



Columbia Business School

The Deming Center for Quality, Productivity,
and Competitiveness



Deming Cup Award Ceremony 2013



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Honorees: H. Fisk Johnson and Paolo Rocca



On October 29, 2013, the W. Edwards Deming Center for Quality, Productivity and Competitiveness at Columbia Business School awarded the 4th Deming Cup to H. Fisk Johnson, Chairman and CEO of S.C. Johnson & Son, Inc. and Paolo Rocca, Chairman and CEO of Tenaris S.A. Past winners, Sergio Marchionne, Chairman and CEO of Chrysler Group LLC, and CEO of Fiat S.p.A. and Terry Lundgren, Chairman, President and CEO of Macy's, Inc., returned to Columbia and presented the cup to the new recipients.

The fourth Deming Cup Award Ceremony and dinner was held in Columbia University's Low Rotunda to celebrate Fisk Johnson, chairman and CEO of S.C. Johnson & Son, Inc. and Paolo Rocca, Chairman and CEO of Tenaris S.A.

Fifteen members of the judging committee attended: Rob Amen, John Coatsworth, Awi Federgruen, Beth Ford, Nelson Fraiman, Tom Groos, Richard Jaffe, Sangwan Lee, Terry Lundgren, Sergio Marchionne, David Niles, Bennett Nussbaum, Paul O'Neill, Quentin Roach and Garrett van Ryzin. The Deming Center is grateful for their attendance and support and encourages the rest of the committee to participate next year.

Additional attendees included: **Salman Amin**, COO of SC Johnson & Son, Inc; **Mario Galli**,

Corporate Communications Director at Tenaris S.A.; **Eduardo Garrido**, US director of Santander Universities in USA; **Gita Johar**, Senior Vice Dean at Columbia Business School; **John Lanaway**, Board Member of Chrysler Group LLC; **Kristin Peck**, EVP and Group President at Zoetis; **Gualberto Ranieri**, Senior Vice President for Communications at Chrysler Group LLC; **Lodovico Rocca**, President of Techint Engineering & Construction; **Jack Rooney**, Chairman and CEO of Ogilvy & Mather Chicago; **Adriana Rosenberg**, President of PROA Foundation; **Enzo Viscusi**, Chairman of Eni Petroleum; **Andrew Wallach**, President of Central National Gottesman; **Christine Todd Whitman**, Former New Jersey Governor, and **Eitan Zemel**, Vice Dean for Strategic Initiatives and W. Edwards Deming Professor



of Quality and Productivity at New York University's Stern School of Business.

Columbia Business School alumni, faculty, and current students from the EMBA and Ph.D. programs participated. Total attendance was 200 people.

Nelson Fraiman, Professor of Professional Practice at Columbia Business School and Director of the W. Edwards Deming Center, opened the evening and introduced John Coatsworth, Provost of Columbia University, and Gita Johar, Senior Vice Dean of Columbia Business School for welcoming remarks. They congratulated both 2013 recipients, H. Fisk Johnson and Paolo Rocca, and thanked 2013 Deming Cup sponsors for supporting this initiative.

Sergio Marchionne, Chairman and CEO of Chrysler Group LLC, and CEO of Fiat S.p.A., and Paolo Scaroni, Chief Executive Officer of Eni, introduced Paolo Rocca. Both speakers emphasized how Mr. Rocca has placed operational excellence at the core of Tenaris' strategy.

Thomas Groos, Partner at City Light Capital, and Christine Todd Whitman, former Governor of New Jersey, introduced H. Fisk Johnson. They explained Mr. Johnson's role as a key driver to his company's outstanding performance in quality and innovation.

The full texts of Sergio Marchionne's, Paolo Scaroni's, Paolo Rocca's, Thomas Groos's, Christine Todd Whitman's, and Fisk Johnson's remarks are given below.



