Lean Six Sigma Green Belt Certification Course

DIGITAL
OPERATIONS

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Project Identification

Learning Objectives

By the end of this lesson, you will be able to:

- List the steps for Six sigma project selection

- Explain the need for benchmarking

- Identify project stakeholders

- Outline the importance of stakeholder analysis

Do You Know

Q What differentiates well-performing organizations from organizations that achieve breakthrough performance?

- Good infrastructure

- Learned professionals

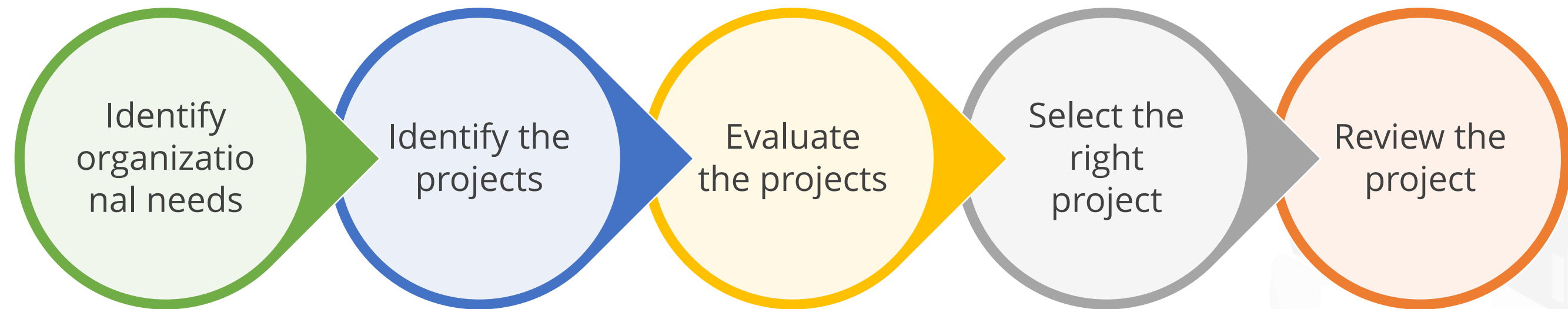- Ability to identify the right project opportunities

