

# Business plan on six sigma business plan

[Business](#), [Company](#)



The twenty-first business environment is experiencing tremendous changes on a day to day basis. What was considered to be optimum yesterday soon becomes moribund and therefore newer ways of doing things are required. Globalization, backed by immense investments in information and communication technology, has been on the fore front in creating new business paradigms. Commerce is now driven by a vast network of computers and the internet provides room for business transactions. In the same regard, marketing, product promotion and advertising has shifted to online-based mechanisms. Social media has allowed millions of people to be interconnected providing opportunities for marketers. The result of such an interconnected globe is intense competition in the market. Therefore, companies have to find ways and means of remaining relevant and at the same time maximize profits. Efficiency in business processes, effective internal communication, lean management practices and maintaining quality products that meet customer needs are just some of the guiding principles. Six Sigma is one of the paradigms that were developed to improve efficiency and quality assurance within an organization. This paper creates a business plan for a hypothetical company that demonstrates the Six Sigma black belt proficiency. The business plan will be based on a power distribution company, City Power Inc, based in a big city such as New York or Chicago. Power distribution companies have come under heavy criticism due to the perception that they enjoy a near monopolistic market and that their customer care services are extremely poor. This business plan will demonstrate how such a company can achieve quality service advanced to a huge number of customers, say 3 million customers.

## **Six Sigma**

The concept of Six Sigma was coined by Motorola in the year 1987, with aim of achieving excellence in all fields of business. The idea of Six Sigma is to have a company attain excellence from both internal and external operations of the company in order to meet customer needs. It is based on an organization developing strategic goals aimed at solving a particular section or department of the business and working towards attaining such goals. The objectives of such a Six Sigma implementation process is make sure that product, services or internal operation of the company meet international standards.

## **The Project**

The project that I intend to implement with the Six Sigma methodology is a customer -oriented quality service provision project. Here, a hypothetical power distribution company tasked with supplying resident of a big city with electricity is seeking to improve the quality of services to its customers. The powers company say, City Power Inc, is the sole distributor of electricity within a big city. However, in the recent past, several complaints have been forwarded to the company through the office of the mayor. According to the complaints, the customers are dissatisfied with frequent power outages, slow response times from the company and poor communication with the company call center.

In response to these issues, the company decides to embark on a Six Sigma project that is based on meeting the needs of customers. The project dubbed, Project Happy Customer, will be implemented over a period of one year and be reevaluated over a period of three years.

## **Implementation**

Project Happy Customer will be implemented using the five steps of the Six Sigma methodology. The first step is to define the extent and the scope of the project. The second step is to measure and examine the current state of service provision at City Power Inc. The third step is to analyze the weak points of the current state and then proceeding to identify areas that can be improved. The fourth step is to improve on the areas identified. And finally, the fifth step is to control in order to ensure that the gains made are maintained. The above methodology is referred to as the DMAIC Six Sigma methodology.

## **The DMAIC Six Sigma Implementation Methodology**

### The Define Phase

This is perhaps the most important part the project. Here the company appreciates that there exists a significant problem with the business process and that vital steps have to be taken in order to revert the situation. This face determines the objectives and scope of the projects.

Project Happy Customer is a project initiated by the senior most management of City Power Inc. The project is aimed at meeting the needs of the customer through deploying several measures that seek to improve the quality services offered to the customer. The company intends to involve the entire organization, right from the lowest staff member to the senior management including the CEO.

## **Project objectives**

This project is aimed at improving customer services from three main areas of services.

Change the emergency response time to a maximum of three hour

Reduce powers outages to as low as 5% of the combined of power distribution network

Improve quality of customer care services at the call center as well as making it a 24-hour customer-oriented customer care center.

## **Scope of the project**

Project Team

Project Happy Customer is a Six Sigma implementation project that will catapult the company to new heights. For this reason, several teams will be created in order to ensure that the objectives and the deliverables of the project are indeed attained.

