Six Sigma: Management takes the lead in performance improvement

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For a long time quality improvement has been an intangible concept. While total quality management and ISO 9000 have sometimes succeeded in delivering concrete results, more often than not the efforts involved simply translate into lower costs.

In a bottom-line- and control-orientated culture such as the US, this has led to the development of an improved performance improvement process offering a quantum lead in production standards. The methodology is called Six Sigma. It was Motorola which spearheaded the process early in the 1980s after executives at the company began searching for ways and means of reducing wastage. Other companies, including AlliedSignal, General Electric, American Express and Black & Decker, have also embraced Six Sigma.

We asked Frank Kretzschmar of ASI Consulting Germany what is new about this concept and how it is applicable to companies other than the US blue chips.

If only things would go to plan: if sales efforts were expended and marketing budgets spent on the most profitable customers, if customer enquiries were answered correctly and on time, if production schedules were realized, specifications met and yield achieved... Many would agree that the lives of managers, staff and customers would be much easier.

Instead of looking for ways to prevent problems, correct flaws and make improvements, many managers still devote their time to fire-fighting and addressing problems as and when they occur. They just chip away at the tip of the iceberg. Whether backlogs, customer complaints or outstanding invoices are involved, many are managed more by accident than design.

In contrast, Six Sigma aims at improving the reliability of core processes so that the right products are developed and customers receive the products or services which they require correctly and promptly.

Six Sigma: What's new?

Six Sigma is not an entirely new methodology, since it builds on the heritage of well-known concepts such as total quality management, statistical process control and business process redesign.

Total Quality Management, for instance, entailed several flaws. One of these was a lack of focus. Commitment to quality improvement needs to be the focal point of the entire organization, from mailroom to boardroom. If a zero-defects philosophy were the mantra adopted throughout an organization, products and the quality of services would dramatically improve.

We all know that building a quality culture in this manner takes too long and that the momentum is often hard to maintain. That's why Six Sigma adopts a refreshingly different approach. Executives and management define the company's core processes and, using strategy tree flow-downs, identify performance indicators. Obtaining objective data from clients and operations (via programmes such as the Voice of the Customer and the Voice of the Process) drives this exercise. This approach leads to a selected number of improvement projects featuring a supporting business case, measurable targets and top management sponsorship.

The second flaw which Total Quality Management entailed was lack of ownership. People were asked to attend vague quality circle meetings, leaving line management with insufficient staff. Ownership of Six Sigma initiatives, which feature clearly defined roles for project managers, team leaders and team members, is an integral part of this new methodology. Fancy names, such as 'Black Belts' and 'Green Belts', are labels which consolidate the role of facilitators, project managers and team leaders as people responsible for their staff. The Process Champions and Executive Sponsors share the objective of providing training and resources and the task of coaching and challenging Six Sigma teams.

The third flaw which TQM entailed was a lack of effective management control. Due to the vague objectives of TQM, progress was difficult to measure. In contrast, Six Sigma initiatives require clear objectives. The business case, the analysis of results, the improvement ideas and implementation approach are well defined products facilitating control.

Six Sigma: What's missing?

The final flaw in TQM was the lack of relevant training. Being able to per-

form a pareto analysis and knowing the brainstorming ground rules are insufficient for the purpose of solving the majority of problems, since they often require a change in departmental collaboration methods.

The implementation of Six Sigma necessitates affording a great deal of attention to the training requirements of team members and leaders and the leadership and change management skills of line managers and executives. Ensconcing staff and managers in the driving seat, creating confidence and providing direction are the key issues involved.

Six Sigma: Use it cleverly!

Finally, we must ask ourselves if this American invention could be successfully applied to any company, large or small, European or Asian. This was the main topic of the June Six Sigma conference held in Prague by ASI Consulting. Consultants, including myself, from fifteen countries brought their experience to the table. The main conclusion which the conference drew was that Six Sigma does indeed offer a framework which is not only relevant to large US companies, but also of value to many others besides.

If one wishes to assess the degree to which Six Sigma is accepted by and applicable to the global business community it is necessary to break down the concept into its building blocks. The key Six Sigma elements, which include clear targets, facts and data, customer orientation, teamwork and project control, all have their champions and detrac-

tors, depending on the relevant national and corporate cultures which obtain. In implementing Six Sigma one can adapt the standard framework in line with an individual corporate culture, abandon the Six Sigma label where it would distract from the main issue and design a deployment strategy based on the elements relevant to the specific case in hand. A deployment decision tree can be instituted in which, depending on key indicators, elements such as communication, training and pilot projects are moved around.

At the time of writing, outside the US Six Sigma is restricted to subsidiaries of US-based companies, but at ASI Consulting we believe that, in time, it will also become a standard performance improvement consideration for local companies.

Management Gurus

Henry Mintzberg:
An Empirically Based Approach to Management

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Reading about Mintzberg one unusual term often occurs: "iconoclastic approach" to management. "Iconoclastic" means an approach that contradicts established and accepted beliefs. Mintzberg is generally seen as a professional contrarian. Why?

Mintzberg's work falls into three main categories: What Managers actually do; Designing organisations; Strategy-making. His thoughts and reflections on management and leadership are empirically based. For his book „The Nature of Managerial Work", published in 1973, he researched several middle- to large-sized organisations by observing how CEOs and managers really used their time. His empirical approach was unique in the seventies, contrary to the theoretical approach of many other gurus. Nowadays it is common methodology of management science.

Conclusions on Management

Mintzberg observed what managers actually did in their office rather than discussing what they should or not should do. He was and is sceptical about anything except reality. His credo in management science is: description precedes prescription.

Mintzberg not only created a different view on management and leadership, he came to different conclusions. He contradicted the detailed rationalism of other important gurus of the last decades: Managers always act rationally and are always right. The previous management thinking is a myth. In reality managers display short time thinking; they don't plan strategically and they react intuitively.

Planning, organisation, coordination and control – the four defini-