Lean Six Sigma: The world leading methodology in business improvement.

In the current economic climate of 'tightening belts' and saving money there has never been a better time to invest in Lean Six Sigma to save your organisation BIG BUCKS! Business Improvement methodologies are not new; they have been with us since humans started doing business:

"There's got to be a better way to do this!", "We're losing money – how can we plug the hole?!" etc.

Many things inside and outside the organisation can cause 'pain'. People in business have always been looking for efficiencies and greater profit margins (or expenditure savings) in their work processes. They have also been looking for ways to eradicate business 'pain'.

Variation in work processes is what causes business pain. Variation in turnaround time to service a customer, variation in the quality of goods produced, variation in … you name it.

Every process has variation, but it is the extent of the variation – compared to what the customer (or end user) will accept – that makes the pain acute and needing attention.

Lean Six Sigma is a business improvement methodology that has an extensive pedigree, or history, and a measured, proven track record in addressing business pain – or reducing this nasty thing called '*variation*'.

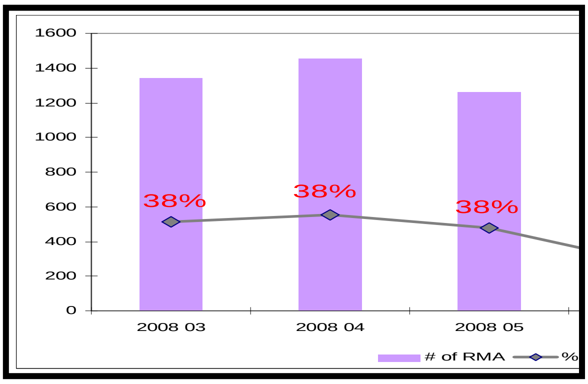
It is simple scientific, statistical measurement of key processes, linked to the overarching business strategy that has made organisations sit up and take notice of Lean Six Sigma. Lean Six Sigma urges that *process measurement* is also linked to a *financial impact or return* (whether a soft or hard return to the business) to determine whether a solution to a problem has had the desired effect – bringing *both* process relief and financial benefit to the organisation.

One organisation's story follows:
(n.b. try to ignore the jargon and follow the story)

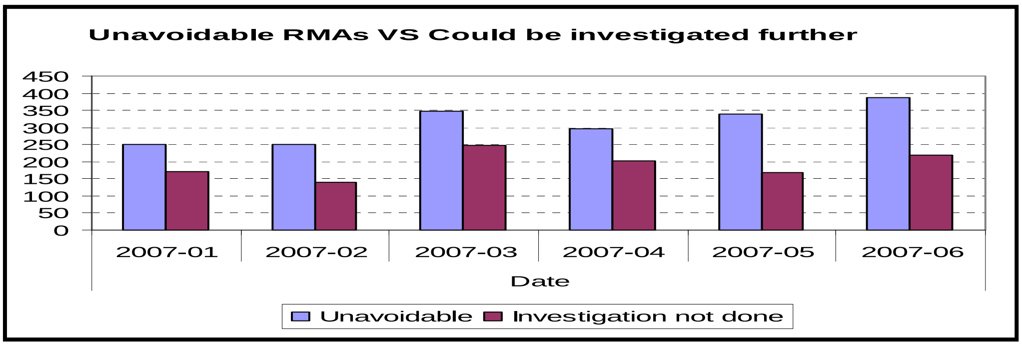
Problem and context:	An IT servicing company found 38% of RMAs *(Return Material Authorizations)* created by the hardware team could have been investigated and avoided. *Note: some RMA's <u>are</u> avoidable and some are not. The ones that are avoidable <u>should</u> be avoided.*
Pain statement:	Costs incurred of US$651,000/month or $7,812,000/year.
Project Goals:	Develop processes to reduce 5% of the non-investigated RMAs created per month.

Measures:	**Current**	**Goal**
Unnecessary RMAs avoided	38%	33%

If they can reduce RMA's by 5% it will cause huge savings – cost avoidance!!

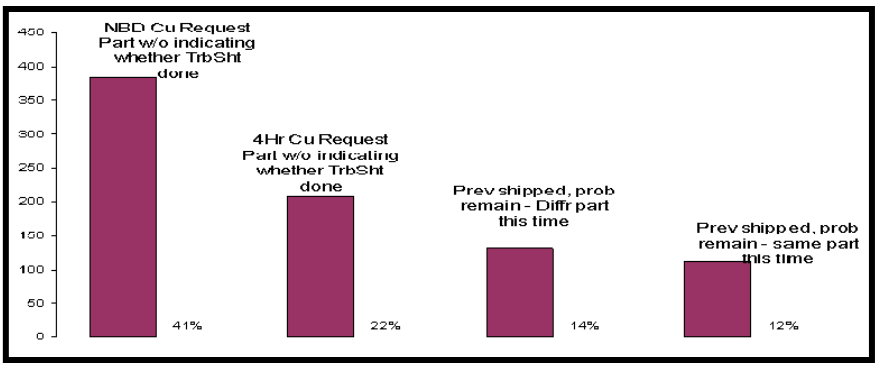


Baseline Performance: ***ie how bad is it 'really'***



The *baseline measure* shows there was a large numbers of RMA's that could be investigated and money saved as a result.

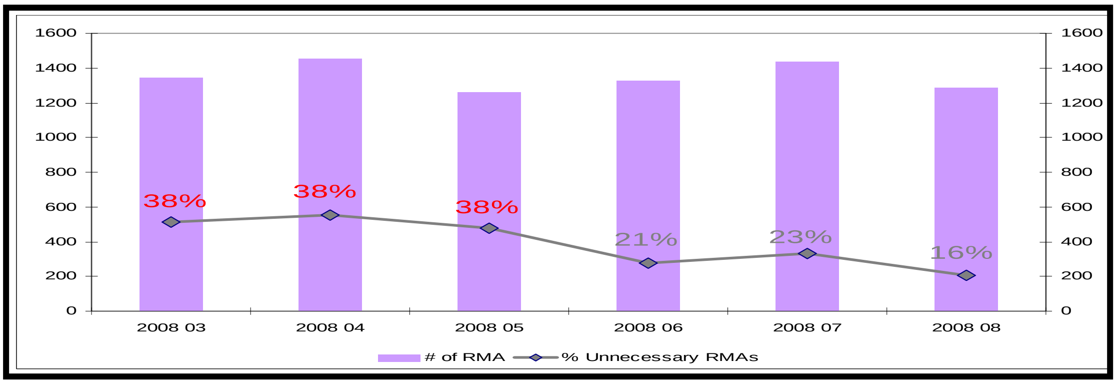
Investigate
The poor performance was investigated with more statistical measures to determine what was causing the poor performance.



41% of all RMA's not being investigated was <u>caused by one key factor</u>!

Solution
Based on the investigation a **specific solution** was designed to address the **specific root causes** of the problem

The solution was trialled – the results were immediate!



Investigated RMA's was reduced significantly!

End of Project

Measures:	**Current**	**Goal**	**Actual**
Unnecessary RMAs avoided	38%	33%	16%

Financial Benefit: Cost avoidance of
US$76,000/month; or US$960,000/year

Summary
Every business can benefit greatly from saving money and reducing variation in key processes. Lean Six Sigma is the leading business improvement methodology in the world today that objectively proves its improvements with statistical and financial measures to back it up every time!