

For in-house trainers

Overview of Lean



Click here to learn more

QUALITYDIGEST

HOME SEARCH SUBSCRIBE CONTACT US ADVERTISE

E-MAIL STORY PRINT VERSION

Six Sigma Tools for Executives

Go beyond the project focus to get the most out of Six Sigma.

by Praveen Gupta



Most Six Sigma initiatives are project-oriented. And although implementing Six Sigma methodology on a project can lead to some improvement, a company can't achieve full benefit of implementing Six Sigma. To maximize Six Sigma benefits, a corporation must commit to the methodology in its entirety. And a successful implementation of the Six Sigma initiative requires information gathering and executive team training on the Six Sigma goals.

Six Sigma isn't about quality improvement techniques, nor is it about statistics. Six Sigma must be treated as a strategic initiative to improve profitability and accelerate growth. With such understanding, top executives must make the commitment to adopt Six Sigma.

One of the major challenges is to manage investment in Six Sigma initiative. Managers must make the investment commensurate with the opportunity for profit and growth. The main difference between Six Sigma and similar improvement initiatives is that Six Sigma must be utilized when the improvement in the company's bottom line becomes apparent. With clear understanding of the opportunity, the executive team must establish needs and goals clearly. If a company decides to improve its finances, the goals must be set accordingly. If the object is to reduce waste by improving processes, the goals must be set to achieve Six Sigma performance level for various processes.

Corporations try to develop in-house expertise to implement Six Sigma. But outside help can prevent a wrong start, and facilitate development of corporate vision and strategic plan. A project leader (sponsor) and a Black Belt are designated to lead the effort. They'll develop a business model, identify growth and profit streams, and list opportunities for improvement. These opportunities are prioritized and used to define various projects, which are then converted into an opportunity for improvement. Cost, savings, probability of success and time for completion are used to prioritize projects. The prioritizing criteria can vary from one company to another, depending upon the business objectives.

In using the Six Sigma methodology effectively, the most critical factor is the passionate commitment of leadership. However, passionate commitment must come with the correct understanding of the intent of Six Sigma and with an effective executive support of the initiative. To create passionate commitment, leadership must learn certain tools and skills. These tools and skills are listed in the table below (extracted from The Six Sigma Performance Handbook (McGraw-Hill Professional, 2004).

Tool/Concept	Type	Description	Applicability
Employee recognition	Business	Process of recognizing exceptional improvement activities and employees	To inspire dramatic improvement and employee innovation
Process Thinking	Business	Understanding that business is a collection of processes (4-P Model)	Helps understand business processes and how to lead them for improvement
Six Sigma business scorecard	Business	A corporate performance measurement system balanced for growth and profitability	Learning to achieve improvement in performance and profitability
Management	Business	Role of internal audits, corrective action and	Monthly feedback to the management team for necessary

Key Executive Tools

There are 10 tools that constitute a minimal set of tools an executive must become familiar with to solve a problem or lead employees to solve problems. Four important business tools include employee recognition, process thinking, business scorecard and management review. Three important Six Sigma process tools include statistical thinking, Six Sigma methodology and rate of improvement. Three improvement tools are process mapping, Pareto principle, and cause and effect diagram.

With the help of these key executive tools, executives can steer their Six Sigma or similar corporate performance improvement initiatives in the right direction, and guide them to achieve bottom line results.

Ads by Google

[Six Sigma Certification](#)
University of Michigan Online Green Belt and Black Belt
cpd.engin.umich.edu

[Alternative to FileMaker](#)
Scale beyond 250/125 - no crashes Version control, events, 100% SQL
www.servoy.com/filemak

[FileMaker 7 & 8 Training](#)
Hands-on classes taught by experienced, expert trainers
LearnFileMaker.com

[Free Grants Available](#)
Instant Access to Free Government Get our Free CD now!
eBizFunds.com

[black belt](#)
Find 25,000 jobs that pay over \$100,000. Search now.
www.OpsLadder.com

[Advertise on this site](#)

review		operations management review	adjustment to achieve growth and profitability
Statistical thinking	Six Sigma Process	Understanding random and assignable variation	Helps in determining degree of adjustment or type of actions to be taken
Six Sigma overview	Six Sigma Process	Understanding of intent, impact, DMAIC and requirements	Decision making, specifically when committing to Six Sigma
Rate of improvement	Six Sigma Process	Differences between incremental and dramatic improvement	Achieve dramatic process improvement by reducing waste and achieving profitability
Process mapping	Improvement	Flow charts used to understand information flow, value streams to profitability	Identify errors in the business and opportunity for improvement
Pareto principle	Improvement	A graphical tool to prioritize commitments based on added value	When deciding on what to work on first
Cause and effect analysis	Improvement	Understanding causative relationship between performance and processes	Identify root cause of problems and remedial actions

Otherwise, the Six Sigma implementation would staggeringly crash to the ground.

About the author

*Praveen Gupta, ASQ Fellow, is president of [Quality Technology Co.](#), which is engaged in providing corporate performance improvement training and consulting services. Gupta teaches a course in corporate performance improvement using Six Sigma, lean, innovation and scorecard at the Kellstadt School of Business of DePaul University. He has authored several books including [Six Sigma Business Scorecard](#) (McGraw-Hill Co., 2003) and [The Six Sigma Performance Handbook](#) (McGraw-Hill Co., 2004). Currently, he is working on his new book, *Science of Innovation*.*

[Click here to return to the Quality Digest home page.](#)

[We value your feedback.](#)
[To comment on this article,](#)
[note the article title](#)
[and then click here.](#)

Copyright © 2006 QCI International. All rights reserved.
Quality Digest can be reached by phone at (530) 893-4095.
[Contact us via Contact Form](#)