

Quality Management:
Six Sigma and Management

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A Q&A session from Pete Robustelli of Six Sigma Qualtec



Question: Organizations are facing ever-increasing challenges, and they often find themselves looking for a quick fix. This is as true in manufacturing as it is in services industries such as financial services and telecommunications. What advice do you have for them when they come looking for that quick fix?

Peter Robustelli: Every organization, and every leader in these organizations, wants to see improvement—in fact, they want to see continual improvement. And in the “how can we do it better, faster and less expensively” nature of today’s global economy, you have to have that kind of approach in order to be a leader, stay a leader or even stay profitable.

Of course one of the first things our organization does is define and understand the characteristics of such vertical industries. You mentioned things like financial services or telecom—these are industries that have a language, a culture and a business approach of their own. They need to have answers to their questions in their vernacular, and from someone who understands the nuances of their business. That’s how we approach the whole idea of business performance improvement these days, because people are sensitive to the idea of “do you understand me, do you understand my business and do you understand what I am trying to accomplish?”

Question: When you talk about improving the way they conduct business, many executives have heard the term Six Sigma, and they automatically gravitate toward it. But can they be entering these projects without fully understanding and appreciating what it will mean to the entire organization?

Peter Robustelli: I’ve been in this business for more than 20 years, and I’ve seen a number of trends come and go, such as statistical process control, total quality management and business process reengineering. Some have worked; some don’t when employed in a vacuum, like management by objective (MBO). MBO works fine if you’ve done the background analysis to establish those objectives, but in too many cases, executives get together in a room and decide, “This is what we want to do,” and that’s it—there’s no data, there’s no analysis and there’s no buildup to ask why.

Six Sigma happens to be the thing that’s working best right now and for good reasons. Six Sigma has the best combination of methodologies, software and results, and it is easy to understand for people at all levels of the organization. But it, too, will evolve over time; that’s the nature of continuous improvement.

But when executives initially consider this, they may not fully appreciate the organizational and personal requirements and delegate to someone and say, “Let’s just get Six Sigma going in the organization.” At times they really don’t step back and think about what they’re asking of their organization. Six Sigma isn’t just about throwing a bunch of training and tools together, and getting trained in the methodology. A successful deployment must have a true support structure built around it. There must be awareness and engagement at all management levels for Six Sigma activities to be successful. And people at all levels of the organization must positively perceive “what’s in it for them.”

Question: As you speak with executives, do you see a tendency to approach a Six Sigma implementation one department at a time? Is that a danger?

Peter Robustelli: When Six Sigma first came out in the late 1980s, it was publicized as the methodology that worked the best for companies to improve their market share or profitability. At that time, there were far more enterprise-wide implementations taking place, where a CEO would say, “We’re doing Six Sigma, and that’s all there is to it.” Those implementations also tended to be much larger efforts.

Six Sigma has evolved, and as the business community has become smarter about what works and what doesn’t, and what’s required, they have become more conservative in their implementations to a “Let’s see if people will accept this,” or a “Do we have the wherewithal?” approach. That means that an initiative may well start as a pilot program in a department, as a part of a smaller engagement.

Question: So how do companies handle the challenge of deciding whether to implement Six Sigma as an enterprise-wide initiative, as opposed to doing it one department at a time?

Peter Robustelli: The big issue right now for many organizations is that they’re being more careful with their training budgets, their consulting budgets and business improvement dollars. They want to be sure that what they’re investing in will yield results, truly has scalability and that their organizations will accept it. One of the biggest pitfalls in past Six Sigma implementation has been trying to ramrod or mandate that it’s going to happen across the company. When that happens, you can find cultural backlash. People will go to training, people will go through the motions of doing the project, but they won’t give you the true buy-in, the true commitment needed to make it work over the long haul.

People are clever. They’ll actually find things that fit and make it look like there’s a deployment going on, but when you dig underneath, you find that the level of analysis just has not been done. What they’re doing is just paying it lip service and fulfilling what management has told them they’re going to do, no matter what.

They’ll get some results, because focusing on a challenge will generally get you results, but those improvements may be more in the range of 10 to 20%, rather than the 70 or 80% improvement that they could get if everyone really bought in to the program and implemented it the way it should be done.

Question: Are you saying that without the hard preparation beforehand that Six Sigma projects are almost doomed to failure?

Peter Robustelli: Without the preparation, yes.

Question: So, if you’re a top executive who’s committed to a Six Sigma project, or if you’re a subordinate who’s been tasked to make it work, what should you be looking for to really demonstrate that this initiative is working?

Peter Robustelli: I would look for what we call business alignment within our performance improvement efforts. If we’re using Six Sigma, are we aligning it to our business goals? Or are we merely out there, saying, “Let’s just see if it works—pick anything to work on.” Select a specific goal, or maybe two or three goals, that the organization is trying to achieve, and make sure they are aligned with your customers’ requirements so they can deliver your desired business results.

Question: Give an example.

Peter Robustelli: A company may be trying to reduce the cost of producing a particular product line. They may be trying to improve the service level to a particular client, or trying to decrease some kind of waste or gain market share in a particular area. Focus on what needs to be done to move forward in that area.

That, of course, is all predicated on the notion that they have a mechanism in place to measure progress, to know exactly where they are performing relative to the goals of that initiative.

Question: It's hugely important, isn't it, to establish a benchmark, because you need to establish where you've been before you can figure out where you're headed?

Peter Robustelli: Absolutely. Too often, companies set goals without doing the kind of analysis that will show them how much they really need to achieve and why. They fail to ask what kind of effect it will have on their customer, or whether the goals are even achievable in the first place. It is important to do the analysis before jumping in.

Question: But in some cases, aren't there other options besides traditional Six Sigma? Should companies consider those as well?

Peter Robustelli: Sure. I think the first place to start is by defining who the customers are, what's important to them and how that aligns to the business goals of the organization. In other words, every company should have some kind of vision or mission of where it wants to be, compared with where it is now.

Question: Assuming that top management understands the true value of a performance improvement initiative and has actively moved to involve people, the results can be quite significant.

Peter Robustelli: Yes, the difference between an executive-sponsored initiative and one without top-level support can be tenfold. What we try to encourage someone to do is to first get agreement within your organization on whom you are and where you want to go. Get agreement about what your customers are truly telling you they want; what kind of customer information do we have about what they're looking for?

The next thing is to ask is "given our agreed-upon direction and what our customers tell us they want, do we have agreement on the critical success factors? Are we delivering to our customer requirements? If not, do we have metrics that allow us to measure our progress in closing the gap?"

Next, determine how the organization is structured, and whether it has the critical core business processes to get there, to achieve business goals and satisfy customers. Have those processes been defined and can they be measured? Those gaps, of where your business is and where you want it to head, and how your processes work vs. how you want them to work to meet your goals will be the right kind of things to work on to obtain the biggest impact for your company.

Question: Bottom line, executives must understand that business performance improvement programs, like Six Sigma, require a significant commitment from the top of the organization on down.

Peter Robustelli: I look at it this way: performance improvement can be a very powerful weapon, but the top of the organization needs to aim it. Executive management needs to understand and clearly define the target for the rest of the organization.

TECH TIPS

- One of the biggest pitfalls in past Six Sigma implementation has been trying to ramrod or mandate that it's going to happen across the company.
- There must be awareness and engagement at all management levels for Six Sigma activities to be successful.
- The difference between an executive-sponsored initiative and one without top-level support can be tenfold.



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