

# DEMING CUP 2015 FOR OPERATIONAL EXCELLENCE

## AWARD CEREMONY SUMMARY



## DEMING CUP 2015 AWARDEES



**Kenneth I. Chenault**  
Chairman & CEO  
American Express Company



**Toby Cosgrove, M.D.**  
President & CEO  
Cleveland Clinic



Cosgrove and Chenault with their awards at the ceremony

## DEMING CUP 2015 AWARD CEREMONY

Dear Friends,

The W. Edwards Deming Center at Columbia Business School hosted the 2015 Deming Cup award ceremony on Tuesday, October 27, 2015 at Low Rotunda in Columbia University. The evening recognized two extraordinary leaders for their achievements in operational excellence in their respective fields: **Kenneth I. Chenault**, chairman & CEO of American Express Company, and **Toby Cosgrove**, M.D., president & CEO of Cleveland Clinic.



Professor Nelson Fraiman

We thank our judging committee members for their involvement in the nominations solicitation, review, and voting process. We are especially grateful to our committee co-chairs—Terry Lundgren, chairman & CEO, Macy's, Sergio Marchionne, CEO, Fiat Chrysler Automobiles, N.V., and Paul O'Neill, 72nd Secretary of the US Treasury—for their guidance and support throughout the review and decision-making process.

We sincerely thank all our sponsors for their generous gifts towards the ceremony—Alcoa, Ali Dođramaci, American Express, Citi, Cleveland Clinic, Daniel Kaplan, Dina & Andrew Wallach, Fiat Chrysler Automobiles, G100 Companies, GE Capital, IBM, Land O'Lakes, Macy's, Mattel, Merck, Bennett Nussbaum, Ogilvy & Mather, New York Times, Paul O'Neill, Santander, SC Johnson, Stifel, and Zoetis.

It is my pleasure to share highlights of this special celebration with you.

The celebrations on October 27 began with a warm and intimate cocktail reception in the Faculty Room. Guests mingled with Columbia Business School faculty, members of the Deming Center advisory board & judging committee, guests from other universities and corporations, and, of course, our two awardees—Ken Chenault and Toby Cosgrove. Dean Glenn Hubbard cordially welcomed everyone, noting that this year’s award ceremony was particularly special, as it was being held within the context of Columbia Business School’s Centennial Celebrations. He congratulated the awardees—past and present—for their stellar achievements and inspiring leadership, and thanked the faculty and board members of the Deming Center for their efforts to recognize and promote operational excellence in research and practice.



Dean Glenn Hubbard

Guests moved into the main Rotunda to enjoy dinner and the award ceremony. In his welcome remarks, Dave Niles, chairman, G100 Companies, and chairman of the center’s advisory board, spoke about why he believed that the work being done by the center was critical for Columbia and its business partners. He outlined the need



*“Please get involved. There are so many ways that every organization and individual in this room can support—and benefit from—the Center. We aren’t fulfilling our mission unless we are increasing our impact—and we can’t do that without you.”*

- Dave Niles

for exceptional managers and leaders—equipped with the necessary operations skills, quality expertise, and leadership talents—who could keep their organizations innovative, growing, and above all—successful. “We support cutting edge research...through “Deming Days” that explore advanced analytics, customer service, and retail management with a mix of operating executives and business school professors... we support faculty through research, study tours, and case studies... and most importantly, we support students,” he said. He ended his remarks by requesting everyone to get involved with the center’s work so as to deepen its impact in the area of operational excellence.

Niles was followed by Nelson Fraiman, director of the center, who thanked him and introduced “possibly the best Master of Ceremonies one could get,” Shelly Lazarus, chairman emeritus, Ogilvy & Mather and a member of the center’s judging committee. Lazarus graciously set the stage for the celebration by emphasizing the high caliber of the nominees, which made it “harder and harder to select awardees” each year, given the roster of “amazing leaders with amazing achievements” who are considered for the Cup.



*“When Nelson asked me to MC again this year, I had a simple reply. Yes. If you keep picking people for whom I have the greatest admiration...people who are giants in their fields... I will keep being the MC!”*

- Shelly Lazarus

responsibility is legendary, and his business success has been remarkable. Toby Cosgrove is a name that always comes up when one is talking about leadership and healthcare. Cleveland Clinic is revered as one of the great hospitals in the world and Toby Cosgrove is revered as its leader. One can never think about one without giving credit to the other," she said, saluting both awardees for their achievements in operational excellence.

