

December 1, 2001

Six Sigma Simplified

How to Consistently Save \$250,000
and Add It To Your Bottom Line!

Denver, CO:

Sincerely,

Jay Arthur
Enclosures

Six Sigma: Are you getting the results you want? If you're is like most companies that are implementing Six Sigma, you've got a lot of people trained and teams started, but you don't have much to show for it. Instead of "consulting," we focus on "resulting." Haven't you waited long enough to start getting big benefits from your expenditures?

SOUND IMPOSSIBLE? Well, if your business is over \$10 million a year, then you're probably throwing away as much as \$2.5 million dollars a year because of simple errors that you can identify and eliminate. To find one or more improvement projects that will deliver \$250,000 or more is often easier than you might have thought.

HERE'S JUST A SAMPLE OF WHAT YOU CAN ACCOMPLISH:

1. **Double your speed** by reducing cycle time for almost any process by 50% or more.
2. **Double your quality** by reducing errors, defects and the cost of fixing them by 50% or more.
3. **Increase your profits** by slashing the cost of finding and fixing problems your processes create every day.

HOW IS THIS POSSIBLE?

1. **LASER FOCUS:** Using your existing data, we can find the 4% of your business that creates over half of your day-to-day pain and firefighting.
2. **BREAKTHROUGH IMPROVEMENT:** Working with small teams of subject matter experts, we can usually identify the root cause of these problems in a day or less. Then all you have to do is implement the low-cost process changes identified by your teams.
3. **SUSTAINABLE RESULTS:** Once implemented, improvements can be monitored to ensure ongoing performance.

Motivate Everyone	LifeStar 1/1/02
<i>Six Sigma Simplified</i>	
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ISBN 1-884180-14-0	

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Author Biogra-



Jay Arthur, the KnowWare® Man, works with managers who want to turn conflict into cooperation and companies that want to save \$250,000 and add it to the bottom line.

Growing up in Tucson, Arizona, Jay was obsessed with *how* people do things well. While the other kids were pumping iron, Jay was pumping mind. He began to study what works and what doesn't. He began to look for clues to human excellence.

Jay found that the brain is like a *computer* and the mind is like *software*. But software for your mind, what Jay calls KnowWare, is much more rich and sophisticated than COBOL, HTML, or JAVA. While computers are binary (0,1), human DNA is quadrinary (A,T,C,G). Your mind uses seeing, hearing, feeling, smelling, and tasting as part of its programming "code." The mind, just like software, has modular routines that handle everything from tying a shoelace to driving a car while you're talking on your cell phone and planning your next meeting.

Jay found that when you change your mind, you change your life. It's possible to shed the past, design your destiny, and succeed at anything if you take the time to learn to do it well.

One of the keys to success is "interpersonal" skill: the ability to get along with and motivate other people. This book distills the best of what Jay has discovered about how to motivate everyone.

Jay is the co-author of the Motivation Profile and his new book *Motivate Everyone*. Jay is a certified master practitioner of Neuro-Linguistic Programming (NLP)—the science of personal excellence.

Jay Arthur has written five John Wiley and Sons books on software engineering as well as *Six Sigma Simplified*. He was trained in the Deming Award Winning Florida Power and Light improvement process in 1990. In 1995, Jay helped a Baby Bell save over \$36 million dollars in billing expense and reduce computer system downtime in key online applications from 100,000 minutes/week to less than 26,000 min/week in just six months. In 2000, Jay helped a wireless company eliminate five main service order errors and increase service order accuracy from 65-91% in four months. Jay is the author of *Six Sigma Simplified* and the QI Macros for Excel—a software package that automates all of the charts, graphs, and documents required for quality improvement. Jay holds a BS in Systems Engineering from the University of Arizona.

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Interviewer Questions

Question	Answer
1. What is Six Sigma?	(Way to mine big bucks out of your processes.)
2. How is it different from TQM?	(Results, not training!)
3. What's the 4-50 rule and how can people use it to create breakthrough improvements?	
4. What are the biggest mistakes companies are making implementing Six Sigma? And how can you avoid them?	
5. How is Six Sigma useful in healthcare, information technologies, service industries, manufacturing, and so on?	
6. Where can a company start?	(Master QI Story)
7. What are the steps of the breakthrough improvement process?	(FISH)
8. How long does it take?	(18-24 months to go from 3-5 sigma)
9. Then what do you do?	(Train Black belts and use DFSS)

