



The Case for Deploying Lean Six Sigma: A CEO's Perspective

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Agenda

- **Introduction** to the New Zealand Post and our Six Sigma journey.
- **Why** should I deploy Six Sigma?
 - Putting together the Business Case for your organisation
 - Understanding where Six Sigma can impact the bottom line
- **What** does it really do to help me run my business?
- **What** is the role of the CEO?
 - Championing culture change
 - Selection of projects and resources
- **How** do I maintain momentum within the programme?
- **When** should I deploy?



Our Purpose

- For 160 years New Zealand Post has been an essential intermediary in the business and personal activities of New Zealanders.
- We are part of a family of capabilities – in marketing and personal communication, document and information management, the distribution of physical goods and in banking and payments – messages, goods and payments.
- We are committed to enabling our customers to connect with their customers.

Our Purpose:

**We are
people
connecting
people.**

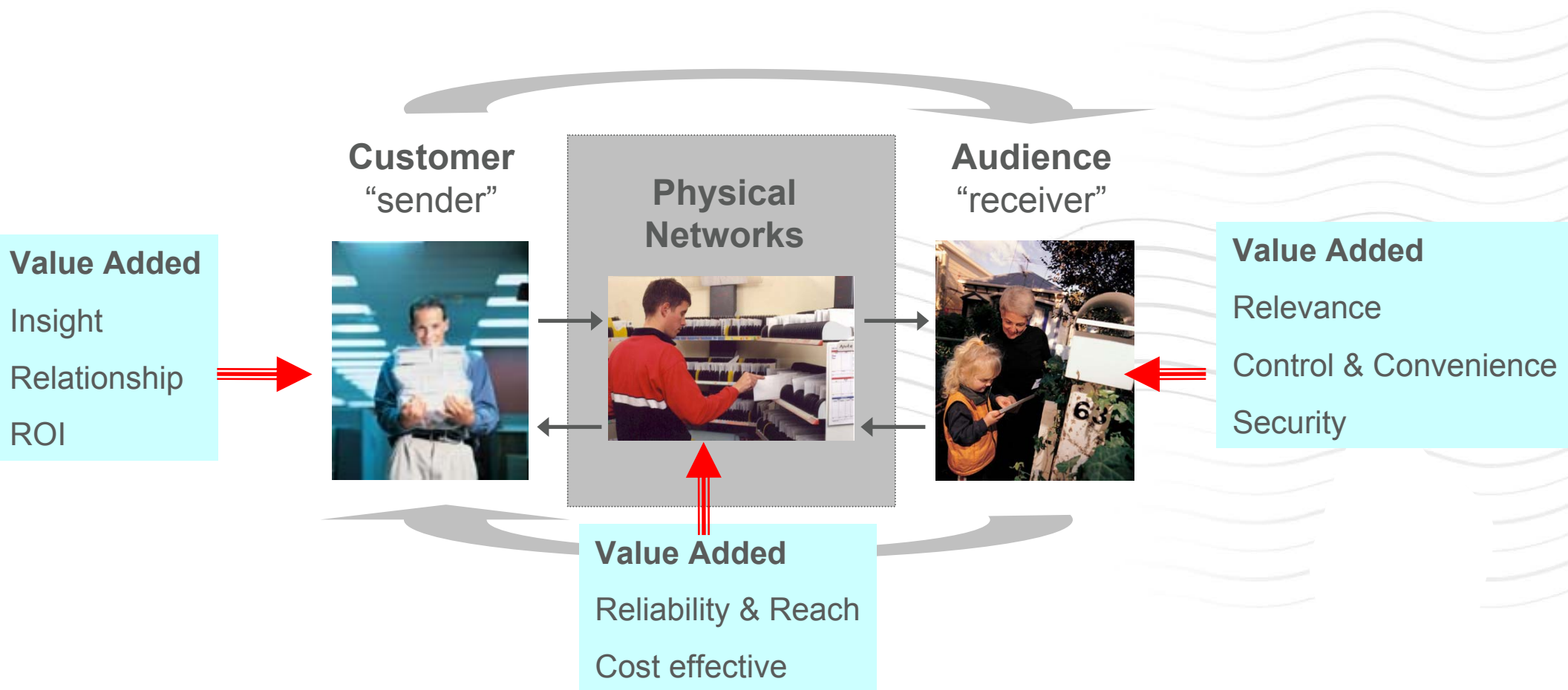
**Helping
New
Zealand
run.**

Our Core Capability

- Our physical networks and human face enables us to connect New Zealand like no other company can.
- We provide services to all sectors of the economy to help connect the nation and the world 24 hours a day, seven days a week.
- We are committed to enabling our customers to connect with their customers.



Defining our Business Scope



Our people – all 6450 of them

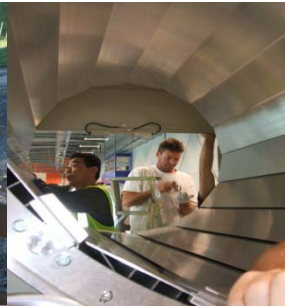
199 Call
Centre reps



540 Rural
Post drivers



2160 Mail Centre
people



580 Managers/
Specialists



2280 Posties



Our customer offerings

Letters (Std & Volume)



