


## ***The New Economics* by Dr. W. Edwards Deming Reviewed by Phil Landesberg**

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**I**nterested in new ideas for dealing with low employee morale, resistance to change, customer dissatisfaction, and declining profitability? Do you wonder why such problems persist in businesses even after their owners implement the guidance of some “hot” business book or blindly follow the advice of a business consultant? They persist because many touted management practices are based on faulty and unquestioned assumptions.

While there is no instant fix for correcting deep-seated business problems, *The New Economics*, by Dr. W. Edwards Deming provides a useful framework for improving the performance of any enterprise. Readers of will learn why many current “best practices” are actually harmful. 

For example, managing by results and rewarding people for reaching arbitrary goals and targets set by management encourages destructive competition that can prevent employees from working collaboratively to meet customer needs. Individuals may do well in the short-term, while the organization heads for failure. The ENRON story illustrated this point.

According to Deming, most problems in organizations derive not from shortcomings or differences among individuals but from how organizations are led and managed. Traditional improvement efforts typically fail because they assume organizational performance will improve if people are held accountable for results and encouraged (e.g., by motivational gimmicks or pay for performance schemes) to perform better. To achieve better business results, leaders need to manage the interactions between people and processes and think of their business as a system rather than a hierarchical pyramid.

Deming explains how better long-term results are achieved by practices that promote cooperation, pride and joy in work and continual learning. Also important is an understanding of the variation inherent in work processes and people. Deming explains how being able to distinguish between two types of variation – common cause and special cause variation – is a prerequisite for making sense of measurements and taking proper action after analyzing data.

Understanding the principles and practices described in *The New Economics* can help business owners and managers transition from relying on tried and failed practices to implementing better practices that will improve employee

morale, quality, productivity, and customer satisfaction and lead to a better return on investment.

*Phil Landesberg, President of Miles2Go Seminars and Consulting, helps business owners learn and apply leadership principles and management practices that lead to better business results. He offers a comprehensive approach to organizing for success by planning for a better future, building enduring relationships, assessing performance, and making changes for improvement. Landesberg provides his ideas on how to achieve long-term business success to the business community as a freelance writer for, among others, Central Penn Business Journal and Business Woman; as a college instructor; and as service provider for Kutztown University Small Business Development Center." He can be reached at (717) 545-8649 or at [Miles2GoSeminars@comcast.net](mailto:Miles2GoSeminars@comcast.net).*