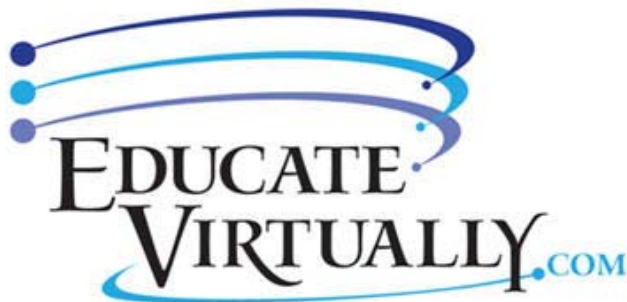


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10 Commandments of Lean Enterprise Strategy

1. *Pull production stingily through the factory pipeline instead of mindlessly pushing material*

EducateVirtually December 2010 Newsletter

Online Training, Coaching, and Facilitation of Improvement Projects

Dear Charlie,

Our mission is to provide training, coaching, and implementation services that drive continuous improvement of products, processes, and service delivery.

The services we offer can be delivered live in person, virtually through "Webinar on Demand", or via e-Learning.

Read on and enjoy this months Newsletter. Happy Holidays everyone!

Sales and Marketing Six Sigma: If not now, then when?

Sales and Marketing is the process of converting the efforts of the company into revenue. The Process should create value in the market place by differentiating the products and services of the company versus your competitor's alternatives resulting in prospects becoming customers.

The Six Sigma approach to improving any business process follows the DMAIC Improvement Process namely Define, Measure, Analyze, Improve, and Control. Organizations that are embracing this approach have realized productivity increases, cost reductions, and revenue stream enhancement. Success has been proven in operations, production, and service delivery. It is now time to rollout Six Sigma DMAIC into Sales and Marketing.

Ask yourself if your organization is facing any of the following issues:

- Competitor inroads into client's markets.
- Disappointing sales growth.
- Failure to crack key new markets.
- New product introduction difficulties.

and labor into it.

2. **Build and Ship** rapidly to improve manufacturing productivity rather than storing and moving inventory.
3. **Squeeze** time out of the cycle from order receipt through shipment by eliminating redundant tasks and tasks that don't contribute directly to output or quality. (A.K.A. Non-Value Add)
4. **Improve** product design to enhance manufacturability and provide increased functionality and reliability to the customer.
5. **Reduce** per-unit consumption of purchased material and supplies.
6. **Refine** the production process to promote simplicity and decrease resource consumption.
7. **Identify** and eliminate manufacturing errors at the source.
8. **Simplify** information and control systems; integrate them efficiently with design and production.
9. **Cooperate** and **Coordinate** with suppliers and service providers to share knowledge and increase joint effectiveness.
10. **Strive** continually for incremental improvements in all activities involved from design to delivery of the product to the customer.

- Unreliable or insufficient information re: customers, competitors, market conditions, etc.
- Low, static, or declining market share.
- Selling expenses growing as percent of sales revenue.
- Low sales force morale and productivity.

Any of the above issues can be tackled as a Six Sigma DMAIC improvement project.

- It starts when we Define the issue with a SMART problem and objective statement. (specific, measurable, achievable, relevant, and time based)
- Then select which Key Performance Metrics (KPMs) to Measure that establish a baseline to track improvement. Measure the KPMs and establish how big, how bad, and how often the issue impacts the KPMs.
- Next, Analyze the data and quantify the root causes that impact the KPMs.
- Develop creative solutions that address the root causes and will Improve the KPMs. Validate the solutions through pilot testing and evaluation of measurements versus the baseline performance.
- Develop and implement Control that will maintain the gains and put ownership at the source. Ramp the solutions up to full scale to meet customer demand. This is the DMAIC improvement process, namely Define, Measure, Analyze, Improve, and Control.

The Six Sigma DMAIC improvement process can be applied whether the improvement project scope can be accomplished in days, weeks, or months.

