Is Six Sigma a passing fad?

In the world of globalization and growing cut-throat market environment, the quality, skills and knowledge give competitive advantage to any organization. The global market is very competitive, and to survive, organizations need to produce products and services of high quality to achieve customer satisfaction and loyalty to stimulate top-line business growth.

In an attempt to manage this change, industry leaders embraced Six Sigma business strategy as a framework and solution for pursuing continuous improvement in process, customer satisfaction and organizational profit. This approach to reducing defects has made a substantial impact on many organizations, resulting in enhancement of performance and a vast improvement in business profits, employee morale, quality of products and customer loyalty.

Six Sigma myths

There is a pervasive perplexity and misinterpretation of what Six Sigma is about. Is “Six Sigma initiative” just an old wine in a new bottle, or has it one or more important learning points, which should be remembered and practiced? Is Six Sigma dead, or at least waning in popularity? Is it just a fad, which can be ignored like most other fads or should companies begin to understand the common realities of Six Sigma?

When Six Sigma was introduced to many organizations, the initial reactions varied from a lot of enthusiasm to absolute scepticism, with the latter mood reflected in comments such as:

- Six Sigma is the flavour of the month.
- Six Sigma is all about statistics.
- Six Sigma is only for manufacturing companies.
- Six Sigma works only in large organizations.
- Six Sigma is same as total quality management (TQM).
- Six Sigma requires strong infrastructure and massive training.
- Six Sigma is not cost-effective.

Myths demystified

Six Sigma is the flavour of the month

The latest assertion of being a fad or a magic pill to fix an organization’s problems is not what Six Sigma is assumed to be.

Since its inception in the late 1980s, the popularity of Six Sigma has grown by leaps and bounds. Today an internet search will generate hundreds of thousands of hits on Six Sigma articles, books, conferences and jobs.

Companies embracing Six Sigma have witnessed a cultural transformation that affects every aspect and level of organizations – from shop floor employees to middle managers to top level management, and thus transforming companies, people and processes. Six Sigma can only become a real fit with the normal way of managing a business when the key persons within the organizations are highly motivated for this to happen.
Six Sigma is all about statistics

Six Sigma utilizes statistics as one of its tools to analyse, interpret and present data. Organizations require not just statistics to achieve Six Sigma quality level but more importantly requires changes in organizational culture and commitment from top management permeating the entire organization.

Six Sigma is more about changing the mindset of people, making a shift from a traditional approach of problem solving (i.e. fire fighting) to a proactive approach, based on facts and the correct analysis of business data for decision-making purposes. The tools and techniques of Six Sigma are used for collecting, analysing, and interpreting data to drive decisions. Computer software is available to analyse the data, which can be done by one or two members in the Six Sigma team, thus speeding up the improvement process.

Engineers and managers do not need to be experts in statistical methodology. They need to be wise in terms of when the use of statistical methodologies can provide more efficient, effective information on sources of variation in product or process.

Six Sigma is only for manufacturing companies

The relevance of Six Sigma extends beyond manufacturing to services, government and public sector, healthcare and non-profit organizations. Motorola developed Six Sigma and implemented it first in manufacturing. From 1990 onwards, they started implementing it to their non-manufacturing areas of the company. It was reported at the European Quality Forum in Berlin that Motorola managed to save $5.4 billion in non-manufacturing processes from 1990 to 1995.

GE Capital, the financial division of GE, was one of the first financial institutions applying this methodology in order to increase their profitability and customer satisfaction. After this, various financial institutions and banks have followed such as Bank of America, Citicorp, American Express, UBS, Lloyds TSB, HSBC, Zurich Financial, and Bank One.

The first health-care organization to implement Six Sigma fully into its culture was Commonwealth Health Corp. (CHC) in partnership with General Electric. CHC has realized improvements in excess of $1.2 million, improved radiology throughput by 33 per cent and decreased cost per radiology procedure by 21.5 per cent. Following CHC, many health-care organizations embraced the Six Sigma challenge within their processes.

Six Sigma works only in large organizations

It is a myth that Six Sigma works only in large companies. GE treated its business as many small business units integrated together. Six Sigma is about problem solving, and problems are everywhere. It does not matter what type or size of business this problem solving methodology is applied to. You might be a wholesaler, a retailer, a manufacturer, or a service organization. No matter whether it is a 300 employee company or a ten employee family business, Six Sigma will work as long as you follow the process effectively.

