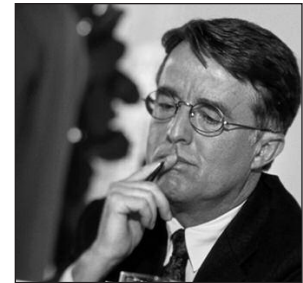


**Are You Leading  
Your Six Sigma Initiatives**  
... Are They Leading You?

## Are You Leading Your Six Sigma Initiatives Or Are They Leading You?

An Executive Briefing from Six Sigma Qualtec



*Much of Six Sigma's power comes from its unparalleled ability to tie its rigorous metrics-driven improvement initiatives to business and financial results. Yet a new survey by Six Sigma Qualtec of nearly 500 practitioners worldwide indicates that many companies fail to directly integrate their Six Sigma initiatives with their strategic objectives. Fortunately, there is a powerful solution that enables companies to proactively track their Six Sigma initiatives, translate them into business and financial results, and use the information to truly lead their initiatives, instead of letting their initiatives lead them.*

As recently as three years ago, having a Six Sigma program provided a competitive advantage. But for many companies this advantage has largely disappeared as competitors have launched their own Six Sigma programs. To remain in the forefront companies have to significantly advance their thinking about Six Sigma. Experience has shown that the common failing of mediocre Six Sigma programs is lack of executive buy-in and commitment. To produce that commitment and to ensure continuing alignment with corporate goals, those responsible for Six Sigma must find a way to manage the Six Sigma program across the same key measures used to manage the company as a whole. Yet the evidence suggests that many companies cannot or do not make the vital connection between Six Sigma initiatives and measurements and corporate strategies and measures.

### What Six Sigma Practitioners Say

During 2004, Six Sigma Qualtec conducted an online survey to determine how Six Sigma companies track improvement projects and manage their deployment. Some 479 respondents from around the world, all of whom play active roles in their companies' Six Sigma programs, participated in the survey.

#### **They were distributed as follows:**

*190 Black and Green Belts*

*40 Champions*

*66 Executive Leadership Representatives*

*18 Financial Representatives*

*76 Master Black Belts*

*89 Other*

## Among the Key Findings of the Survey

**Of all groups represented in the survey, members of Finance departments were least likely to be engaged with Six Sigma projects.** Although the ability to link Six Sigma results to measurable financial results sharply distinguishes Six Sigma from other types of improvement programs, respondents from Finance showed the least interest in tracking the financial savings from their companies' programs, whether that tracking was conducted by specific Six Sigma initiative, by the geographic location of the initiative, or by measuring the performance of the individual leading an initiative. It appears that the Finance people retain allegiance to their own accounting systems and therefore do not actively get involved in tracking the savings of Six Sigma projects.

**All groups of respondents placed little value on tracking actual savings directly attributable to Six Sigma projects after they have been completed.** Of these groups, however, it was Finance, once again, that placed the least value on this form of financial tracking. Interestingly, Green Belts and Black Belts – those most directly involved in and responsible for Six Sigma projects – also attached little importance to tracking benefits during the periods following project completion. It's possible that these results are both a symptom and a cause of the failure to connect Six Sigma programs with corporate financial performance. Because the financial outcomes of Six Sigma projects, including during the period following their completion, are not tracked on financial statements, these completed projects simply disappear from view. As a result, many companies cannot be sure whether they actually achieved and sustained the gains that were forecast for a project.

**All groups attach great importance to tollgates for ensuring proper project management. A set of questions need to be thoroughly addressed at key milestones of a Six Sigma project.** Tollgates and the tools used to answer their questions enable high-level control to grow the project's business value and reduce its risk. The importance that the overwhelming majority of respondents attach to tollgates suggests that people at all levels of involvement with Six Sigma in their companies see a need for tighter control of projects. Though respondents understand the value of tollgates, experience shows that most companies lack a formal, automated tollgate process.

