

Six Sigma Is In The Bloodstream

By Dr. Uwe H. Kaufmann

One day I was asked why I left the stable, “money-printing” ISO 9000 business to join the riskier Six Sigma environment. My explanation went something like this: “Well, I think it makes more sense to implement a real business improvement and management system than to hang a nice certificate in the CEO’s office.”

But is this statement really true? Does starting a Six Sigma initiative automatically mean you’ll have an effective Quality management system? Definitely not. The downside of Six Sigma is that there are currently no “standards”, nor an “official” certifying institution, to make sure that everyone walks the talk.

Six Sigma is more than starting a few projects, training some Black Belts and educating some business leaders about what it all means. The Six Sigma criteria depend on the business implementing this approach.

The Criteria

Generally, Six Sigma criteria are not comparable to the ISO 9000 but to the Malcolm Baldrige National Quality Award criteria or the European Quality Award criteria. These Quality management system descriptions exceed the historical thinking of “Quality Management Systems” enormously. Companies that have won either the European or the Malcolm Baldrige National Quality Award have learned that successful Quality management encompasses business management tools including leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management and results orientation.

Six Sigma was developed to pursue the same target: “Completely Satisfying Customer Needs Profitably!” (Jack Welch). Therefore the criteria of a successful Six Sigma system are similar to the Baldrige criteria. One major difference seems to be that Baldrige shows just the shell of targets within those criteria whereas Six Sigma also describes a proven box of powerful tools and a rigid way to apply them.

The trick is how to plant this concept into an organisation. Here are some steps that most companies pursuing Six Sigma must go through:

Phase 1: Enthusiasm & Awareness

The Leadership team of the company decides to go for Six Sigma and is caught between dreams of increasing its net income with huge savings, continuing to portray the image of an outstanding company and increasing customer satisfaction and loyalty, with doubts of whether these concepts will actually work. Normally the implementation of Six Sigma starts with Leadership awareness training and a couple of improvement projects. When they choose their first projects, the company either shows its Six Sigma competence by selecting

business related projects within the leadership team or demonstrates the old-fashioned Quality way by delegating the task to their Black Belts or a “Quality team”.

This phase also includes the first Black Belt/Green Belt trainings. If the projects only focus on manufacturing areas, the company will limit themselves to the playground of traditional Quality improvement initiatives. Instead, it makes sense to think cross functionally and recognize improvement opportunities in all key business processes.

Phase 2: Seeking Results

It is critical for the Leadership team to pass the first tollgate: Are they tracking results from their first projects or are they losing interest? Successful Six Sigma companies install a steering committee – often called a “Quality Council” – to make decisions about projects, especially about tying their selection to business strategy and customer needs, implementing improvements, and reward and recognition.

If the leadership team shows that they don’t care, then Black Belts will not be able to produce results. And if the Black Belts do not produce results, then the leadership team will lose interest. It becomes a vicious cycle. The trigger must come from top management.

Results also need to be communicated to the entire company. It is critical to sell Six Sigma internally and convince the sceptics. Otherwise, the company will not be ready for the next phase.

Phase 3: Implementing Measures

Results from the first projects usually include a few measures that track the results and ensure that the improvement lasts. Successful companies do add these measures to their internal dashboard and customer loyalty tracking system. Some companies even share those results with their customers, which builds trust.

Customer satisfaction measures are key for project selection. Unfortunately, they are not always available or used. Scorecards (comparable with Balanced Scorecards) should be implemented to tie Six Sigma implementation to the reward & recognition system and the bonus system to drive business results in terms of process improvement, customer satisfaction, employee satisfaction and net income. This kind of scorecard contains deployment and result measures.

Phase 4: Implementing Six Sigma As BAU

To build Six Sigma into the “business as usual”, all departments must be involved. Six Sigma includes a powerful tool set that can be used to improve all key business processes – including administrative processes – throughout the company. Additionally, there are a few key departments who need to support the Six Sigma initiative. Finance should track the costs and the benefits, marketing/sales should gather the voice of the customer and track customer satisfaction levels, IT should support certain projects with their technical competence, and HR must support communication, Black Belt and Green Belt selection and development, reward and recognition, and tracking and analysis of employee satisfaction.

By this phase, project selection is no longer driven by the Quality leader or business leader but by individual process owners. Individual process owners are using Six Sigma to achieve their own business goals, dedicate resources to the effort and gain the results.

Six Sigma In The Bloodstream

You will know when Six Sigma is finally part of your organisation's bloodstream because it will no longer be necessary to talk incessantly about it. Six Sigma will be part of the culture. This is probably one of the major differences between earlier improvement efforts such as TQ and Six Sigma. There will be no need to get startled by the call of the ISO 9000 auditor asking for the date of the re-certification. Six Sigma is a different mindset. There will rather be a kind of a regular internal evaluation by the leadership team assessing the status of their own management system – comparable with EFQ assessment.

Six Sigma means

- Incorporating customer requirements into business processes
- Integrating business management skills into each element of the organisation effectively
- Analysing causes of process and output variation with statistical and non-statistical tools systematically
- Instilling people with the ability to get involved, and initiate, their own improvement projects cross-functional and company-wide
- Tracking performance honestly over time

Leadership's role is critical, especially at the outset, because leaders communicate and reinforce the power Six Sigma has to achieve business objectives. Without buy-in from leadership, Six Sigma simply will not work. It must be reinforced from high and adopted from each internal level and process area. When done well, Six Sigma has the ability to create a truly customer focused workforce - and organisation.

About the Author

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