2017 DEMING CUP FOR OPERATIONAL EXCELLENCE

AWARD CEREMONY SUMMARY



2017 AWARDEES



Jeffrey R. Immelt Former Chairman & CEO



Arne M. Sorenson President & CEO Marriott International



The 2017 awardees: Jeffrey Immelt & Arne Sorenson

DEMING CUP 2017 AWARD CEREMONY

Dear Friends,

On October 12, 2017, the W. Edwards Deming Center for Quality, Productivity, and Competitiveness honored Jeffrey R. Immelt, former chairman and CEO of GE and Arne M. Sorenson, president and CEO of Marriott International, with the 2017 Deming Cup for Operational Excellence.



Professor Nelson Fraiman

The Deming Center could not maintain the stellar caliber of our honorees and the integrity of this award without the support of our leadership and we thank our Advisory Board and Judging Committee members for their engagement in the candidate selection process. A special thank you to our co-chairs—Terry Lundgren, executive chairman, Macy's, Inc., Sergio Marchionne, chief executive officer, Fiat Chrysler Automobiles, and Paul O'Neill, 72nd Secretary of the US Treasury—for their guidance throughout the review process.

We remain deeply grateful for the enduring generosity of our donors that made this evening possible: American Express, Citi, Fiat Chrysler Automobiles, Meyer & Barbara Feldberg, G100 Companies, GE, Honeywell, IBM, ICR, International Paper, Renée & Daniel Kaplan, Land O'Lakes, Macy's, Inc., Marriott International, Maurice Amado Foundation, McKinsey & Company, Merck, New York Times, Paul O'Neill, PepsiCo, Scholle IPN, ShopTalk, Burt Steinberg, Dina & Andrew Wallach, and Zoetis.

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

The festivities began with a cocktail reception in the Faculty Room, where guests had the opportunity to meet the awardees and mingle. They were joined by **President Lee Bollinger** of Columbia University and former dean of Columbia Business School, Meyer Feldberg, who set the convivial tone for the evening by warmly conversing with the quests and awardees.



President Lee Bollinger

The reception flowed into dinner, where **Sergio Marchionne**,

chief executive officer of Fiat Chrysler Automobiles and Judging Committee co-chair, commenced the proceedings by welcoming the gathering on behalf of the Deming Center.

Marchionne highlighted Dr. Deming's people-focused philosophy that was being honored through the recognition of Immelt and Sorenson's leadership. "Deming understood that radical improvements in quality and productivity require strong leadership to ensure that every level understands and embraces common values. The true value of a chief executive should be measured in terms of his or her human impact on an organization. On his or her ability to develop leaders who have the



"Deming understood that radical improvements in quality and productivity require strong leadership to ensure that every level understands and embraces common values. Tonight we're honoring two leaders who grasped this fundamental truth:

Jeff Immelt & Arne Sorenson."
—Sergio Marchionne

courage to challenge the status quo, to pioneer uncharted paths, to break away from convention and to go beyond the tried and tested."

He emphasized this powerful point by concluding, "That is what Deming did. It is what Jeff and Arne have done. And it's what we are celebrating tonight," to rousing applause.

Following Marchionne was **David Niles**, chairman of G100 Companies, an alumnus of Columbia Business School, and chairman of the Center's Advisory Board. Niles congratulated the winners, noting that GE and Marriott were legendary exemplars of good

management and operational leadership, both of which formed the basis of Deming's philosophy.

"While quality and statistics were Deming's tools, his craft was leadership and management. He was one of the first leaders that connected the dots from excellence in product quality to winning in the marketplace, to achieving enduring success with a corporation, to great jobs, and to a healthy economy," said Niles.

In this context, Niles underscored the continued relevance of the Center's programs in building bridges between theory and practice. He described key programs from the previous year and encouraged the guests to get involved in this "important work" to further the Center's mission.



"Our mission at the Deming Center is to make sure that the operations skills, quality expertise, and leadership excellence as taught by W. Edwards Deming are made modern and taught to the next generation of business leaders."

—David Niles



"He builds a big house and everyone with brains and talent is welcome. Jeff is a giant but with humility and humanity."

