

Leading Change with Lean Sigma

By: Stephen Peele, Managing Partner and Steve Byrne, Partner

Lean Sigma is a set of tools that needs to be in every executive's management toolbox. The tools are simple but profound in their ability to help your organization achieve higher levels of business performance. Whether the economy is "flying high" or "sinking fast", there is always a need for process improvement. Regardless of whether you are a leading-edge Web 2.0 innovator or an old-line manufacturer, the imperative for understanding the critical processes that serve your customers is the same. You must understand where value is created. You must measure your performance with data that is meaningful to your internal and external customers, and you must motivate your employees to drive continuous improvement.

Today, many executives and line workers will recognize these tools and principles from prior training, historical initiatives, or articles they have read. However, there is still a need for individuals, departments and companies to gain a deeper level of understanding and training of Lean Sigma to get the desired results from their implementation. This article will focus on describing the differences between these disciplines and will explore the core elements of their structures and where and how they are best deployed.

Both the Lean movement and the Six Sigma initiative have their origins in process improvement and specifically how to improve the processes by which work is done and value created. Six Sigma had its origin with efforts to rebuild Japan after World War II, but was brought to prominence in the US by Motorola in the 1980's. Lean is an outgrowth of the Toyota manufacturing process. While both of these disciplines had their start in manufacturing and production environments, they have gradually migrated over to service companies. Both Lean and Six Sigma have dramatically improved the processes, products and services of those organizations that have embraced them.

Simply put, Lean reduces waste in the system and Six Sigma reduces variation. The impact of waste is generally clear to business leaders, yet we often underestimate how much waste is created. The impact and magnitude of variation can be harder to see unless you consider the impact of that variation on the customer. Both waste and variation create higher costs downstream from where they occur, most critically at the customer. Let's explore the combination of Lean and Six Sigma to improve quality to the customer.

Work in any organization is the result of a **process**. If there is an output, either a product or a service, then a process of some kind produced it. It then follows that there are specific inputs and suppliers to this process. In much the same way as we look at our external customers, we can and should take a look at the internal functions supporting the creation of value. When we view our businesses as complete, interconnected systems designed to meet a customer need, we can map, improve, and connect those interrelated processes.

Companies struggle with linking their internal functions so that they truly work together. We can all relate to situations where one part of our organization was not working well with another part. The result was rework, wasted resources, and poor performance with our customers. Often, political battles ensued and commitments were missed. In most, if not all cases, Lean Sigma thinking allows us to solve those issues.

By applying alignment tools to the functions within our organizations, we ensure that employees clearly understand their ownership and responsibility for creating customer value. Lean Sigma, in practice, provides the tools to identify the silos, articulates the concerns from both sides, builds consensus and then re-connects the organization.

Three main principles drive the application of Lean Sigma to improving your business:

- Know how your business creates value for your customers
- Ensure your internal functions work well together
- Make the management of change accessible to as many people as possible

Lean Sigma is particularly relevant when smaller companies need to engage their people to bring large and lasting changes to the workplace. No business in this current environment can afford not to at least consider how Lean Sigma principles can help them improve.

For more information on Lean Sigma, please contact Stephen Peele, Managing Partner at stephen.peele@archpointconsulting.com or Steve Byrne, Partner at steve.byrne@archpointconsulting.com.