**Respondents differ widely on the importance of centralized keyword-searchable document storage.** The rapid high-quality decision-making on which organizations increasingly depend requires widespread dissemination of knowledge to reduce duplication of effort, forestall the reinvention of the wheel, and reduce common, easily avoidable errors. Interestingly, senior executives and Master Black Belt respondents affirmed the importance of a searchable database in which all of the relevant materials – including Excel, Word, and PowerPoint files – about each step of a project are entered as the step is completed. However, Black Belts and Green Belts did not affirm the importance of such a database. In all likelihood, senior people see the need for a knowledge management system because they understand the value of replicating projects across the organization and establishing best practices. Companies that can replicate best practices through a searchable database complete more projects in a shorter time period with greater success. Although Black Belts and Green Belts, in theory, operate cross-functionally, it appears that many still restrict the scope of their thinking to their particular area of the business. It is likely, also, that Belts fail to see the benefits of a searchable knowledge base because they are often assigned projects rather than held responsible for finding them. By contrast, corporate leadership, which is responsible for uncovering and assigning them, likely also understand the value of a knowledge base for building project charters.

## Getting Champions Onboard

**Of all groups surveyed, Champions were least likely to see the value of a repository of Six Sigma training materials, tools, templates, and industry cases.** As the person responsible for the logistical and business aspects of a Six Sigma project, a Champion selects and scopes projects that are aligned with the corporate strategy, chooses and mentors the right people for the project, and removes barriers to ensure the highest levels of success. Because those are relatively high-level managerial activities, Champions may not feel that hands-on involvement with the tools of Six Sigma falls within their role. Yet many Six Sigma projects fail due to lack of engagement on the part of Champions who may not fully understand how, why, or when various tools should be used.

They may also fail to fully appreciate how training materials are actually used by Belts under the pressure of executing a project. Although the Belts may have been taught how to use such tools as a Design of Experiments (DOE) or a Failure Mode and Effects Analysis (FMEA), they often need a refresher when the time comes to apply them. An electronic, searchable database of training materials puts that knowledge at their fingertips in easily accessible form.

## Tracking Six Sigma Deployment

**Many companies use tracking tools that are inadequate for managing their Six Sigma program.** Some 75% of survey respondents say they use Excel or an in-house system to track their Six Sigma program. Many of these systems merely record what has taken place in a project and lack the ability to set direction, establish leading indicators to keep projects on track, or manage a Six Sigma deployment. As a result, these companies have no systematic means of making course corrections as needed.

The picture that emerges from these findings suggests that many companies may be using outmoded software, lagging indicators, and inadequate storage, reference, and retrieval systems – or none at all – to manage their Six Sigma programs, including the initial deployment of projects. In effect, they may be simply recording what happens in their projects as opposed to proactively tracking them and guiding them. Even more troubling, the striking lack of engagement in tracking Six Sigma programs on the part of Finance executives indicates a serious disconnect between operational improvement and the business and financial goals such improvement should be designed to serve. Lack of visibility with Finance ultimately, of course, leads to lack of visibility with leadership generally and increases the likelihood that Six Sigma programs will fall short of their potential.

## Lost in Translation: Six Sigma and Leadership

In order for any performance improvement program to succeed, it must attract strong commitment from the leadership team. Experience has shown that although executives usually support improvement programs, they rarely get actively engaged to help drive success. Why? Primarily because something often gets lost in translation between the Six Sigma metrics used by practitioners and the corporate/strategic metrics used by leadership. In short, the problem is ultimately one of communication.

Leadership teams grow into their roles as a result of track records of success. They spend much of their time developing specific strategic initiatives for their organization and then convert those strategic initiatives into a measurable set of metrics. Unfortunately, performance improvement programs have rarely aligned themselves to these metrics; and even when they are aligned, results are rarely reported in the same terms that leadership uses to evaluate the business.

Leadership cannot reasonably be expected to adapt to – and fully embrace – Six Sigma until its deployment is managed across the same key measures used to manage the company. To actively engage the leadership team, Six Sigma practitioners must not only align performance improvement activities with corporate strategy but tie their measures directly to strategic measures and tools such as balanced scorecards and similar leadership dashboards and strategic metrics. As our survey indicates, however, many organizations simply lack an adequate technological tool that would not only enable the proactive management of Six Sigma programs but facilitate the communication with leadership in terms they understand.