A The ability to identify the right project opportunities that drive the organization forward
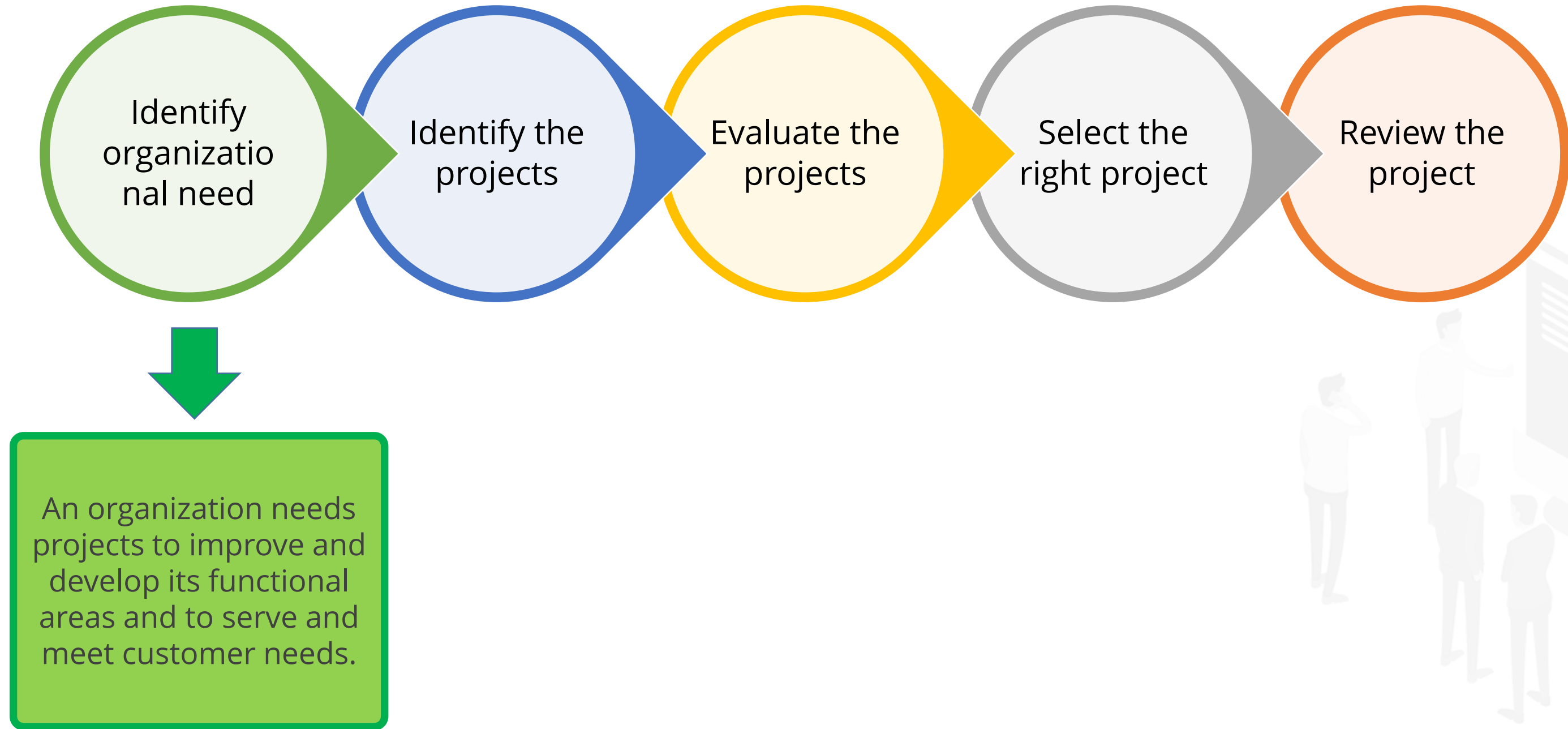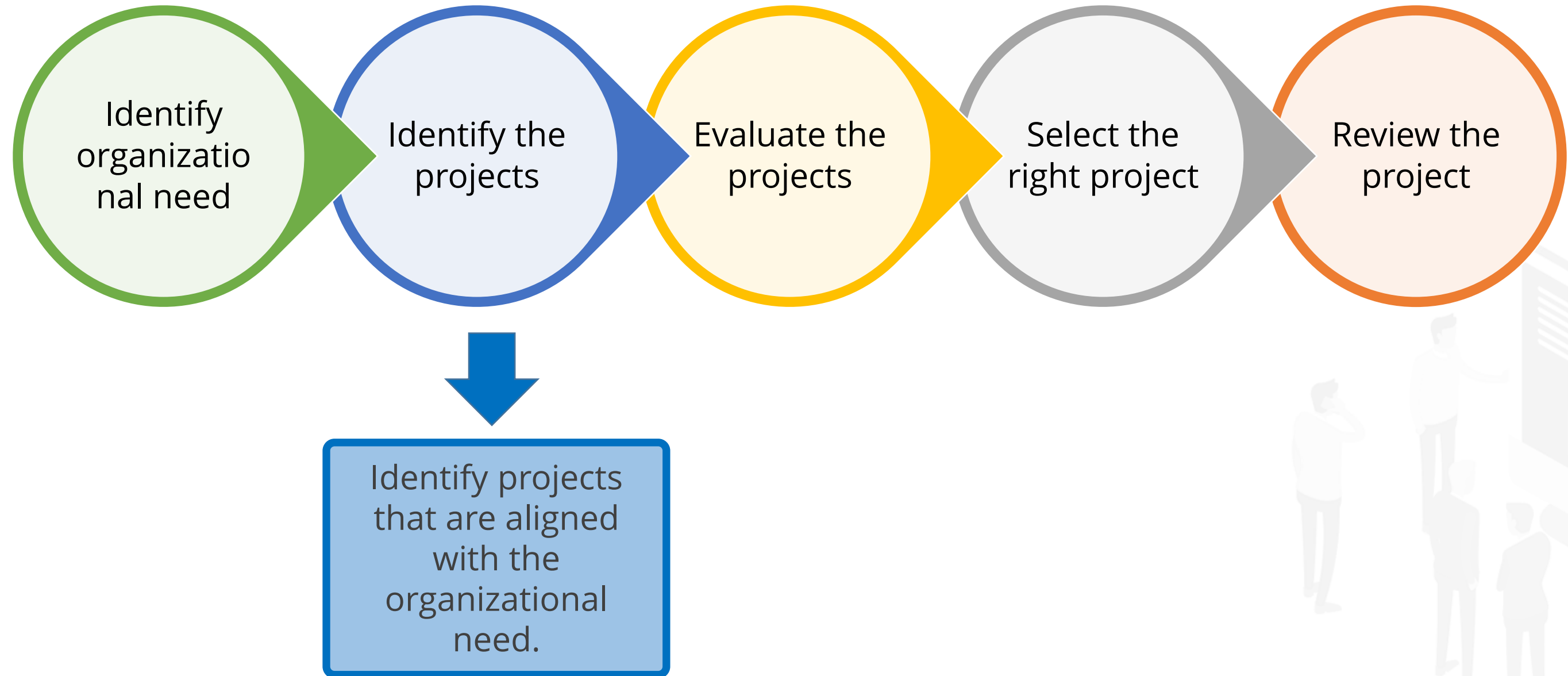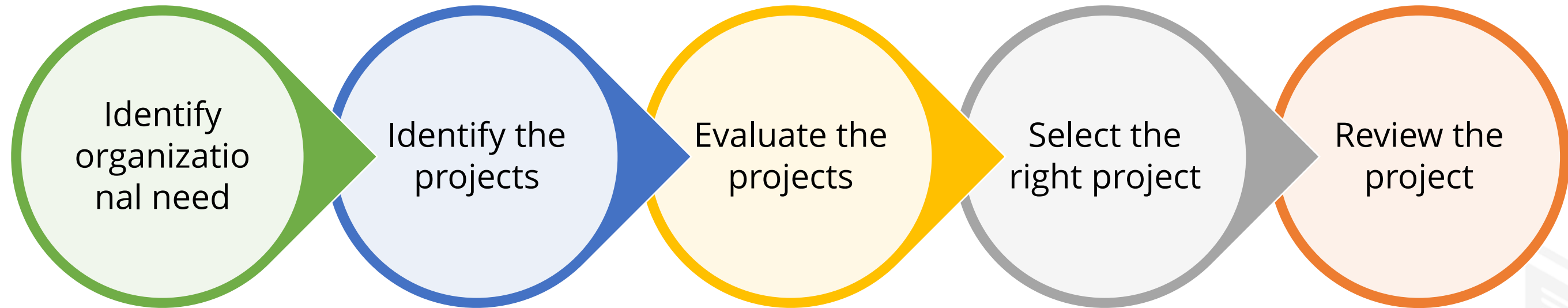
Project Identification

Project Selection

Identify organizational needs → Identify the projects → Evaluate the projects → Select the right project → Review the project

Project Selection

Identify organizational need → Identify the projects → Evaluate the projects → Select the right project → Review the project

An organization needs projects to improve and develop its functional areas and to serve and meet customer needs.

Project Selection

Identify organizational need

Identify the projects

Evaluate the projects

Select the right project

Review the project

Identify projects that are aligned with the organizational need.