—Shelly Lazarus

Noting his rare privilege of "speaking between the two S's—Sergio and Shelly," Niles welcomed Shelly Lazarus, chairman emeritus of Ogilvy & Mather, member of the Judging Committee, and an alumna of Columbia Business School, to take the stage as the evening's emcee. Lazarus emphasized the impressive caliber of all the winners of the Demina Cup, calling them "remarkable leaders who have transformed not just their own businesses but industries." She enthusiastically acknowledged that this year was no exception, congratulating Immelt and Sorenson for their most well-deserved honor.

Lazarus remarked that the evening was a "little bit special" for her as not only was Immelt her "great friend" but also because she had had the privilege of being on the board of GE for the entire 16 years that he was CEO. "I could not have more respect or admiration for what Jeff has achieved. (He) transformed GE. He is a visionary...but he operates in the present. He engenders the greatest loyalty and respect from all who work with him and for him....Jeff is a giant but with humility and humanity."

Since **Steve Reinemund**, former chairman & CEO of PepsiCo, was unable to attend, Lazarus called upon Kalpana Kanthan, associate director of the Deming Center, to share his heartfelt homage to both awardees. "Last summer I had the privilege of nominating two outstanding leaders for the Deming Cup and I am delighted that they are both being honored tonight. These leaders are distinguished in their own right and they have an impressive list of accomplishments.

But they share a common set of personal values. With their words, actions, results, and deeds, they have defined the noble profession of business," began Reinemund's remarks.

Extolling Immelt's grace and confidence in making "hard and sometimes controversial decisions." Reinemund highlighted his "wisdom, steady hand, optimism, and strategic insight," making him not just "a dear friend but also, a role model." He went on to praise Sorenson's "deep and genuine respect for the Marriott heritage, his commitment to learn and grow, and how he inspires his team to constantly find a better way." Praising Immelt and Sorenson for respecting the past, yet challenging the future, he



"With their words, actions, results, and deeds, Jeff and Arne have defined the noble profession of business. They respect the past, yet challenge the future. I have seen this firsthand."

—Steve Reinemund

commended them "for setting the standard for ethical, innovative, and inspiring leadership."

Lazarus then called upon **Kenneth Chenault**, chairman and CEO of American Express, to introduce Immelt. Graciously embracing the honor of introducing his "good friend," Chenault highlighted Immelt's integrity, passion, and commitment to quality and service that have become integral to the GE brand. "Jeff is a recipient of the Deming Cup this year, not just because of what he's accomplished in his career, but for how he did so...with integrity, a focus on quality, and a firm commitment to customers, employees and shareholders. He embraced new technologies. He navigated dangerous financial times. He took important actions that brought Thomas Edison's company into the 21st Century," said Chenault.

Calling him a "fierce, but fair, competitor," who "cares deeply about GE's people," Chenault noted that "Jeff's vision helped transform GE from a far-flung conglomerate into a digital industrial powerhouse. Vision, leadership, and innovation were a key focus of Dr. Deming's work—and they are essential elements of Jeff's success." he concluded.

As he cordially accepted the accolades and applause, **Jeff Immelt** said that winning the Deming Cup had made him reflect on what the award stood for and what it meant for him to receive it. In doing so, he was struck by how his most memorable moments at GE were around the precise and painstaking execution of



"Vision, leadership and innovation were key to Deming's work and they are essential elements of Jeff's success. At the end of the day Jeff "brings good things to life" and we are all the better for it."

—Ken Chenault

operational details aimed at safety, efficiency, and excellence. "It is often the details of execution that matter the most. What made our company endure for so long is that we've weathered the cycles. We haven't always been perfect but we've never lost the determination to create our own future."

Immelt went on to say that Deming would recognize that focusing on process alone in the digital industrial era would not be enough, and that one has to "add innovation, technology, and risk-taking to win in the future. So today's leaders need the foundation of Deming and they have to adapt it to this high-tech world...we need what I would call fusion leaders who are competitive and empathetic. They know how to be big and fast, digital and industrial, US-based and global... these are the people that will ultimately succeed.



"GE turns 125 this year. We've weathered the cycles. We haven't always been perfect but we've never lost the determination to create our own future. We live in a time of awesome change and in many ways Deming's teachings really helped to shape GE."

—Jeff Immelt

Once you build a great enterprise it's the small details that keep it great. It's precision. It's efficiency. It's best-practice sharing. It's knowing that one person at a time helps drive operational excellence and ultimately it is people who determine our ability to compete—especially in this volatile era. I hope this is something that we're instilling in our future leaders like the ones here at Columbia....Because the volatility is not going to go away. And, for the record, neither is my optimism about the future of our company, or the country, and its ability to compete and thrive in the future." he concluded.