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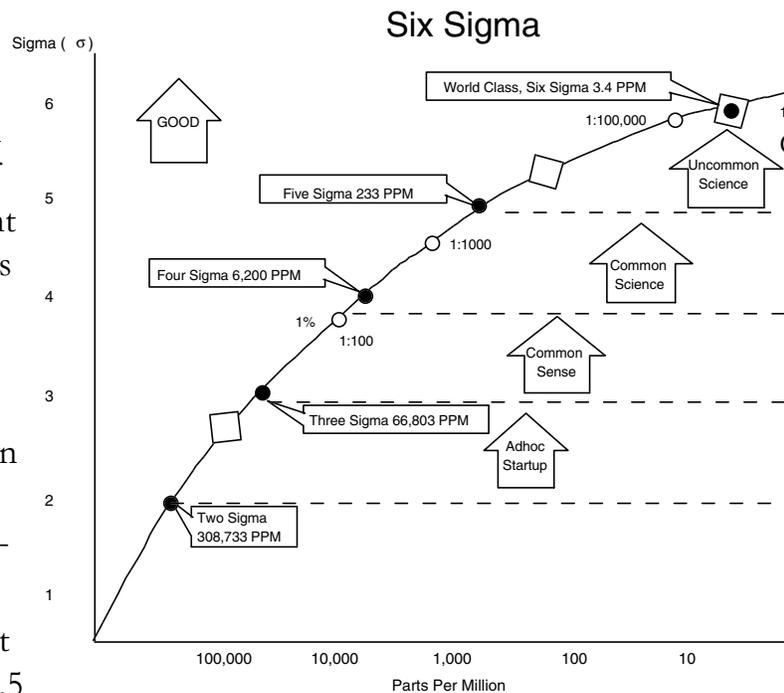
What is Six Sigma?

Six Sigma is an aggressive method for breakthrough improvement in speed, quality and cost. Six Sigma focuses on results, not training. Instead of measuring error rates in percent (%), you measure them in parts per million (PPM).

Most start-up companies have ad hoc processes with error rates of 15% (2.5 sigma). When the economy turns down, the costs of fixing defects kill start-up companies like dot-coms.

Over time, these businesses get to error rates of around 3% (3.5 sigma or 30,000 defects per million) through **trial-and-error** and **common sense**.

Because you can be profitable at this level, most companies fail to go any farther. But failure to "raise the bar" leaves you vulnerable to "quality" competitors.



What is Six Sigma Simplified? To go from 2 or 3 Sigma to 5 Sigma (233 PPM), you don't need exotic statistical tools, you only need **common science**: a few key tools and laser focus. With just a few key tools, most companies can easily and routinely find ways to save \$250,000 and add it to the bottom line. For example, if it costs \$10 to fix just one error, then going from 10,000PPM to 233PPM will prevent 9,777 errors and save \$97,770. But there are additional costs of fixing an error—lost productivity (another \$10), downstream costs (\$10-80), and lost sales. In reality, a typical defect or error can cost \$50 or more when you add in all of the related costs.

To Maximize Your Results and Minimize Your Costs—Use the 4-50 Rule

You've heard of the 80/20 rule, but why stop there. As little as 4% of your business produces over 50% of the waste, rework, and lost profit. We can help you find the "mother lode" in your business and mine it for dramatic improvements in productivity and profitability.

Furthermore, research into how groups adopt, adapt or reject changes proves that transformational change begins with less than five percent of the work force. And these "explorers" will convince the first "colonists" to cultivate even more land. These first few "waves" of improvement teams constitute the "critical mass" necessary for Six Sigma to take root, grow, and spread rapidly across the organizational landscape.

Remember the dark side of the 4-50 rule: 50% of your effort only produces 4% of the results..

What Most Six Sigma Consultants Don't Want You to Know!

Quality Fads

Over the years, I've had a chance to learn and study just about every "brand name" quality methodology. Guess what...they're all pretty much the same. To appear different, they've changed:

- the name from TQM to Six Sigma
- the terminology to confuse the unwary
- the number of tools required for success
- the number of steps in the process

but...

- the key tools are the same
- the sequence of using the tools is the same
- and the results, assuming you can figure out how to use the wide range of tools and processes, are identical.

For these minor, cosmetic differences companies often charge \$100,000 or more in *licensing* fees just to use their "methodology." Then you spend weeks in training just to get started. Is it any wonder that only big companies with deep pockets and a CEO like Jack Welch attempt to use these monolithic methods?

How is Six Sigma Different from TQM?

It's not. The underlying tools and processes are the same. They changed the terminology to confuse the unwary: PDCA became DMAIC; QFD and DOE got grouped under DFSS (Design for Six Sigma). So, if you know TQM, you can quickly bridge that knowledge to Six Sigma.