Project Selection

```
Identify          Identify the      Evaluate the      Select the        Review the
organizatio       projects          projects          right project     project
nal need
```
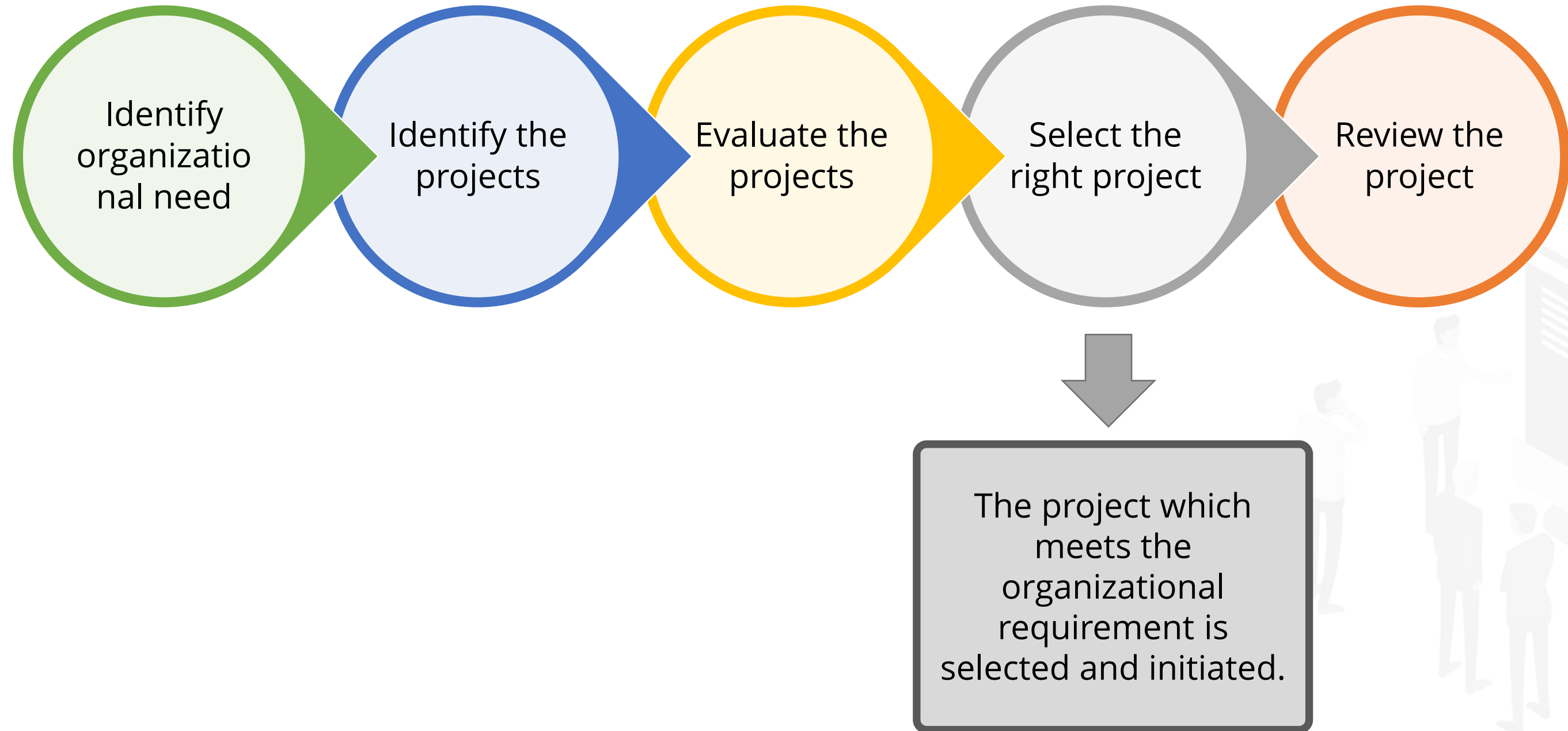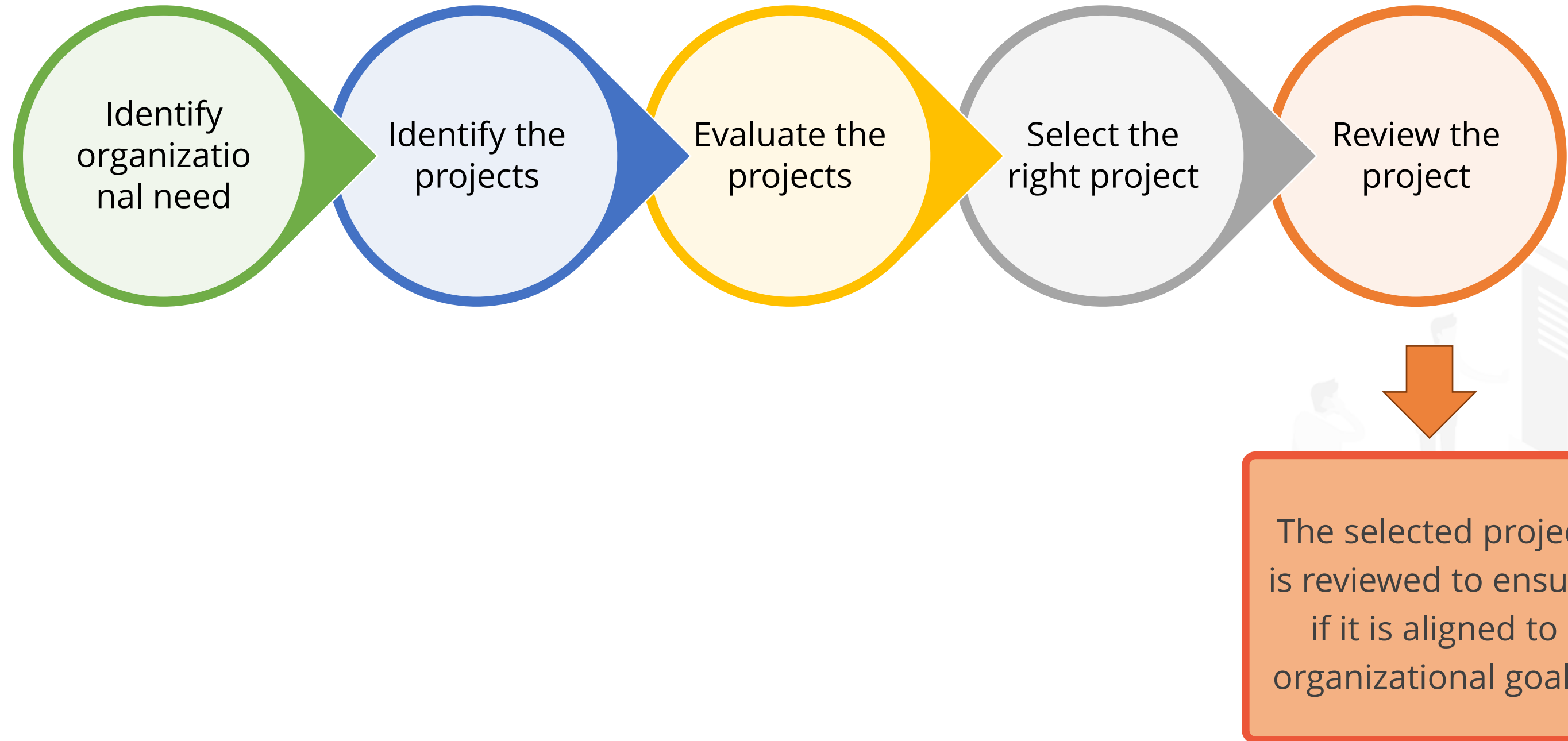
Evaluate the project in the following areas:
- Net present value
- Cost benefit ratio
- Internal rate of return (IRR)
- Opportunity cost
- Payback period

