high extremes on it. He lowered it so that the average person could sing it. So he reduced the variation, if you will, in the music.

Joe: Spoken like a true statistician, right? Reduce the variation of the Star-Spangled Banner—I love that. Lean seems to be so much about waste, but in Deming, I find more things about knowledge creation. What are the differences between Deming and Lean, can one of you talk about that a bit?

Dr. Orsini: Well, I could comment and then if Kevin wants to, he may, too. Deming's aim--I believe all through his writings--has been toward the senior management of an organization and, at a senior level, you need to focus on strategy and knowledge-based concepts to run the organization and as you work down the traditional hierarchy of the organization, you get the various tools and concepts that are designed for the everyday worker.

You will find that Deming didn't go into how to do control charts; he would talk about them--motivate an interest in them, maybe give a little sketch--but he never taught a course to anyone whom I know about on actually all the little intricacies of doing the control chart. He thought those were things people could apply and they could that were

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more skill-based than knowledge-based, and he was aiming for the people that are developing the strategy of the organization, more so than the tools.

Lean, in a large part, is looking to eliminate waste. Well, he talked about eliminating waste; he just didn't call it "lean." At the time, he was talking about it, perhaps that expression didn't exist; I don't know. But a lot of the things that are incorporated in the quality programs that you hear about today do have, at their base, some of Deming's ideas.

Joe: I think most of them do, actually, have Deming's ideas at the base that I've seen and I've seen the development in the Lean software community that has developed a little differently than manufacturing because they are much more about knowledge creation than they are waste. A quality person came back to me and asked; "can these quality methods of Deming be applied to services in civil governance and education?" I recommended to him; I said just go pick up *The Essential Deming* because Deming talks more about applying those principles to civil governance and education than he does, really, about manufacturing in a lot of his work! Is that true?

Dr. Orsini: Absolutely. Deming had a lot of service clients. I've been in service most of my industry--banking and education. I think what has some people confused or concerned about whether it applies to service is that a lot of the language that has evolved around quality principles are developed around language familiar with manufacturers and service companies say, "Oh, well, that must be manufacturing because of the language."

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For example: inventory. As soon as you say inventory, everybody thinks manufacturing but, in fact, you and I have inventory right now. We have our e-mails--maybe they're on the screen right now—that's our inventory. It's waiting to be answered. So you have an inventory policy, for example. Some people will open up the latest e-mail first, all right? Some people will open up the first e-mail that came in first. Others have a priority in their mind--"Oh, this one is from my spouse. I'm going to look at that one first."

These are all different inventory systems and they're described in every operation's textbook that exists, but we don't think of it as inventory. So I think in the service industry, either we need to develop our own lexicon, or we need to see what these names like inventory are in our type of organization.

Kevin: Joe, I was going to say the other thing that jumped out at me is that a lot of when my grandfather--I was there with him when that "Japan Can, Why Can't We?" aired on June 24th, 1980, and I was staying with him for the summer and I noticed that a lot of the phone calls that came in were from people who were in the manufacturing sector initially.

I think a lot of "Japan Can, Why Can't We?" which introduced my grandfather back into the United States on a very large scale, were focused on manufacturing in the beginning and a lot of the attention that went to the Deming ideas instead of some of the small companies and organizations where it may have had on the service sector and education had such an impact, were ones like Ford and General Motors and Xerox and Procter & Gamble that were in that sector.

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I think that's what ended up happening was I've talked to people who say 'oh, yeah; he's the guy who really helped manufacturing.' Well, manufacturing's leaving the U.S., it's going to China, and Deming's not as relevant today as a result of that. So it's that initial belief or that's what they originally heard was that he was involved in manufacturing.

Joe: We talked about the merit system. Do you think that's maybe why some of these principles haven't been applied so much to sales and marketing because we are driven by sales commissions?

Kevin: Joe, absolutely, because I grew up in a sales environment, my first jobs were in sales, running sales organizations, and here I am, Dr. Deming's grandson, and as I first started to read this, first of all, as you said earlier, I thought it was for manufacturing-- here I am, his grandson, and I thought it was for manufacturing. Then, when I quickly realized it wasn't for manufacturing and it could be applied when it came to sales organizations, everybody's into performance appraisals--merit pay, commissions, and all those types of things. That's what I was exposed to and that's what I grew up with in that environment.

