

CONTINUOUS IMPROVEMENT

pany used Six Sigma to help organize a far-reaching restructuring that cut approximately 3,000 jobs and trimmed \$200 million in costs. Employing the methodology helped Xerox be “thoughtful” about how it made the cuts and prevent harm to its operations, says Doug Burgess, Xerox’s senior vice president of corporate lean Six Sigma.

When Xerox began using Six Sigma in January 2003, the company focused on very functional projects with a high likelihood of success so that momentum would be built for using the process. Over time, the company moved into more ambitious cross-functional projects. Today, says Burgess, the company wants employees to recognize that “you can use lean Six Sigma on any process that is measurable, so you can apply it to customer satisfaction issues, cycle time, CAD generation issues.”

Burgess admits that it may not be as easy to apply Six Sigma in sales and service groups as it is in manufacturing. He says these groups traditionally focus more on managing relationships than managing processes. But with training and strong management support for using these tools, he says, they can be employed throughout the corporation. For example, he cites a project done with Xerox Global Services, where the finance department had become bogged down processing contracts that were rarely the same. When the project commenced, Burgess recalls, they found 134 contracts that were backlogged, resulting in countless hours of



Doug Burgess

overtime. “When they started that project, they were logging in almost six days for every contract they were reviewing. By applying the DMAIC (define, measure, analyze, improve, control) process, we reduced the six days to just over one and eliminated all the overtime. The billing process was improved significantly as well,” he says.

Burgess served as the sponsor for a major project involving the company’s Developing Markets Operations (DMO), the unit responsible for marketing, direct sales, distribution programs and service operations for Xerox products and services in more than 140 countries outside the United States, Canada, Western Europe, Japan and the Pacific Rim. DMO’s leaders had decided to move primarily to an indirect channel for sales, but maintain the direct channel. At the same time, the unit was changing from a legacy information management system to an Oracle-based system and also dealing with several personnel changes. “They had cycle time issues, cost issues, quality issues,” he explains. The project team focused on three areas—fulfillment, customer interface and information management—in pursuit of developing what the company called the “next generation supply chain.” Team members logged more than 70 hours gathering customer requirements. As a result of this project, DMO reduced cycle time by 33%, improved quality by 30% and reduced cost by 30%.

Burgess is a firm believer that lean Six Sigma can be applied to everyday challenges, not just major projects. “It doesn’t necessarily require big teams,” he maintains. “It is the thought process and the disciplined approach to looking at a business problem.” 

Critical Success Factors

Six Sigma experts agree on many of the critical factors for successfully implementing Six Sigma and the pitfalls that can lead to its failure:

Leadership: Initiatives such as Six Sigma require active and visible support from senior management. “As a leader, you have to put some of your skin in the game,” says Hector Arcaya, director of the business process analytics team at consulting firm Point B. He says successful deployment requires resources and political capital, and that means support from the C-suite or from the head of a specific function who takes ownership of it.

Senior managers must communicate to employees that the purpose of the Six Sigma projects is to make the company more efficient and competitive not to reduce their numbers, says George Haley, a business professor at the University of New Haven.

Strategic Alignment: “We try to pick projects that will have the greatest impact on the business,” notes Ellie Kemp, a Master Black Belt at machine tool manufacturer MAG G&L. No matter the size of a company, she points out, it needs to improve, and Six Sigma offers a proven process for continuous improvement. “If you follow the recipe and get the data, the data will tell you what to do.”

The Right Personnel: “I tell Green Belts and Black Belts that as powerful as Six Sigma is, it doesn’t improve anything,” says Bob Rome, lean/Six Sigma manager for Miniature Precision Components (MPC), a molder and assembler of plastic components. “People make improvements.” He says Black Belts and Green Belts need not only training in the Six Sigma methodology but also team leadership and communication skills so that

they can shepherd these collaborative projects.

Measurement: “It is fair to expect business results from Six Sigma,” says MPC’s Rome. “Otherwise, there is no value being added.” In developing projects, leaders state the business problem, outline project objectives, list the benefits and any associated hard savings and state how the savings will be calculated. “All of the savings we track are validated by our finance department,” he adds.

In the end, say these experts, no one methodology such as Six Sigma holds the key to business success. “Six Sigma is just one of the tools that businesses should have in their portfolio for managing and executing their business,” says Point B’s Arcaya. “It is definitely a very useful tool if used appropriately but it is not a panacea.”

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