Six Sigma has evolved into a business strategy in many large organizations and its importance in small and medium sized enterprises (SMEs) is growing everyday because of the growing significance of supply chain issues.

Six Sigma is the same as TQM

It is often said by engineers and managers in small and big companies that there is nothing really new in Six Sigma compared to other quality initiatives witnessed in the past. Companies that have embraced Six Sigma within their working culture previously made improvements through the use of TQM or Crosby’s Zero Defects or Quality Circles. However, these programmes obviously did not address all of their needs. Otherwise these same organizations would not be spending additional time and money to implement Six Sigma.
There are three aspects of the Six Sigma strategy that are not emphasized in TQM:

1. Six Sigma is result-oriented and therefore places a clear focus on bottom-line business impact in hard dollar savings.
2. Six Sigma methodology DMAIC links the tools and techniques in a sequential manner.
3. Six Sigma creates a powerful infrastructure for training of Champions, Master Black Belts, etc.

In the quest for business excellence, Six Sigma should be viewed more as a holistic business strategy than as a quality programme. While many organizations have embraced numerous quality improvement programmes, most fail to deliver the result that Six Sigma consistently identifies as a tangible and quantifiable increase in shareholder value.

**Six Sigma requires strong infrastructure and massive training**

Deploying Six Sigma in an organization requires new skills, and this primarily means training the Black Belts and Green Belts who will guide and manage the improvement projects and programmes. Real benefits and return on investment in Six Sigma is conditional and should be deployed from the top down. The leaders of the company must first understand the basics of Six Sigma and develop a company-specific deployment strategy before building a Six Sigma infrastructure and beginning Black Belt and Green Belt training.

It is true that Six Sigma requires some investment at the outset for training the most talented people in the organization and converting them into the so called "change agents". However, the benefits obtained from Six Sigma implementation outweigh the investment costs.

**Six Sigma is not cost effective**

Six Sigma is a powerful "weapon" for delivering business improvement and many businesses are naturally drawn by the continual reports of its ability to help companies generate huge cost savings, customer satisfaction and improved profitability. Six Sigma has been launched all over the world and many companies have testified to its pivotal role in their success. Six Sigma business management strategy has been exploited by many world class organizations such as GE, Motorola, Honeywell, Bombardier, ABB, Sony, to name a few from the long list and resulted in billions of dollar of bottom-line savings.

The reason of Six Sigma's popularity in the business world is because many corporations have seen how Six Sigma generated substantial return on investment in its implementation. It is reported that the savings achieved by Motorola reached $1 billion in 1998 and $16 billion in 2005. Dow Chemicals, which implemented Six Sigma on a corporate-wide basis in 2000, achieved its target of $1.5 billion in cumulative EBIT (earnings before interest and taxes) gains by the end of 2002. Volvo Cars in Sweden have generated over 55 million euros to the bottom line from Six Sigma programme.

**A way of life**

Organizations that implement Six Sigma have benefited from it in three major ways:

1. reduced defect rate;
2. reduced operational costs; and
3. increased value for both customers and shareholders.

Six Sigma has been part of our business lexicon and has maintained momentum for more than a decade. It is now more than hype; it is a recognized methodology for solving process and quality related problems in modern organizations. The interest in it is still very strong with no signs of waning. This may be attributed to the fact that over the past decade Six Sigma has shown great flexibility and bottom-line benefits in its application beyond its root in manufacturing.
The answer to the question ‘Is Six Sigma a passing fad?’ is clearly no. Six Sigma is neither a fad nor just another quality initiative. It is a “way of life”. It is a business strategy based on objective decision making and problem solving, relying on meaningful and real data to create actionable goals, analyzing root cause(s) of defects, and thus suggesting the ways to eliminate the gap between existing performance and the desired level of performance.

The right Six Sigma training and information will help people to understand that Six Sigma is significantly different from other quality improvement initiatives of the past. Six Sigma is about using common sense to make things easier rather than making things more difficult.

However, what will eventually determine whether Six Sigma is viewed by businesses as just a passing management fad or not, largely depends on the leadership and success of its execution.

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