

Implementing Six Sigma to Build Lasting Change

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A White Paper from Six Sigma Qualtec



*"When the effective leader is finished with his work,
the people say it happened naturally."*

– Lao Tzu, Sixth century B.C. philosopher

Why Does an Organization Decide To Implement Six Sigma?

Is it a sophisticated approach to saving money and reducing costs? Is it the “flavor of the month” management trend that everyone else is following? Is it simply because the CEO said so?

Six Sigma is hot. It has received a lot of press lately as the no-nonsense savior of business, but Six Sigma is not magic. Ultimately, the success – or failure – of Six Sigma efforts hinge on senior management’s understanding of the company’s vision and strategic direction, as well as their own familiarity with the application of the variety of tools at their disposal.

An organization’s executive leaders are responsible (and accountable) for the overall direction of the business. They must make decisions at the highest levels of strategic thinking in order to meet the expectations of shareholders, customers and employees.

On a large scale, this means clearly communicating the business’s vision. Not just for next quarter’s goals, but long-term future goals as well. It means aligning every effort throughout the business with those goals. It means creating the scorecards and metrics for measuring progress towards meeting the goals. It means establishing accountability up and down the organization for achieving the goals. And it means having the patience to allow the processes and systems to work in the way they are designed. This often includes the implementation of cost-saving measures and “performance improvement” programs.

An immediate need to cut costs and raise profits sends a business’s elite problem solvers charging into the fray. Somehow, somewhere, savings are found and performance is nudged a bit. Maybe a shotgun approach resulted in layoffs. Perhaps a new product was rushed to market ahead of schedule. It appears that there is a lot of activity going on. And that’s OK – with so much stuff getting thrown at the wall, something is bound to stick, right? Many times, too often, Six Sigma initiatives are launched in the same manner, without any notion of how the projects fit into supporting the strategic goals.

When an organization’s strategic policies are rigorously deployed throughout every facet of the operation, the journey towards the noble intent of the mission is truly underway. Lasting step function change occurs when an organization learns how to work smarter, and when management fully utilizes the right tools for the right challenges, and they understand how what they do can support the achievement of those policies through a data driven relationship. This is called, “policy deployment”.

Effective Deployment

Effective policy deployment requires more than the latest trend in performance improvement techniques that identify underlying causes of problems that need to be identified and surgically removed.

The first step in policy deployment is to make certain that senior management in every functional area has a clear understanding of the organization's goals, and that they know how their function (and themselves) will be measured against those goals. In short, everybody should know what they have to do, why they are doing it, and how they will know when they have done it.

Once this foundation has been laid, the process of selecting the right tools for the job can begin. Understanding the particular challenge alerts the executive as to whether or not an application of Six Sigma will be effective. Maybe a particular challenge is a perfect candidate for Six Sigma; not every problem is.

When executive management is certain that all efforts are strategically aligned, when accountability is built into the system, and when they have the patience to obtain meaningful and lasting positive results, they can more successfully make the decision to implement Six Sigma methodology to achieve their goals.

Senior Management's Role

Senior management's understanding of Six Sigma can range from a complete command of all the statistical tools and metrics, to having a vague notion that Six Sigma simply means asking "why" five times. But, in practical application, it matters less that the CEO knows how to map a process than he or she understands why someone else needs to.

In fact, the most successful leaders will admit it to themselves if they don't understand Six Sigma the way they'd like to. If that means the CEO sits in on a Green Belt training course, then so be it. That kind of attention sends a powerful message that the initiative is real, and that is the way of the future.

Management plays an important role in the "up front" work that gives context to a Six Sigma deployment. After the strategic direction has been set, it is time to build the "dashboard" of metrics that will be used to track projects from the highest levels. What are the six leading measures that will accurately reflect whether we are truly getting the "business results" we have targeted? More important, how will these top-level measures translate through the organization to the real world of the process owners and individual contributors?

Frankly, people in search of the path of least resistance have developed a good many "processes". It's organic; people work around the obstacles placed in front of them. Their jobs are to get certain, specific things done. They'll find ways to get those things done, often through means that inadvertently create an obstacle for somebody else. And that obstacle, in turn, is worked around by the next fellow. Eventually, the process becomes the standard. The individual steps are not tracked or documented. While all the management in the world can establish the "As It Should Be" model, there is always going to be an "As It Really Is" model.

However, with major metrics established from the start, and at the highest levels, a clear direction for intended improvement has been established. There must be a clearly stated, easy to understand connection between the organization's strategic goals and every single action that follows. If this "golden thread" has not been established, or cannot be understood, the organization will undoubtedly appear hard at work solving problems. They just won't be the right problems.

Building Accountability

Once the high level outcomes have been determined and the major metrics established, it is time for management to spell out how contributors down the line will be held accountable for their piece of the work. The golden thread that links the CEO's master plan to end results needs to thread through most levels in the organization and at a minimum be understood by all.

This can be accomplished through the proper selection of Six Sigma projects. Champions should, in their initial training, build into their plans the organization's strategic goals. Everything that follows should be directly related. With top level metrics in hand; a Champion should be able to determine the kinds of projects that will produce results, and to assign resources accordingly.

