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**“ OUT OF THE CRISIS “**

 **Summary**

In his first Chapter of the book “Out of the Crisis”, W. E. Deming presents short pre-history of total quality management and it’s meaning for the economics growth in Japan. It gives the reader an incentive to come to the conclusion, that poor quality means high costs and vice versa - high quality reduces the costs. It is given simplified scheme of this statement along with many examples supporting it. But increase in quality does not mean buying new machinery and gadgets. The relating statement between elucidating the idea of total quality management in the first Chapter and 14 Points, which are the basis for transformation of American industry, in the second Chapter, is cited below:

“If I were a banker, I would not lend money for new equipment unless the company that asked for the loan could demonstrate by statistical evidence that they are using their present equipment to reasonably full capacity, and are at work on the 14 Points of Chapter 2 and on the deadly diseases and obstacles of Chapter 3 ”. (Ch.1. pp.14) So improvement in quality, which leads to improvement in productivity is not reached by new machinery, measurement of productivity, even statistical summarizing itself. What is to be done to be successful in the market is given in Chapter 2 - “Principles for Transformation of Western Management”. The purpose of this chapter and of Chapter 3 is to explain the elements of the transformation that must take place. “The transformation can only be accomplished by man, not by hardware. A company can not buy its way into quality”. (Ch.2. pp.18). Every 14 Points is extended into 2 paragraphs which give a lucidity of author’s mind. The 14 Points stress on the changing of the way of thinking, adopting a new philosophy, alteration in one’s psychological attitude. A complex following of the 14 Points should lead the company to the top. The last point gives a plan of actions to be made in order to put into practice the whole complex of principles.

But this “theory of management”, as E.Deming describes his 14 Points, cannot work without trying to eradicate so called “diseases and obstacles” which “unfortunately , [deadly diseases] stand in the way of transformation” and “...afflict most companies in the Western World”. ( Ch.3. pp.97 ) The writer of the book explains bad habits of every manager in almost every company. At the first sight nobody even could think that emphasis on short-term profits or evaluation of performance or even merit rating could be fatal for the companies. Obstacles are presented as “candidates for front rank in effectiveness, along with deadly diseases, though the most of them are easier to cure than the deadly diseases”. (Ch.3. pp.126)

Those three chapters of “Out of the crisis” are the core of the book. Logically and in the clearest way they explain what total quality management is, what its purpose and the meaning is not only in the economics, but in the everybody’s life of any of the member of any society in the world. I dare to call this book as a new philosophy school, of which the leader - W.E.Deming - wishes to change the Western management, particularly to help out the American economics, but imperceptibly intrudes upon everyone’s consciousness trying to make upheaval in everyone’s way of thinking.

In the next two chapters E.Deming predicts the period of time that has to pass to improve total quality and gives some pieces of advice to help the management to understand its responsibilities.

The description and explanation of the quality, relationships among quality, producer and consumer, heterogeneous meanings of the quality are given in the chapter 6 - “ Quality and Consumer”. One can find answers to the questions what quality and quality of service is, what consumer and what the triangle of interactions is, what one can learn from the consumer.

Since Service industry plays huge role in economics, the improvement of economics and the quality cannot do without the improvement of the quality and productivity in service organizations, what the main point of the Chapter 7 is. All the areas of the service industry are touched by the author, everywhere the attention is focused on the specific items in each particular sphere of the service industry. An abundance of realistic examples shows the professionalism of the author and his understanding of the problems.

“... The aim of the 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. Actually , most of this book is involved with leadership.” (Ch 8. pp. 248) - It is stated in Chapter 8, which expands the 7th Point of Deming. The leadership does not mean to tell what to do, but it is actually telling the people how to do, how to improve what has to be done, how to know how to do, how to evaluate by the means of statistical control. Some good examples are given . The charts reflect the way of examining the problems and give the answer to many questions.

Before even starting to improve the quality, everyone has to meet the requirement to accept operational definitions. There is no any way out in improvement process without standards and regulations, which start with operational definitions. These and other important questions are discussed in Chapter 9 and Chapter 10.

The failure to understand the information in variation causes the central problem in management and leadership. In Chapter 11 it is spoken of faults of the system as common causes of trouble, and faults from fleeting events as special causes. The content of this chapter includes the deepest analysis of many real examples taken from companies and proves that statistical control of the system using control charts lets discover both common and special causes.

“ More examples of improvement Downstream” - Chapter 12 is like a continuation of Chapter 11. The next chapter provides us with the latent danger of any new philosophy - some disappointments in Great Ideas. Every new theory has its advantages and disadvantages. Not everything in the new philosophy is so good as it may seem from the first view. But as it is said, “ disappointments arise from failure to understand four basic axioms.” (Ch. 13. pp. 388)

Not only theoretical knowledge and examples from the real life are given in the book “Out of the Crisis “. E.W. Deming solves a bunch of practical problems from various spheres of industry, proving the fairness, clearness and ability to apply his theoretical reasonings. The bibliography of sources for advanced study is given as well in Chapter 15.

How to organize the system in the company, how to reorganize the present system into the system, reaching improvement in quality, productivity, minimizing of costs is discussed in Chapter 16. Some very elementary examples from the everyday’s life in Chapter17 - “Some Illustrations for improvement of living “ are presented by the author.

The Appendix refers to the whole of the book “ Out of the Crisis “. The Japanese phenomenon demonstrates the world the importance of total quality idea. “ The whole world is familiar with the miracle of Japan, and knows that the miracle started of with a concussion in 1950. (...) Suddenly, Japanese quality and dependability turned upward in 1950 and by 1954 had captured markets the world over. The new economic age had begun. What happened ? “ (Appendix, pp. 486) Will the American economy guess the riddle of Japan ?