



## TenStep Supplemental Paper

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### **Myths And Six Sigma**

*Overcome the myths surrounding it now*

It is a myth not a mandate, a fable not logic, and symbol rather than reasons by which men are moved, says Irwin Edman. It is probably the myths, which surround Six-Sigma, that make it the centre for all the discussions and debates in the quality circles. These myths preclude people and organizations from implementing the methodology. Six-Sigma methodology primarily requires a change. Why not question the myths instead of resisting changes that are probably good for both the organization and the individual?

Some common myths that engulf the concept of Six-Sigma:

#### **Works only in manufacturing processes**

The myth that Six-Sigma is applicable only in manufacturing operations, like pharmaceutical, food and beverage etc. has been proven wrong. True Six Sigma was first adopted by manufacturing organizations such as Motorola, AlliedSignal and GE. However, Six Sigma has moved beyond manufacturing operations and found application in other areas such as services, finance, and even HR.

Take the case of a Six-Sigma team that was assigned the task of increasing the cash inflow of an accounts department. The team made a random list of customers who had been paying their bills late. It was found that more than 70 % of the delays were due to errors generated by the company like invoice errors or bill delivered to wrong customers. These shortcomings were identified and rectified.

Today various organizations are successfully implementing Six Sigma in various functions.

Dow Chemical saved \$130 million in the past two years by the applying Six-Sigma to environmental health, and safety services.

GE exemplifies an organization that runs the world's largest business-to-business e-commerce using the Six-Sigma methodology.

#### **Applied only to large organizations**

Six-Sigma is well known for its application in large organizations. However, Six-Sigma is equally applicable in any organization where there is scope for improving an existing process or designing a better process irrespective of its size. Thus small and medium organizations too can implement it.

Small organizations face certain challenges while implementing Six Sigma. Six-Sigma requires organizations to invest in training, education and team building. Giant organizations can easily invest in these than smaller organizations. The latter would find it expensive to allocate the resources and time for implementing Six Sigma. However, Six Sigma is like any other investment. If rightly invested, it can generate benefits and returns in terms of reduced cost of quality, increased productivity, lesser product failures



## TenStep Supplemental Paper

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and greater customer satisfaction. These benefits far outweigh the cost incurred in the implementation

Moreover, small organizations have an edge over larger organizations when implementing Six Sigma. Teams in smaller organizations are more closely knit. Top management is able to closely monitor and drive the progress being made by the Six Sigma teams. Therefore, small organizations are more likely to succeed.

### **Old wine in new bottle**

At first glance, Six Sigma seems similar to any other quality initiative such as TQM. On closer study, one would understand how Six Sigma is different from other initiatives. Six-Sigma is different from a stack of other quality programs by its basic emphasis on metrics. Improvements in the bottom line directly reflect the metrics that Six-Sigma focuses. The fact that the results can be seen and measured invites top management support and immediate nod for implementation. The impact of Six-Sigma on Motorola was promptly identified when it saved \$250 million in the first year of implementation. (Allied Signal saved \$175 million during its first year of implementation.)

Six-Sigma team should comprise qualified and well-trained professionals. They help achieve the desired results in a systematic manner. Six-Sigma employs defined and systematic improvement methodologies such as Define, Measure, Analyse, Improve, and Control (DMAIC). Such methodologies make it easy to identify errors and improvise upon processes.

Six-Sigma also encourages healthy competition. Its ability to quantify results enables the teams from various processes to compare the results achieved and work toward improved goals.

### **Ignoring the customer in search of bottom-line benefits.**

Six-Sigma is often perceived as giving greater importance to improving the bottom line than improving customer satisfaction. This however is misunderstood. Customer satisfaction is of prime importance to Six-Sigma. This ultimately benefits the customer by cost effective methods or by way of reduced product costs. It Bottom line success and customer satisfaction are interlinked and that they are tied up in a vicious circle.

### **Creating another power centre**

Six-Sigma has a clearly defined hierarchy of roles. A typical Six-Sigma implementation in an organization has the following order of roles.

- Champions or Sponsors
- Master Black Belt
- Black Belts and
- Green Belts.

This hierarchy of roles often wrongly gives an impression that Six Sigma creates a parallel organizational structure. The main aim of the Six Sigma team is to reduce wastes



## TenStep Supplemental Paper

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and to improve the quality of the process. Generally existing functional heads are trained for the Black Belts and the Green Belts. These personnel are already part of the organization and are selected to make contributions to the areas they are already involved in. The fact that they are already part of the organization gives them an added advantage of having hands on experience of the process involved in the organization.

This is evident from the GE's success. Jack Welch enforced Six-Sigma methodology. He insisted that an executive must be a trained Green Belt to be considered for promotion. Also he should have implemented at least one Six-Sigma methodology to one process. Therefore, it is unfair to accuse Six Sigma of creating a parallel organization.

Six-Sigma, though not a panacea for all organizational problems, certainly helps the organization if it is applied to the right processes. It is a well-framed quality program that caters to the need for systematic and measurable improvement. This article seeks to address myths that prevent implementing and benefiting from a Six Sigma implementation.