Parcels



International Product



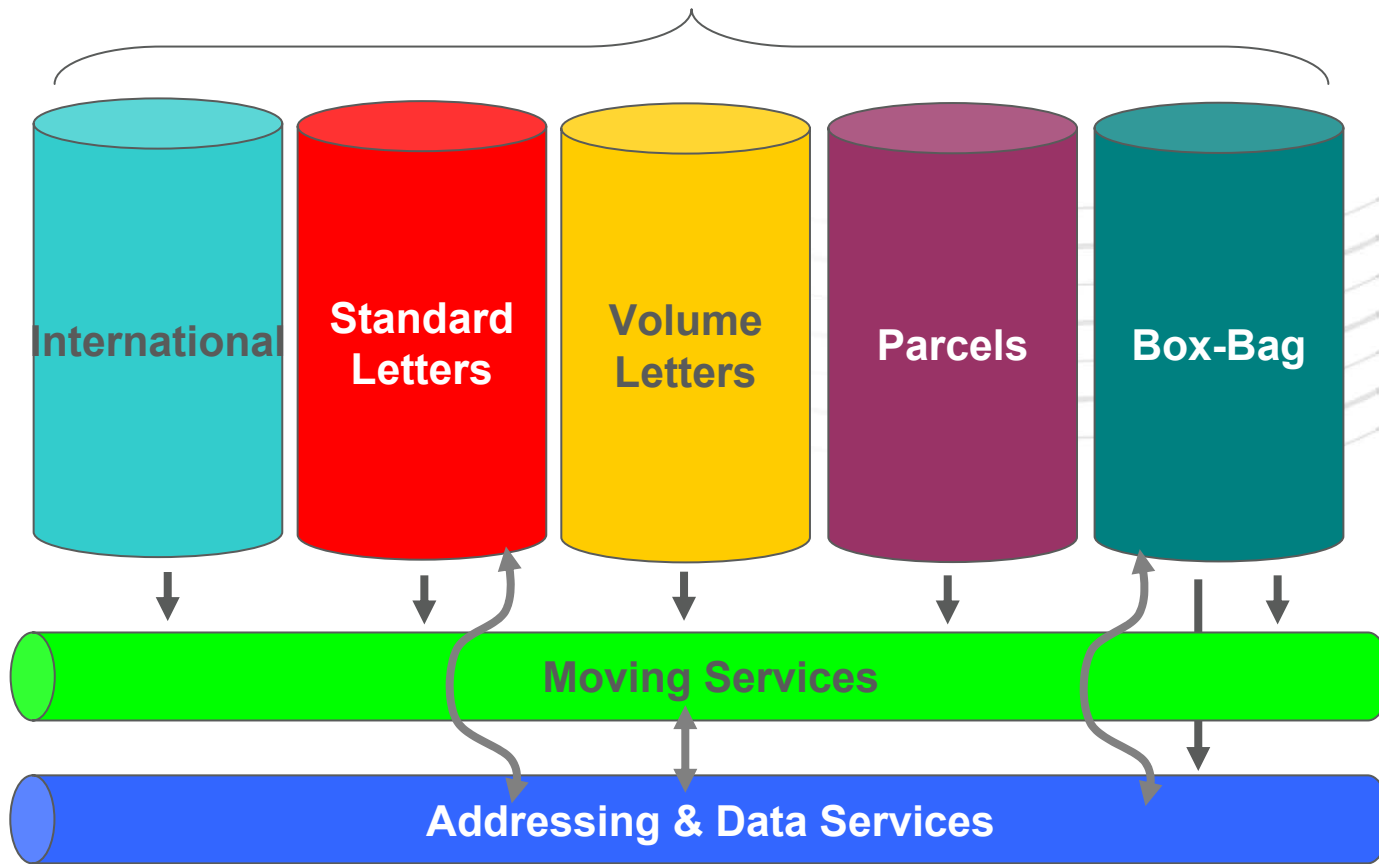
Data services

Box/Bag



How do we focus on Making Money?

Primary Network Businesses / Markets



The Postal Services Leadership Team has discussed and agreed a “line of business” model reflecting where we make our money today...

Secondary
Enhanced
Services

Our revenue – approx. \$NZ650m

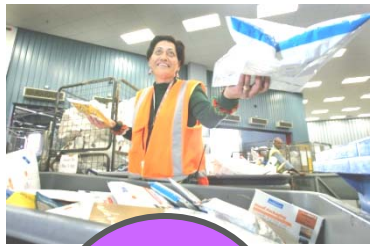
Letters (Std & Volume)



