WHY LEAN SIX SIGMA IS RIGHT FOR DRIVING CONTINUOUS IMPROVEMENT THROUGH SHARED SERVICES
Why is it so hard to maintain the momentum of your Shared Services post implementation? Partly, it’s the result of how relationships between the SSO and its clients are structured – contracts, organizational goals, individual appraisal measurements, etc. More significantly, however, it’s down to how process improvement structures are (or are not!) incorporated into the enterprise. Here are tips on how to drive Continuous Improvement.

There are a number of valid methodologies in the market – all tried and tested and all capable of delivering impressive results. Today, however, many operators are putting their money on LEAN Six Sigma* – combining two of the most popular and most effective improvement methodologies to drive better habits through the workplace.

What is LEAN Six Sigma?

LEAN Six Sigma is a disciplined, data-driven methodology for eliminating non-value adding work and defects from any process – manufacturing or transactional, product or service. Developed by Motorola in the ’80s and popularized by General Electric, Six Sigma’s tools and techniques focus on minimizing variability in manufacturing and business processes, and can be effectively combined with the LEAN methodology so successfully deployed by Toyota’s Production System, where the expenditure of resources for any goal other than the creation of value for the end customer was deemed wasteful, and thus marked as a target for elimination.

Why choose this over another methodology?

LEAN Six Sigma has been successfully deployed around the world, taking a professional approach to a problem (“defect”) in a data-driven, structured, systematic manner that drives success. While a large number of organizations focus on reducing mean, it is often variation that causes unhappy customers. Teams lacking understanding of variation principles often confuse randomness with defects, and waste precious resources on random changes (common cause versus special cause). Six Sigma converts real-life problems into statistical problems and then converts statistical solutions into real solutions.
LEAN Six Sigma as a strategic tool is customer-focused, attacking problems at root level, and is ultimately designed to increase profits through improved customer satisfaction. This approach packs the power of removing non-value adding waste from a process while at the same time eliminating the source of errors as far as possible. In essence, LEAN removes waste and Six Sigma addresses output (quality) variation.

In addition, a core aspect of Six Sigma is the establishment of Champions and Executive sponsors who own the vision and mobilize the organization to embark on various initiatives and programs. The champions and the executive teams are supported by various other parts of the team who drive and support projects within the organization, variously qualified as Black Belts, Green Belts, Yellow Belts, etc (see also Figure 1). And while many methodologies struggle with the “continuous” aspect of process improvement, the inherent principle of Kaizen – where good is never enough and innovation is continuous – makes LEAN stand out.

**Figure 1: Six Sigma Roles and Responsibilities**

- Executive
  - Owns vision, direction
  - Leads change
  - Integration, results
  - Supports Black Belts by Participating on project teams
- Champion / Sponsor
  - Support Six Sigma
  - Ensure success of GB/BB Projects
  - Develops deployment and strategy
  - Supports cultural change
- All Employees (White Belts)
  - Understand vision
  - Apply concepts to their job and work area
- Master Black Belts
  - Trains and coaches Black Belts, Green Belts and leaders
- Black Belts
  - Apply Breakthrough Strategy to specific projects, lead and directs teams to execute projects
- Green Belts
- Yellow Belts
- Process Owner
- White Belts
  - Owns the process in which GB/BB Projects
  - Challenges GB findings

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So, what’s different?

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Why is LEAN Six Sigma right for Shared Services?

Organizations worldwide need teams to understand the strategic objectives of business, the critical requirements of day-to-day activities, and how to link actions to operational goals. Eliminating waste and error, and thereby improving productivity, is a central plank for any improvement methodology, and one that LEAN Six Sigma supports admirably.

By embedding this methodology into your Shared Services, you ensure that all involved are continuously appraising current processes for remnants of waste, or for opportunities to improve them in order to drive a desired quality output. This approach is particularly suited to Shared Services because of its “supportive” service nature. Executives from various streams like HR, Marketing, Operations, Supply Chain, Quality, Finance & Accounts, Customer Care, etc., can apply this methodology to support continuous improvement within their processes, across different stages. For example:

**In a new setup or launch:**
Incorporate the principles of Six Sigma's DMAIC tool – an abbreviation for Define, Measure, Analyze, Improve and Control, which refers to a data-driven improvement cycle – to create a roadmap for new setups/installations. The main objective is to launch operations with minimum of defects and to make this sustainable in the long term, thereby avoiding the typical performance dip once the excitement and the momentum of launch has fizzled. These projects should be led by a seasoned Black Belt or a Master Black Belt.

**As part of a process improvement:**
The DMAIC methodology can be leveraged to identify and address the root cause of problems and risks. This approach creates process efficiency, reduces cost, and upgrades the skills of your workforce at the same time. These initiatives should be led by a seasoned Green Belt or a Black Belt.

