

Six Sigma in Human Resources

Human resources departments benefit from the methodology.

by Praveen Gupta

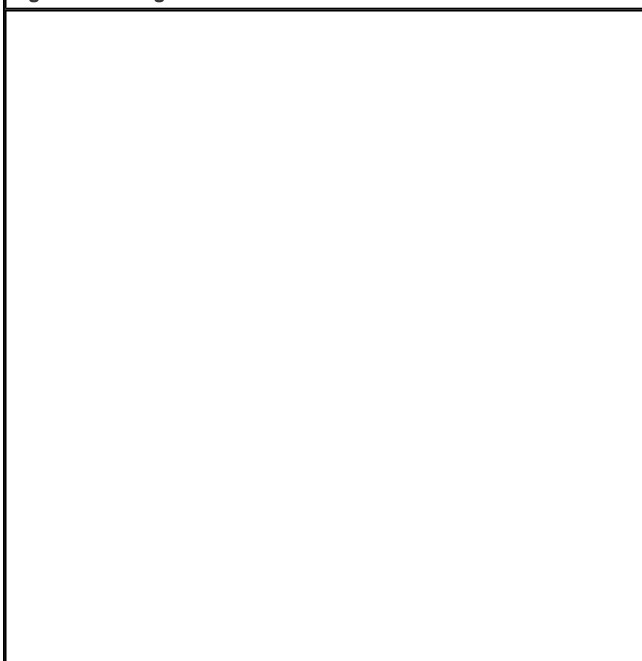
Six Sigma has been well applied in manufacturing through improving processes that use the DMAIC methodology. Some larger corporations have integrated Six Sigma so well into the corporate culture that it can be considered the DNA of the company. However, even in such companies, the human resources department has been practically untouched by Six Sigma. In a recent conference of the human resources professionals in Chicago, it was clear that HR people are now looking to benefit from Six Sigma initiatives. Two of the questions that have been asked are, "How does HR implement Six Sigma?" and "What can HR do to help Six Sigma initiatives in an organization?"

Businesses develop strategies for profit and growth. The strategy is driven down through action plans for execution. Most strategies fail to get down to the floor level and get lost in the middle layers of management, but HR can help execute the profit and growth strategy through the use of Six Sigma. Figure 1 shows the important role of HR in driving business strategy through Six Sigma and in creating the Six Sigma culture. The HR department interacts with and influences every employee; therefore, it's the department best suited to facilitate management change. The figure shows that an organization needs HR to integrate Six Sigma methodology and a business scorecard to achieve growth and profitability.

When Motorola first successfully implemented Six Sigma from 1987 to 1992, its management program of setting goals, sharing savings, risk-taking and linking personal goals to corporate goals all played important roles. As a result, the company grew, made lots of money and rewarded its employees with bonuses. The challenge in implementing Six Sigma in HR includes questions such as, "What should I do?," "What should I measure?," "How would I improve the HR process?" and "How can HR be at 3.4 parts per million as it doesn't deal with a million people?"

It must be understood that HR isn't a huge part of any business, but it has a huge effect on every business. Human resources should be considered as human capital. HR must ensure that there's good return on investment in human capital. Typical HR functions include benefits management, compensation, recruitment and skills development. Innovation and change management must also become key functions in the HR department. In addition to managing these functions well, managing idea to innovation, improving HR functions, and accountability of employees and executives must also be implemented.