Standard Letters
In decline -3%

Volume Letters
Growth 3.5%

Parcels



Parcels
Growth 15%

International Product



International
Growth 9%

Data services



VAS
Growth 30%

Box/Bag

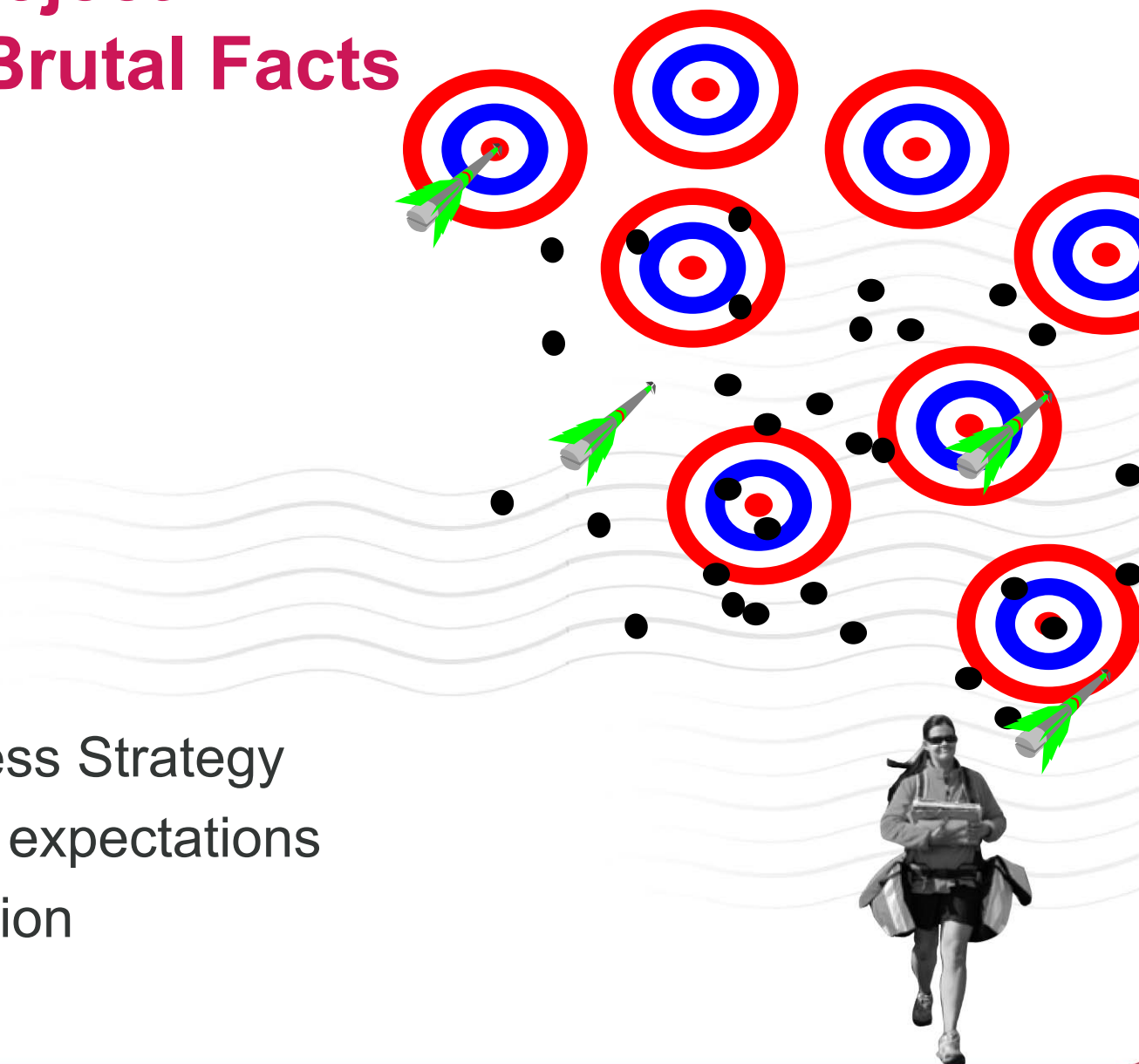


Box/Bag
Growth 3%



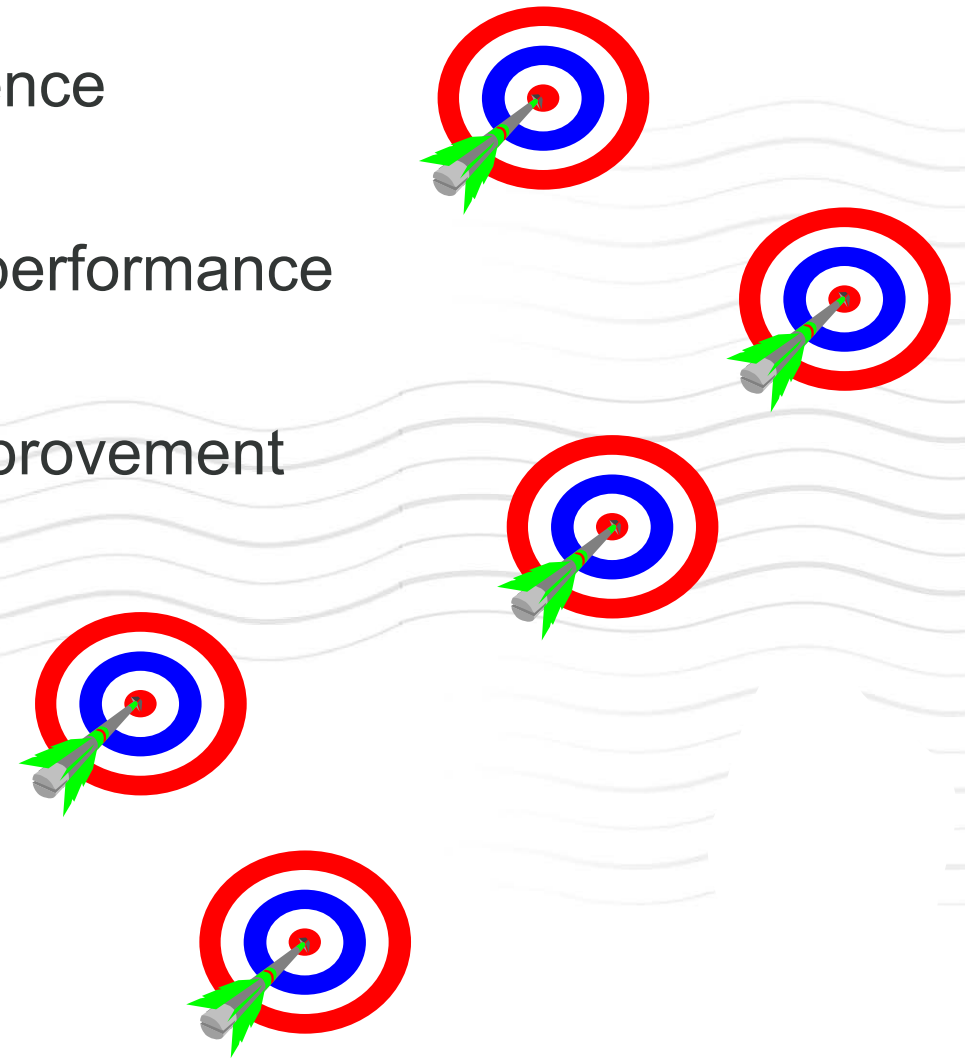
Our approach to Project Management: The Brutal Facts