Judging Committee

Saad Abdul-Latif

CEO, PepsiCo AMEA

César Alierta Izuel '70

Chairman and CEO, Telefónica

Rob Amen '73

Columbia Business School

Lucien Arkas

Chairman, Arkas Group

Wolfgang Bernhard '88

Member of the Board of Management, Daimler AG

Ivony Brochmann Ioschpe

Chairman, Ioschpe-Maxion S.A.

Kevin Burke '83

Chairman, President and CEO, Consolidated Edison of NY

John Church

SVP, Supply Chain, General Mills

John Coatsworth

Provost, Columbia University

Bruno Di Leo

SVP for Sales and Distribution, IBM Corporation

Ali Dođramaci

Chair, Board of Trustees, Bilkent University

Awi Federgruen

Columbia Business School

Beth Ford '95

Chief Supply Chain & Operations Officer, Land O'Lakes, Inc.

Nelson Fraiman '71

Columbia Business School

Peter Gibbons

EVP, Supply Chain Operations, Mattel

Lynne Greene

President of Clinique, Origins, & Ojon, Estée Lauder

Thomas Groos '80

Partner, City Light Capital

Richard Jaffe '92

Managing Director, Stifel, Nicolaus & Co

Jeffrey Keefer

Former CFO, DuPont

Klaus Kleinfeld

Chairman and CEO, Alcoa



Shelly Lazarus '70

Chairman Emeritus, Ogilvy & Mather

Sangwan Lee

Executive Advisor to CEO, Samsung Electronics

Nicolás Loaiza '11

Co-founder and CEO, Bodytech

Terry Lundgren

Chairman, President and CEO, Macy's Inc.

Sergio Marchionne

Chairman and CEO, Chrysler Group LLC; CEO, Fiat S.p.A.

Jorge Morán

Former President and CEO, Sovereign Bank

David Niles '98

President, SSA & Co

Bennett Nussbaum '71

Senior Advisor at Lone Star Funds / Hudson Advisors

Paul O'Neill

72nd Secretary of the U.S. Treasury

Quentin Roach

Senior Vice President & Chief Procurement Officer, Merck

R. Seshasayee

Executive Vice Chairman, Ashok Leyland Ltd.

Keith Sherin '91

Vice Chairman, GE; Chairman and CEO GE Capital

S.D. Shibulal

Co-founder, CEO & Managing Director, Infosys

Charles Sorenson

President and Chief Executive Officer, Intermountain Healthcare

George Stalk

Senior Advisor and BCG Fellow, BCG

Burt Steinberg '70

Former President and Director, Dress Barn

David Thurm

COO, The Art Institute of Chicago

Hans Van Alabeek

EVP, Supply Chain Operations, Nike

Garrett van Ryzin

Columbia Business School

Photo highlights from the 2013 Deming Cup Award Ceremony



Paolo Rocca receives the award. From left to right: Nelson Fraiman, Sergio Marchionne, Paolo Rocca, Adriana Rosenberg, Terry Lundgren and John Coatsworth



Fisk Johnson receives the award. From left to right: Nelson Fraiman, Tom Groos, Fisk Johnson, Christine Todd Whitman, Garrett van Ryzin, Gita Johar, Rob Amen, Costis Maglaras, Richard Jaffe, Kim Holton and Terry Lundgren



David Niles (second from left) and his team from SSA & Company



Group picture of some of the volunteers (PhD Students) who helped at the registration desk