How is Six Sigma Actually Different from TQM?

The focus has shifted from teams and training to profits and productivity; from incremental improvement to breakthrough improvement with bottom-line benefits.

How is Six Sigma Simplified Different?

Our Six Sigma Simplified "generic" methodology, as one customer put it: *"is a non-intimidating approach to systematic improvement that retain all the goodness of Six Sigma without watering it down.* Six Sigma Simplified is identical to the "brand names" with a few key exceptions:

1. You get the essential tools necessary to achieve the desired result, not a bunch of tools that are only used in rare cases.
2. You get the most streamlined, elegant process I have ever found for breakthrough improvement, without all of the extra steps.
3. You get the fastest, just-in-time training method that I've found anywhere for developing skill *and* delivering results in a matter of days, not weeks or months.
4. You get an easy-to-use, software tool kit to automate all of your Six Sigma activities. Our QI Macros were designed to integrate with any Six Sigma System.
5. You save a small fortune in methodology licensing fees, because there are none.

7 Power Topics for Breakthrough Improvement

1. Set BHAGs

Have operational leaders set a BHAG (Big Hairy Audacious Goal) for improvement. Using Six Sigma as a guide, set the next level Sigma as a target. If you're at 3-Sigma, go for 4-Sigma, and so on. Your target for world-class quality is "Six Sigma" or 3.4 defects per million. If GE can save \$2 Billion in one year by focusing on Six Sigma, how much could you save?

2. Forget the 80/20 rule – Use the 4-50 Rule

When implementing most "new" ideas in an organization, leaders try to apply them everywhere. But Six Sigma is like peanut butter—the wider you spread it, the thinner it gets. Remember that 80% of your effort only produces 20% of the benefit.

What if you could get over 50% of the "benefit" from Six Sigma by investing in just 4% of the business? You can! Less than 4% of a typical business produces over 50% of the waste, rework and lost profit. Using existing data, we can usually find this "mother lode" in your business in just 2-5 days.

3. Forget Brainstorming – Use Existing Data

Six Sigma only works if you have data. So, have your operational managers define the problem to be solved in your mission critical systems using key performance measures—delay, defects or costs. If they can't develop a simple line graph and pareto chart that

describes the "real" problem using data, then neither can your improvement teams.

4. Forget Volunteers – Use Experts

Six Sigma demands SWAT-like teams of subject matter experts that meet briefly and then disband. Once you've defined the problem, it's easy to figure out who should be involved in the root cause analysis.

5. Forget Multi-week Training – Use Just-In-Time Training

Participants forget 90% of what they've learned in 48 hours unless they do something with it. Consider using 2-hour, just-in-time training before teams start solving a key business problem. Make your training stick!

6. Forget Weekly Meetings – Use One-day Root Cause Sessions

The old quality circle concept relied on volunteer teams that met once a week *forever*. Following our streamlined process, the SMEs can usually find the root cause in one day or less. Once resolved, leadership can oversee the implementation of the proposed solutions and track the results.

7. Forget Everywhere Implementations— Use the Secrets of Diffusion.

50 years of research into how companies adopt, adapt or reject changes proves that transformational change begins with less than five percent of the work force. These explorers then convince the first colonists and so on. When you reach the "critical mass" (16-25% adoption), Six Sigma will take root, grow, and spread across your organization.

RISK-FREE Evaluation

Is your gross revenue over

- \$10 million? \$50 million
- \$250 million \$500 million

What are your most pressing problems? Are delays or defects causing waste, rework, scrap, high costs, or customer aggravation?

Delays or missed commitments:

Defects:

- Order errors
- Design defects
- Fulfillment errors
- Delivery errors
- Billing errors

What does each delay or defect cost you in terms of:

1. Lost opportunity (e.g., lost sales, discounted price, etc.)
2. Customer calls (to report a problem or request help)

3. Repair or rework

4. Returns & Replacement

5. Labor Costs & Overtime

6. Shipping & Handling

7. Adjustments & Warranties

8. IT systems costs

9. Overhead (space, light, heat, telephones)

10. Materials costs (scrap)

11. Testing & Inspection

12. Other

Increase Profits and Slash Costs by \$250,000 or more in six months or less.

SOUND IMPOSSIBLE? We've helped businesses save from \$250,000/month to \$36 million/year. If your business is over \$10 million a year, then you're probably throwing away as much as \$2.5 million dollars a year because of simple errors that you can identify and eliminate. We can help you find one or more improvement projects that will deliver \$250,000 or more. It's often easier than you might think.

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Increase Your Productivity and Profitability!



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