

Introduction to Six Sigma for Marketing and Sales

By Michael Webb — President,
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Many marketing and sales managers may be unfamiliar with Six Sigma and why it is important in marketing and sales. Here is a brief introduction to its terms and how it might apply in our world.

What is Six Sigma?

Six Sigma is a disciplined methodology that uses data and statistical analysis to measure and improve a company's operational performance. It focuses on identifying and eliminating "defects" in business processes and has produced hundreds of millions of dollars in new profitability in a wide variety of industries.

Why should marketing and sales care about Six Sigma?

Six Sigma professionals and Sales and Marketing professionals have similar objectives in mind – finding the path of least resistance and sticking to what works best. The difference is that Sales and Marketing often rely on intuition and judgment, while Six Sigma relies strictly on scientific analysis of data (facts, figures).

The Six Sigma Methodology is responsible for billions of dollars in profit improvements in hundreds of companies. Although its origins are in manufacturing, it has also been effective in finance and service industries (called transactional industries) and in fields as diverse as health care and software development.

Now, attention is turning to how Six Sigma can help marketing and sales organizations as well. It has been tried already, to be sure, with successes and some failures unfolding as we speak, just like at the beginning of any new idea!

What does the term "Six Sigma" mean?

"Sigma" is a statistical term for the measures of variability.

- "One" Sigma is a very high degree of variability (Seven "mistakes" out of ten opportunities)
- "Six" Sigma is a very low degree of variability (3.4 "mistakes" out of 1,000,000 opportunities)

If you have a close ratio of 30%, your sales process can be said to be operating at one sigma!

What is the Six Sigma Methodology?

(This section is based on an article by Thomas Pyzdek found on www.isixsigma.com)

Six Sigma's magic doesn't lie in statistical or high-tech razzle dazzle. Six Sigma relies on tried-and-true methods that have been around for decades. In fact, Six Sigma discards a great deal of the complexity that characterizes total quality management (TQM).

The Six Sigma Methodology:

- **Define** improvement activity goals.
At the top level these can be the organization's strategic objectives, such as return on investment or market share. At the project level, they might be reducing defects or increasing yield.
- **Measure** the existing system.
Establish valid and reasonable metrics to help you monitor progress toward the goals.
- **Analyze** the system.
Identify ways to eliminate the gap between current and desired performance. Apply statistical tools to guide the analysis.
- **Improve** the system.
Be creative in finding new ways to do things safer, better, cheaper, or faster. Use project management techniques to implement the changes. Use statistical methods to validate the improvements.

Continued on page 2

- **Control** the new system. Institutionalize the new system by modifying compensation and incentives, policies, procedures, budgets and other management systems.

How does Six Sigma Work?

The Six Sigma approach attempts to translate cause and effect into a mathematical expression. The form of that expression is $Y = f(x)$. It is a way of defining the relationship between independent variables (x) and dependent variables (Y), where “ f ” stands for the relationship (in mathematical terms).

How is Six Sigma deployed in a company?

The primary means of deploying Six Sigma (especially in large companies) is to establish an infrastructure of people trained in the methodology and accountable for implementing it to produce results. “Black Belts” and “Master Black Belts” work full time on projects and are the most knowledgeable in the approach. “Green Belts” spend some time working on projects while maintaining their regular work responsibilities. “Process Owners” are traditional line managers whose operations are the focus of Six Sigma projects.

How does Six Sigma apply in marketing and sales?

Six Sigma can apply to any goal-directed work activity of an organization. The pre-requisite is the work needs to be well-organized and defined (objectives, activities, measurements). The first step of Six Sigma (Define) attempts to ensure this. In marketing, in sales, it means defining the basic value proposition, market segmentation, and work flow necessary for measurements to be meaningful and reliable. Often, this improvement alone improves results. After the basics are in place, the statistical power of Six Sigma can be applied in depth.

What are examples of Six Sigma projects in marketing and sales?

They may not sound all that different from other projects you’ve heard of. Here are examples of successful Six Sigma projects done by companies in the last year or two:

- Determining which customers are best ones to target
- Developing sales best practices for direct and channel partner sales
- Reducing errors and cost in literature fulfillment

So, where is the “Six Sigma” of it? It is in the rigor of the analysis used to determine what changes to make. Now, attention is quickly turning to how Six Sigma can help marketing and sales organizations as well. It has been tried already, to be sure, with successes and some failures unfolding as we speak, just like with the beginning of any new idea.

For further information on Six Sigma, check out www.isixsigma.com

About the Author

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