- **FIRE- AIM - READY**
- Operations led
- Silo based
- Projects
 - Opportunistic
 - Poorly defined
 - No BAU integration
 - Not aligned to Business Strategy
 - Few met time or cost expectations
 - Poor benefits realisation
 - Employee skepticism



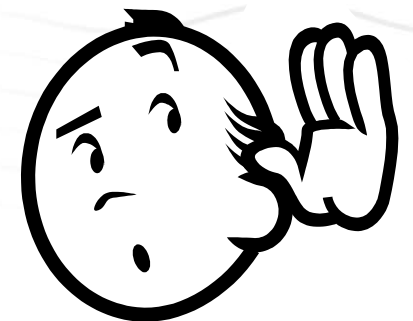
Why introduce Six Sigma? – Key Objectives

- Drive consistent customer experience
- Improve productivity and service performance
- Engage employees in process improvement
- Model leadership behaviours
- Build a capacity for future change



Listening to Customer

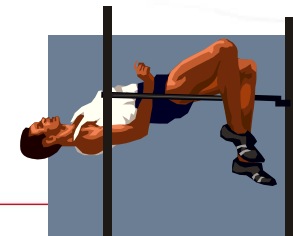
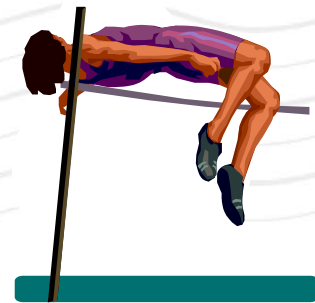
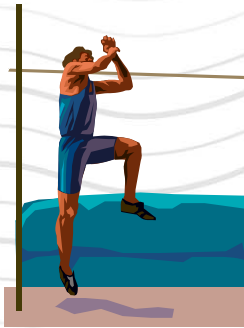
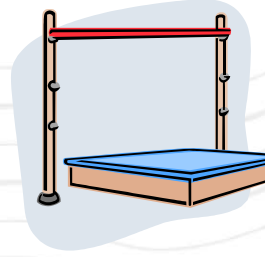
- Structurally disconnected Sales, Marketing Operations
- Operations has the strongest voice
- Plethora of product offerings trying to meet individual needs
- Perceived inaction on specific customer needs
- Rapid escalation of issues by customer



Build Leadership and Capacity for Change



- Getting the right people on the bus
- Developing the right Direction
- Consistent Approach and Framework
- Fact Based Decision making
- Core Skills
 - Technical Skills – Analysis, Project Management
 - Soft Skills – Leadership, Change Management, Facilitation