Measuring Results

Remember, the things that get measured are things that get done. If a functional manager is simply tasked with finding cost savings or creating greater profit, they'll focus on whatever is causing them the most immediate pain. They will use the Six Sigma deployment as an officially sanctioned opportunity to work on some pet project within their immediate control, regardless of its relationship to the strategic direction of the company. That is why the selected major metrics must be translated all the way down through the organization, from the boardroom to the factory floor.

Each level within a functional area should have its own dashboard of metrics to follow. If an effort is made to keep the down-line metrics directly related to the major indicators, then alignment to the strategic goals will be maintained. If a middle-level manager has Black Belts working on projects that affect the manager's dashboard, that work is not going to be supported. And the opposite applies as well; when the Black Belt's efforts contribute directly to the things the manager is measured on, you can be assured that the project will get all the attention it needs. This is also called a "system of indicators".

And there is still more that executive management can do if it is really serious about a Six Sigma deployment. They can put their money where their mouth is. What do you suppose would happen if 50 percent of managers' bonuses relied on successful completion of Six Sigma projects? What if there were significant perks available to Black Belts who finish their work and do it the right way. When you have skin in the game, you find an amazing new commitment to making it work. Place a portion of the bonuses at risk. You will command a lot more attention towards the effort.

Another way to build accountability is to formalize assignments. Managers can create contractual agreements with Black Belts, development plans that specify projects, deliverables and actual deadlines for delivery. And then, of course, honor the contract. Let the Black Belts do the work they are supposed to be doing.

Assuring Six Sigma Deployment Success

This brings us to the final requirement of executive management that assures successful Six Sigma deployment: Patience. Improved financial performance comes out of successfully finished Black Belt projects. It's that simple. It is easy for an upper level manager to say that he or she is committed to "this Six Sigma stuff." But they also have to be prepared to invest in the time it takes to make things happen.

Think of it as though you were renovating an old house. If you wanted to quickly make it look nicer, you could just slap a coat of paint on the exterior. But you'd still have a crumbling, sagging inside. Or, you could strip the walls, fix the worn out wiring and plumbing, replace rotten support beams, and rebuild a beautiful, lasting home. In order to solve the problems, you have to get in front of them. Find and eliminate the root causes. If you don't, you'll be chasing the surface problems for the rest of your career. Process redesign takes time.

Six Sigma Deployments Roll Out

Take a look at how many Six Sigma deployments roll out. A wave of Black Belts goes through certification training (a training group is also referred to as a wave of training generally consisting of 10-20 people), while working on their demonstration projects. At the end of four to six months, the certification process is complete and the projects are done. Almost always, the cost of training is offset by the success of the demonstration projects.

But then a funny thing happens. The Black Belts' second or third projects get mired down in the daily grind. Other tasks seem to have greater priority. The "novelty" of the new methodology is gone. There is pain elsewhere in the organization. Yet, the Black Belts are still held accountable for justifying their two-year assignment to create breakthrough performance.

Most organizations going through Six Sigma deployment direct enormous attention towards that first wave of Black Belts. Every step of the process is followed. Black Belts painstakingly map out processes, consistently give detailed monthly status reports, follow the rules to the letter. And the first wave of projects is successful.

The second and third time around, however, there is less scrutiny placed on following the proven path. There is an expectation that results can be delivered more quickly. After all, they were learning how to do it the first time – now they should know what they are doing and they should just jump in and fix something!

In reality, all the things that went into that first, successful wave are required each and every time the process is applied. Most often, unsuccessful follow-on projects fail for the very reason that they are not tracked and reported as carefully as first-time efforts. When a successful Black Belt's record is closely examined, you'll find that he or she delivered second, third, fourth projects in exactly the same way they completed their first. They started with a carefully defined assignment. They made presentations on project status. They wrote up final reports that included detailed documentation of every aspect of their work. And they delivered results.

Reasonable Expectations of Your Six Sigma Projects

Of course, senior managers always seem to be in a hurry to see those results. The most meaningful accountability for Six Sigma success starts at the top. The best thing an executive leader can do to support Six Sigma is to be realistic about expectations. There are a couple of ways to do this.

First, be sure that the problems that are identified at the top levels are those that can honestly be addressed in a reasonable time-frame, six-months for a first time learning project, two-four months for follow-on projects. Don't give your best and brightest a Bunsen burner and then ask them to go boil a lake. Keep the scope of your priorities manageable. Anyone with a list of 10 things to do knows that only two or three of them will actually get accomplished properly and on time. The projects will pay off, if you give them room to work.

Second, keep the long-term situation in mind. Even though first wave projects are successful, they probably won't destroy a problem's roots to the very core of the organization. Your company needs to learn how to thrive in this new environment, and that takes a little practice. Go ahead -- recapture your investment with first projects. That is what buys you the time to sit back and look at what is really going on inside your organization. You'll have a much better picture of processes and how they all fit together to create the whole. And that is precisely what you need in order to affect meaningful and lasting change.



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