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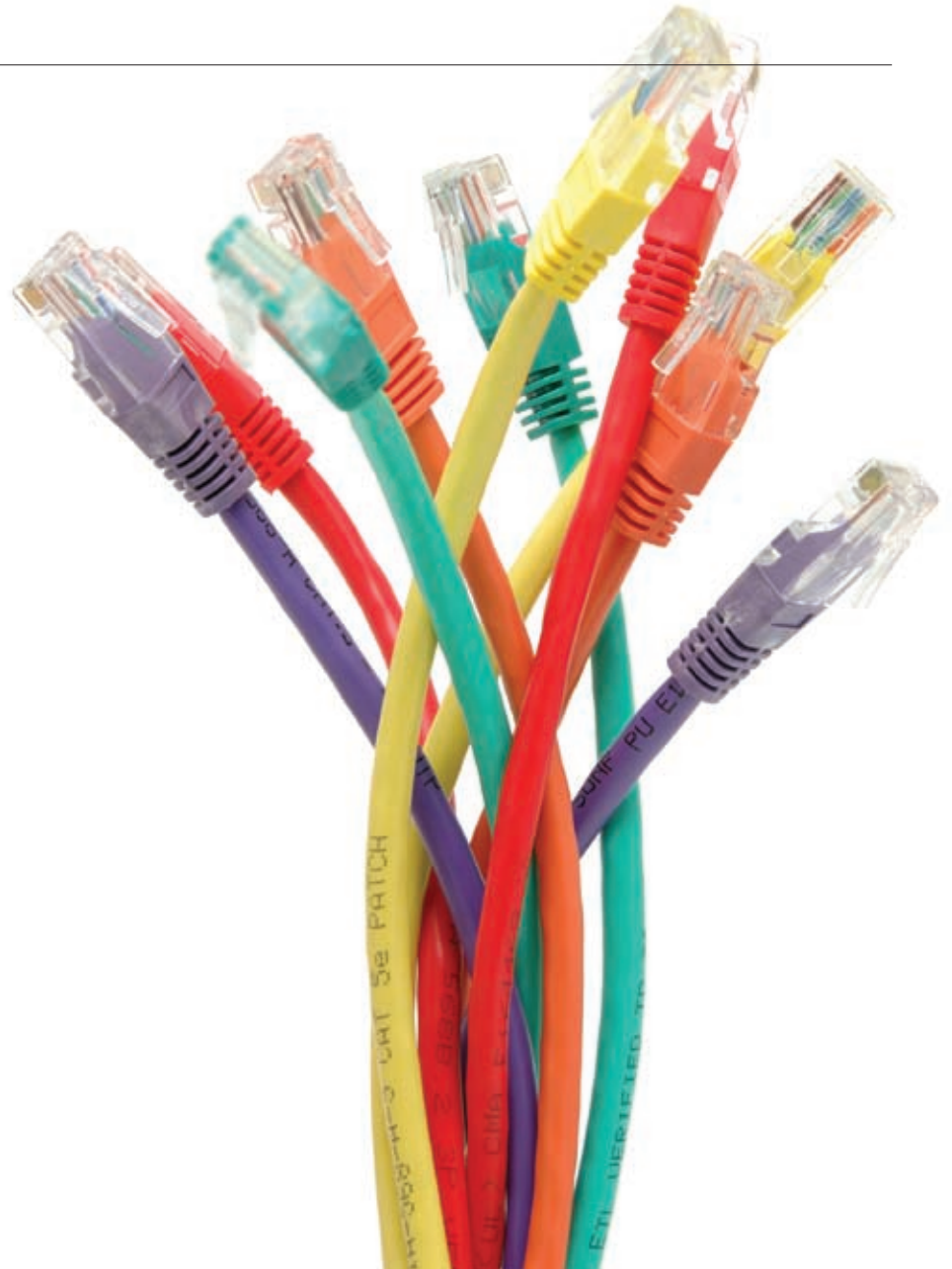
# Technology

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# Going Lean with Six Sigma

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**S**ix Sigma is a business management strategy that focuses on continuous quality improvement. Originally developed by Motorola and popularized by its successful implementation at companies such as Honeywell and General Electric, Six Sigma was founded as a set of practices designed to improve manufacturing processes and eliminate defects.