The first team that is most fundamental to Project Happy Customer is the Core Team. The core team is the main project spearheading team that is composed of the senior most management of the company. The team members will include

## **Project manager**

Representative from the head of operations, power and distributions

Head of quality assurance

Representative from finance office

Representative from chief auditor's office

Heads of different power distribution units (Central, northern, southern,

Eastern and Western subunits)

Head of emergency response unit

Head of customer care unit

The other teams that will make up Project Happy Customer will be composed of employees in the different subunits that make up the company. Each team will be composed of the head of department or section, and four other supervisors and two employees from each unit. The teams that are proposed include:

### **Emergency response project team**

Customer care project team

5 teams from each powers distribution units

### **One team at headquarters ( sub unit of the core team) to track overall project progress**

Project Milestones

The project milestones are as follows

Define phase: January 1 to February 15, 2013

Measure Phase: February 16 to April 31, 2013

Analyze Phase: May 1 to May 30, 2013

Improve Phase: June 1 to Dec 31, 2013

### **Control Phase : Jan 1, 2014 to Dec 31, 2015**

Measure Phase

Once all the define issues of the project have been clearly identified the next step for the project is to measure the current state of company operations vis-à-vis the objectives of the project. Here, the core team takes time to

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evaluate the main purpose of the company, structures, flow of information and the internal interfaces within the company

The measuring phase involves the evaluation of the company strategic plan. Every organization, from the onset, has a wide range of strategic goals that the company seeks to attain in a given period of time. The core team will sit and evaluate the strategic goals of the company and the progress towards such goals.

In the measurement stage also, the core team will undertake a study to ascertain the expected daily deliverables of the company. Particular emphasis should be paid on the day to day operations of the company. For instance, the team should be able to collect statistics with regard to the response times that the company is attaining. Response time here is used to refer to the time company takes to respond and correct an emergency situation such as a blown transformer or damaged underground distribution systems.

The core team should also identify a sub unit of the team that will perform a customer satisfaction index study. In that, the process of the identifying the satisfaction index of the customers should be outsourced to a credible research company and managed by the sub unit of the core team. The research company should undertake a field study of the customers with regard to how they perceive the quality of service from the company. It should highlight what the customers consider the weakest point of service and the areas where they consider being quite okay. Such study will provide immense insight as to how much the company has to improve in order to consider Project Happy Customer a success.

Finally, in the measuring phase, the project core team has to undertake study to understand how the customer care call center works. Here the team will analyze the call center in terms of number of company representative's vis-à-vis the number of calls handled per day. Here, the core team will get information about the quality of services from the call center. Either, the evaluation process should define the procedures that issues raised by the customers are handled. For instance, if a customer reports damaged power connection at a nearby pole, what log is used to register the issue? From the customer care unit, how is the issue transferred to the concerned department? How long does it take for the issue to be resolved? These questions should be used to evaluate the current happenings of the company,

### **Analysis Phase**

After all the data collection regarding the current state of affair of the company has been completed, a special unit of the projects teams should be identified to analyze the situation. The analysis phase simply provides the “Gap analysis” that identifies the weak points as well as ineffective internal interfaces within the company. The chart below illustrates how the results of the measuring phase will be analyzed in order to identify areas that need improvement.

According to the chart shown above, the results of customer satisfaction indices will indicate how the company is currently performing. For instance, if 40% or less of the customers state that response is good, then the performance of the company in that section is very poor. And if above 70%



of customer are satisfied with the customer care response at the customer care center, then City Power Inc may consider itself to be doing well at the call center and so and so forth.

However, this project will be aimed at improving all the three areas that have been indicated in the above chart. Thus, it suffices to assume that all three areas will get a customer response below the average mark. The core team will embark on analyzing and identifying the weak points of the service.