Immelt was presented the 2017 Deming Cup by **Ellen Kullman**, former chairman & CEO of DuPont, 2014 Deming Cup winner, and a member of the

Judging Committee, and **Keith Sherin**, former chairman & CEO of GE Capital and an alumnus of Columbia Business School.

The ceremony progressed over dinner, punctuated by a two-person presentation that showcased research stemming from the Doctoral Fellowships—a key initiative of the Deming Center that provides fellowships to Ph.D. candidates towards an applied research project. **Jon Jachimowicz**, a 2016 fellowship recipient and a Ph.D. candidate in Management, and his advisor, **Adam Galinsky**, Vikram S. Pandit Professor of Business and chair of the Management Division of Columbia Business School, presented their findings on the importance of passion for one's work in the workplace.



Jeff Immelt presenting his remarks on being honored with the Deming Cup



Ken Chenault, Ellen Kullman & Keith Sherin presenting the 2017 Deming Cup to Jeff Immelt



Adam Galinsky & Jon Jachimowicz

Since passion is a powerful individual and interpersonal motivator, it is an important component of workplace productivity. Therefore, companies place a premium on passion and hire passionate employees, expecting them to be to be more dedicated, have higher perseverance, and go the extra mile to help the company succeed. While all of this is true, the mistake organizations make is to treat passion as fixed, when

it is actually quite dynamic in its ebb and flow.

By treating passion as fixed, companies lose in two ways—first, by not hiring those who aren't currently passionate and second, by firing those who have fallen out of passion. Instead, Galinsky and Jachimowicz's research suggests that organizations would do well to develop an understanding of passion that embraces its dynamic nature and start supporting employees whose passion is deteriorating, rather than asking them to leave. By working with employees to nourish and maintain their passion, falling out of passion has less drastic consequences, and regaining passion has bigger benefits for the company and the employee.

The evening progressed to Sorenson's award presentation beginning with a video tribute by **Indra Nooyi**, chairman & CEO of PepsiCo, recipient of the 2016 Deming Cup, and a member of the Judging Committee. Nooyi affirmed Sorenson's growth-oriented and employee-empowering leadership by noting that "Every part of Marriott has grown on his watch...Arne always has growth on his mind. He always



Indra Nooyi

takes care of the smallest details that can make a big difference in a guest's experience. Simply put, Arne is the personification of Marriott's core values—of acting with integrity, embracing a spirit of service, and putting people first....Last year I had the honor of winning the Deming Cup...Let me tell you this—if I had been up against Arne last year, I'd have given him my vote, because he truly deserves the Deming Cup," she eloquently concluded.

Nooyi's tribute was followed by a formal introduction of Sorenson by **Bruno Di Leo**, senior vice president of IBM global markets, and a member of both the Center's Advisory Board and Judging Committee.



"Arne believes that if you take care of your associates, they will take care of you. Diversity and inclusion are part of Marriott's DNA."

—Bruno Di Leo

Noting that there was little he could add to Nooyi's wonderful remarks, Di Leo focused on the metrics highlighting the impact of Arne's leadership. "Marriott and Starwood opened more than 68,000 rooms last year and ended 2016 with over 420,000 rooms in the pipeline. Over Arne's tenure as CEO, his stock has delivered the staggering total return of 23% annually driving the market cap of his company from \$12.7 billion to \$39 billion. I think I have proven my point," concluded Di Leo, congratulating, "not only a fine human being, but a truly exceptional businessman, Arne Sorenson."

Taking the stage, **Arne Sorenson** cordially accepted the honor on behalf of his employees. "I am incredibly humbled to receive the Deming Cup...and I share this honor with the all the people in our managed and franchised properties who make Marriott International what it is. This recognition is a reflection of their dedication to



"Teams are about shared ownership, participation, treating people with the dignity and the respect that they deserve."

—Arne Sorenson

helping our company be an operational excellence leader."

Rather than dwell on the outcomes of disruption and change in the hospitality industry, Sorenson said he preferred to speak about something that "had not and should not change...our focus on our people. We have about 700,000 thousand people who wear the Marriott name badge every day in 120 countries. We know that we can't succeed in our business unless our people are succeeding in their jobs."