Lazarus then welcomed Terry Lundgren—chairman chairman and CEO of Macy's, co-chair of the judging committee, and winner of the Deming Cup in 2012—to introduce Chenault.

Lundgren said of Chenault—a longtime friend and business partner—that while the Deming-based "work of continuous improvement is never done...Ken lives these principles. He constantly led his company with the standards of continuous improvement, constantly focusing on innovation." He mentioned how Chenault relentlessly anticipated changes in consumer behavior and market forces and led his team to innovate preemptively and creatively. As a result, under his leadership, "...even though the business has changed remarkably...Amex has been at the forefront and led the change for the entire industry." He highlighted Chenault's steadfast commitment to social responsibility and his ability to inspire and lead his employees and his peers through difficult times over the years.



*"His insights, his instincts, are just so good and so solid that he commands the respect of his peer group...people look to Ken for advice when times become challenging and his advice is required...."*

*- Terry Lundgren*

Thanking Lundgren for his generous words, Ken Chenault said that Dr. W. Edwards Deming "essentially redefined the way many people thought about management, innovation and training... (and) I have always found his first principle to be the most instructive: create constancy of purpose for the improvement of products and services." He noted how American Express's success over its 165 years "has been based on continually balancing reinvention and constancy. Focusing on reinvention and constancy may sound a bit like an oxymoron, but it is totally aligned with Dr. Deming's principle—using consistent values and sense of purpose to innovate and transform an organization."

Chenault drew a parallel between "Innovate or Die," a message he transmits often to his workforce, and Dr. Deming's famous quote,

*"I emphasize to our organization that we must become the company that will put ourselves out of business before someone else does. We must constantly challenge ourselves and evolve... within the context of our values."*

*- Ken Chenault*

"It is not necessary to change. Survival is not mandatory." In this respect, he encourages his team to "constantly challenge ourselves and evolve, but to do so within the context of our values." Through this reality-based, hope-driven leadership, he drives his employees to surmount challenges with confidence and aim for success within the context of Amex's core principles and values. He graciously accepted the honor of the Deming Cup "on behalf of the people of American Express, who truly exemplify quality, service and the very best of Dr. Deming's principles." Andrew Wallach, president and CEO of Central National Gottesman, and a member of the center's advisory board, presented Chenault with the Deming Cup.





Chenault flanked by Terry Lundgren & Andrew Wallach



Chenault shares the stage with his wife Kathryn & sons Kevin & Kenneth Jr.



*“He is more than a business leader...he has touched countless lives... He builds consensus. He encourages curiosity. He is a pioneer.... In an industry that is changing rapidly, Dr. Cosgrove is the gold standard. He is a tribute to Deming’s legacy.”*

*- Bruno Di Leo*

Following dinner, guests viewed a video on Cleveland Clinic that was followed by remarks by Bruno Di Leo, senior vice president for sales and distribution at IBM—and member of the advisory board and judging committee at the center—introducing Cosgrove. Di Leo shared anecdotes from Cosgrove’s 21-year career, highlighting his capacity to persevere and succeed not just as a renowned cardiothoracic surgeon, but also as the steward of Cleveland Clinic’s legacy, making it one of the foremost healthcare facilities in the world under his leadership. Noting the irony of how Cosgrove was advised to avoid pursuing cardiothoracic surgery as he had finished last in class, Di Leo said, “Today, he has filed over 30 patents (and) leads a \$6.5 billion healthcare system.... In an industry that is changing rapidly, Dr. Cosgrove is the gold standard.”

Thanking Di Leo for his kind words and accepting the honor of the award on behalf of the 43,000 caregivers at Cleveland Clinic, Toby Cosgrove noted the paradigmatic change in the business of healthcare, from a “system that rewards volume to a system that rewards value.” This, he said, made “efficiency and patient outcome—quicker recoveries, fewer readmissions, lower infection rates, and fewer medical errors,” the measures of success, rather than “seeing more patients...ordering more tests and charging more money.” He highlighted other changes in healthcare that made it akin to industries like manufacturing and retail: increasing size through



*“Today’s healthcare providers are being challenged to do more with less. We view this as an opportunity, not a burden. We work as a unit to reduce variation, improve safety, and work more efficiently.”*

*- Toby Cosgrove*

not only stood the test of time, they are more relevant, in more fields than ever before.”

