

# Six Sigma for Service Industries

## Overview

All work can be thought of in terms of a process and variation is present in all aspects of work processes. Unintended variation in work processes reduces performance, decreases customer satisfaction and negatively impacts bottom-line performance. However, when viewing problems from the framework of a process with inputs, processing steps, and outputs, the Six Sigma approach can be applied to solve problems.

Six Sigma attacks variation in two specific ways:

- Reduction of the variation around the process average
- Shifts the process average to the desired target value

This approach results in quality improvement and virtually defect-free performance.

## Why use Six Sigma?

A "service" is anything excluding "the making of goods." For this reason, all tasks within service organizations are non-physical and made up of processes; all processes vary. Thus, the key to improving business performance is the reduction of variation.

In service organizations, typically 50% of daily operations involve performance applications, human dynamics, and customer relationships. This represents a significant potential for achieving quality improvement, which can give organizations a strategic advantage over their competitors.

Today more service organizations are deploying Six Sigma successfully in their organizations. This adoption has resulted in improved internal processing time, customer satisfaction, and reduction of service costs.

## Objectives

In service industries Six Sigma focuses on:

- Service Product: The service output attributes provided to the customers or the service items provided to the customers.
- Service Delivery Process: The process that delivers service products to customers or maintains the service products.
- Customer-Provider Interaction: Unique to service processes - quality of this interaction influences customer satisfaction.

## Results

In service industries Six Sigma results in:

- Reduced service costs
- Increased customer satisfaction
- Improved bottom-line performance

Additionally, it has been found that stock performance of service companies with a 1% Black Belt population is on average 80% higher compared to S&P 500 performance.