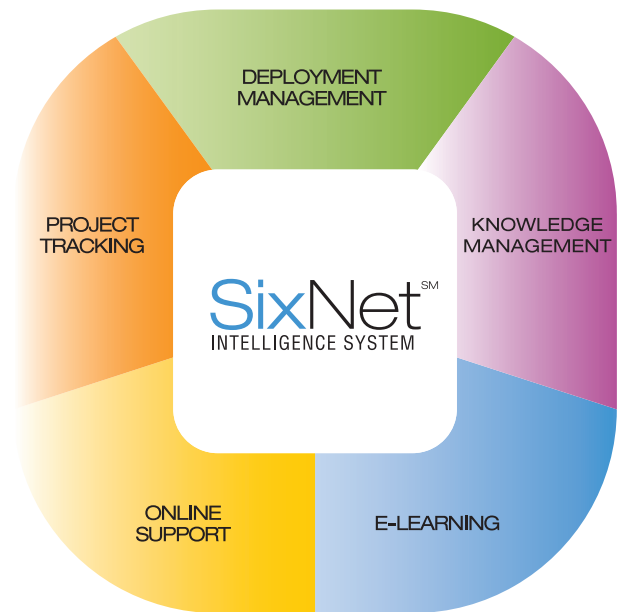
## Bridging the Gap – SixNet from Six Sigma Qualtec

SixNet™, from Six Sigma Qualtec, provides state-of-the-art project tracking software that enables users to overcome the challenges in Six Sigma project management that plague many of the companies in our survey: outmoded software, reliance on lagging indicators; inadequate or non-existent storage, reference, and retrieval systems; and inability to proactively manage deployment. With SixNet you can comprehensively track Six Sigma projects, adroitly manage their deployment, and quickly develop and deploy a knowledge base that equips you to replicate successful projects, disseminate best practices, and continuously improve the Six Sigma capabilities of your organization.

Most importantly, because SixNet is designed to link Six Sigma to your business scorecards and strategic initiatives, it can bridge the gap between Six Sigma practitioners and leadership, helping win the kind of executive commitment required for success. SixNet is

the only deployment management and project management tool that integrates within its reporting portal critical business intelligence – the broad range of information from decision-support, query and reporting, online analytical processing, statistical analysis, data mining, forecasting, and similar applications – thus enabling direct integration to executive objectives and measures. You can report benefits in the same terms in which leadership is measuring performance of the company. Further, recent technology advances within SixNet allow you to dynamically link these activities and truly integrate Six Sigma as the driving change-agent for achieving corporate strategy.

Because reports and dashboards can be easily created, executives can instantaneously understand the impact that performance improvement efforts are having on core business processes. Using these built-in features you can report your program results in any format – in real time – and thereby capture the attention of the leadership team, including members from Finance. Moreover, the tight integration of business scorecards with deployment management and project tracking enables management to drill down into the project details that are influencing critical success metrics identified on the business scorecard.



## Replicate Best Practices

Capturing best practices and then replicating them throughout the organization results in faster completion of projects, greater acceptance of the implemented solution and ultimately a higher return on investment. SixNet logically stores all projects, enabling employees to conduct full-text search of the project and attachments to replicate them within their area of responsibility. As projects are completed, configured e-mail alerts are produced and delivered to key leaders, who are likely to derive value from replication of a similar project.

No one wants to spend time “reinventing the wheel”, but organizations do it time and time again. A successful performance improvement project starts by gathering data about the existing process and determining the desired outcome. After working with companies around the globe, we are constantly reminded how many different parts of the same organization are trying to solve the same issues. Unfortunately, most companies today lack an easy way to view other projects that have been implemented and that address problems that resemble those that the organization currently faces.

SixNet provides a logical format for storing all of the data and attached files associated with all performance improvement programs. Because this information is completely searchable, you can mine it for guidance on future projects. In addition to making this data readily available, SixNet provides tools to replicate project successes across multiple constituencies that have been identified as likely to benefit from such replication.

The knowledge repository contained within SixNet also guides performance improvement leaders to complete projects more quickly and with a higher likelihood of attaining the desired results. This approach not only shortens the time-to-benefit, but also reduces the cost of implementation and provides a higher rate of success.