Project Selection

Identify organizational need → Identify the projects → Evaluate the projects → Select the right project → Review the project

The project which meets the organizational requirement is selected and initiated.

Project Selection

Identify organizational need → Identify the projects → Evaluate the projects → Select the right project → Review the project

The selected project is reviewed to ensure if it is aligned to organizational goals.

Benchmarking

Organization

Is compared to

Industry Leaders

Benchmarking is performed heavily in DFSS projects.

Benchmarking

Process Benchmarking

Financial Benchmarking

Collaborative Benchmarking

Competitive Benchmarking

Benchmarking

Performance Benchmarking

Functional Benchmarking

Product Benchmarking

Strategic Benchmarking

Benchmarking: Best Practices

Determine the objectives or scope of benchmarking
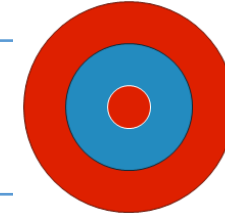
Set the standards and path to be followed at the initial stage

Reduce unnecessary effort and comply with the scope

Recognize the best in the industry to set a benchmark

Share the information derived from benchmarking

Process Elements

Six Sigma Projects: Prerequisites

- Is there an existing process?

- Is there a problem in the process?

- Is the problem measurable?

- Does the problem impact customer satisfaction?

- Does working on the problem impact profits of the company?

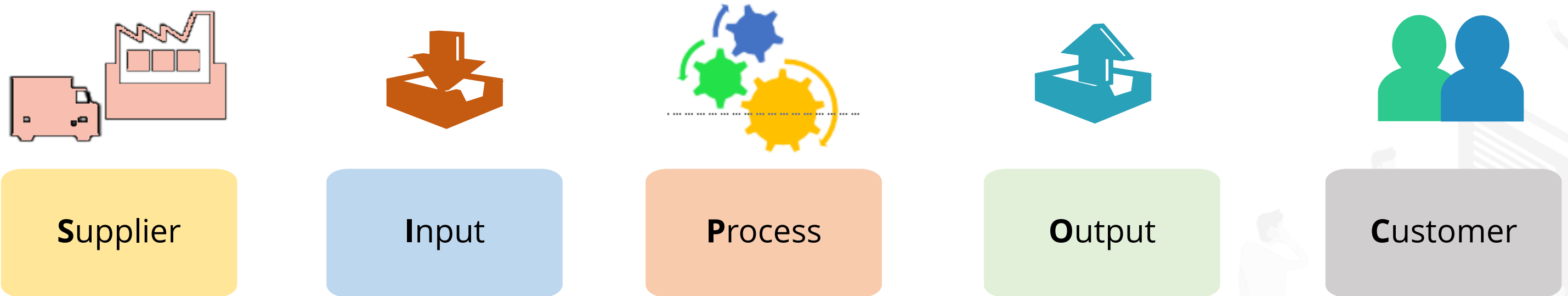- Is the root cause of the problem unknown?

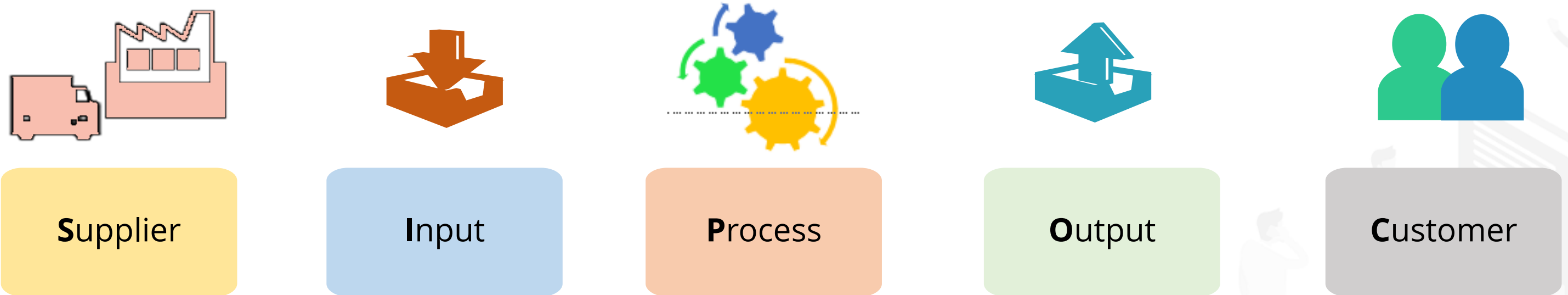- Is the solution unknown?