Quality Cost Reduction:

An overlooked key to sustained Total Quality improvement?

Recently, there has been press about the failure of Total Quality improvement initiatives to sustain themselves. Many companies that have gone down the path of continuous improvement are discouraged by the lack of "breakthrough" results and senior management commitment. All of the texts on Total Quality, or TQM, harp on the need for continued commitment from senior management for these initiatives to be successful. What is it that motivates senior management? The answer is straightforward; senior management is motivated and driven to achieve bottom line results and increase value to shareholders.

Quality Cost Reduction (QCR) provides the link between the Total Quality initiative and the bottom line. Quality costs are comprised of elements of the Cost of Goods and Operating Expenses; both are elements of the Income Statement. Reducing quality costs improves Gross Margin and reduces Total Expenses, thus improving Net Income. The Profitability Ratios of Return on Sales and Return on Investment will then reflect the reductions from Cost of Goods and Operating Expenses. As processes are improved and stabilized, Inventory reductions become possible, which are reflected in the Activity and Efficiency Ratios of Asset Turnover, Inventory Turnover, and Inventory on Hand.

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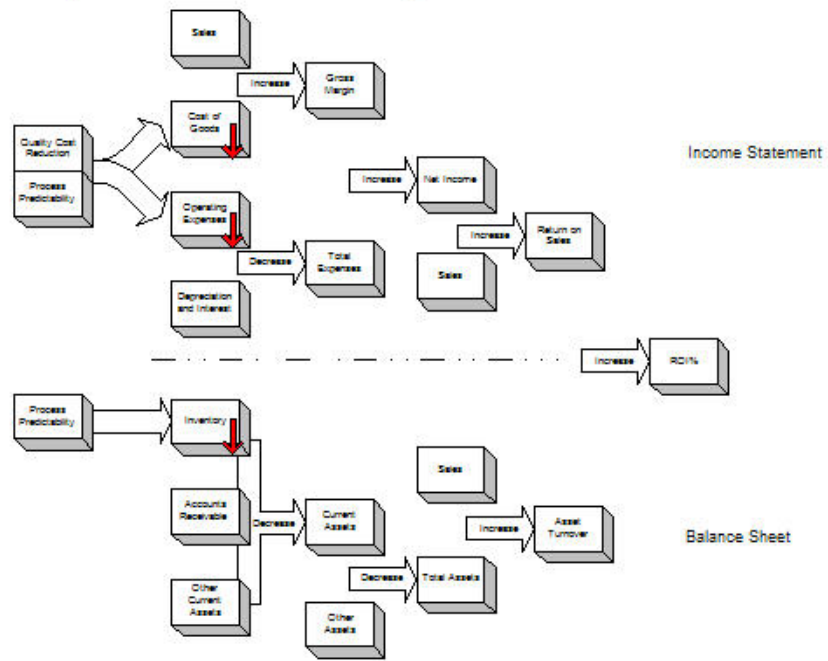
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- The Lean Six Sigma Black Belt Training course requires 6 Days of virtual training.
- We recommend that projects and teams be selected prior to beginning the training.
- A key feature in the course is QFD use in the Define and the Analyze phases of DMAIC.
- We cover advanced topics in DMAIC along with Lean Enterprise, Kaizen Events, and Design for Six Sigma.
- Projects can generally be completed within 12 to 16 weeks with teams dedicating 20% of their time per week to the project.
- Upon completion of 1 Green Belt and 1 Black Belt project teams are eligible for Black Belt Certification from Missouri State University's Management Development Institute.
- We recommend 5 days per month of virtual Master Black Belt coaching and facilitation over the 4 month period.
- The course pre-requisite is Green Belt training.
- Class size can be up to 25 students and as always, we don't charge a per student fee. Locations can be distributed.