For instance, the analysis may indicate that the customer care representatives at the call center are all not well trained in terms of technicalities of power distribution or just lack courtesy. Either, the analysis may compare the time taken from the time the representative logs in a customer issue and the time the company actually responds to the issue. This time span may be compared to internationally expected standard. The same may be done with response time in emergencies and power outages. This analysis will therefore indicate areas that need improvements.

## **Improving Phase**

This is possibly the center piece of the entire Six Sigma Process. After a measuring phase and thorough analysis phase is complete, the next crucial step is to improve on the identified weak sections in the analysis stage. Project Happy Customer is seeking to improve customer service provision from three main tenets. That is, improve emergency response to within two hours of incident, reduce power outage to a minimum of 5% the entire time in every section of the city and finally, improve customer services response at the care center and the follow up procedures.

In improving response time for all units within City Power Inc, the first measure to take to develop decentralized emergency response units as opposed to a centralized command center. This is due to the simple fact, centralized commands have been found to be inefficient and time wasted at the central unit reverberates quite vehemently.

Therefore, one of the major improvements that could be implemented is investing in emergency response machinery and tools that can be deployed to all the subunits of City Power Inc. Consistent training of personnel on different emergency cases will make the company make better use of the new machinery. Either, the company should consider creating response centers that operates similar to fire response units. 24-hour stand-by operation is in order to achieve optimal response to power emergencies. The company should therefore work at reducing the response time to emergency to less than two hours.

Similarly, the customer care call center may need to undergo an overhaul. One of the main improvements will be to instigate in an effective and comprehensive training regiment for the employee. Either, Project Happy Customer will propose that customer care agents should be group into a three tier format. The first and the lowest group are those who receive the call on a first hand basis. These employees should be trained more on courtesy as well as limited knowledge on technical issues involving power distribution. This group should also undergo frequent refresher courses in order to keep them updated on any changes and remind them of quality service.

The second tier that will be trained and will be a much smaller group that is

more trained on technical issues. This group will handle technical cases that the first tier customer care reps cannot handle. The second tier group will respond to technical issues as well as advise the response team on ground on what to expect. The third tier will be composed of customer care reps who will handle legal issues arising from customers. Such customer care representatives will handle issues that are beyond the technical teams. The call center should also devise a means where the interface between the representative logs and the relevant department is as limited as possible. For instance, where the case presented to the customer care rep is of financial nature, such logs should directly be made available to the finance department only. Moreover, response to these issues should be done within two to three hours.

On the power outages issues, the company should invest in multiple sources of power suppliers. In most developed countries, power generating companies are allowed to run privately and thus City Power Inc should consider supplying different sections with different power suppliers. Additionally, the company should have stand-by interconnections to allow switching from one power supplier to another. Also, in ensuring consistent maintenance is performed on the distribution network. This will ensure that power outages are as low as 5% of the time.

## **Control Phase**

The control phase is the last stage of the Six Sigma implementation process. The idea of control stage is to ensure the gains that have been achieved by the project team is maintained. This control phase first ensures that all the improvements in the improve phase are fully implemented. It also ensures

that deliverables set out at the beginning of the project are met.

Project Happy Customer will have a core team leading other smaller teams in implementing the Six Sigma project at City Power Inc. The control phase will therefore ensure that the investments made in keeping up with customer demands are met. In particular, the control will identify areas that are still lagging behind in implementation and intervene through the senior management of the company. The control phase will also ensure that training is consistent and that the expected turn around time is met. This will continue for a period of three years. It will be carried out by a section of the core team.

## **Conclusion**

The Six Sigma based methodology is a process that is intended to help CEOs turn around their organizations to become highly competitive companies at the global stage. This involves improving the quality of products and services to attain international standards. It further ensures that internal operations of the company are both effective and efficient in limiting resources and maximizing profits. Project Happy Customer is one such project that aims at achieving such immense heights. It calls for quicker turnaround times during emergencies, quality customer care at the call center and extremely lowered cases of power outages. The core team will guide the organization throughout the entire Six Sigma Process.

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