Six Sigma emphasizes the need to recognize opportunities and eliminate defects as defined by customers. Philosophically, it discourages variation in a process because variation hinders the ability to deliver high quality. Six Sigma requires data-driven decisions and incorporates a complete set of quality tools and techniques by which to effectively problem solve.

## Benchmarks

In Six Sigma, a defect is defined as anything that can lead to customer dissatisfaction. Six Sigma represents a statistical target of 99.9996, which translates to 3.4 defects/unsatisfied customers out of one million opportunities. Previous methodologies – such as quality control circles and total quality management – strived for 99 percent which, compared to 99.99966, translates to the difference between 200,000 wrong drug prescriptions annually, versus only 68 incorrect drug prescriptions using Six Sigma.

## Industry Use

As the application of Six Sigma became more widespread and was recognized for accomplishing its objectives, the practice was extended to other business processes within manufacturing, such as administrative, human resources, customer service and technology, as well as to other types of businesses outside of manufacturing. By the end of the 1990s, almost two-thirds of Fortune 500 companies had begun Six Sigma initiatives with the goals of reducing costs and improving quality.

## Lean Manufacturing

More recently, a natural progression has occurred with Six Sigma in that many experts have combined their Six Sigma knowledge base with lean manufacturing, a practice that asserts the expending of any resource for any goal other than the creation of value for the end user is wasteful and should be eliminated. Lean manufacturing focuses on maximizing process velocity, provides tools for analyzing process flow and delay times at each activity within a process and centers on the separation of value-added versus non-value-added activities with tools to eliminate the root cause of non-value-added activities and their costs.

Born from the Toyota Production System, lean manufacturing identifies

several wastes (waiting, overproduction, rework, excessive motion, over-processing, excess inventory and underutilized talent) to be eliminated to improve overall customer value. It also involves the methodical pursuit of eliminating any excess under these waste categories in order to improve overall process efficiency, effectiveness and subsequently customer value.

## Lean Sigma Six

The fusion of Six Sigma and lean manufacturing has produced Lean Six Sigma. A continuous improvement methodology, Lean Six Sigma maximizes value by achieving the fastest rate of improvement in customer satisfaction, cost, quality, process speed and invested capital. Initially, Six Sigma and lean manufacturing were seen as rival philosophies. Others perceive the two as polar opposites and espouse that Six Sigma doesn't focus enough on anything related to speed and flow, while lean manufacturing doesn't quite address critical concepts like customer needs.

Whatever one's position on each practice, once blended, a profound and highly effective improvement methodology emerges. What makes Lean Six Sigma work is its comprehensive and balanced approach toward continuous improvement. Lean Six Sigma offers a discipline of speed, agility and quality with eyes affixed on the customer.



Lean Six Sigma creates a new dimension of leadership opportunities for CPAs, chief financial officers and finance vice presidents. Given that they already have a propensity toward quality, process speed, return on investment and the bottom line, their perspective is easily transferable and allows them to be well equipped to champion this cultural shift in an organization.

Anticipating, planning for, adapting and benefiting from change of any kind plays a pivotal role in an organization's short-term and long-term survival. Regardless of the power and sustainability that Lean Six Sigma can bring to an organization, no improvement initiative will take root unless the organization top/down and vertically embraces and supports the change consistently, until it becomes an intrinsic part of the organization's culture. 🧩

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*Change & Response Strategies (www.changeandresponse.com) offers Lean Six Sigma and management consulting services, as well as restructuring and outsourced support services to organizations of all sizes and business sectors. Contact the authors at 973-993-1144.*