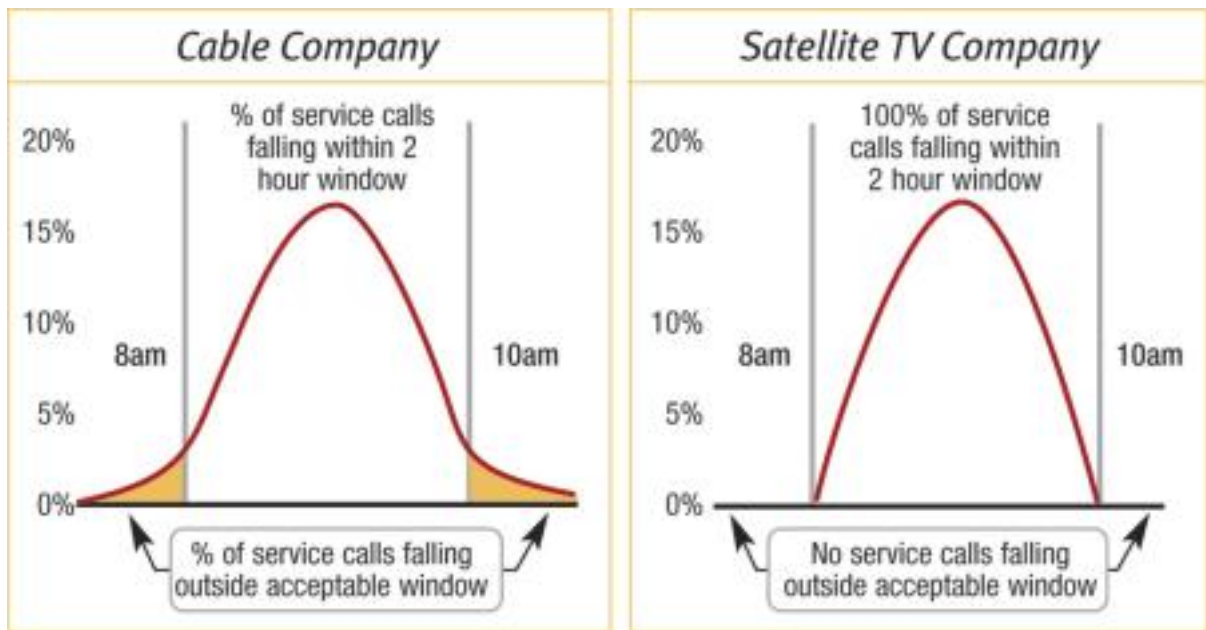


## Overview of Six Sigma

In its simplest definition, Six Sigma is an approach to identify and eliminate defects so products and services better meet customer requirements. Originally targeted at manufacturing operations, the goal of Six Sigma is to strive to be 99.9997% defect-free in meeting the needs of the customer.

In addition to being a statistical concept, Six Sigma is a management philosophy centered on better understanding customer needs and continuously improving the performance of the company in satisfying them. The pillars of Six Sigma are process mapping and measurement.



A classic Six Sigma example might be found with your local cable company. If you called for installation and were told that the service technician would be there between 8 a.m. and 10 a.m., you'd be pretty upset if he showed up at 7 a.m. or 11 a.m. If the satellite TV people were able to guarantee you the same two-hour window, you might just choose satellite on that basis alone. In effect, the cable company has a higher "defect" rate -- the percentage of service calls which fall outside of acceptable range. It has a competitive vulnerability based on the variability inherent in its scheduling/routing process compared to the satellite TV company.

Using Six Sigma, the cable company could dissect its scheduling and routing processes down to each contributing factor like the location of its vehicle yards, the policies for staff reporting times, the accuracy of its location database, and even the reliability of its wireless communications system. Using Six Sigma tools to measure each subcomponent of the process, it could find the "focus areas" where improvements would make the biggest difference in reducing overall variability. The cost of making such improvements could then be weighed against the potential gains in the form of increased revenue, enhanced efficiencies, and incremental margins.

