

**Successful Implementation of
Six Sigma
A Champion Overview
Section 3
Organization for Six Sigma
Ljubljana, Slovenia
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Parallel Organizations for Creating Change

- Minor changes can be handled by the existing organizational structures
- To achieve non-routine changes, requires the creation of special organizational structures and units
- Examples:
 - The Six Sigma Council
 - Business Process Teams
 - BB's, GB's, MBB's

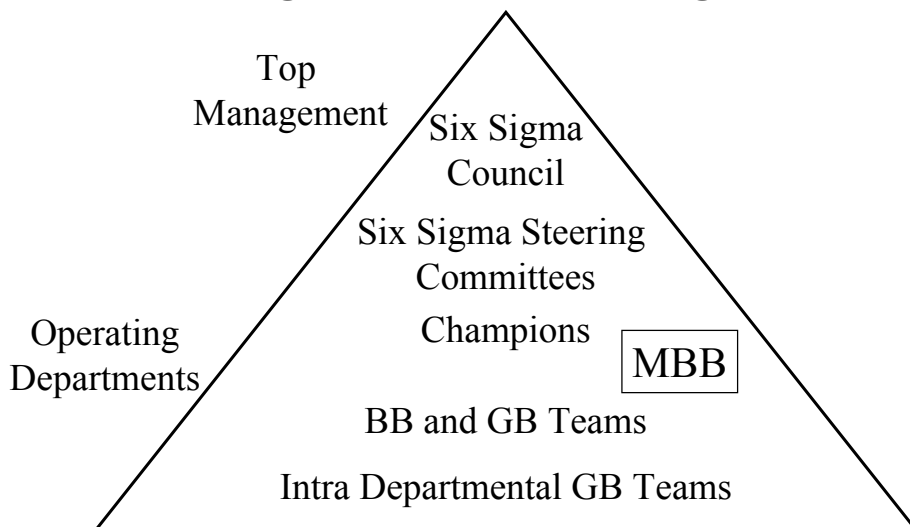
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Organization for Six Sigma



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Organization

Leadership:

- Champions
- Master Black Belts/consultant (MBB)
- Black Belts (BB)
- Green Belts (GB)

*Key to Success: Select successful people,
Not just “warm bodies”!!!*

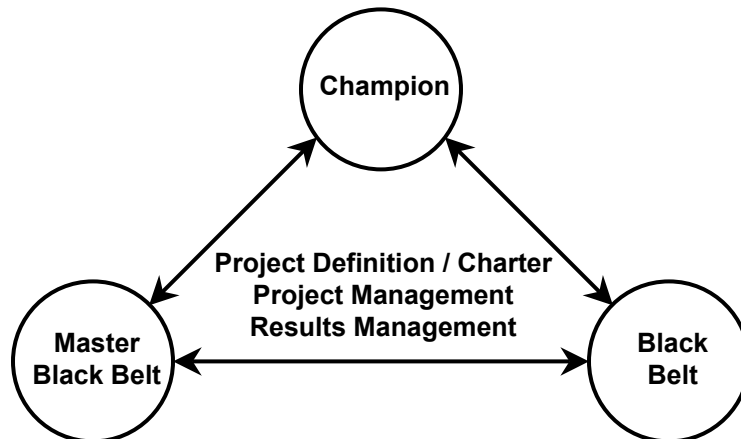
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The Guiding Coalition



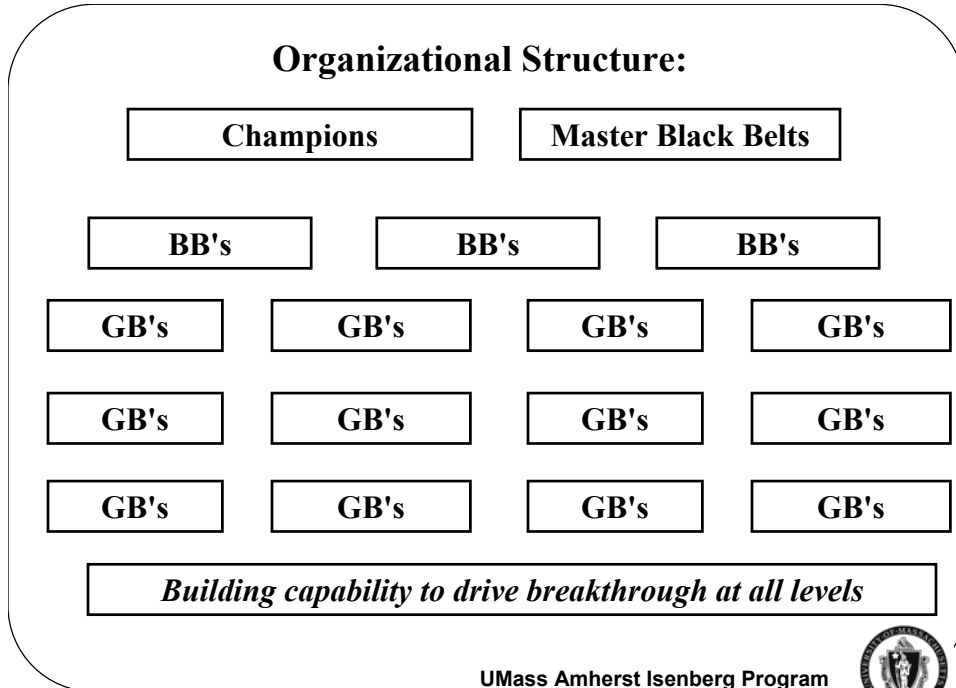
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Organizational Structure:



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Coordination of Quality Activities

- **Quality Control:** Coordination for *control* of operations delegated to line and staff functions through formal procedures. Feedback loop to upper management through audits of execution
- **Six Sigma Quality Improvement (DMAIC):** Coordination of creating change through use of project teams and other organizational forms
- **Design for Six Sigma (DFSS):** Planning and developing new products and services (features) to serve the future needs of customers.