SIPOC Model

Supplier   **I**nput   **P**rocess   **O**utput   **C**ustomer
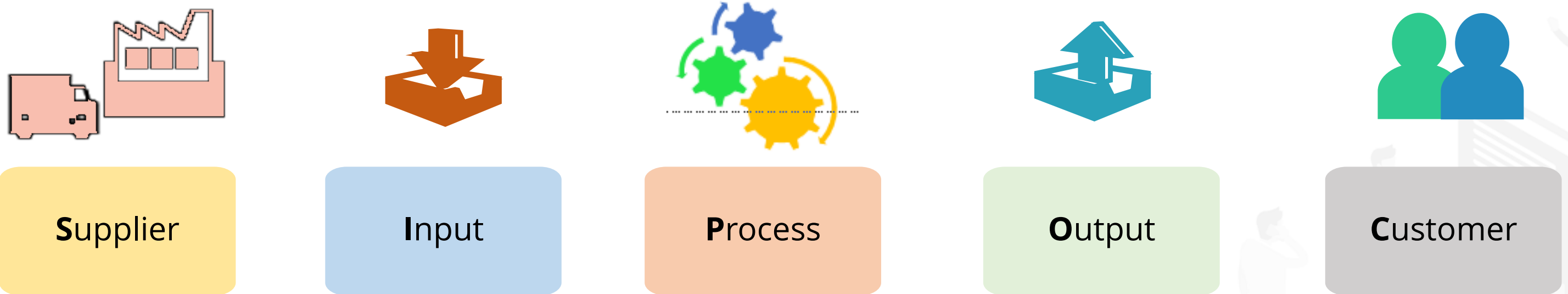
Supplier is a person or an organization that provides inputs to the process concerned.

SIPOC Model

| **S**upplier | **I**nput | **P**rocess | **O**utput | **C**ustomer |

Input refers to the information, material, or services that will be transformed in the process.
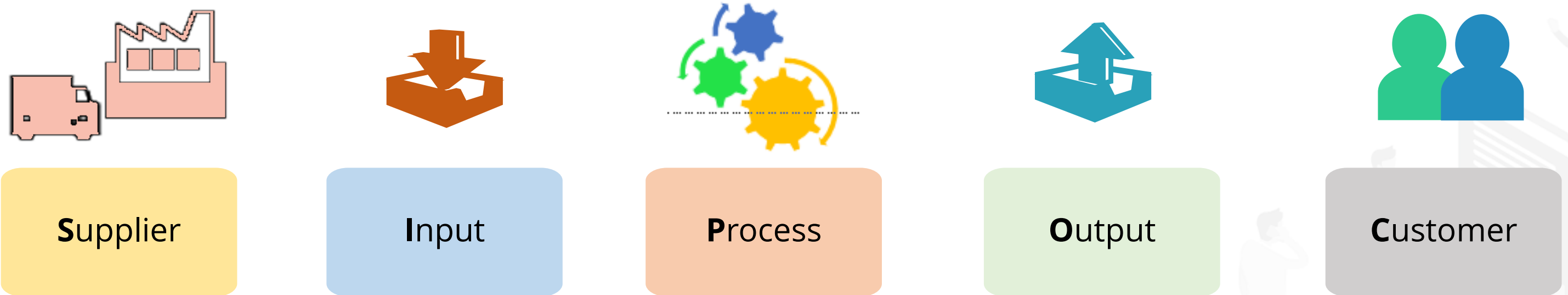
SIPOC Model

| **S**upplier | **I**nput | **P**rocess | **O**utput | **C**ustomer |

Process refers to the set of steps that transforms the inputs into output.

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SIPOC Model

Supplier

Input

Process

Output

Customer

Output is the final product or service of the process.

SIPOC Model

Supplier **I**nput **P**rocess **O**utput **C**ustomer
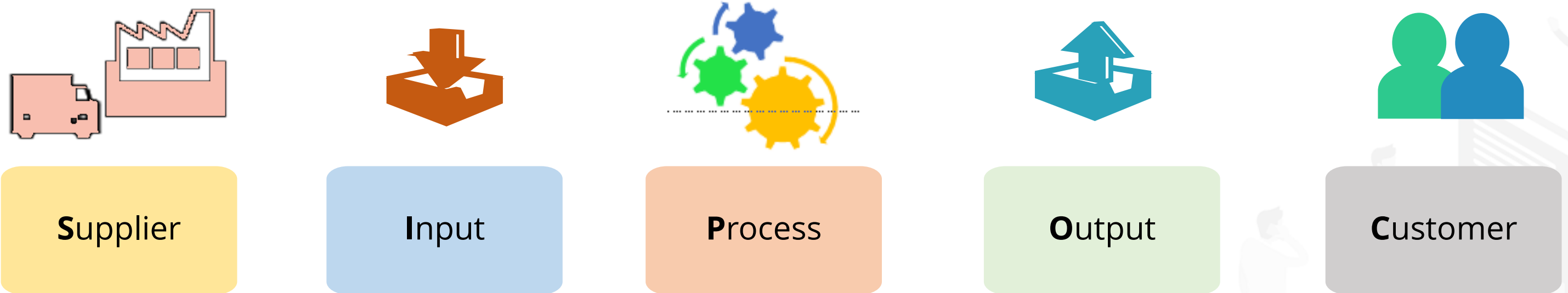
A customer is a person, process, or organization that uses or receives the output.

SIPOC Model: Process Elements Interaction
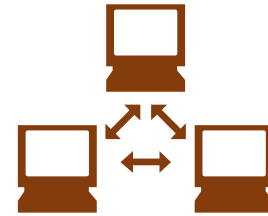

Supplier + Input + Process → Output
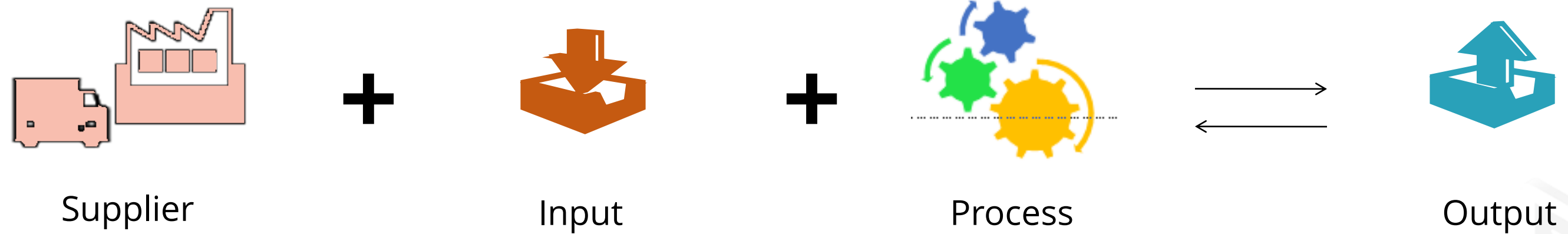
Stable SIPs = Stable Output

Relations between SIPs and output provide a method to define possible cause-effect relationships.