Garrett van Ryzin and Beth Ford



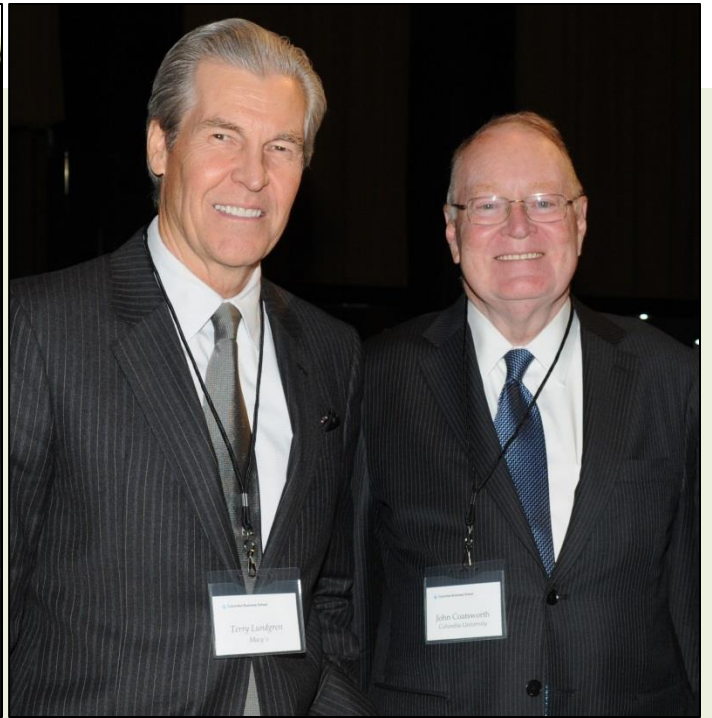
Paul O'Neill and Christine Todd Whitman



Kristin Peck (center) with some of Zoetis' guests



Bennett Nussbaum and Salman Amin



Terry Lundgren and John Coatsworth



Linda Green and Nabil Adam



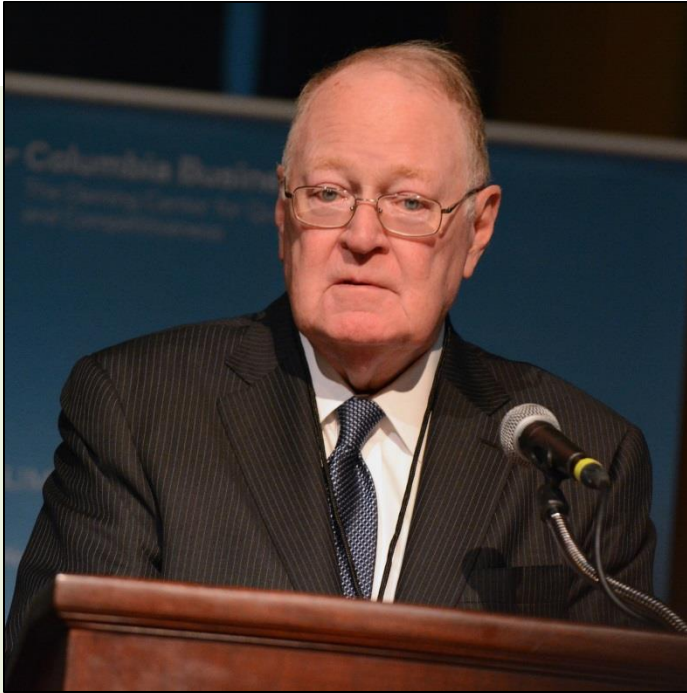
Sangwan Lee and Fisk Johnson



Eitan Zemel, Rob Amen and Mike Pinedo



Nelson Fraiman, Lodovico Rocca and Paolo Rocca



John Coatsworth and Gita Johar open the Deming Cup 2013 and welcome the audience



Paolo Scaroni introduces Paolo Rocca



Paul O'Neill, Paolo Rocca and Enzo Viscusi



Andrew Wallach with some of his guests from Central National Gottesman



Jack Rooney (center) in company of some of his guests from Ogilvy & Mather Chicago



Medini Singh, Nachum Sicherman, Nelson Fraiman and Ehud Houminer during the cocktail reception



Gabriel Weintraub, Carri Chan, Alireza Tahbaz-Salehi and Enrichetta Ravina



Sergio Marchionne and Paolo Rocca

Agenda

Welcoming Remarks and Introduction

Nelson Fraiman, Professor of Professional Practice, Columbia Business School

John Coatsworth, Provost, Columbia University

Gita Johar, Senior Vice Dean, Columbia Business School

Speakers

Sergio Marchionne, Chairman and CEO, Chrysler Group LLC and CEO, Fiat S.p.A.