[Contact us to discuss your project, the approach, schedule, and the pricing that will meet your needs.](#)

**American Society for
Training and Development**

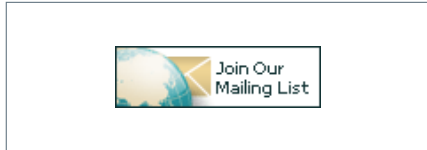
How Quality Cost Reduction and Process Predictability Influence the Income Statement and Balance Sheet



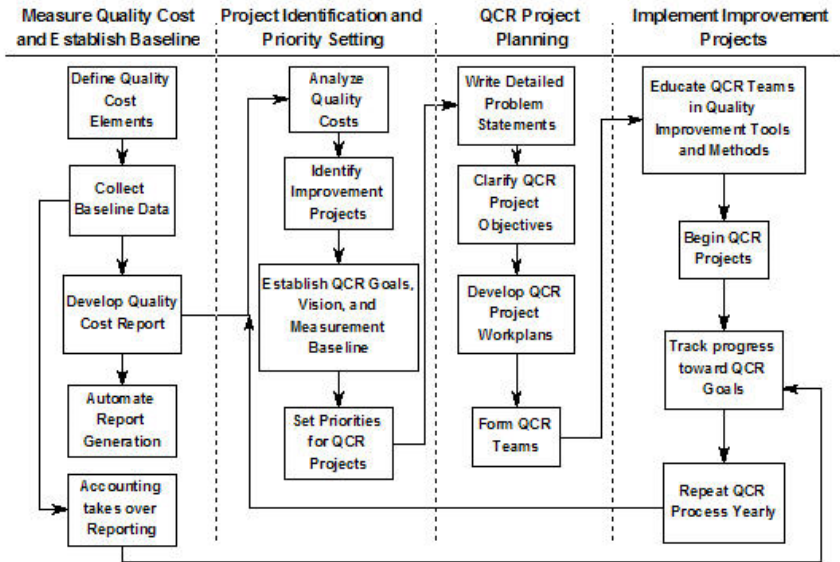
QCR is a quality and productivity improvement process that links improvement activities with quantifiable cost reduction. The cornerstone of this process is the establishment of the links between the general ledger accounts and the costs of making, finding, repairing, and avoiding failures. In other words, quality costs can be defined as the cost of poor performance in both blue collar and white collar processes. QCR places emphasis on breakthrough and continuous improvement resulting in reduced costs, improved quality, and increased productivity in both products and services. QCR supports Total Quality, Cycle Time Reduction, or Just-in-Time initiatives by providing a means to quantify improvements in dollars and, also to provide a systematic approach for solving the problems uncovered by these programs. QCR has three purposes that are related. The first is to provide a tracking system that can be used as an added form of cost control for the company. The second is to identify and quantify opportunities for cost reduction. The third is to provide a systematic approach to solve the problems that have resulted in these adverse quality costs.

To begin an understanding it helps to stratify quality costs into four main categories. These categories comprise effort associated with avoiding failures (prevention), detecting failures (appraisal), and the failures themselves (internal and external). Money and effort expended in prevention will drive down the failures leading to the reduction of appraisal efforts. Another way to look at these costs is to characterize them as:

- the *good* which are Prevention Costs,
- the *bad* which are Appraisal Costs,
- the *ugly* which are Internal Failure Costs, and
- the *ugliest* which are External Failure Costs, (the "defective" products or services that ultimately reach the customer).



Flowchart of QCR Process



[Read the Rest of this pdf White Paper](#)

Wishing you all the best in this Holiday Season

The New Year is just around the corner. May you and your families have a safe and joyous holiday season. We wish you all the best in the coming New Year. Can you believe it, 2011 is almost here!

Sincerely,

Charlie Carpenter
 EducateVirtually.com
 Process Predictability Management Inc



Courses in our service offerings can be delivered live through Webinar on Demand if they are not yet available as eLearning. We still go to client locations to train, coach, and facilitate operations improvement projects.

**Save
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Use promotion code **EVNL1010** (four capitals and four numbers)

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