

Six Sigma for Small Companies—A Practical & Economical Approach

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Implementing a Six Sigma intervention need not cost millions

One of the more familiar problems in business today is how to implement Six Sigma in small and medium-sized companies.

This is a serious issue because larger companies are beginning to mandate Six Sigma to their supply base as a condition of doing future business. The problem arises when small and mid-sized organizations solicit deployment proposals from Six Sigma consulting companies only to learn that the traditional Six Sigma implementation approach can require millions of dollars in investment, dedication of their best full time resources, and training of the masses.

Those who have experienced this situation have found that this approach to Six Sigma is unrealistic for smaller and mid-sized organizations--such as your firm. But there still exists a real need to bring smaller and mid-sized companies into the Six Sigma fold, because together they might represent as much as 75%-80% of total value stream activity.

The traditional top-down Black Belt implementation approach is a major barrier to entry for smaller and mid-sized companies, and it doesn't need to be. There is an alternative Six Sigma deployment model called the *Six Steps to Six Sigma*. Motorola originally pioneered it and it allows smaller and mid-sized organizations to implement at a cost and pace where they can actually grasp the methodology and achieve benefits, without the significant resource commitment and overhead structure of the Black Belt approach which can easily reach a million dollars or more. As a result, these organizations are able to *achieve faster and more impressive benefits* than their larger customers.

One Size Fits All? -- NOT!

One observation I've made about the Six Sigma implementation process is that the majority of benefits are not derived from Black Belts - they are generated at the Green and Yellow Belt level. Another observation is that Black Belts and Green/Yellow Belts are interchangeable for about 65% of the organization's Six Sigma opportunities. Using a Yellow Belt approach, embodied in the *Six Steps to Six Sigma*, addresses many of the constraints of smaller and mid-sized companies and allows them to implement at a less costly, more manageable pace.

These organizations become just as technically skilled as their larger company counterparts; in fact, many are outperforming their larger customers in terms of both financial results and cultural transformation.

Six Steps to Six Sigma – How It Works

The following is a brief overview explanation of a Six Steps to Six Sigma deployment and execution process, which I recommend for smaller and mid-sized organizations.

1. It begins with elevating senior management awareness on the procedure and benefits of the Six Sigma process. At this time the strategy and implementation approach are aligned with the organization's strategic business plan, focusing on customer requirements. Also at this step a Steering Committee is established to create, foster and ensure application of the Six Sigma process through out the organization.
2. Here implementation planning is completed. This includes establishing baseline performance factors, expected performance/financial improvements, communicating program goals, implementation strategies, and developing training schedules for all employees. Employees and management are brought into the training in natural or functional work groups.
3. In the training, they learn about the Six Steps to Six Sigma process, methodology, and tools. This course is designed to help organizations reach their goal of Total Customer Satisfaction through the attainment of reduced cycle time yielding high levels of quality. It does this by showing how functions can increase the extent to which their work meets the expectations of the people they do it for---their customers.
4. Training and team formation are begun concurrently. In the training employees learn the specific methodology in resolving differences in product/service expectations, so those mistakes, which lead to customer dissatisfaction, can be minimized. Emphasis is on learning ways of

achieving extremely high levels of quality (on the order of 3 to 4 defects per million or Six Sigma) and gives participants a chance to start applying it right away to their own work.

- Upon completion of the training, the natural work group is the yellow belt action team. The team sets about applying the six-step methodology to improve their major product or service. They identify customers, suppliers and their critical requirements, define value vs. non-value added activities via process analysis, improve the cycle time by removing defect causing, non-value added tasks, and implement quality performance measures, to assure continuous improvement: kaizen. The team continues this approach focusing on their other products or services for improvement.
- Later in the progress of the program, certain individuals in the team may be transitioned to the next level of Six Sigma achievement. Some selected team members are developed into Green or Black Belts based on need.

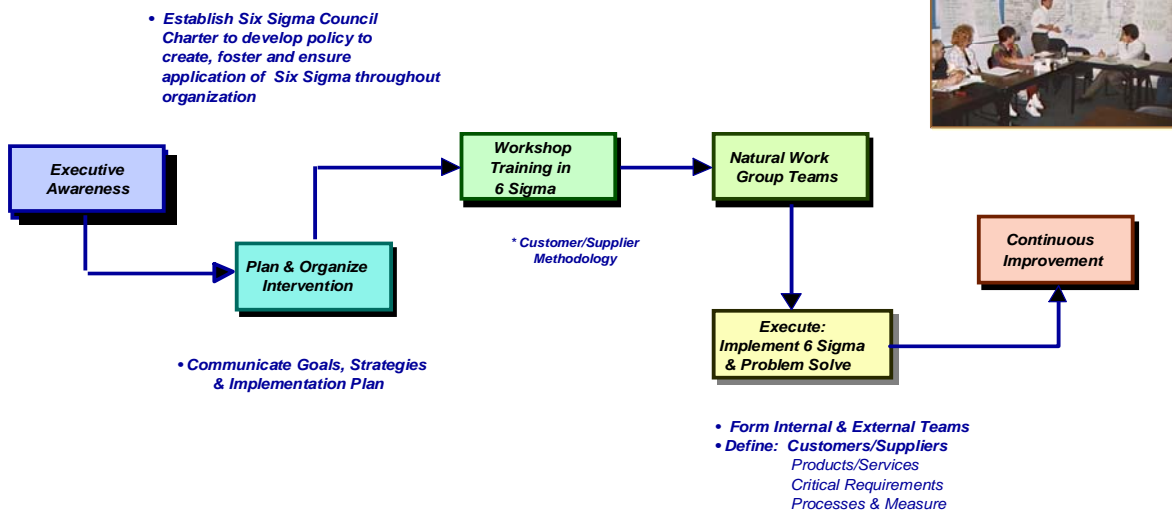
improvement ideas that average a 25% reduction in cost and process cycle time. Thybar's president, Bill Evitt, is so convinced of the process that he has authorized introducing it to his other three plants in the U.S.

Using the foregoing approach organizations can accomplish their Six Sigma implementation at a more economical and manageable pace. The number of improvement activities, the levels of education, and the whole deployment and execution approach occur at a suitable rate, using all employees, with a direct link to strategy and results.

There Is A Better Way

The above type of functional approach to Six Sigma enables smaller and mid-sized organizations to achieve results at a more economical and manageable pace, while still achieving desired results. The "one size fits all" Six Sigma Black Belt deployment model just isn't practical for every company or organization. The real need to bring smaller and mid-sized companies into the Six Sigma fold can be satisfied with the Six Step to Sigma approach.

Program implementation



An example of this approach is the Thybar Corporation in Addison, IL a supplier to the HVAC industry. Trane, a major customer of Thybar, was insisting that Thybar adopt the Six Sigma methodology. However, the investment to embrace the traditional Black Belt approach that Trane was taking was too prohibitive for Thybar. In January of last year they started implementing the *Six Steps to Six Sigma* with all of their employees and management with significant bottom line results. Each training workshop yields 25-30 implementable

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