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Role of Upper Management

- No upper management involvement, no serious long-term sustained improvement program
- Roles for upper management:
 - Establish and serve on the Six Sigma Council
 - Establish Six Sigma policies
 - Establish and deploy Six Sigma goals
 - Provide resources
 - Provide education and training
 - Review progress (projects collectively)
 - Give recognition
 - Revise reward system to recognize quality
 - Face up to employee apprehension from workers made superfluous: retrain, reassign, ...

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Example

- Division Head Responsibilities:
 - Chairs annual meeting where improvement projects are proposed and discussed; list of projects is approved for the coming year, resources allocated and responsibility assigned
 - Quarterly review of progress
 - Rewards and recognition: bonus distribution based on project involvement and savings

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Example of Policy Statement Regarding Job Elimination

The purpose of the Six Sigma program is to create and maintain a healthy, competitive, growing and profitable company with stable employment. While quality improvement activities may eliminate work, no employee will lose employment as a direct result of his or her involvement in Six Sigma efforts. Necessary workforce reductions will be accomplished to the extent possible by attrition. At the same time management is committed to create new jobs by pursuing new business opportunities. Employees making significant contributions to Six Sigma will be first in line to be considered for these new ventures.

Signed by Upper Management.

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Six Sigma Council

- Definition: A Six Sigma Council is a group of upper managers that develops the Six Sigma strategy, policies and guides and supports the implementation of Six Sigma
- Six Sigma Councils may be established at several organizational levels:
 - Corporate
 - Division
 - Plant
- Large companies: Establish councils on division as well as at corporate levels

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Council Membership

- Council members should consist of upper managers from line and staff
- Members of higher levels often chair lower level councils
- Senior manager membership:
 - Mistake to have middle managers dominate
 - Unless upper management is involved only “useful many” type problems are solved and not the “vital few” that produce the greatest return

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Council Organization

- The Chair person should be the manager with overall responsibility and authority for the business unit
- One member of the council should be the Director of Six Sigma
- Is the Six Sigma Council the same as the regular Upper Management Committee?
 - At the start (Phase 1: launch) it is often better to have special meetings where the focus is only on Six Sigma
 - When Six Sigma becomes a way of life (Phase 3), the two committees can be merged

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Tasks and Responsibilities

- First step: Upper management should establish a Six Sigma Council
- Responsibility:
 - To launch, coordinate and institutionalize annual Six Sigma improvement goals and plans,
 - Selection of projects (see next slide)
- Often one full time staff person is assigned to assist the council by preparing draft recommendations
- Council members may form ad hoc task forces to investigate special issues and problems

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Six Sigma Project Selection Process

1. Project nomination
2. Project selection
3. Project charter statement
4. Publication

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Sources of Nomination

- Customer dissatisfaction reports
- Evaluation of competitive quality
- Sales force reports
- Service call reports
- Field failure analysis
- Accounting data on cost of poor quality
- Looking in the scrap bin
- Analysis of transactional data: business data mining

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Nomination Mechanism

- Call for nomination: invite all employees to forward proposals
- Making the rounds: Specialists or management visit departments and talk to people
- Council members: Extensive research, data analysis and interviews
- Work force: Often time they know best -- don't ignore them!

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Project Management: Individually and Collectively

- **Projects Collectively**
 - Strategic improvement goals
 - Deployment
 - Projects
 - Resources
 - Progress review
 - Recognition
 - Rewards
- **Projects Individually:**
 - Nomination
 - Screening
 - Selection
 - Mission/Charter statement
 - Project teams
 - Project Life cycle:
 - » DMA: define and diagnose
 - » IC: remedy and control
 - » Cloning

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Recognition & Rewards

- **Recognition:**
 - Certificates
 - Project presentation for upper management
 - Publication of project summary in company newsletter
 - Dinners to honor success
 - Prizes; best project, etc.
- **Rewards:**
 - Salary increases
 - Bonuses
 - Promotions

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The Role of the Six Sigma Director

- Roles:
 - Leading and administrating the Six Sigma staff department
 - Assisting upper management with strategic Six Sigma issues
 - Coordinating and monitoring the overall implementation of Six Sigma company wide
 - Establishing and coordinating education, teaching and coaching in Six Sigma methodology
 - Assisting with MBB resources
 - Coordinating the Backfilling of the pipeline for GB's, BB's and MBB's

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Role of the Six Sigma Staff Department

- Analogy: The Finance Department is not responsible for making money or profits. Operating departments are. Finance is in charge of coordinating money related issues, and coaching and educating the operating departments
- Likewise the Six Sigma Department is not responsible for quality but is in a facilitating role, coordinating and coaching projects, helps with expertise and education

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Conclusion

- First step: Upper management should establish a Six Sigma Council
- Six Sigma Council select projects

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