

"Lean Six Sigma making huge savings for organisations - even in tough times" – a real life case study

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It is no secret that Fortune 500 companies in the US have used Lean Six Sigma over the past 10-15 years and saved well over \$500 Billion (cumulative). This is not 'estimated' but 'verified' savings. This takes investment and training - but should organisations invest in training in 'tough times'?

Tough times for organisations are nothing new. While they are downright uncomfortable for some, they are a normal part of economic cycles over the last 200 years (and beyond). The question is what can and should organisations do about it.

The first thing is prepare...

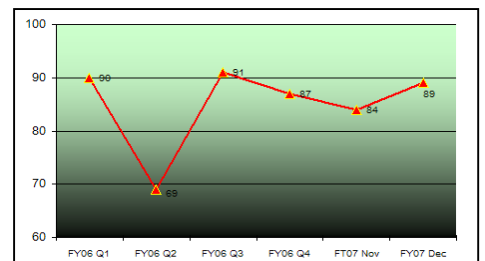
When times are 'good' organisations may feel freer with their money and spend more on training and development. However, when times are 'bad' often the first thing to be cut from any budget is training. Ancient wisdom tells us: "If you worry about the weather and don't plant seeds, you won't harvest a crop" - simply put: "If you don't prepare you will fail", and the right preparation for organisations in tough economic times should include saving money - but doing it right. "Slash and burn" activities show naive and unprofessional management practices. In contrast, mature management looks at managing whole systems and processes while keeping an eye on the balanced score-card. Developing personnel with **Lean Six Sigma improvement methodologies can harvest measurably significant financial savings** for organisations of any sector.

Here is just one case study of an organisation that trained its staff in Lean Six Sigma methodology and made those significant savings.

Case Study

Organisation Setting: An I.T. company in with 10 major accounts in SE Asia

Problem: Significant *downward trend in satisfaction* with 'Installation of High End Servers'. This was causing a severe escalation in customer complaints (Figure 1 'BEFORE' shows an average of only 84% rating satisfied with High End Server Installation) and also threatened the loss of major contracts. This



1 'BEFORE' - Low Baseline Satisfaction

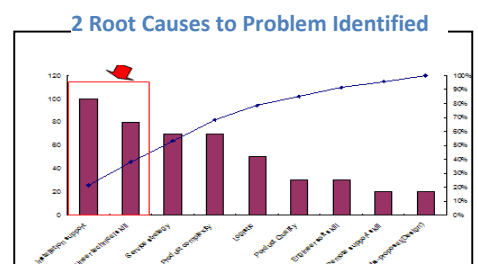
threatened to have a major financial impact.

Goal: Use *Lean Six Sigma improvement methodology* to run a project that will improve overall customer satisfaction from 84% - 86% (note: customers are *major organisations* and a small percentage jump in satisfaction is very significant)

Financial impact of attaining goal: estimated \$200k per year

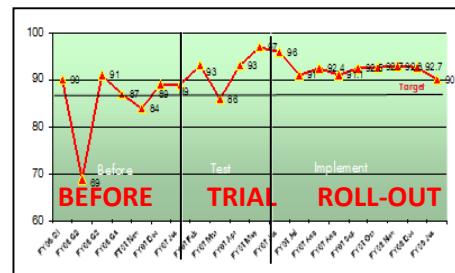
The Project:

- The Improvement Team undertook work to understand the full context and measure the actual baseline performance of the 'core process'.
- On analyzing the data they learned that there were *two major causes* of the problem
 - Customer account support was haphazard
 - Installation process was outdated and made up of 'work-arounds' and 'add ons'



- Solutions to the root causes were tried and measured to prove results (Figure 2)
 1. New account support process trialed and verified
 2. New Installation process trialed and verified

- These *verified solutions* were 'rolled out' and the results were significant improvements to **customer satisfaction**.



3 Satisfaction Improved in Trial & Roll Out

Project End Summary

- Measurable Project Results
 - Overall Satisfaction 84% to 91%
 - Complaints escalations down to 3 per month
 - Major complaints down to 0.5 per quarter
- ROI
 - **US\$310k annually** (+50% above original estimate!)

Conclusion

Clearly, well implemented Lean Six Sigma improvement projects deliver measureable financial savings to organisations of any description. Investing in Lean Six Sigma training and development for personnel is a **mature management decision in 'tough times'**. It gears up an organisation's capability to not only 'ride out the storm' but increase success and develop capacity for world class improvement in the face of intense market adversity.

Rephrasing the ancient wisdom quoted earlier - **don't worry about the weather** and **do plant seeds** of development and improvement: then you **will harvest a crop**.

Upcoming Lean Six Sigma Training

Brisbane: November 17 – 21

Venue: "Queen Anne Conference Centre", Mantra Hotel, Cnr of Queen & Ann Sts, Brisbane

Sydney: Nov 24 – 28 (fully booked)

Perth: December 1 – 5

Venue: "Seasons of Perth", 37 Pier Street, Perth

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