**Supported by mentoring:**
Training “BELTS” – and having more experienced Belts mentoring less experienced teams – drives knowledge and experience as well as an improved skill set through the organization. Mentoring means making the most of your valuable "improvement" capability, and assets, and helps drive a culture of continuous improvement.
Promote Continuous Improvement thinking across your team to drive Customer Satisfaction

When organizations falter in their ongoing programs, it makes sense to analyze whatever impediment to progress exists from all sides. Driving waste out of your processes and building continuous improvement into your system creates efficiency; and applying Six Sigma to undesired variations in process output helps drive reliability and quality. You don’t have to limit yourself to one methodology at a time. Build teams responsible for different aspects of process inefficiency, and deploy the power of multiples through LEAN Six Sigma – whether in Shared Services’ day-to-day business, or to support transformation or change initiatives.

One word of advice: coaching teams is very important. Change management often fails due to insufficient expertise, which leads to analysis-paralysis. Create a robust measurement system (metrics) so that your Shared Services and your client are looking at the same data, and don’t forget that it is not the number of quality projects that count, but their impact.

Quality often suffers at the hands of quantity...

Figure 2: Six Sigma Course

- **DEFINE PHASE**
  - Voice of the customer (Survey Methods, Analysis of Survey Results)
  - Project charter
  - Identify owners and stakeholders
  - Project risk analysis

- **MEASURE PHASE**
  - Process mapping & analysis (SIPOC, Functional Deployment Maps, VA/NVA Analysis)
  - Data types & collection plan (Continuous & Discrete, Sampling)
  - Measurement systems analysis (Continuous & Attribute)
  - Basic statistics & process capability analysis (DPU, DPMO, Sigma Level, CP/CPK, PP/PPK)

- **ANALYZE PHASE**
  - Hypothesis testing (Null & Alternate, Types of Errors, P values, Sample Sizes)
  - Relationship between variables (Regression, Logistic Regression)
  - Tests of means, variances, and proportions (t-Tests, ANOVA, Chi-Square etc.)
  - Identify and handle non-normal data (Non-Parametric Tests)
  - Lean tools and techniques to analyze data (5 Why’s)

- **IMPROVE PHASE**
  - Idea generation (Brainstorming, Creative Thinking)
  - Design of experiments and analysis (Full & Fractional Factorial Designs)
  - Failure modes and effects analysis
  - Implementation of improved process
  - Lean tools to improve (Kaizen, Waste Elimination)

- **CONTROL PHASE**
  - Statistical process control (IMR, Xbar-R, C, U, P, NP Charts)
  - Lean tools for control (TPM, Visual Factory)
  - Sustain improvements (Control Plan, Lessons Learned, Documentation)
  - Financial reviews & validation (Hard and Soft Benefits)
Need Help With Training?

Chazey Partners conducts workshops on LEAN and Six Sigma. We combine a unique wealth of expertise and real life experience in Business Transformation, Shared Services & Outsourcing and Technology Enablement, and pride ourselves in having built, operated and turned around some of the world’s most ground breaking Shared Services Organizations.

Chazey provides the full range of LEAN Six Sigma training, starting with the end-users and stretching all the way to specially tailored senior management programs. Our courses include White Belt, Yellow Belt, Green Belt, Black Belt and Master Black Belt training.

If you would like to find out how Chazey Partners can support your improvement initiatives through coaching, please contact us.

Six Sigma Trainings Offered

Management

LEAN Six Sigma Champions
LEAN Six Sigma Master Black Belt

Implementation

LEAN Six Sigma Black Belt
LEAN Six Sigma Green Belt
Design of Experiments (DoE)

Operations & Support Team

LEAN Six Sigma Yellow Belt
LEAN Six-Sigma White Belt
LEAN Six Sigma Process Owner

* The term Six Sigma originated from terminology associated with manufacturing, specifically statistical modeling of manufacturing processes. The maturity of a manufacturing process can be described by a sigma rating indicating the percentage of defect-free products it creates. A six sigma process is one in which 99.99966% of the products are statistically expected to be free of defects (3.4 defective parts/million). Motorola set a goal of “six sigma” for all of its manufacturing operations, and this goal became a by-word for the management and engineering practices used to achieve it.
Chazey Partners is a practitioners-led global management advisory business. We bring together a unique wealth of experience, empowering our clients to strive for world-class excellence through Business Transformation, Shared Services & Outsourcing, Technology Enablement, Process Enhancement and Corporate Strategy Optimization. We pride ourselves in having built, operated and turned around some of the world’s most highly commended and ground breaking Shared Services Organizations, and for implementing many highly successful multi-sourced delivery solutions.

Our experience covers both Private and Public Sectors, providing expertise in a wide spectrum of business functions, including Finance, HR, IT and Procurement.