

With the New Year upon us and the economy showing signs of a recovery, competitive forces and business optimism is causing organizations to take a closer look at their processes and its related customer value. Based upon our newsletter topics of interest submitted, people want information on an established process improvement method that applies no matter what the business sector. A methodology receiving much attention is *Six Sigma*. Six Sigma is a well-defined, data driven methodology for eliminating defects, waste, and quality problems regardless of whether the focus is manufacturing, service, management, or other business activities. A wide range of organizations is able to implement Six Sigma since the essential ingredients are involvement of employees, a structured problem solving and process improvement methodology, and a management system that supports continual improvement.

We have found that small companies have been led to believe that the Six Sigma process is complicated, expensive, and requires a large budget for training. A recent survey (*conducted by Inside Six Sigma*) asked:

Training and implementation for Six Sigma is usually cost-prohibitive for small companies. If there were a relatively inexpensive but highly regarded source for Six Sigma training, would this be something you would use? Here are the results:

Yes **83.4% (176)**

No **16.6% (35)**

Your company's size:

Less than 500 employees **74.4% (157)**

500 employees or more **25.6% (54)**

The results of this survey reflect that small companies want a cost effective Six Sigma implementation process for improving their performance.

Events Calendar

Learn More
about Six
Sigma!

**American Society for Quality
Six Sigma Conference 2004
February 2-3, 2004
Point Hilton Squaw Peak Resort
Phoenix, Arizona**

World Wide
Six Sigma Best
Practices!

For detailed conference information and to register visit <http://sixsigma.asq.org>
See you at the conference!

We are often asked "Is Six Sigma really different from other approaches"? Although many of the tools are not new, Six Sigma gives you:

- **A top-down approach, linked to strategy, sponsored by leaders**
- **Puts customer requirements first**
- **Applicable to all business processes - administrative, sales, marketing, R&D, etc.**
- **Fact based, data driven**
- **Results-oriented, hands-on way to develop critical managerial skills**
- **Projects based on top and bottom-line impact**
- **Exponential improvement targets**

Six Sigma for Small Companies

Numerous articles have been written about the success that Motorola, General Electric, and other large corporations have experienced improving processes, identifying waste, and saving millions of dollars utilizing a Six Sigma approach. However, the same can't be said of small and medium-sized organizations. The reality of this situation is that smaller businesses have been led to believe that the Six Sigma process is complicated, expensive, and requires a large budget for Black Belt training.

Myth #1

We need to spend upwards of \$15K+ for Black Belt Training in order to implement a Six Sigma system?

Solution: This is not necessary. What is required is a repeatable structured process that allows the organization to identify, analyze, execute, and improve its core processes and customer satisfaction.

The fundamentals of a Six Sigma system are based upon gaining customer knowledge for utilizing information to drive performance measurement of core processes. Understanding what your customers consider “critical success factors” are absolutely necessary for determining the depth of your performance improvement system. This process is often referred to as the “voice of the customer.” This method further identifies a cause-and effect relationship in regards to how your processes are performing, the satisfaction level of your customers, and how relevant your strategic business initiatives are defined. With this information you can develop focused solutions to eliminate process root causes without sweeping changes to your existing processes or organizational structure.

Benefits for Smaller Companies

Small to medium-sized companies that have successfully implemented Six Sigma generally are more favorable to new business process thinking and have fewer entrenched systems than larger corporate entities. In addition, smaller businesses are susceptible to ever-changing priorities, and Six Sigma makes it easier for the business to align performance improvement projects with core business objectives and strategies. The Six Sigma process model represents a major opportunity for cost savings. Smaller businesses historically maintain error rates in the 25-30% range and opportunities for improvement can be achieved faster and have a positive effect on the health of the business.

Myth #2

We don't have enough time or resources to undertake a Six Sigma improvement approach.

Solution: Applying a structured process improvement/process design methodology takes time however, if you don't take the time to design a system correctly, how will you find the time to do it over and over again, and will your customers want to wait? Furthermore, once you possess a repeatable process that can be used again and again towards your business improvement and growth, your customer base and related customer satisfaction will increase dramatically.