## Track Projects Enterprise-wide

SixNet provides deployment management, knowledge management, and project tracking for all performance improvement programs across your enterprise. SixNet is designed to provide fully configurable methodologies and templates that ensure common reporting across all your programs. The visibility provided by SixNet’s Business Intelligence reporting module ensures critical decisions are made with the full knowledge of the impact those decisions will have on your business.

SixNet enables companies to personalize their improvement programs by creating new methodologies, phases within those methodologies, and tasks within those phases – and to pre-attach deliverables or tool templates to those tasks. This provides SixNet an unlimited capability for adding and changing methodologies to support all forms of process methodologies. All changes to methodologies can be made without programming changes or access to the underlying database. This feature extends the value of the system beyond simply performance improvement into multiple areas of the business including compliance, mergers & acquisitions, and development.

## Easy to Use, Implement, and Apply Globally

The best project tracking tool in the world provides no value, unless it's used. SixNet has been developed with direct input from over 40 clients and from all levels in the organization from Executives, to Champions to Belts to Team members and Financial Representatives. This voice of the customer input has built a system that users find simple to navigate and from which they can realize immediate value. This logical flow ensures fast adoption by your team.



To facilitate ease of implementation, SixNet requires no customization. Customization not only drives costs up while slowing implementation, but also creates significant problems associated with future upgrades and enhancements. Developed from the ground up, SixNet uses the .Net platform so that users, via the administration menus, can configure such commonly used features as methodologies, phases, tasks and deliverables templates; financial hierarchies; organizational structure; key initiatives, core processes; public dashboards/reports; user roles and permissions; menu navigation and user profiles.

Because companies today operate across many countries, SixNet is web-based and configures to local usage by dynamic translation into the local language and currency. This creates global acceptance of a single system by providing real-time data to anyone anywhere in the world and reduces the complications associated with non-English-speaking employees.

## A Complete Management System

Managing all the moving pieces of performance improvement programs is a daunting task. SixNet streamlines this complexity, providing the tools you need to plan instead of constantly reacting to changes, schedules, resources, and communications. As a result, you significantly reduce the risk associated with your improvement program.

The combination of project pipeline, project alignment, resource assignment, and toll-gate review process provides the required data collection capability while providing an efficient and beneficial environment for the project teams to work within. Utilizing the only data warehouse reporting solution of its kind for an application of this type, SixNet provides an unlimited reporting capability, fully configurable by users, integration of both public and private dashboards – all accessible via a standard web-browser with no software installation required from your IT groups. Data Analysis provides you with the answers you need at an aggregate level with the ability to drill through the data to access the projects or resources that are providing the data. The performance of your business improvement program is displayed both graphically and in tabular form with full export, print, email, and snapshot capabilities.

Since the inception of Six Sigma more than two decades ago, it has been evolving and developing – and winning more and more adherents, until today it has become the dominant methodology for performance improvement in industry after industry. Yet, in many companies, the ability to manage Six Sigma projects has not kept pace with the increasingly powerful capabilities of the methodology itself. Companies that neglect to expand their thinking about Six Sigma and their technological capabilities for managing it may find themselves unable to improve as reliably and quickly as their more agile competitors. By contrast, companies whose project management capabilities enable them to bridge the gap between their hands-on Six Sigma practitioners and their leadership – between their operations and their strategy – will far outstrip their competitors through the ability to extract greater and greater value from their Six Sigma programs.

## Six Sigma Qualtec

Six Sigma Qualtec is a premier provider of performance improvement training, consulting and technology solutions that drive measurable financial results. Six Sigma Qualtec's methodology is an integrated deployment of training and tools for achieving breakthrough performance including dramatically reduced cycle times, defects and costs. This approach has significantly improved productivity, efficiency and customer satisfaction with clients worldwide.



## Your Strategic Partner

Six Sigma Qualtec is a premier provider of process management and performance improvement consulting, training, and technology solutions that drive breakthrough growth, productivity and value for our clients.

We are unique in our ability to customize the integration of management disciplines to meet the industry-specific requirements of global leaders in financial services, natural resources, manufacturing, process and service industries.

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