Paolo Scaroni, Chief Executive Officer, Eni

Paolo Rocca, Chairman and CEO, Tenaris S.A.

Thomas Groos, Partner, City Light Capital

Christine Todd Whitman, Former Governor of New Jersey

H. Fisk Johnson, Chairman and CEO, S. C. Johnson & Son, Inc.

Closing Remarks

Robert Amen, Chairman, W. Edwards Deming Center Advisory Board

Sergio Marchionne's remarks to introduce Paolo Rocca

Ladies and gentlemen, good evening to you all. I am delighted to be back at Columbia Business School, and to play a part in honoring the two winners of this year's Deming Cup, Paolo Rocca and H. Fisk Johnson. It is my privilege to help introduce Paolo Rocca.

I feel a special kinship with Paolo. We were born in the same year, although I am a few months older, in case seniority counts for anything. Our families both came from Italy, but moved to the New World in order to expand their opportunities without ever losing appreciation for their roots.

As an ever-wandering metal basher myself, I can relate to the constant travel required when you lead a global organization such as Paolo does with Tenaris. In fact, I have not seen him for three years, when we met in Buenos Aires. Tenaris produces steel pipes and related products primarily for the oil and gas industry. Like the automotive business, Tenaris might seem to operate in sedate, slow-changing sectors. But in truth our companies must constantly evolve in order to meet historic challenges to produce complex, reliable products that meet the practical needs of customers while also reducing their environmental footprints. Tenaris has shown it is ready for this challenge.

It is on the forefront of technological advancement, such as in the development of products used in deep-water operations and corrosive environments, helping to change the way we think about the future of energy.

Primarily confined to Latin America during the 1990s, under Paolo's leadership, Tenaris has expanded its business globally, becoming the absolute leader in its sector. And today Tenaris is listed on the stock exchanges of New York, Buenos Aires, Milan and Mexico City.

This expansion would have not been possible without a leader who understands the importance of managing very different cultures in a way that captures and incorporates the strength of each one.

The global business scene has many examples of companies that failed to deliver strategic synergies because differences across cultures could not be resolved. At Fiat and Chrysler, we have found that the partnership depends on the willingness of men and women from different backgrounds to open up and share experiences with each other. This diversity has the capacity to foster a creative and stimulating environment and to generate fantastic opportunities for both professional and personal growth.

These bonds are the only way to ensure that the geographic barriers crossed in a global organization don't turn into cultural barriers through jealousy or nationalism. Any attempt by any side to dominate the culture of the other would not just stifle creativity. It would also erase the most precious element for a company, as well as for every person: that personal story made of all the experiences – the good and the bad ones – that have made

them who they are. It would kill their identity and their personality.

In a world that increasingly demands global thinking, success will be driven by people who are willing to listen to each other, share experiences, exchange knowledge and ideas, and expand their horizons.

W. Edwards Deming left us with a powerful example of how this openness can change our lives and can change history. It was Japanese industrial leaders, and not Deming's own American colleagues, who first embraced his theories on management and quality control.

Paolo Rocca has overseen the creation of a truly multi-cultural company. He has demonstrated the courage to break away from convention and Tenaris today stands out for its willingness to challenge the status quo and travel uncharted paths.

Unlike some other business leaders, Paolo is rarely the subject of flattering stories in magazines and newspapers. He prefers to work quietly, believing first and foremost in the ethic of doing things, and doing them well.

This principle has brought Tenaris to where it is today, a company that is globally recognized and appreciated as a leading supplier for the world's energy industry.

I told you some reasons why I share a special kinship with Paolo.

Perhaps the most important thing we share is a philosophy about the future: it is not enough to simply imagine it, you need to take responsibility to actually build it.

Paolo Rocca is helping build the future. This is why he is a most worthy recipient of the Deming Cup.

Thank you very much.