The Six Sigma Deployment Challenge

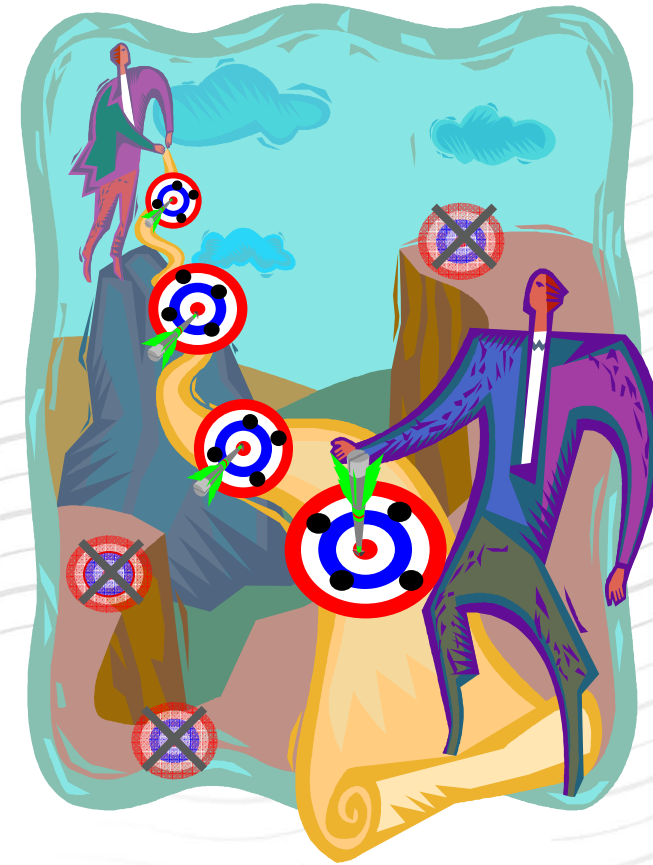
1. CEO Commitment
2. Senior Leadership Buy-in
3. Right Deployment of Master Black Belt
4. Training provider
5. Right people for first training
6. Right pilot projects
7. Black Belts/Project Leaders
8. Changing the Organisational Culture

*Six Sigma is
about Success*



How do I know it's changed?

- Rigorous project selection
- Tollgates
- Stakeholder engagement
- Cross-functional teaming
- Kill projects not delivering
- 5s in all areas
- Growth strategy using Design for Six Sigma
- 250 Green Belts; 25 Black Belts
- \$4m in savings
- 4 International Six Sigma Awards

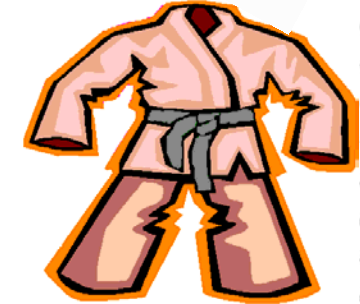


Has the deployment been successful ?

- Personnel Trained
 - All General Managers trained to Green Belt, mandatory 100% achieved
- Trained Resources in demand for project work across the business
- Trained Resources promoted into Leadership / Senior Roles
- Projects Delivered
- \$4m Benefits Realised

