



Management Concepts Series – 2010

* *Common-Sense Guidelines for Successful Organizations* *

Management Concept #16 <i>Yogi Berra, Six Sigma, and Cement Canoes</i> By Ken Wiseman	
<p style="text-align: center;">Active Management Pillar Applicability</p> <div style="text-align: center; border: 2px solid yellow; padding: 5px; margin: 10px auto; width: fit-content;"> </div>	<p>What if I said you could be right 99.99966 % of the time? I'd say, "Vegas here I come!" Well, Six Sigma promises this rate of success.</p> <p>As a process improvement discipline, Six Sigma (and the current version: Lean Six Sigma) reduces process defects to 3.4 per every 1,000,000 opportunities. Wow! Sign me up.</p> <p>Is it that easy? Implement Six Sigma and my problems are over? Stop! Red light! <i>Danger, Will Robinson, Danger!</i></p> <p>Imagine building cement canoes. With <i>Six Sigma</i>, 999,997 of every 1,000,000 cement canoes will be built perfectly to spec. They will most likely go to the bottom as soon as they hit the water but according to Six Sigma, I would be successful. So, anybody want to buy a <u>perfect</u> cement canoe?</p> <p>This example points out what Six Sigma does and doesn't do. <i>Six Sigma</i> drives perfect execution of your product plan. It does not take care of the other critical aspects of your business. Who are we? Where do we want to go? What is our culture? What is our product niche? And it definitely doesn't provide dynamic leadership (in fact, it can have just the opposite effect).</p> <p>A risk that comes with "buzz" standards such as Six Sigma, Capability Maturity Model (CMM), and any of the ISO derivatives, is that many organizations place too much emphasis on executing on the direction rather than determining if they are on the right direction. I think the infamous New York Yankee catcher, Yogi Berra, said it best. In reply to: "<i>Hey Yogi, I think we're lost.</i>" "<i>Yeah, but we're making great time!</i>"</p> <p>To bring Yogi's point to home base, let's take a look at Ken Lewis' experience at Bank of America – and some other guys too.</p>

Just a few short years ago, Ken Lewis led Bank of America to a banking leader position. In the process, Ken Lewis invested millions on Six Sigma project improvements and hiring Six Sigma leaders away from General Electric (GE). Bank of America executed well and the bank's success grew. Shares traded over \$50 per share and Ken Lewis was a celebrated organizational leader. Same went for two other Six Sigma leaders, Ed Zander and Jeff Immelt for their respective companies Motorola and General Electric (GE).

Today, the leaders and their companies tell a different story- loss market share, lower stock pricing and for Ken Lewis and Ed Zander unemployment (though I'd like to parachute out like they did) If you don't believe me, take a look at their stock results over the last ten years. Hope you put your money under the mattress.

Figure 1

Motorola (MOT) General Electric (GE), Bank of America (BAC)
Stock performance relative to the Standard & Poor's 500 index and
Industry competitors (Smartmony.com 2/23/2010)



We're told Six Sigma reduces errors, saves money, leads to continuous improvement processes and improves customer satisfaction. Judging from the results, Six Sigma did not save Bank of America, Motorola or GE from financial ruin and lower shareholder value. Executing perfectly does not lead to perfect results.

Each company and leader lost focus on the basic business blocking and tackling of business. The energy, focus, and rewards around a "standard" caused a *de facto* shift away from a line of sight to the successful outcomes of the business and to achieving a component goal. Each company suffered from poor focus, poor discipline and/or lack of innovation. Here's a quick summary:

Bank of America- Lost focus on basic banking principles. Banking became more like gambling, focusing on short-term results rather than leveraging results against risk.

Motorola- Lost focus and lacked new innovation after their Razor phone success. Apple cleaned their clock with the iPhone.

GE- Allowed one group within the organization to drag the rest down with them. GE Capital lost millions due to bad investment decisions.

Can I prove to the last gnat's eyebrow there was a direct connection between Six Sigma and the failures listed above? Nope! But my observations of the cultures and the sequence of events tell me that undue focus on the achievement of a certified Greek letter was a significant contributor.

Deep Six, Six Sigma? Eliminate ISO? Can CMM?

From this discussion one might ask-is Six Sigma worth your time or effort? As a certified Six Sigma Green Belt from The American Society for Quality, I say *YES*, with a defined focus.

FOCUS ON RESULTS, specifically financial results. Measuring financial Six Sigma project return is essential in any Six Sigma endeavor.

DETERMINE what aspects of continuous improvement concepts are most efficient and use them.

REMEMBER: "am I doing something that will result in positive change or I avoiding the ten things I already know need to be done" (Agovia Consulting Management Concept #5-Stop Reading-Start Leading)

Use Six Sigma or any management methodology as a tool, but never forget your organization requires leadership focus first. Remember the lessons of Bank of America, Motorola and GE- Keep you eye on the ball and the focus on your business basics!

About the author:

Our guest contributor today is Ken Wiseman. Ken holds an MBA, and is a certified Six Sigma Green Belt (ASQ). He has 28 years of experience in Vendor and Operations management. Ken has managed key operations in Fortune 500 as well as medium size operations with consistent and measurable success. His key areas of expertise include:

- ❖ Developing successful Vendor relationships resulting in increased profitability and customer satisfaction
- ❖ Driving quality results through defined process improvement strategies
- ❖ Leading effective organizational growth utilizing change management and staff development expertise

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About Agovia Consulting

Agovia is your partner in crafting common-sense plans, execution governance, and management practices that are laser-focused and, by design, create your results and your success. We help you solve your problems today and help assure your success tomorrow through management practices built on outcomes, results, and achievement.

Managing to Success

Success requires the alignment and coordination of many factors. Enterprises must be competent at, not only the elements of their core mission, they must also have the ability to create and maintain the infrastructure that surrounds and supports that mission.

What We Do

Agovia is a management consulting firm. It's what we do. Picture us a management fitness coach. We help you develop and strengthen the skills you need to succeed. We have provided consultation and solutions to multiple industries including: Information Technology, Insurance, Universities, and Homeless Services. We bring you the support, advice, and driving facilitation that allow you to stop "planning" and start getting results.

Services

- ❖ **Positioning for the Win**
- ❖ **Identity Development (Mission & Vision)**
- ❖ **Team Effectiveness Coaching**
- ❖ **Strategic and Tactical Planning**
- ❖ **Planning and Governance Training**
- ❖ **Organization Turn-Around**
- ❖ **Retreat Facilitation**
- ❖ **Runaway Project Services**
- ❖ **Problem Solving – A Cultural Effective Approach**
- ❖ **Conflict Mediation**
- ❖ **Team/Function Start-Up**

Trust yourself

Experience tells us that most of the time you do know what you are doing. You are the expert in your core domain area. The challenges businesses often encounter are nuts & bolts issues: organization, clear vision, discipline, management infrastructure, and communication. Sometimes you just need a catalyst.

We can help.

We listen.

We pay attention.

We work with you