SIPOC Model: Example

Supplier	**I**nput	**P**rocess	**O**utput	**C**ustomer
• Requester • IT Team • External Vendors	• Email request • Phone request • Documentation • Ticketing System • Hardware • Software • Technical Resource	Receive Request ↓ Work Ticket ↓ Close Ticket	• Purchase Order • Updated Database • Completed Ticket • Notifications	• Requester • IT Team

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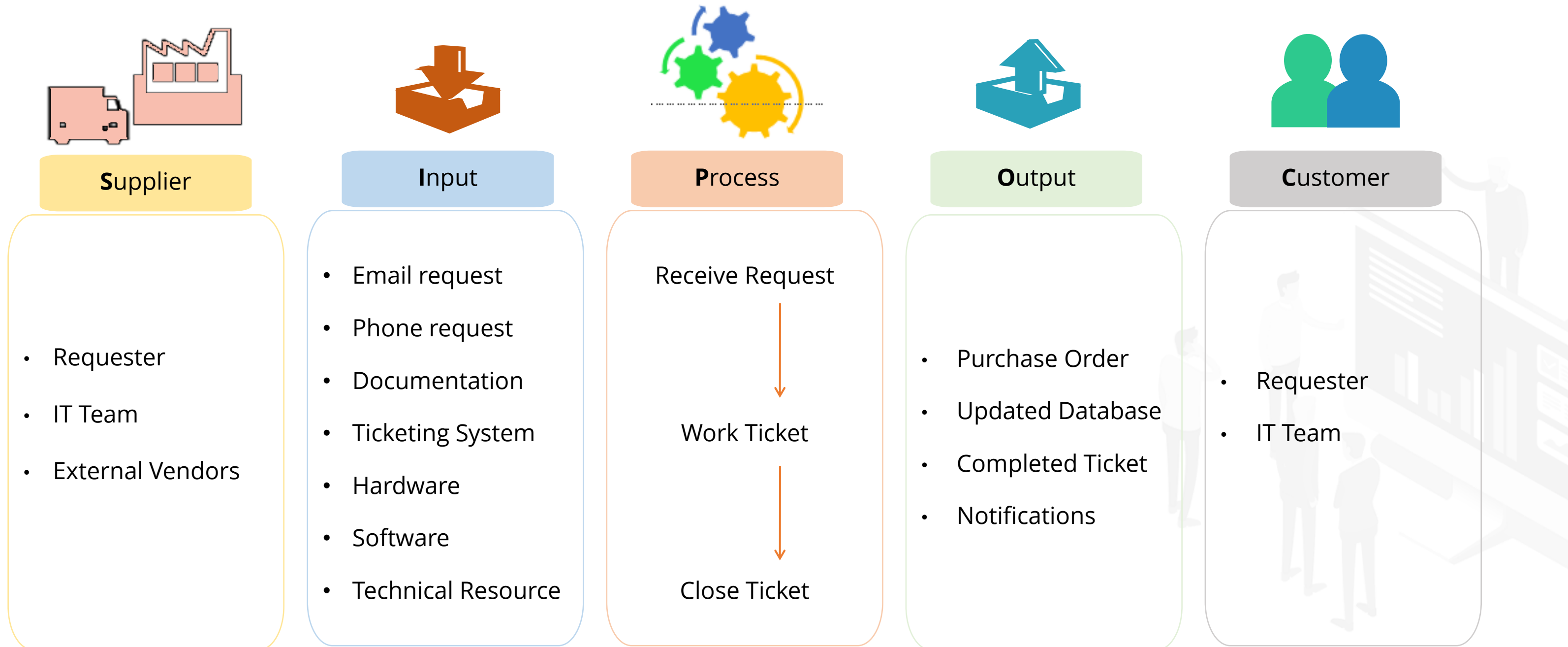
Business Process Improvement: Challenges

Challenges:

