

Q&A



Straight Answers

About Six Sigma from Rath & Strong

Q What is Six Sigma?

A Six Sigma is a business improvement methodology that uses a wide range of statistical, behavioral, and managerial methods to improve business processes so that they reliably and predictably meet customer requirements profitably.

Rath & Strong includes Lean Operations methods in its Six Sigma courses and work with clients, and also offers Lean Six Sigma, the fully integrated toolkit of the two methodologies.

Q Why do businesses implement Six Sigma?

A Implementing Six Sigma yields dramatic reductions in cost, increases in customer service levels and customer satisfaction, improvements in product performance, advances in employee satisfaction...all the ingredients of sustainable competitive advantage.

Rath & Strong has helped implement Six Sigma in a broad range of industries, including manufacturing, financial institutions, hospitals, and software development organizations. We've helped it succeed in companies ranging in size from 200 to over a million employees. Although exact savings vary by company, we typically see annual savings of \$500,000 to \$1,000,000 per full-time "Black Belt" (process improvement expert). Even counting start-up costs, we often see cash flow break even within 12 months, and 10-to-1 returns on your investment in us.

Simply put, Six Sigma works for all kinds of businesses and gets results and creates value like no prior approach.

Q What are the central concepts of Six Sigma?

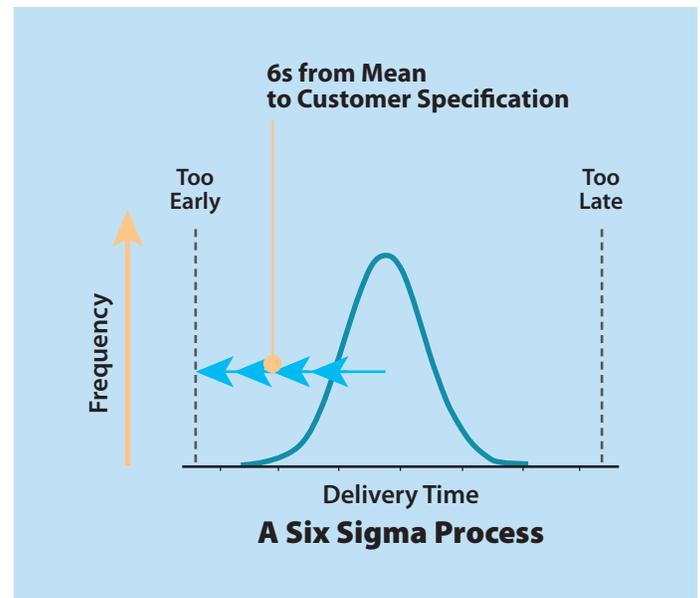
A Businesses achieve significant and lasting results by first improving business processes, then managing them as processes. This differs sharply from earlier practices that focus on managing departments or functions.

Defects defined by customers are the basis for measuring the effectiveness of a process. Defects defined by the business (e.g., financial standards, legal requirements, etc.) are the basis for measuring the efficiency of a process.

"Sigma" is a measure of the statistical likelihood that a process will have a defect. A process performing at six sigma will have only 3.4 defects out of every million defect opportunities. For example, if an overnight package delivery service handled 10 million packages a month, and it was operating at six sigma, only 34 packages would be misdelivered, late, or lost.

Basic Six Sigma reduces process variability (e.g., ship dates that vary by + or - 3 days as "our standard," or call center responses to incoming questions that are 92 percent correct) and Lean reduces non-value added wastes/costs. These are the key ways to reduce — and prevent — defects and reach a higher sigma value.

Six Sigma uses Define–Measure–Analyze–Improve–Control (DMAIC) as its chief problem-solving methodology, which helps insure, along with Six Sigma's statistical and technical tools, that root causes of problems are discovered.



Q Should every improvement project become a Six Sigma project? Is Six Sigma a panacea?

A "No" to both questions. Examples of projects that should not involve Six Sigma include strategic moves, such as acquisitions, or what we call "Just Do It" Projects, where the answer is already known and the solution can simply be implemented.

Bringing in Lean, either as a complement to Six Sigma or in a Lean Six Sigma implementation, deploys the appropriate tools to eliminate waste (cost,



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steps that do not add value), to decrease lead time, and to generate Continuous Flow (velocity), while Six Sigma deals with process variation.

Q What's new about Six Sigma? Is it just Total Quality or Statistical Process Control under a different name?

A The tools are old; the problem-solving methodology is proven. The added value comes from:

- A top-down approach where leaders actively link projects to strategy
- A focus on customers to drive top-line growth, not just cost reduction
- Application to a wider range of business processes...not just operations, but administrative services, sales, marketing, and R&D
- Laptop-based software in the hands of process operators that makes it easy for them to use statistics to analyze and improve processes
- A broadening of the traditional technical/quality improvement approach to include managerial and behavioral methods
- The selection of "A-players" as full-time "Black Belts" (i.e., leaders of Six Sigma projects) gets results not achievable by lesser investments. If projects are critical to strategy, why wouldn't you put your best players on them?

Q How does Six Sigma fit into other initiatives? Is a specific leadership style required to drive Six Sigma (i.e., do we need a Jack Welch)?

A Six Sigma can help you release more money and time resources than you ever believed possible. Companies often fail to get any payback on Six Sigma when they introduce it as a new thing to do rather than a new way of doing and achieving existing strategic or tactical objectives. Short on resources? Prioritize projects — and defer or stop the less rewarding projects — and yes, some non-Six Sigma projects may rise to the top!

We have seen many leadership styles that make Six Sigma a success. While GE's Jack Welch's role as a proponent and major motivator of Six Sigma worked at GE, that doesn't mean that style is necessary — or would even work — at your company. What's important is that senior leaders get committed to Six Sigma, and then create the environment that will allow it to take root and flourish in your organization's particular culture.

Q How can Rath & Strong help us get started? Or renew our initiative?

A There is no single best way, since the path to successful change is inherently unique for each company, given the differences of strategic goals (where the emphasis will be), leadership style (mandated or "sold" collaboratively), existing initiatives (interferences), and prior efforts on quality (organizational knowledge about quality) to name a few.

Successful companies considering or just launching Six Sigma start with the immersion of a leadership group into studying questions like:

- What is Six Sigma?
- What have other companies done?

Rath & Strong is the pioneer in Lean and the leading global provider of Six Sigma solutions. We offer a full array of on-site consulting and training and materials and coaching in seven languages; service and manufacturing versions.

- Black Belt
- Green Belt
- Master Black Belt
- Leadership Awareness
- Lean Six Sigma
- GE WorkOut
- On-Line Training

- Why do we want to do Six Sigma?
- And are we ready for Six Sigma?

A successful start correlates to building an informed coalition of leaders who jointly are ready and motivated to lead in the introduction of Six Sigma — that is where you should start. *Rath & Strong's Six Sigma Leadership Handbook* is a good place to get information, while Rath & Strong's Leadership Awareness session will help deal with the informational and the human sides of starting on the Six Sigma journey.

For those organizations with existing Six Sigma efforts that need to refocus, renew, or perhaps want to launch Six Sigma to subsidiaries or globally, Rath & Strong offers its full suite of Six Sigma or Lean Six Sigma courses, as well as coaching and consulting.



For more information, call Marketing at Rath & Strong, (800) 622-2025; or pick up a copy of *Rath & Strong's Six Sigma Leadership Handbook* (John Wiley & Sons, 2003) available on-line at www.rathstrong.com.



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