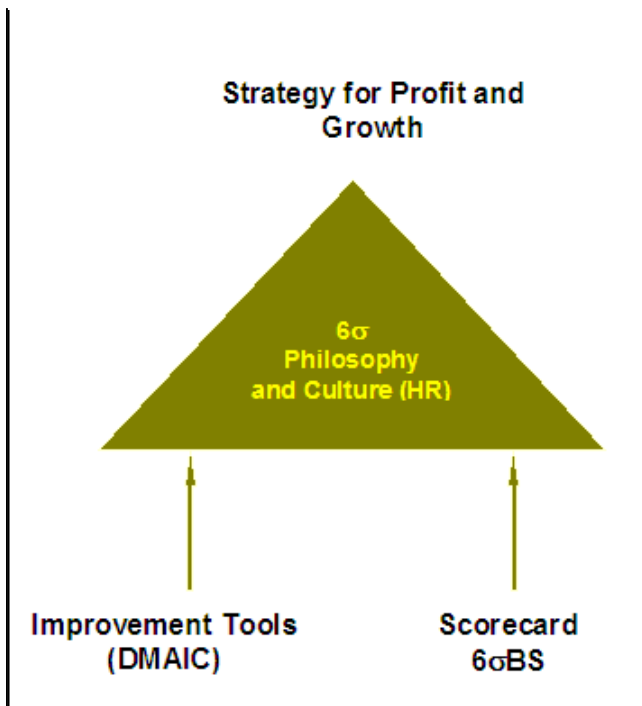
Figure 1. Six Sigma and Human Resources



One must create a process map for HR department to clearly understand HR functions and prepare for implementing Six Sigma. For the critical steps in the HR functions, one can answer the following questions to identify opportunities for improvement that can be exploited by applying the Six Sigma methodology:

- What is the purpose the HR function or sub-function?
- What are the expected deliverables (people, skills, services, value, reports, etc.)?
- What are the measures of goodness of key-deliverables?
- What are the error opportunities for key-deliverables?
- What improvement activities are carried out in the HR function?

Answering the above questions, one can identify output (unit), measures of reliability, and items and elements that can go wrong (opportunities for error). Having identified 'what' to measure, one can establish a baseline for key performance indicators, which may include one or more of the following:



- HR Responsiveness
- Employee involvement
- Idea and innovation for improvement
- HR effectiveness in fulfilling its intended functions

Implementing Six Sigma in HR is no different than applying it in other functions. The key is recognizing gaps or opportunities for improvement by breaking down processes in manageable chunks. The HR function can take the following steps to implement Six Sigma in HR or to facilitate implementation of Six Sigma in the organization:

- Establish a clear and significant role of HR for institutionalizing Six Sigma
- Establish Six Sigma objectives and role in HR
- Seek customer feedback and identify opportunities for improvement

- Establish Six Sigma goals for HR function
- Formulate, prioritize projects and form teams
- Provide Six Sigma Green Belt training
- Implement DMAIC for breakthrough solution.

Examples of Six Sigma projects that companies' HR departments have completed include reduction in overtime, reduction in time and cost to hire an employee, reduction in employee retention or turnover, reduction in safety violations, reduction in cost of employee separation, and HR response to internal inquiries for benefits, payroll, promotion and fairness.

Six Sigma implies dramatic improvement through reengineering or innovation of the HR function. HR involvement in achieving corporate growth and profitability must be defined. The HR role must support leadership and departmental activities, provide feedback, and intellectually ally engage employees in achieving their personal and corporate objectives. Customers expect better, faster and cost-effective solutions. Unless every department performs better, faster and cheaper, the company will be unable to meet customer expectations. HR is no exception to this expectation. It must be set to perform better, faster and more cost-effectively by creating value rather than just rote support of management or training. Creating value could be accomplished through innovative solutions and employee innovation. This is a low-hanging fruit for HR.

About the author

Praveen Gupta, ASQ Fellow, has been associated with Six Sigma since 1986. He completed his first Six Sigma project successfully in 1988. Gupta taught Six Sigma at Motorola University for more than 10 years. Currently, Gupta, president of Quality Technology Co., provides training and consulting services in Six Sigma and business scorecards. He has authored [Six Sigma Business Scorecard](#), a book that has been a Six Sigma best seller. His newest book, [The Six Sigma Performance Handbook](#) is due to be published by McGraw Hill in September 2004.