Paolo Scaroni's remarks to introduce Paolo Rocca

Ladies and gentlemen, good evening.

I am sorry not to be with you in person, but very pleased to have the opportunity to tell you a little about Paolo Rocca.

I have known Paolo since 1974, but the first time we really worked together was in 1996, on the deal which brought Dalmine - a state-owned stainless steel pipe maker - into the Techint group.

This company – which was 100 years old – was where Paolo's grandfather Agostino Rocca started his career in the 1920s. And today, Dalmine is a symbol of what is possible in Italy. Starting from a small steel pipe producer, with 4,800 employees and \$500 million in annual revenues, Paolo Rocca has built Tenaris, a global company which is the world's leading supplier of pipes and related services to the global oil and gas industry and to Eni as well.

Today, Tenaris has 27,000 employees all over the world, annual revenues of \$10.8 billion and operates a global industrial system in over 15 countries and a service and distribution system in over 30 countries.

The transformation is due in great part to Paolo Rocca's focus on industrial excellence and absolute product reliability. Paolo established an integrated quality management system for all of Tenaris's industrial facilities, which proved to customers that they would have the same level of quality, regardless of which plant was

producing the pipe.

As an industrial company with a long-term viewpoint, Tenaris understands the importance of sharing its values with the local community. It focuses on education, particularly technical studies, and has recently opened the Roberto Rocca technical school in Campana, Argentina.

When his elder brother and my friend Agostino died in a tragic plane accident, Paolo Rocca succeeded him as CEO of the Techint group. Today the Techint group has a global annual turnover of over \$ 25 billion with more than 80,000 employees.

I have nominated Paolo Rocca for the Deming Cup because he leads by example. He inspires employees all around the world to work together, towards a shared objective. And he has a new objective, right here in the United States. To supply the needs of shale gas producers, the company is building a greenfield seamless tubes mill with an investment of \$ 1.6 billion in Texas. I am sure this will be an important new milestone for the company, and wish him every success.

Thank you for your attention, and I hope you have a very pleasant evening.

Paolo Rocca's remarks on accepting the Deming Cup

Good evening, everybody; ladies and gentlemen. It is really a pleasure and an honor for me to receive this award.

I want to thank the Selection Committee and the Deming Center of Columbia, for bestowing on me this very important honor. And thanks to Sergio Marchionne and to Paolo Scaroni, or the avatar of Paolo Scaroni, speaking from the screen. Thank you for the comment, but what I really appreciate, both in Sergio and in Paolo, is that we share a same way of thinking about our business; we share the same passion for what we do. We are all Italian. We lived a large part of our lives outside Italy, but we still consider that, to build a great company, you need to be close to your people, to build on trust, to know, to visit, to be close to them. So we all share a very complex agenda. We travel around. We don't meet each other very often. But we have a high respect of each other for what we are doing every day.

I want to receive this award on behalf of all of the people that work, first of all, in Techint - more than 80,000 people - that every day, with strong commitment, and a sense of purpose and guidance, are driving this company ahead, and are building our future. You know, Techint is really an industrial company. We started from the entrepreneurial spirits of my grandfather, back in 1946. He was the same generation as Deming - Edward Deming - was. He crossed through two World Wars, the Great Depression in the 30's, and he had a view that was really based on the value of the industrial company. And this value was preserved over time.

Techint is an industrial company, mainly focused (started as a pipe producer for the oil and gas industry) and that spread into engineering and construction, steel making and oil and gas production. But all comes from the same view and the same things. It is not a conglomerate. It is a company that grew on knowledge and learned on doing things. Over time, this company has expanded and in the last 20 years again we had a new cycle of growth on a global scale. But if I should think of the success of this company, is that of an industrial company, I should think of all of the stakeholders that are supporting our business. An industrial company needs a wide array of stakeholders and needs the support of them. The shareholders who for more than 60 years have supported the continuous reinvestment and growth of the company in different directions. Our employees, who have really contributed substantially with their professional approach, with their commitment to the everyday building of the company. Our suppliers and our clients, who contributed with their confidence in our capability, their loyalty, and their support. And last but not least, the community in which we have our deep roots.