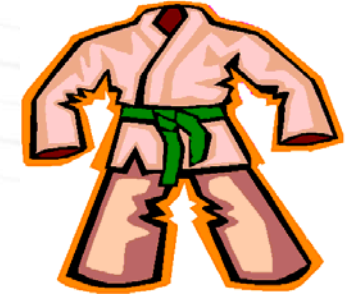


BB Certified - 3



BB Trained - 2

GB Certified - 98

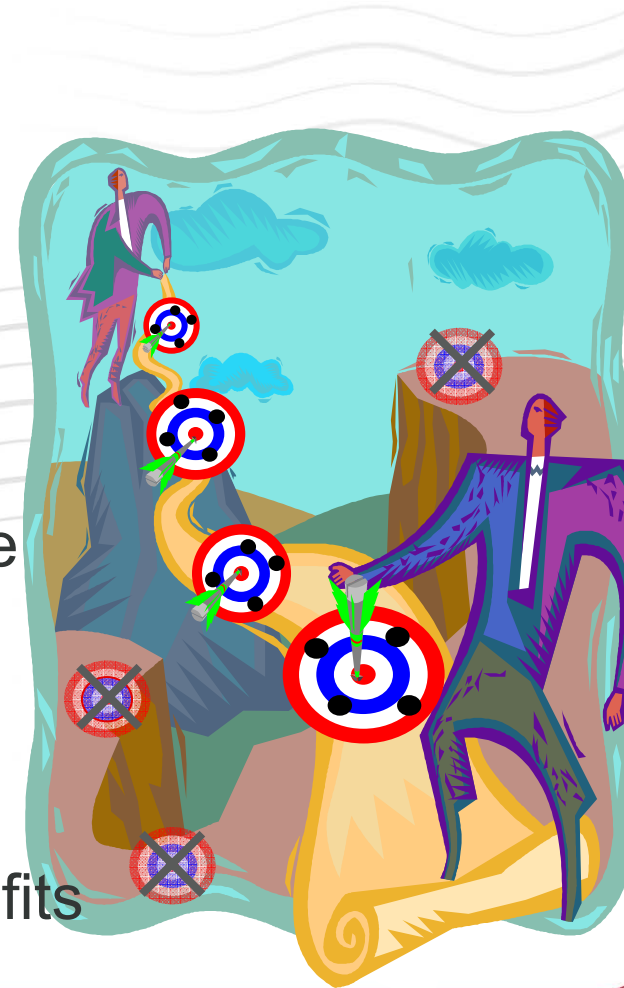


GB Trained - 206

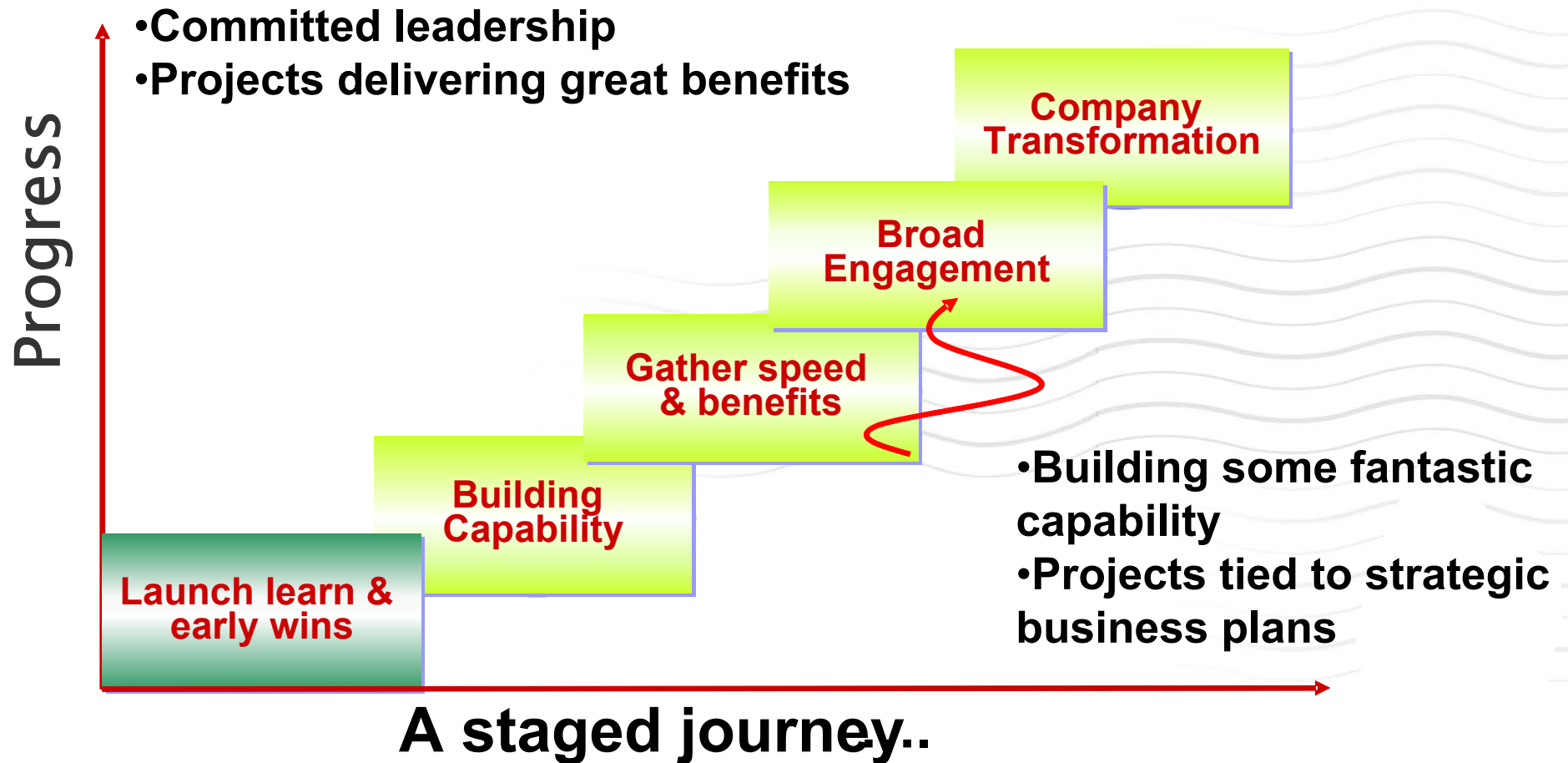
The New Culture

READY – FIRE - AIM philosophy

- Voice of the Customer starts the process
- Exceptional customer experience
- Improved productivity and service performance
- United leadership
- Customer/Marketing led
- Only the right team-based projects, delivering the right benefits on time
- Structured framework
- Data driven change
- Solving business problems and driving real benefits



The Six Sigma Deployment Journey



So why should CEO's deploy Six Sigma?

The Case for Six Sigma

- Put the customer 1st
- Focus on the NEEDS
- Reduce customer complaints
- Change organisational culture
 - Sales, Marketing and Ops alignment
 - Fact based decisions
- Grow sales and customer profitability – get the right people talking to the right customers about the right value proposition
- Reduce operation cost
- Really understanding of VALUE



Where can Six Sigma impact the bottom line of your business?

- COSTS
 - Short term reduction in costs
 - Really understand where money is being spent
 - Hidden factory, skunk works, sandbagging
- REVENUE
 - Really understand what potential there is with each customer
 - How best to serve them now and changes to serve them in the future



WHERE role should the CEO play?

- Championing culture change
- Selection of projects and resources
 - Ensure the leadership team knows all projects being undertaken
