



## TenStep Supplemental Paper

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### **VOC - The Focus in Quality Implementation**

*Among the various support tools available, VOC represents one of the key determinants of Six Sigma in an organization.*

#### **Key Learnings:**

- The customer has a vital role in defining the platform for the Six Sigma initiatives of an organization
- Voice-of-the-customer is one of the key techniques by which customer attitude towards an organization's quality process can be evaluated

#### **Aligning Six Sigma with Strategy**

If one were to read a Six Sigma article or listen to a discourse on Six Sigma/Black Belt, it would be evident that the Voice-Of-The-Customer (VOC) forms one of the key components of Six Sigma. When Six Sigma is implemented with a strategic purpose, the VOC becomes the springboard for action.

A key aspect of Six Sigma implementation is that it does not try to isolate Six Sigma initiatives from the organization's strategy. For example, if the primary focus of an organization is to become a low-cost supplier, its strategy should concentrate on domains/functions of the business where costs are unrealistically high. In such situations, the internal VOC comes handy.

In case the organization's strategy is focused on value creation and market leadership, it is better for the end customer to provide the platform for the Six Sigma initiatives. The underlying logic is simple - who can understand value better than the customer? Though organizations realize this fact, one of the trickiest questions they face at this juncture is: which customer voice should they listen to? A majority of the organizations have multiple segments of customers. To cite an example, financial service institutions cater to customer segments like single, newly married and retired. Heavy equipment manufacturers cater to miners, farmers and building construction companies. Evidently, each segment has its unique voice. This makes it difficult for the organization to decide on which voice to listen to.

The communication process is another complex and important task. The VOC is subject to the kind of the product line or service. In a financial services institution, the VOC differs between segments and within segments. Newly married customers will voice needs that are significantly different from those of retired customers. In fact, recently married customers might also voice varying needs for different products like credit cards or home mortgages. While the VOC is product/market specific, the choice of the products/markets an organization selects as its core business is part of its strategy.

#### **The product/market mix**



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The following matrix will help better understand the choice of an organization's product/market mix:

	Market A	Market B	Market C	Total
Product Line A				
Product Line B				
Product Line C				
Total				

The matrix seeks the right balance between the two factors that affect revenue in a profit-seeking organization. These include the organization's customers (markets) and the products and services that they purchase. In the case of product lines, various product segments within the same product line (such as different kinds of refrigerators) represent varying value. The matrix highlights the need for organizations to reduce the variance between segments and product lines. VOC could be a primary tool in this context. Each cell in the matrix is a business opportunity for the organization in varying degrees. It is the organization that will eventually determine the products/markets that will form part of its core business serve apart from defining its Six Sigma initiatives.

### Who should be the target customers?

The choice of the product/market is made on the basis of evaluating specific strategic criteria uniformly across all products/markets within the matrix. Some of the metrics of evaluation include:

- Market size
- Market growth rate
- Competitive intensity
- Margins within the product/market
- Market share
- Downstream product/service revenues

In the process of selection, remove all non-viable cells before assessing the remaining cells with respect to the organizational/business strategy. The most viable opportunities are those cells that give the best scores on the different metrics. In general, the matrix reveals areas that the organization will not actively pursue and therefore will not utilize Six Sigma resources. This marks the integration of Six Sigma and organizational strategy. After determining the products/markets, the organization has to decide the VOC that will enable Six Sigma projects.

### Taking the final call

Though traditional Six Sigma practices utilize customer satisfaction as the primary VOC metric, it may not be wholly relevant. The reasons are many. Key among them is the fact



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that customer satisfaction may not have any significant impact on market performance. Secondly, customer satisfaction does not indicate the quality and extent of relationship between quality and price.

In effect, customer value has enhanced the metric of choice. It has a major impact on market performance and is a good indicator of trends in customer behavior. Little wonder that that customer value is fast becoming a critical metric in evaluating and driving Six Sigma projects and initiatives.