An industrial company needs the support of the community in which we have operations. We need to grow together, and without their support it would be impossible for an industrial company to deploy all of its potential. All of these stakeholders, I think, are sharing this great honor that I'm receiving. Let me tell you that in the last 20 years, the manufacturing industry underwent a deep change.

The surge of China as a major industrial power in the last five years of crisis has changed very much the landscape. China, 20 years ago was producing 5% of the industrial GDP of the world. Today, these figures went up to 20%. The role and the weight on trade increased even more than its weight on manufacturing. This has put a substantial pressure on all of the manufacturing activity, in developed and in emerging countries. And we have to steer through this. On top of this, the last 20 years, an environmental concern coming out from different points of our society has put a strain on the manufacturing activity. There are opinions concerning manufacturing in our companies that are not all in favor. In some cases we are welcome, but, in some others, the footprint that is inevitably associated to our operation has been resented by the community.

So, today in the challenge for the industrial activity to compete in this world, to get out as a winning component, this has created a distraction. I think this leads to a very complex agenda. But in this agenda, I think, there is an important space for Edward Deming's approach to industrial activity. Like in Japan after the War, today I think we should get back and make full use of his insight, of his concept in managing competitiveness for our company.

The focus on process control, on quality as a center of the activity of the business. The focus on the human being as the factor that really transforms any activity. The weight and the role of continuous improvement. The responsibility of us as managers in everything that we do.

All of this could contribute and help us in finding our way into this difficult world. In Tenaris, Tenaris is the largest global company of the Techint Group, we try to incorporate in our management system, as much as we can, the concept that drives the Edward Deming's insight and his approach to quality, his approach to managing an industrial facility.

Our strategy, our way of looking at the future of our company is based on product and service development, innovation, industrial excellence, and sustainability of our operations. On this ground, we think we should find excellence and we should make our difference. And in doing this, industrial excellence and quality are the essence of our differentiation. On this ground we can defend, expand, and grow in our company. And to do this we should keep in mind Deming's teaching.

The question of sustainability, I want to mention this, is today very complex. The community in which the industrial activity takes place requires from us full accountability; it requires that we legitimate what we do every day. We should be fully transparent, accountable for what we do: safety, environment, attention to education, is very important. The values of the company are even more important than what we actually do. Paolo Scaroni was mentioning our new investment in Texas. Few months ago, we were looking in the US for a place, a location, for a new big investment: 1.8 billion dollars, a new industrial "state of the art" plant.

We were visiting different communities, different

counties. I had the chance to discuss this with the county judge of the place that we finally selected: Bay City, Matagorda County, in Texas, not far away from Houston. I was in the meeting and I started to explain what our project was about, the mission, the environmental impact, the components. It lasted two minutes. After this, we were talking about values. He was looking at me and said: "Mr. Rocca, I understand everything, but I'm interested in your values, can you tell me about the values of your company?" So our interaction changed suddenly, and we were discussing deeply the value of their city, Matagorda County. They had rural values, he told me. "How you can combine our rural values with your industrial values?" And we found that almost all the values that we were considering for our business were similar or identical to theirs. The confidence on the long-term view for the business. The confidence in education as a way of promoting economic progress, social mobility, and growth in a social and economic sense for the community. The sense that there is no success for an industrial business unless the community in which it is inserted also progresses. So we were discussing about these values. I think that is an important component.

When we talk about sustainability we should talk about values. If we want to justify our presence, find our space, support the return to manufacturing in the developed countries and in the emerging countries, that –to some extent– sometimes are rejecting this, we should talk about values.

The rational approach to every problem, the non-ideological thinking of how to solve problems. The confidence in the progress that education could bring to everybody. The sense that we can build the progress in full respect for all our stakeholders. I think these are basic concepts that could lead to a return to manufacturing in most of the countries in which we operate at a global level. I think that there is a lot of what Edward Deming was saying all along his career in this quest for values.

