

A Six-Sigma Money Machine Shouldn't Cost Six Figures!

Many small business owners I've met believe that *six-sigma quality* is something reserved for big corporations with deep pockets and broad market presence. Those are the small business owners who at least have a favorable view of the concept of six-sigma quality. There are other small business owners who equate those three words with cumbersome processes, bureaucracy, inflexibility, and most critically, huge costs in both development and maintenance of these systems.

Granted, corporate America has invested billions of dollars over the last couple of decades in the development and deployment of comprehensive quality systems under banners like Total Quality Management (TQM), the Toyota Production System (TPS) Six-Sigma, ISO9000, and various other labels. But corporate America did this for one reason: if it didn't, foreign competition was going to continue to kill us in the world marketplace.

High performance quality systems are not a cost of doing business – they are a strategic investment that helps us avoid two very specific, potentially catastrophic costs. These are the costs of acquiring new customers to replace the ones we've lost because of our poor quality and/or high prices, and the costs associated with throwing away or fixing things because we didn't do it right in the first place.

Across my career I've often heard the words, "We just didn't have time to do it right the first time." But one way or another, we do find the time to do it right the second time. Perhaps it is the doing

it right the second time that causes us to not have the time to do it right the first time?

There are many out there who believe that the American economy has squeezed just about everything it can get out of the quality movement. Admittedly, application of these principles has paid huge dividends in the automotive, aerospace, and electronics industries. They are now standard practice. But I believe this thinking completely ignores the potential economic impact to small businesses.

Many small businesses shy away from embracing these apparently complex, burdensome and costly systems because (1) they seriously underestimate the economic benefit and (2) they seriously overestimate the investment required.

Take a few moments to contemplate these questions:

- What was the potential lifetime value of the last customer you lost?
- What is the value of the unsellable product that made it into your dumpster over the last year?
- How much time did your employees lose last year waiting for something to be fixed so they could go back to work?

These costs can be avoided. A world-class quality system is not incompatible with small business. Such systems are not only affordable, they ultimately fund themselves. Are you skeptical of the benefit or fearful of the cost? Perhaps you are already over those hurdles....

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