The Process of Six Sigma

Six Sigma is a well-defined, data driven methodology for eliminating defects, waste, and quality problems regardless of whether the focus is manufacturing, service, management, or other business activities. The following is a brief overview of the process. The amount of steps and activities necessary are dependent on your organizational needs, and whether the need is for a complete system design or redesign of current processes.

- A first step is to define the scope of improvement. Management must define the project scope whether to perform process improvement or process design. Process improvement usually improves a portion of a system, and process design involves building an entire new system, or improving an existing system. It starts with defining the key business processes that deliver value directly to the customer. These key business processes are not support processes such as human resources, or budgeting. Most organizations have somewhere between five to eight core customer/mission essential processes such as order fulfillment, product design and development.
- Next, is to identify and collect pertinent information relating to voice collection of the organization's customers, business, and processes. This information will have a direct relationship to the key business processes and key measures that will be used for identifying needs, process input and output requirements, current importance and satisfaction levels, including identifying critical improvement gaps. This step is critical and requires an effective methodology that will lead the business in the right direction.
- Mapping of the organizations current business processes at a high to mid-level flow may be necessary for determining and measuring current process results. This information is used for determining the "gaps" between the voice collection data and the company perspective. The leadership team is involved in the process of voice integration and prioritizing them.
- At this stage, the voice integration process may determine new process steps and performance measures that require integrated requirements. Based upon the gap analysis findings, new process maps and key input and output requirements may need to be defined. This could include sub-process map development defining process feature, tasks, ownership, tools, and individual/team position improvements. Process scorecards can be developed to measure the amount of change designed into the process and evaluate its performance capabilities and identify further improvements.
- An implementation plan for further definition may be required based upon the complexity of the new system. Personnel role responsibilities and requirements, procedure requirements, process tools, and forms requirements can affect an entire new system.
- Based upon the implementation plan, team development and process training may take place. A process pilot execution may be needed to test the process validity. This could include a process audit, and tracking of progress with the implementation of a continuous improvement system.

It is important to understand that the scope of the project will determine what steps are necessary for success. These steps may seem straightforward, but they require effort and a proven methodology. Elements for success include:

- Involvement from management
- Clear definitions of customer requirements
- Honest and relevant current performance measurement data
- Shared understanding and cross-functional teamwork of business processes
- A disciplined approach from all involved
- Rewarding and recognizing performers
- Institutionalizing the approach for maximum results now and in the future.

Myth #3

Six Sigma is just another program that requires us to train all our people and spend lots of money learning new tools and techniques, here we go again!

Solution: Six Sigma tools and techniques are not altogether new; much is built on quality methods that have been around for decades and you more than likely have used them. The define-measure-analyze-improve-control (DMAIC) process and related tools of Six Sigma is the difference. Smaller businesses can take advantage of just-in-time training when applying this methodology. It also reinforces management's understanding of systems thinking in regards to identifying which core processes are instrumental for achieving strategic success, what improvements are necessary, how effective are the measurement systems, and to what extent are our business policies and procedures inhibiting us from business excellence?

Small Business Six Sigma with Sustaining Edge Solutions

With our Six Sigma Methodology Roadmap (visit www.sustainingedge.com and “click on Six Sigma”) your company will produce real measurable results. We understand that a time efficient and easy-to-use process is what you and your employees want. Our business is based on the belief that what is understood, gets repeated. We utilize process templates that are easy to use and understand. We also leave you with a system “footprint” that can be repeated for future improvements you can utilize on your own.

Please contact us with any questions you may have about this article, our roadmap, your strategies, or further information and data on the benefits of Six Sigma and how it can improve your business performance.

480-882-1296

www.sustainingedge.com

Reminder: If you're not considering improving your processes, your competition is!

February Subject: What can an ISO 9001:2000 System do for my company, its performance, and me?