Cosgrove accepted the Deming Cup from Brent James, M.D., executive director, Institute for Healthcare Delivery Research at Intermountain Healthcare, winner of the Deming Cup in 2011, and a member of the award’s judging committee.

mergers and regional networks, greater dependence on information technology—which also leads to greater connectivity—and the emergence of patient experience as a prime differentiator among competing systems.

Viewing “doing more with less” at the Clinic as an opportunity, not a burden, he said, “Our doctors are all on salary. There is no tenure and no financial incentive to perform unnecessary tests or procedures. We all undergo annual performance reviews to assess quality, safety and outcomes....We work as a unit to reduce variation, improve safety, and work more efficiently. And if something doesn’t work, we try something else until we get it right. This whole process is a reflection of W. Edwards Deming.... These principles have



Bruno Di Leo, Shelly Lazarus, Toby Cosgrove & Brent James



Cosgrove shares the stage with his daughter, Nicole & wife, Anita



*“As we leave we embrace our leadership opportunity and employ the legacy of Deming to change our organizations as clearly, Ken and Toby have...and we help them remain relevant and vital.”*

*- Beth Ford*

other has revolutionized medical care and medical delivery,” she said, commending them for not only exemplifying Dr. Deming’s principles and ideals, but also for reaffirming their continued relevance and vitality as guidelines for today’s leaders.

The celebratory evening ended with a sincere thanks to all the attendees and a request to Save the Date for the 2016 Deming Cup scheduled for **Tuesday, October 25, 2016.**

The festivities concluded with remarks by Beth Ford, executive vice president and chief supply chain and operations officer at Land O’Lakes, member of the judging committee as well as the advisory board of the center.

Ford said each year, the award ceremony presented a cherished opportunity to gather in the spirit of W. Edwards Deming, “a great American engineer, statistician, consultant, professor, and most centrally, a great leader,” to honor two exceptional leaders with the Deming Cup. She congratulated both awardees, noting that over the course of their careers, both Chenault and Cosgrove had assumed many roles and titles, perhaps most notably, that of a leader. “One has transformed and shepherded a great financial institution, and the

I would like to convey, once again, our gratitude to all our sponsors. Your gifts allow us to sustain and expand our programs—doctoral fellowships, industry-focused forums, faculty study tours, speaker opportunities, and the creation of case studies and curricular materials.

I am grateful to the academic leadership at the business school and all my colleagues for their presence at the ceremony and their ongoing support of the center’s programs and initiatives.

I would also like to acknowledge our business partners who donated their professional expertise and products to make our ceremony a success: Deb Romain and Simon Pearce for the custom-made Deming Cups for both winners and Bodegas Carrau for wines served at the cocktail reception.

If you know of an organization or individual who would be interested in partnering with us, please don’t hesitate to reach out to me directly. We thank you all for your gifts—of monies, time, advice, and engagement—and hope you will join us for the 2016 Deming Cup award ceremony on Tuesday, October 25, 2016!

Warm regards,



**Nelson Fraiman**  
Professor of Professional Practice  
Director, Deming Center  
Columbia Business School

## PHOTO HIGHLIGHTS



The 2015 Deming Cups for Ken Chenault & Toby Cosgrove



Nelson Fraiman and Dean Glenn Hubbard share a lively moment



The Deming Winners Plaque displayed at the Cocktail Reception



Lynne Greene, Beth Ford, Nelson Fraiman & Katrina Sharpe





Prof. Aurelie Thiéle from Lehigh University with Janet Horan & Anna Wojnarowska from CBS