Thank you very much, and thank you again for this honor.

Thomas Groos's remarks to introduce H. Fisk Johnson

Ladies and gentlemen, welcome to Columbia University and the Business School's annual Deming Center evening. It is an honor to introduce Dr. H. Fisk Johnson, co recipient of the Deming Cup for 2013. Fisk has been a close friend for over 35 years, all the way back to our Cornell fraternity days. I share his friendship with a great many others from that time some of whom are here tonight to share in the celebration.

As a fellow manufacturing guy, I have learned so much from Fisk, his leaders at SC Johnson, and his organization. If there was ever a premier example of long term, consistent execution of the Deming principles it is SC Johnson. A company that stays focused upon continuous improvement, quality, people development and protection of the environment.

I will give you one great example that I think really captures the heart and soul of this company. In mid 1970's, there was growing scientific evidence that a particular group of chemicals, chlorofluorocarbon molecules or CFCs were damaging the ozone layer of the atmosphere of the earth. CFCs also just happened to be the primary propellant for almost every aerosol product that SC Johnson manufactured at that time. The science was considered, and soon the company started an massively expensive conversion program to switch to new propellants, just like that. Because it was the right thing to do. This happened about 5 years before CFCs were banned for all manufacturers in the USA and eventually, globally by the United Nations. SC Johnson was the first major company to make

the move. This is the kind of stuff these people are made of, and Fisk, as their leader, sets the tone.

This is a 120 year old privately held company that continues onward with strong organic revenues and profit growth, even through the recent recession. It is a shining example of the benefits that capitalism brings to our nation and many others.

There are many more stories of excellence, too many for me to relate now. So I am just going to offer my sincere congratulations to Fisk and the people of SC Johnson that work hard every day to make life on this Earth better. Thank you.

Christine Todd Whitman's remarks to introduce H. Fisk Johnson

Good evening. Operational excellence and a commitment to continuous improvement is something for which every company should strive but few achieve, SC Johnson is one of those few, they are truly at standup company. Since it's founding, five generations of Johnson's ago, SCJ has been a transparent Global thoughtful company aware of the future but respectful of the past. I can think of no better recipient of the Deming award than this company.

Having a family name on the company puts additional stress on a CEO. How that CEO deals with that stress speaks volumes about them and about the company itself. Fisk Johnson has continued the proud family tradition by ensuring that the company is always looking for ways to improve the environment for both its workers and for the world. Take the "green list" for example, just to give you an example of how the company approaches things.

The "green list" is a system for ensuring that the company is continuously looking for and using whenever possible alternative chemicals that pose less of a challenge for our environment. You heard one example where they were ahead of the curve, this is something that has now been incorporated into an ethos in the company. They are always looking for a way to improve the environment for the family and for the world. And it's a company that doesn't want to wait for the regulators. The company is out in front and really showing the regulators and the lawmakers what they could and should be doing, and that's how I first met Fisk and his father Sam.

When they came to my office. I was at the environmental protection agency and we talked about the kind of things they were doing that put a light to so many of those who opposed regulations saying "we can't do this", "there is no technology out there", "there is no alternate chemical we could use"... The Johnsons were there saying we can do some of these things and we want to be your partner to do them.

That's an incredible commitment by a company and it's something that is part of every element of the company in manufacturing and in the innovation and employee satisfaction. Operational excellence is the left side of the corporate brain, their right side is their commitment to what SC Johnson calls the greater good. That means integrity, it means community, it means diversity and it's why the company is regularly named one of the top places to work by any of the organizations that measure those things. People love working for SC Johnson because it is truly a family company. It's the way SC Johnson has been and the way Fisk Johnson today manages this company. For those of us who are lucky enough to say that we are on the board of SC Johnson we are very proud to list it as one of our companies and frankly I can think of no company better to receive this Deming award than SC Johnson. It truly is a leading Company that is dedicated to operational excellence and a culture of continuous improvement. So congratulations to Fisk and to everyone in the company that understands your leadership, appreciates your leadership, and works every day to make the Company and this world a better place. Thank you.

