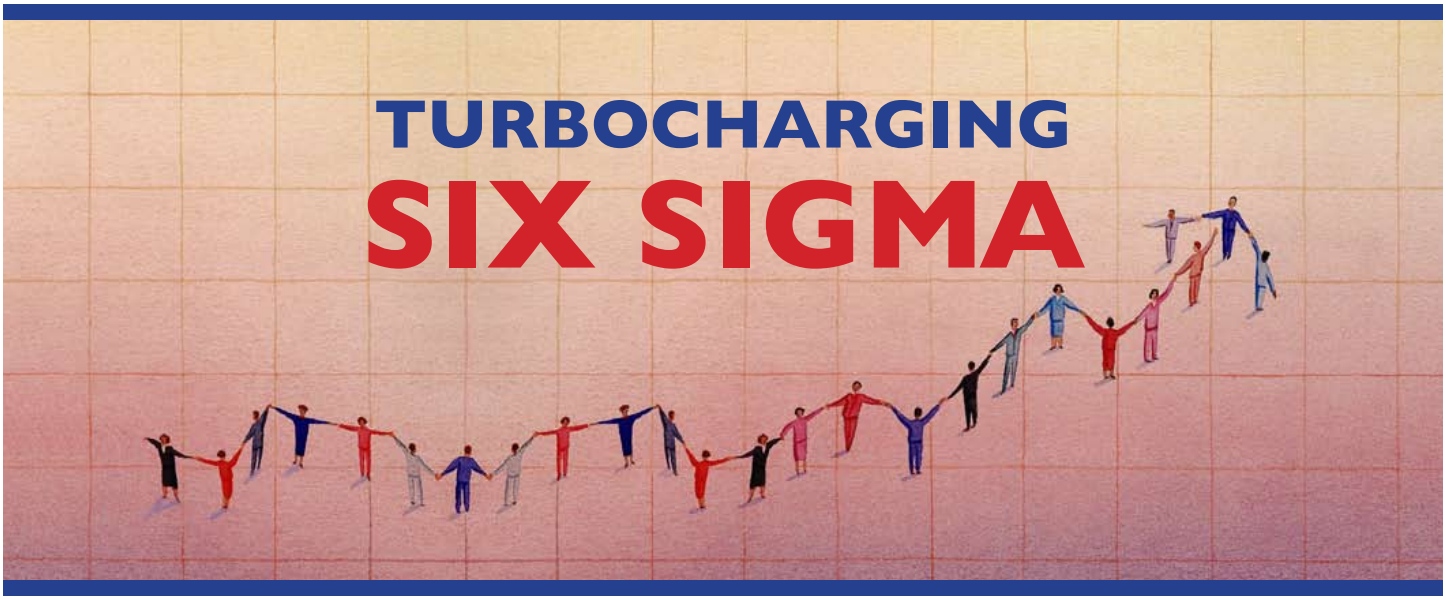
TURBOCHARGING SIX SIGMA



Dr. Mikel Harry, of the Six Sigma movement once said, "Total Quality Management (TQM) was a great thing if you had 30 years to realize the gains. Stockholders today are not willing to wait 30 years." He was correct. Today's managers don't have the time to wait. By having multiple relatively small improvement projects using TQM, an organization is able to report a large number of successes. Those successes should ultimately add substantial dollars/euros to the bottom line. Just keep the improvement projects flowing and the numbers will follow. It's an excellent idea if the components of an organization are independent of one another. The sum of all improvements will equal the total impact to the bottom line

One for All or All for One?

What happens if an organization is made up of interdependent entities? Can all the entities work together to produce bottom-line results when the end result depends on it? Is a business made up of independent functions? Or, do the actions of one entity influence the capability of at least some of the others?

The common complaints in many businesses confirm that every function must be dependent on the actions of at least some others. Manufacturing complains, "If sales could only get their forecast even close to right, then we would have no problem delivering everything on time." Or sales will grumble, "Why can't manufacturing produce what the market needs? We could sell a lot more if we could just deliver." It's easy to come up with similar finger-pointing complaints that prove a business is made up of many interdependent entities.

What does this mean for Six Sigma? Could it be that an improvement made in one area may very well have a negative impact somewhere else? Could it happen that by improving production yields, costs actually increase? Could it be that by analyzing product costs, profits decline? Could balancing capabilities (and minimizing costs) actually decrease our capacity and the bottom line?

We all know that these outcomes can and do happen. Now we need only to learn how to prevent them, and get the greatest positive impact for our business bottom line.

We all agree that the objective of most businesses is to make money. Even if an organization has some other target, it's almost certain that making enough money is a necessary condition for survival. Let's assume that making money is the objective and that every business is made up of a series of interdependent functions. All functions must therefore work together in a coordinated way to make as much money as possible. What is preventing the organization from making more money? Your analysis must pinpoint which single part of your business system is blocking profits. Then the answer is easy — apply Six Sigma to this function to exploit and strengthen the "weakest link" of the business.

Finding the Weak Link

An analysis is almost certain to uncover our weakest link and what needs to be done to get the most from it. So, by exploiting this weakest link to its maximum, what will be the impact to our bottom line? Since the constraint (weakest link) determines how much we are capable of producing, the impact will usually be significant.

But, it's hard to tell how large an impact. It depends on the capability of the next weakest link. If the weakest link and the next weakest link are close in capability, the impact will be small. Fortunately there is almost always a considerable difference in capability between the weakest and the next weakest. The potential for improvement must be significant, much larger than improvements in any other place. Focusing your Six Sigma efforts on the entity blocking profits will turbo-charge your results. Not only that, it will help prevent expenditures toward improvements that are unnecessary (or not yet necessary). We still need to prevent improvement projects that might lower cost elsewhere, but jeopardize the capability of our weakest link.

Rallying for the Cause

There must be a mechanism in place that causes everyone within the organization to subordinate his or her actions to the needs of the weakest link. Other functions must not cause the weakest link to become weaker. Instead, they must help it produce to its maximum. The more a weakest link produces, the greater the bottom-line result. The Six Sigma project must, as part of its project plan, include the steps that will cause everyone to subordinate their actions to the needs of the weakest link. In doing so, we will have significantly turbocharged Six Sigma.

These concepts come from Dr. Eli Goldratt's Theory of Constraints (TOC). The steps outlined above come from the first part of Goldratt's five focusing steps for a "Process Of On-Going Improvement" (POOGI). These five steps are not in conflict with Six Sigma. They simply add focus to a Six Sigma effort by recognizing that a business is made up of many interdependent functions, one of which must be the weakest link (or the constraint of the system). This focusing technique multiplies the impact of Six Sigma efforts by ensuring the right things are worked on first.

Goldratt's 5 Focusing Steps:

1. **Identify the constraint.**
2. **Decide how to exploit the constraint.**
3. **Subordinate everything else to the above decision.**
4. **Elevate the constraint.**
5. **POOGI: If during the process the constraint has moved, go back to step 1.**

To learn more about the focusing power of TOC in order to turbocharge your Six Sigma efforts, consider joining Dr. Eli Goldratt at one of his "Viable Vision Offer" events. Experience first-hand how it to transform turnover into bottom line profits.