Elly Keinan & Dan Pelino from IBM



Richard Jaffe, Stifel



Scott Wharton (second from right) with his guests from Citi



Prof. Eva Ascarza (center) with CBS volunteers Alexandra Valencia & Arzoo Bhusri



Nick D'Andrea, Mike Connors & John Calendrillo from The New York Times



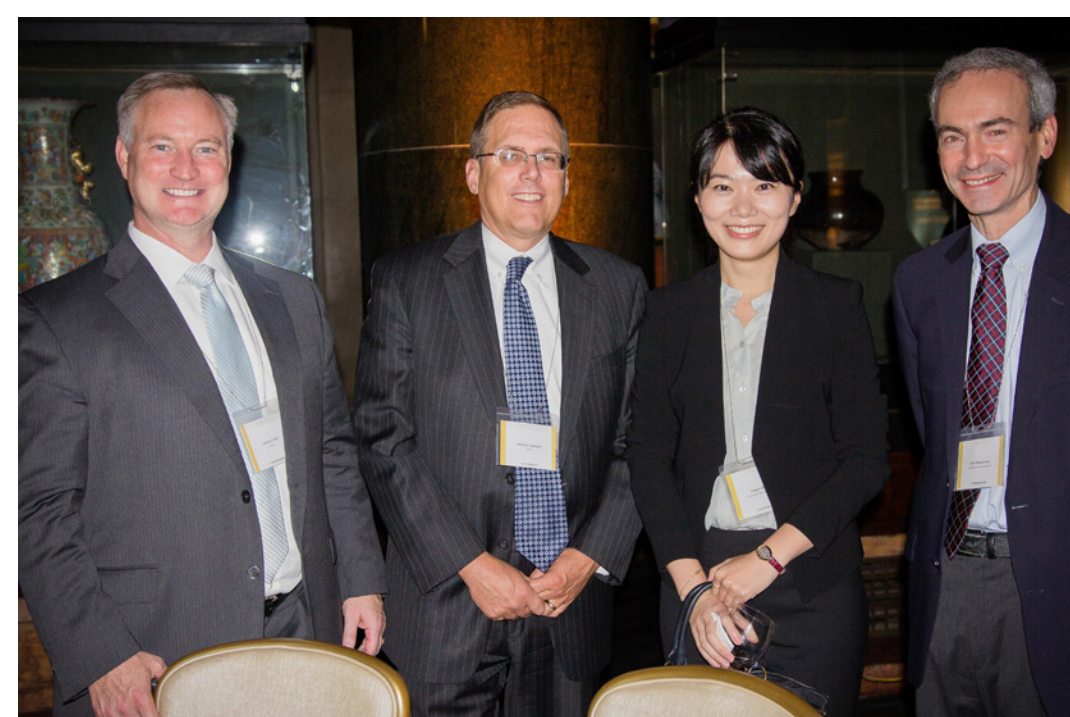
Steven Houbina, Smrita Choubey & Johanna Singer from American Express



Jim Hill, Berry Hill Gallery



Matteo Del Vecchio, Brooks Brothers



Dennis O'Neil & William Oplinger from Alcoa with Profs. Fanyin Zheng & Paul Glasserman



Emily O'Neill, Ron Sail & Joyce Alescio from GE



Nelson Fraiman with Janet & Keith Sherin



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Diane Upright & Bob Kaye



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Andrea & David Thurm



Jody Asbury & Anita Cosgrove



Warren & Lisa Yeh



Top-down view of Low Rotunda before the ceremony



Paul O'Neill with Toby & Anita Cosgrove



Nelson Fraiman on stage with Dave Niles & Shelly Lazarus (seated)



Kathryn & Ken Chenault with Terry Lundgren (far right)



Shelly & George Lazarus



Peter Longo (right) with guests from Macy's



Dave Niles & Stephen Miles



Brent James & Bruno Di Leo



Eduardo Garrido (right) with a guest from Santander



Carol Sutton Lewis & Bill Lewis



Keith & Janet Sherin with Dan Kaplan



Nelson Fraiman & Terry Lundgren



John Hess



Kevin Chenault & Kenneth Chenault Jr.



Nelson Fraiman & Ken Chenault with CBS volunteers Maya Berdzenishvili, Monica Poole & Arzoo Bhusri (left to right)



The Deming Center Team: Kalpana Kanthan, Angela Quintero, Nelson Fraiman & Agustina Besada



Toby Cosgrove with Deb Romain & Rett Carpenter



Cosgrove & Chenault with their Deming Cups at the end of the ceremony

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AWARD CEREMONY

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Tuesday, October 25, 2016







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Productivity, and Competitiveness

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