H. Fisk Johnson's remarks on accepting the Deming Cup

Thank you Christie and Tom for those very generous and kind remarks. And thank you Nelson and the selection committee for bestowing this wonderful honor on our company. The credit for it goes to the many SC Johnson people around the world who are the ones truly responsible for our success.

And I am very pleased nine very talented colleagues of mine are in the audience tonight, most of who work in our Wisconsin factory. It is great to have them here to share in this award, as we are very grateful for their leadership in driving our continuous improvement program in our largest and most important factory in the world, in Wisconsin.

On a more personal note, having spent 10 years as a student at Cornell, it is always nice to be back on an academic campus, especially one as prestigious as Columbia. My Dad was always very supportive of me continuing my university studies—at least until the 8th year or so, and then he started to get a little antsy. By the time the 10th year rolled around, he used to go around telling people I was living proof you could go through 10 years of fraternity parties and survive. I might add that there is a table of my Cornell fraternity brothers here tonight, so guys, please, remember what happened in Ithaca, stays in Ithaca.

Let me begin with a personal comment about Deming. He was truly one of the great business thinkers and practitioners, someone I have always admired. By background he was an engineer, a mathematician and a physicist, and yet this man of numbers and processes and

management-as-a-science also allowed into his thinking the intangible and the indefinable. He once said that “the most important things are unknown or unknowable, the factors that can have the greatest impact long term can be quite surprising.” He also said “the most important things can't be measured.”

I find that interesting, because for us at SC Johnson, that intangible, indefinable, immeasurable element of management is vitally important. It goes back to something my great grandfather said in a speech to our employees back in 1927. He said, the goodwill of people is the only enduring thing in any business. It is the sole substance. The rest is shadow. For us the intellectual and practical challenge is how to build a business in the modern age that contributes to the greater good and earns goodwill. But at the same time continues to win and be highly successful.

I think it's safe to say that CEOs of most public companies believe that their ultimate objective is to maximize shareholder value. As a closely held multi-generational family company, we don't think about shareholder value that way. In fact, this may surprise you, but we don't really think about it at all. We don't see it as any kind of measure of success. That doesn't mean financial performance isn't important.

It is very important because strong financials are critical to keeping the company strong and successful well into the future for the benefit of everyone the company touches. But rather, we view financial results as the means to achieving success not the success in and of itself.

Inevitably though, if you are going to succeed financially, you have to make tough decisions that can affect people's lives. For example, do you keep alive the status quo with jobs that you know will someday be gone or do you change and adapt and invest in the future and the creation of future jobs? While I think the answer to that question is evident, as you have to adapt to the future, the real question lies in how you act on those life changing decisions and the impact of those actions on that unknown immeasurable value of goodwill.

Not too long ago we decided we needed to close a factory in El Salvador. The remarkable thing is that after we got through the process and had a final meeting with all the employees to complete the closure, we got a standing ovation from people who were losing their jobs. I'm not patting our company on the back; I'm just saying that even in the most difficult situations sometimes the smallest things, including acting with respect and compassion can be a very powerful thing.

I think it also happens to be where you can find the most fulfillment and even the greatest success as well.

So for us at SC Johnson, success lies in that intangible indefinable immeasurable value of goodwill and it defines our path to Deming's goal of continuous improvement. And it has been that way for over 125 years. And I want to thank you here at Columbia for recognizing our attempts to get it right.

In closing just let me say that we are honored and humbled by this recognition from such a prestigious school as Columbia, and I accept it with great pride on behalf of all the people at SC Johnson, who created the successes for which we are being recognized tonight.

Thank you so much.



Columbia Business School

The Deming Center for Quality, Productivity,
and Competitiveness

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Gabriel Weintraub

Chairman of the Board

Robert Amen

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