

Successful Six Sigma

The Importance of Leadership Involvement

Successful Six Sigma: The Importance of Leadership Involvement

A White Paper by
John Lopez-Ona, President and CEO of Six Sigma Qualtec



These days, there are any number of columns, and whitepapers, and speakers telling you why you should consider implementing a Six Sigma initiative in your organization. I run a Six Sigma consultancy, and I'm going to tell you why you shouldn't.

You should not implement Six Sigma in your company if your senior management is not fully convinced of its business worth, and unless the entire management team is not only accepting of its goals, but actively involved in helping to achieve them. Six Sigma, you see, doesn't only change the way products are produced; a successful implementation significantly impacts the way your firm thinks about doing business. For a lot of companies, that kind of radical change can be scary, particularly for front-line workers who see business process initiatives as nothing more than a move to downsize them.

Six Sigma projects fail because senior management isn't truly committed to doing what needs to be done for them to succeed. And it can't be mere lip-service commitment; when that happens, the initiative becomes a training exercise personified by poorly conceived, poorly supported and randomly implemented projects, rather than about driving strategic results with properly supported projects based on relevant business cases. Training a cadre of Six Sigma practitioners can be expensive. A big expense with no focus on results yields little to no returns.

But if that focus, if that commitment is there, and if it starts at the highest levels of the organization, Six Sigma can have a tremendous impact on the way your company does business in a relatively short period of time. The most sensitive variable in the equation may not be the cost or the time itself; it's the return on the investment itself.

Let me explain; ROI can be broken into hard and soft savings, with hard savings being those that are more easily traceable to actual cash. Reduced waste or headcount reductions are hard savings. Soft savings are those that are less "bankable," like cycle time improvements.

Hard savings calculations are easier to compute. If you've reduced waste by 25%, you can easily figure out how much your company has saved in reduced time and materials used. By contrast, figuring out the benefits from soft savings can be far more difficult. How do you calculate the savings from figuring out a streamlined manner of performing an accounting chore, or instituting new procedures that listen and respond to the voice of your customers more quickly and accurately, which keeps them from going across the street to your competitors? It's far tougher, but if you don't factor them into your bottom line, you disregard a significant source of benefits that shows the true value of your implementation.

Being tasked with a Six Sigma deployment that isn't fully supported by management presents its own set of challenges. If you find yourself in that position, scale back your expenses and identify several projects capable of quickly producing clearly definable results. Enlist the support of as many senior managers as you can. By driving results on those projects while maintaining low expenses, you can ensure a higher ROI that can be marketed internally to gain the senior support needed to ensure success of a larger expenditure. Nothing succeeds like success, of course; the more you are able to bring home a winner, the more senior managers will be willing to back your move to expand Six Sigma projects throughout the enterprise.

Another way to win the support of senior management is to enlist your CFO and your finance team in as a partner and co-owner of the deployment rather than simply as a scorekeeper. If they understand the value of and have a stake in the results, they are far more likely to act as both a key validator of your project's worth as well as an influencer.

You may be convinced of Six Sigma's worth, but unless you can convince the executive suite, you're not going to achieve the full value that an implementation offers. Getting senior management on your side by involving them in key activities and showing them the positive impact Six Sigma can have on the way you do business, will give you the leverage you need to proceed and truly make a difference.



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Six Sigma Qualtec
821 Alexander Road
Suite 130
Princeton, NJ 08540 • USA

toll free (800) 247-9871
phone (609) 925-9458
fax (609) 419-9855
email info@ssqi.com
website www.ssqi.com

Six Sigma Qualtec
1295 W. Washington Street
Suite 208
Tempe, AZ 85281 • USA

toll free (800) 247-9871
phone (480) 586-2600
fax (480) 586-2586
email info@ssqi.com
website www.ssqi.com

Six Sigma Qualtec
P.O. Box 2959
Kenilworth
CV8 1XR
United Kingdom

tel +44 (0) 1926 859555
fax +44 (0) 8701 400023
email info@ssqi.co.uk
website www.ssqi.co.uk