He went on to say that "When the Marriott family founded the company in 1927, they fairly

quickly adopted the phrase—take care of the associate and the associate will take care of the customer and the customer will come back again and again. It is a phrase we use today as much as it has been used in the past and we want to make sure that we live those values."

He described several ways in which Marriott continued to invest in its people—with a deep commitment to employee training opportunities, by focusing on team-building initiatives, empowering employees to make decisions and take accountability for their performance, and by genuinely nourishing employee development so they could work with passion and purpose to build their careers in meaningful ways. He ended by mentioning the "extraordinary joy" he derived from his work as the leader of Marriot, calling it a gift that he felt blessed to have.

Sorenson was presented the award by **Eli Carmeli**, CEO of Scholle IPN and a member of the Center's Advisory Board, and **Vik Malhotra**, chairman of the Americas of McKinsey & Company.



Arne Sorenson delivering his remarks on being honored with the Deming Cup



Bruno Di Leo, Eli Carmeli & Vik Malhotra presenting Arne Sorenson with the 2017 Deming Cup

12

The ceremonies concluded with closing remarks by **Terry Lundgren**, executive chairman of Macy's, Inc., recipient of the 2012 Deming Cup, and co-chair of the Judging Committee. Drawing on his longstanding relationship with the Deming Center, he began by congratulating the honorees, noting once again how their caliber—along with those of the winners before them—maintained and reinforced the prestige of the award.

He thanked the leadership of the Center for all their efforts through the year to bring this moment to fruition. "This evening offers us an opportunity to take a moment away from our busy schedules and lives and come

DEM POR CAPERA

"A successful CEO has to be agile—adjusting to the changing dynamic and changing consumer—and I know that Dr. Deming would be very proud of our two recipients today."

—Terry Lundgren

together in the spirit of Dr. Deming to salute the legacy of inspiring leadership in operations and beyond."

He ended by saying that each member of the gathering, by choosing to participate in the evening's festivities, paid respect not only to the individuals receiving the award, but to the Deming Center itself. Their presence was a vote of confidence in its mission, vision, and programs, all of which are supported by their generosity and continued engagement.

I cannot thank our sponsors enough for their enduring support towards our programs and initiatives. Our work is further enhanced by the active support of my colleagues in the Decision, Risk, and Operations Division, as well as the ongoing engagement of faculty across all of Columbia Business School and the Fu Foundation School of Engineering and Applied Science.

The Deming Center would also like to acknowledge Deb Romain and Simon Pearce—our business partners who contributed their professional expertise to create custom-made Deming Cups for both winners.

Do take a few moments to enjoy the photographs in the following pages—it will give you a sense of the splendid evening enjoyed by all.

I look forward to seeing you at the 2018 Deming Cup award ceremony on Tuesday, October 23, 2018!

Warm regards,



Professor of Professional Practice Director, Deming Center Columbia Business School

PHOTO HIGHLIGHTS



The 2017 Deming Cups and Deming Winners Plague: 2010 - 2017



Ellen Kullman, Jeff Immelt, Arne Sorenson, Terry Lundgren & Sergio Marchionne



Guests from Fiat Chrysler Automobiles



Craig McKenney (far right) with guests from Citi



Arne Sorenson with his son, Isaac



Sergio Marchionne and Bennett Nussbaum



Anita Malkani Prakash & Vidul Prakash with Ray & Virginia Peters



Guests from ICR



Tisshawne Henderson & NYPD Deputy Inspector Scott Henderson



CBS faculty Peter Kolesar with Andrea van Ryzin & Garrett van Ryzin



Keith & Janet Sherin



CBS EMBA students Elizabeth Mitchell & Christina Topsoe



Naomi & Ehud Houminer



Scott Prieto & Ralph Betancourt from Macy's



President Lee Bollinger with CBS faculty Omar Besbes (back to camera) & Adam Galinsky (right)



David Niles addressing the gathering with Shelly Lazarus on stage



Guests enjoying dinner in Low Rotunda



Kristin Peck (front row, second from right) with guests from Zoetis, CBS faculty Fangruo Chen (center) and Columbia University student, Mohit Singh (third from left)



Andrew Wallach (right top corner) & Dina Wallach with CBS faculty Mark Cohen (center) and guests from Central National Gottesman & Opici Family Distributing



Vik Malhotra & Alessandro Delfino (both far right) with fellow McKinsey guests and CBS faculty Janet Horan and Amir Ziv (front row from left)