 - Stop SKUNK Projects
 - Prioritise projects with Leadership team
 - Ensure strong Sponsorship of Projects
 - Ensure right BB are selected
- Lead by Example
- Walking the Talk
 - Ask for data to back up request for decisions
 - Understand and refer to key metrics on Control Charts
 - Challenge direct reports
 - Direct ALL senior managers onto training



WHAT does it really do to help the business?

- Really aligns business to customer needs
- Promotes strong stakeholder engagement and improved deployment communications
- Enables Sales to have intelligent, value-add conversations with customers
- Provides direct feedback loop to Marketing and Product Managers – good and bad
- Aligns business leaders to a sense of common goal
- Best people work on the most worthwhile challenges
- Delivers results



HOW can I maintain momentum?

- Make the language and techniques part of the Executive DNA
- Drive results into individual personal goals
- Ensure business areas deliver their strategy through Six Sigma projects
- Ensure resource pipeline keeps feeding great resources into the programme and then back out into business
- Celebrate successes



WHEN should I deploy?

- Is the amount of change going on in your business unmanageable?
- Do you want to better understand your customers' wants and needs?
- Do you want a clearly defined value proposition which provides exceptional customer utility?
- Do you want your best people working on those change programs which will deliver the biggest benefits?
- Then the answer is NOW!!





Questions?