• Multiple handoffs

• Management of the flow of products or services

Owners and Stakeholders

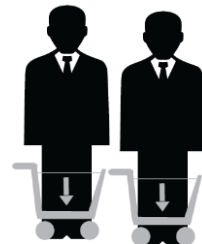# Organizational Hierarchy
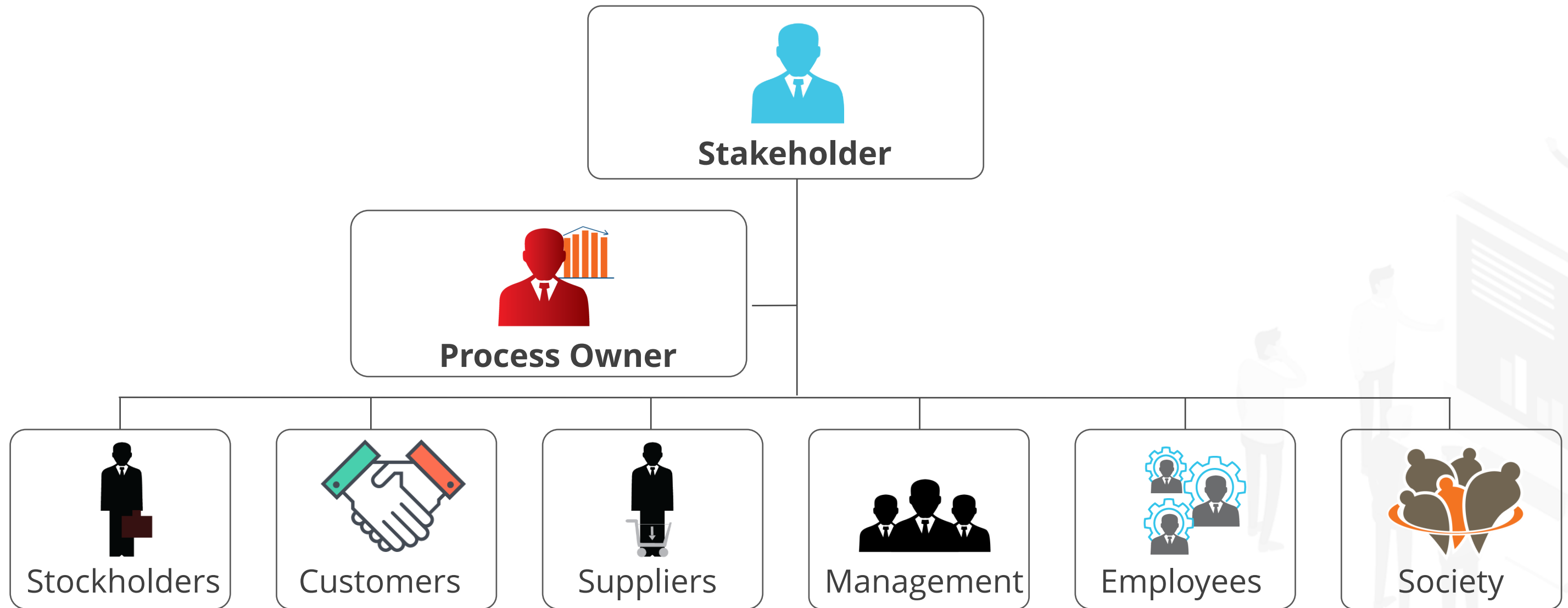
Effects of Process Failure on Stakeholders

Stockholders

Reduction in perceived value for the company

Customers

May seek competitor's product and find legal recourse

Suppliers

May face delay in receiving their pay or non-payment issues
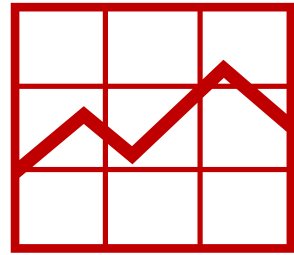
Management

May require cost cut-down

Employees

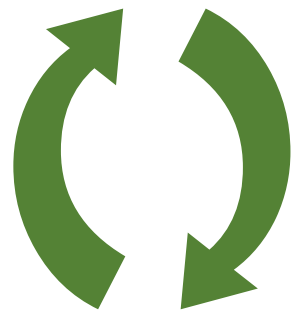Will receive diminishing wages

Society

May experience pollution due to the activities of the organization

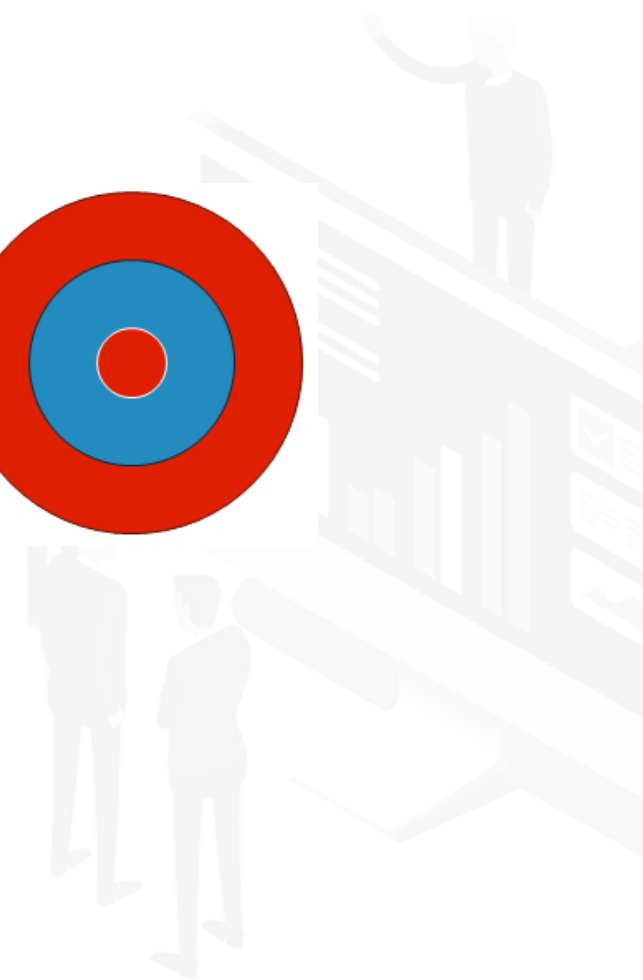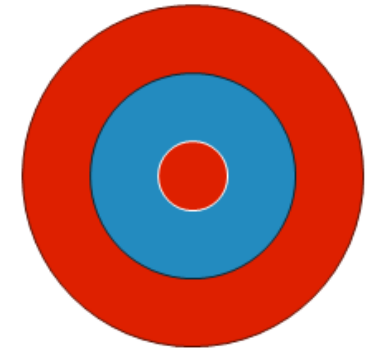# Importance and Relevance of Stakeholder Analysis

Any change to a business process affects stakeholders

When objectives are not met, stakeholders and the organization are negatively impacted