Indra Nooyi's video introduction to Arne Sorenson



Danielle & Courtney Dornell with guests from FCA



Arne Sorenson, Shelly Lazarus & Ken Chenault



Daniel Kaplan with Bruno Di Leo



CBS EMBA student Courtney Bernabei & Terry Lundgren



Tina Lundgren & Ehud Houminer



Matteo Del Vecchio, Nelson Fraiman, Shelly Lazarus & Sergio Marchionne



Guests from Marriott International with Arne Sorenson

AING CUI

Six Deming Cup winners with Nelson Fraiman & Paul O'Neill: From right to left--Ken Chenault (2015), Jeff Immelt, Sergio Marchionne (2011), Ellen Kullman (2014), Terry Lundgren (2012) & Arne Sorenson

Nelson Fraiman, Maggie Hopkins, Tati Besada, Angela Quintero, Omar Besbes, Kalpana Kanthan, Garrett van Ryzin, Andrea van Ryzin & Abigail Talcott-Schlaifer

DEMING CUP AWARDEES

2010



SAMUEL PALMISANO IBM

2011



BRENT JAMES Intermountain Healthcare



SERGIO MARCHIONNE Fiat Chrysler Automobiles

2013

2015

2017



TERRY LUNDGREN Macy's, Inc.



RATAN TATA Tata Sons



H. FISK JOHNSON SC Johnson & Son



PAOLO ROCCA Tenaris

2014





ELLEN KULLMAN STEF WERTHEIMER DuPont **ISCAR**



KENNETH CHENAULT American Express Company



TOBY COSGROVE Cleveland Clinic

2016



DAVID COTE Honeywell



INDRA NOOYI PepsiCo



JEFFREY IMMELT GΕ



ARNE SORENSON Marriott International

DEMING CUP JUDGING COMMITTEE

1. César Alierta Izuel '70

Executive Chairman & CEO Telefónica

2. Rob Amen '73

Chairman Verso Paper Holdings

3. Wolfgang Bernhard

Fmr. Board of Mgmt. Member Daimler AG

4. Kenneth Chenault

Chairman & CEO American Express Company

5. John Church

Executive VP, Supply Chain General Mills

6. John Coatsworth

Provost Columbia University

7. Philippe Cochet

Chief Productivity Officer GE

8. Toby Cosgrove, MD

President & CEO
Cleveland Clinic

9. David Cote

Executive Chairman Honeywell

10. Bruno Di Leo

Senior VP, Global Markets IBM Corporation

11. Ali Doğramaci

Chairman, Board of Trustees Bilkent University

12. Awi Federgruen

Columbia Business School

13. Meyer Feldberg '65

Senior Advisor Morgan Stanley

14. Beth Ford '95

Executive VP & Chief Operating Officer Land O'Lakes, Inc.

15. Nelson Fraiman '71

Columbia Business School

16. Peter Gibbons

Executive VP & Chief Supply Chain Officer Mattel

17. Lynne Greene

Fmr. Group President, Clinique, Origins, Ojon, Aveda & Darphin The Estée Lauder Companies

18. Richard Jaffe '92

Investor & Consultant to Retailers

19. Brent James, MD

Fmr. Executive Director, Institute for Healthcare Leadership Intermountain Healthcare

20. H. Fisk Johnson

Chairman & CEO SC Johnson

21. Klaus Kleinfeld

Fmr. Chairman & CEO Arconic

22. Ellen Kullman

Fmr. Chairman & CEO DuPont

23. Shelly Lazarus '70

Chairman Emeritus Ogilvy & Mather

24. Terry Lundgren

Executive Chairman Macy's, Inc.

25. Sergio Marchionne

Chief Executive Officer
Fiat Chrysler Automobiles

26. Francisco Mesquita '80

Director & President O Estado de S. Paulo

27. David Niles '98

President G100 Companies

28. Indra Noovi

Chairman & CEO PepsiCo

29. Bennett Nussbaum '71

Director BCBGMAXAZRIAGROUP

30. Paul O'Neill

72nd Secretary of the US Treasury

31. Daniel Ramot

Co-Founder & CEO Via

32. Quentin Roach

Senior VP & Chief Procurement Officer Merck

33. Paolo Rocca

Chairman & CEO Tenaris S.A.