Absolutely, in pertains to those types of organizations and I do think that's a struggle because I've talked to a number of different organizations from a sales standpoint and they just cannot get past the fact that if you eliminate commissions, you can actually have tremendous gains and change the way things work.

Once you explain it to them a little about how people work on commissions and how

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they're focused on themselves and not the overall aim of the organization, then things become very different. However, it is a huge struggle in sales and marketing organizations and I know that's something that you work with quite a bit.

Joe: I've seen it where that conversation--as far as the sales compensation structure is one of the things that stops continuous improvement, system-type thinking taking hold, and that's why I really ask the question.

What are the future goals of the Deming Institute?

Kevin: The future goals of the Institute are to continue to spread the ideas of my grandfather, to provide knowledge opportunities for individuals and organizations, and to grow and expand our programs so more people have them available. Part of what the new website that will be coming out pretty soon is to expose people to organizations and education, civic--any type of area that is using Deming--sometimes they may be at an early stage of it; they may be at a more advanced stage, so people can see that Deming is still alive today, it is more relevant than ever, and put it in the context of problems that we have right now.

As a matter of fact, we've done a series of articles on organization--you may be aware--called Process Excellence Network, and one of the most popular articles was looking at the BP oil disaster through the lens of Deming and Goldratt and how it could've been avoided and some of the mistakes that were made. So that's really the aim of the Institute, is to continue to make a difference in people's and organization's lives and we believe that

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exposing them to the theory of knowledge and having them understand that and think differently and as I said, ask better questions, will make a difference in their lives.

Joe: One of the questions I always wanted to ask someone did Dr. Deming and Peter Drucker ever get together? I mean, they are the two most prominent people in my mind about management and leadership that's influenced my life and they seem to run parallel paths. Did they ever get together and talk to each other?

Kevin: Well, I can tell you--Joyce may know some more specifics. I had read something--this goes back a number of years ago--that Peter Drucker and my father--I was asking the same question a number of years ago and talked to my mother a little about it and she said, "You know; I think they did." We reached out to Peter Drucker and he was his 90s at the time and living in Claremont in the Warren/Los Angeles area and said, "You know; we'd like to come and talk to you about my grandfather and your relationship," and he said he would love to meet us.

My mother and I went out there; we did it twice; the first time, because he's in his 90s, we met him at his house and he said, "I've only got about a half-hour," and we ended up spending almost two hours with him. He asked if we would come back again and, about six months later, we spent another two, two-and-a-half hours with him and he talked about how they had met and worked together and had different ideas and so much of their stuff did dovetail. So, yes, they did have a relationship. Joyce may have more specifics on where that was and how that evolved.

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Dr. Orsini: They were both at New York University; they overlapped somewhat in their tenures there. They had a tremendous respect for one another. Sometimes you see people who are running more parallel paths than integrated paths, not having much respect for one another, but these men did. My sense from what Dr. Deming told me was they enjoyed coming together and talking about their differences. They were very collegial.

Kevin: I got the same thing from Peter Drucker, his time at NYU and how much fun they had together and talking about different ideas. He clearly felt that from his side, too.

Joe: I would just think from the things I've read that they arrived at similar points from different directions.

Dr. Orsini: That's a great way to say it.

Kevin: That's perfect.

Joe: How do you think Dr. Deming would want to be remembered in the future? What do you think would be important to him?

Kevin: I think it would be important for him to know that people still want to make a difference; people still want to come together and see through problems that we're facing in today's world, and I think he would like to be remembered as somebody who made some small contribution towards his own country. I mean, everyone always talks about the differences he made in Japan and I think that was incredibly important to him.

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But I think he'd like to see that he could also have made a difference in the lives and communities and families and organizations of people in his own country and those around the world, because, when you think about it from a system standpoint, the U.S. is just one component of a larger system.

Dr. Orsini: Also, a reporter once asked Dr. Deming that question when I was there so I got to hear his response and his response is that he'd like to be remembered as someone who tried to prevent companies from committing suicide.

Joe: I could laugh because I could actually see him saying it. Do you still put on the annual four-day seminars or have you condensed them down or how do those conferences go now?

Kevin: We do a number of different things--we have two-and-a-half day seminars that actually Joyce worked with a number of the individuals who are still facilitating it. I don't know, Joyce, if that were 10, 12, 15 years ago--which is a little bit of a condensation from the four-day down to two-and-a-half days, so we still do that. We offer the four-day at times. We have not done it recently.