There can be different reasons why a stakeholder may oppose the change effort
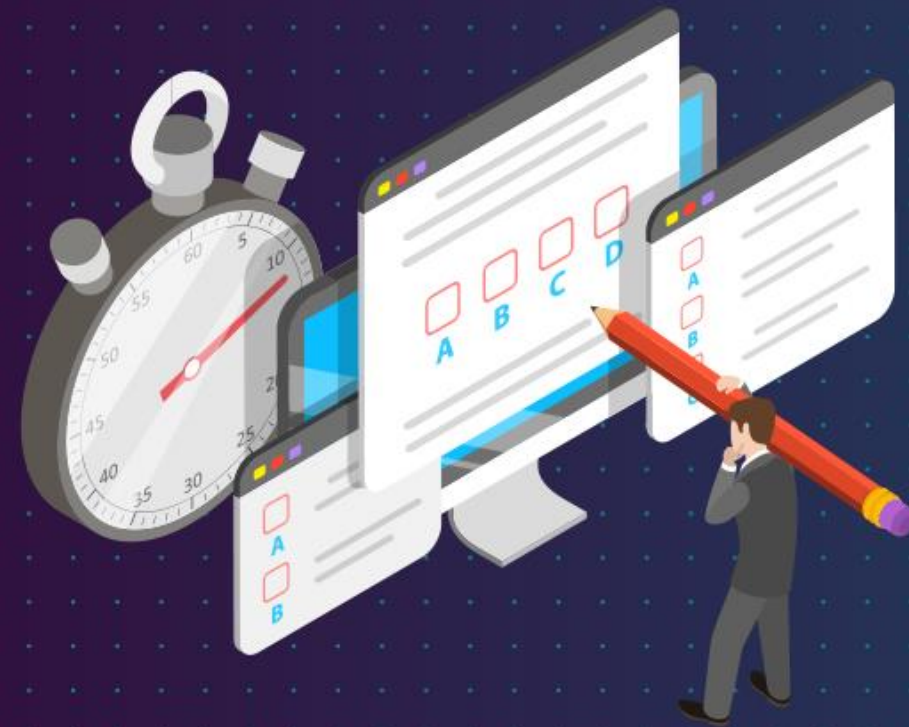
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Key Takeaways

◉ The main objective of Define is to define the objective of the project.

◉ The five steps for selecting a project are identify organizational need, identify the projects, evaluate the projects, select the right project, and review the project.

◉ Benchmarking is the process of comparing an organization's business processes, practices, and performance metrics with that of industry leaders.

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Key Takeaways

- A business process has five elements: Supplier, Input, Process, Output, and Customer.

- The stakeholders are people who are affected by the organization's actions.

- The process owner is responsible for the performance and execution of the process.

Knowledge Check

Java House Coffee is comparing their products and services with a competitor. What type of benchmarking is being conducted?

A. Collaborative

B. Functional

C. Product

D. Performance

Knowledge Check

1

Java House Coffee is comparing their products and services with a competitor. What type of benchmarking is being conducted?

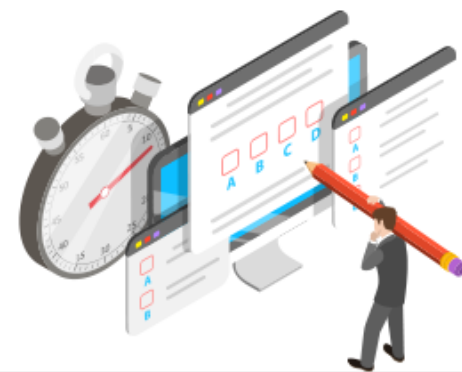A. Collaborative

B. Functional

C. Product

D. Performance

The correct answer is **D**

Performance benchmarking is about comparing an organization's products and services with those of its competitors.

Why should an organization use a SIPOC to document a process?

A.   To document every detail of the process

B.   To help with project selection

C.   To understand the process at a high level along with its inputs and outputs

D.   To see process flow

Knowledge Check

2

Why should an organization use a SIPOC to document a process?

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C.   To understand the process at a high level along with its inputs and outputs
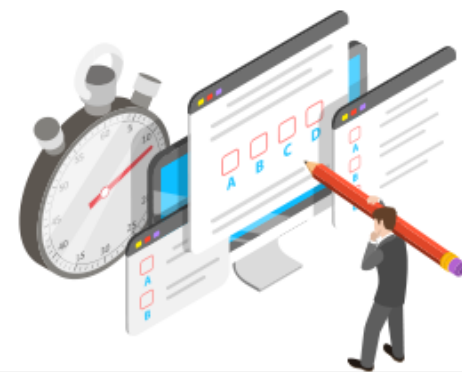
D.   To see process flow

The correct answer is **C**

SIPOC is used to document and understand a process at a high level and document the supplier, inputs, outputs, and customers.

Knowledge Check

3

Which of the following is NOT a requirement for Six Sigma Project?

A.   Root Cause is unknown

B.   Solution is unknown

C.   Does not impact customer satisfaction

D.   The problem is measurable

Knowledge Check

3

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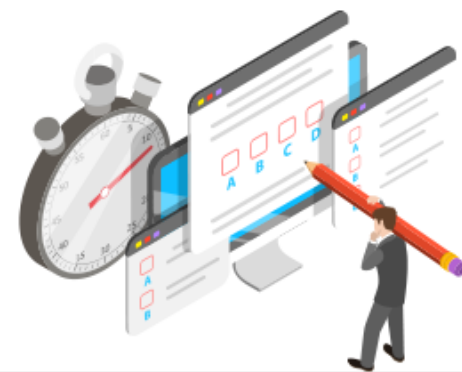
The correct answer is   **C**

The problem should impact customer satisfaction to be worked by Six Sigma principles

Knowledge Check

4

Which of the following is NOT a requirement to evaluate a project?

A.   Internal Rate of Return

B.   Net Future Value

C.   Payback period

D.   Cost Benefit Ratio

Knowledge Check

4

Which of the following is NOT a requirement to evaluate a project?

A.   Internal Rate of Return

B.   Net Future Value

C.   Payback period

D.   Cost Benefit Ratio

The correct answer is   **B**

Net Future Value a typical financial metric for project evaluation along with the other answer choices

Which of the following stakeholder is responsible for performance and execution of the process?

A.   Supplier

B.   Process Owner

C.   Management

D.   Employees

Knowledge Check

5

Which of the following stakeholder is responsible for performance and execution of the process?

A.   Supplier

B.   Process Owner

C.   Management

D.   Employees

The correct answer is   **B**

The Process Owner is responsible for performance and execution of his or her process