34. George Stalk

Senior Advisor The Boston Consulting Group

35. Ratan Tata

Chairman Tata Trusts

36. David Thurm

Executive Vice President Lehrer, LLC

37. Garrett van Ryzin

Cornell Tech, Lyft

DEMING CENTER ADVISORY BOARD

1. Richard Barakat '14

Deputy Physician-in-Chief Memorial Sloan Kettering Cancer Center

2. Omar Besbes '08

Columbia Business School

3. Roland Caputo

Executive VP, Print Products & Services Group
The New York Times

4. Eli Carmeli

Chief Executive Officer Scholle IPN

5. Alessandro Delfino '08

Partner McKinsey & Company

6. Matteo Del Vecchio '08

Chief Executive Officer Carolee, LLC

7. Bruno Di Leo

Senior VP, Global Markets IBM Corporation

8. Ricardo dos Santos '07

Executive VP ENCORPAR

9. Beth Ford '95

Executive VP & Chief Operating Officer Land O'Lakes, Inc

10. Nelson Fraiman '71

Columbia Business School

11. Lynne Greene

Fmr. Group President, Clinique, Origins, Ojon, Aveda & Darphin The Estée Lauder Companies

12. R.B. Harrison

Chief Omnichannel Officer Macy's, Inc.

13. Richard Jaffe '92

Investor & Consultant to Retailers

14. Daniel Kaplan

Senior Counsel Dorf & Nelson LLP

15. Costis Maglaras

Columbia Business School

16. Craig McKenney

Head of Enterprise Supply Chain Citi

17. David Niles '98

President G100 Companies

18. Bennett Nussbaum '71

Director BCBGMAXAZRIAGROUP

19. Paul O'Neill

72nd Secretary of the US Treasury

20. Kristin Peck '99

Executive VP & President, US Operations Zoetis

21. James Peterson

Director, Corporate Initiatives Group GE

22. Vidul Prakash

Corporate Controller & VP, Finance & Operations SunPower Corporation

23. Medini Singh

Columbia Business School

24. Burt Steinberg '70

Fmr. Chief Operations Officer Dressbarn, Inc.

25. Garrett van Ryzin

Cornell Tech. Lvft

26. Andrew Wallach '00

President & CEO Central National Gottesman, Inc.

SPONSORS

American Express Company

Maurice Amado Foundation





Meyer & Barbara Feldberg

























Paul H. O'Neill





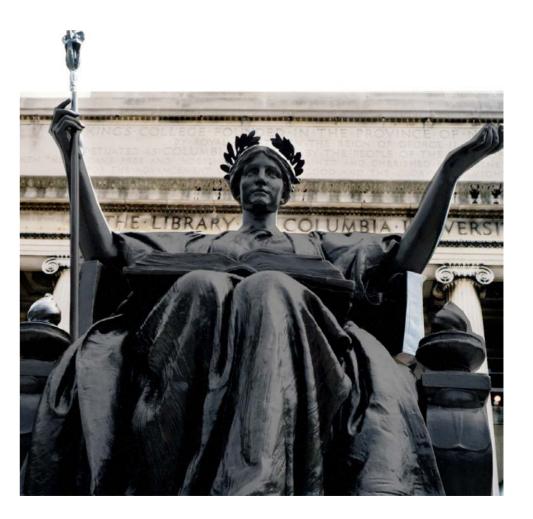
Burt Steinberg '70

Andrew and Dina Wallach



2018 DEMING CUP **AWARD CEREMONY**

Save the Date Tuesday, October 23, 2018



Columbia Business School AT THE VERY CENTER OF BUSINESS™

W. Edwards Deming Center for Quality Productivity, and Competitiveness

DEMING CENTER TEAM

Nelson Fraiman

Faculty Director

Kalpana Kanthan

Associate Director

Angela Quintero

Senior Associate Director

Abigail Talcott-Schlaifer

Associate Director

VOLUNTEERS

Amine Allouah, PhD '19

Khaled Boughami, PhD '18

Xiao Cen, PhD '20

Pu He, PhD '19

Dana Kanze, PhD '19

Fei Long, PhD '19

Jiaqi Lu, PhD '20

Ryan Thomas McNellis, PhD '20

Gowtham Tangirala, PhD '18

Yuan Zhou, PhD '19

The W. Edwards Deming Center

for Quality, Productivity, and Cempetitiveness

Uris Hall, Room 204F, 3022 Broadway New York, NY 10027-6902

212-854-1122 - deming@columbia.edu www.asb.columbia.edu/demina