We do a lot of half-day, one-day workshops that are an introduction to Deming so that people, the idea is to expose them to the ideas and maybe something will grab them within there, within that half-day or full-day, that they'll want to continue to explore and go beyond just that half-day or one-day and start to look at the two-and-a-half day, start to read the book, start to gain that new knowledge.

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We also do an annual conference every year, alternating between different universities, and then we have the international Deming research seminar that Joyce hosts at Fordham University that is terrific and Joyce can talk a little about that, too. But we do those types of things as well as research, guidance; we'll support people who are interested in going to the Library of Congress with scholarships; we do a preservation of my grandfather's works, and we're bringing prints to the Deming Library that Clara Crawford Mason put together back in the '80s and '90s. It's going to be a Deming Institute asset going forward, so we're doing a lot of those types of things to make people aware of the ideas of Deming.

Joe, as you know, you spoke to John Hunter--we have a Deming blog, a Twitter--so we're doing a lot of different things to expose people to the ideas who have never heard of them before and some that have that have moved away from them and looked at different things.

Dr. Orsini: And, by the way, Kevin didn't mention, but he's brought these seminars to other parts of the world. I mean, this is not limited to the United States. In fact, Kevin, I think you have seminars in Singapore, right?

Kevin: Yes, we've been doing that. We have a partner in Singapore and we've expanded quite a bit there and been doing two or three engagements a year in Singapore and not just going and doing a two-and-a-half day seminar because that's the beginning of it but trying to build that infrastructure afterwards where they can continue to work with us, be exposed to us, talk with us as they go through their PTSA cycles, for example. We're

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looking to expand even further in the Malaysia-Indonesia region, too, outside of just Singapore.

Joe: Well, I think what separates Dr. Deming from the quality and the other quality circles or quality people is that so much of what he talks about touches you more on a personal level and understanding it from a personal sense and quality--I don't want to say developed out of the person--but it's developed out of the organization as a living thing and maybe that's why he's continued. What thoughts would you like to end the conversation with here?

Kevin: Well, I'll go first and let Joyce finish, but Joe, what you just said there, I think, is really, really interesting because my wife, Judy, has a background in marketing and advertising and when I started to tell her about my grandfather--when she and I first met about 10 years ago--she came to a conclusion a lot of people did, "Oh, this is kind of interesting, but it's really geared toward manufacturing."

But as she started to explore it a little more, it really struck her about how it pertains to the individual and how important it was to her as an individual and how she started to look at things and sometimes it led to greater frustration as you would see the way different organizations and people and businesses operated, but it also was an eye-opening thing. I think that, to her, what you just said was really the key that it impacted her as an individual and the way she thinks and then you can bring it into the organization. You have that transformation as the individual first.

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Dr. Orsini: Dr. Deming also got communications from people who had attended his seminar telling him how much what he said made a difference in their lives. One woman, for example, said that she and her husband used to be very competitive with one another and she was always so thrilled when she would win and her husband would lose and then she began to think after a Deming seminar, "Well, who wants to be married to a loser?" She began to develop a different relationship with her husband. But Deming often said that you have to understand yourself what this is all about and feel it through a personal transformation, if you will, and then you can reach out and help your corporation and help other people.

Joe: I think that's very well said and I love to leave a Dr. Deming conversation on a personal note, so I would like to thank you very much for your input today and this podcast will be available on the Business901 blog site and the Business 901 iTunes store so thanks to both of you.

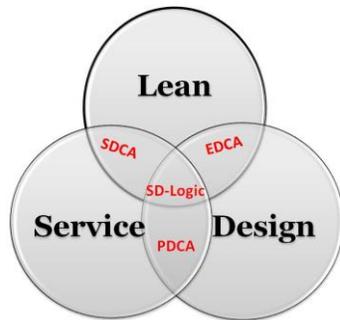
Dr. Orsini: Thank you, it's been a pleasure.

Kevin: Thank you, Joe. I appreciate it.

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Joseph T. Dager

Business901

Phone: 260-918-0438

Skype: Biz901

Fax: 260-818-2022

Email: jtdager@business901.com

Website: <http://www.business901.com>

Twitter: [@business901](https://twitter.com/business901)

Joe Dager is president of Business901, a firm specializing in bringing the continuous improvement process to the sales and marketing arena. He takes his process thinking of over thirty years in marketing within a wide variety of industries and applies it through Lean Marketing and Lean Service Design.

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