



BUILD INTERNAL CAPABILITY OR HIRE EXTERNAL CONSULTANTS?

Continuous Improvement Strategy



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Introduction

A leading company decided to embark on the path of implementing a Six Sigma program. The program had the right support and visibility to top leadership and the program was officially run by the quality organization and supported by middle and senior business leaders who made up the steering committee. However, since the company didn't have any in-house resources to establish the program, a reputed external consultant was hired to deliver the training and also set aside a few hours to mentor the newly trained belts on their first project. The initial set of projects was chosen and twelve belts were sent to the training class. However, it soon became apparent the belts were not able to deliver on the projects with a few exceptions. For newly trained belts, one of the most important criteria behind successful Six Sigma project completion is the mentoring process. Since the consultant had only a few hours to support each candidate, it did not work out for the twelve projects. Ultimately only two projects got completed and the initiative died a painful death. Would the

company have been more successful in deploying the Six Sigma program if they had focused on building the capacity in-house by hiring external Master Black Belts or Black Belts?

This has been a question that comes up very frequently when businesses and leaders decide to implement a formal continuous improvement program and especially when a decision is made to implement a Six Sigma or Lean methodology based program. In our experience there are no right answers and any organization embarking on a continuous improvement journey needs to assess their current situation and make a decision accordingly.

External Consultants

External consultants can help companies figure out which methodology would be best suited for the business issues, based on corporate direction and overall projects. This would prevent companies from building a Six Sigma infrastructure only to find out leadership wants to see quick improvements that are better driven through Kaizen events using Lean tools, or vice versa. External consultants are also best suited when a company needs quick results or

wants to apply the benefits of say a DMAIC approach to a strategic initiative and do not have in-house capability. In such instances engaging an external consultant is a more prudent approach.

Hiring resources to start the program external consultants also serve a very important role in identifying and vetting that the right resources are selected for a company that is new to the Six Sigma or Lean world. This becomes more

important when the program is driven by a business leader who, it is safe to assume, does have an appreciation of the power of Lean or Six Sigma. Otherwise this leader would not have championed the program at the first place, but he or she might not be knowledgeable enough to ensure he or she is bringing in the right talent to start the program. This is where the consultants with their experience can ensure the candidates that are shortlisted would be able to meet the requirements of the position and the program.

Evaluating consultants: If it makes sense to hire external consultants to start the continuous improvement program, they need to be held to the same performance evaluation measures that an internal business leader or continuous improvement team would be expected to.

A few key questions that need to be answered while doing the performance evaluation of a consultant are listed below.

- Did the consultant understand the business and organization? This cannot be overlooked. Often a consultant without proper industry knowledge or experience may actually kill the enthusiasm of the business leaders to start a continuous improvement program by failing to deliver the expected results.
- Did they avoid confusing jargons? From a change management perspective we have found that keeping it simple usually is the better approach, especially for an organization that has no past history of continuous improvement.
- Did they document the activities? If the end goal of the organization is to build a self-sustaining continuous improvement program, then it is very important to make sure all activities are documented

properly. Another important benefit of this is avoiding legal hassles when it comes to paying for the consultants' efforts.

- Did they involve all staff members as needed? This question becomes extremely important in driving change management. Change acceptance is much higher if people are involved in driving change instead of being told to change.
- Did they produce what they were expected to produce and provide the expected benefits from the program? The author's personal experience shows that in order to generate the full benefit from a consultant engagement when starting a continuous improvement program, it makes sense to set a project completion target for the consultant besides just the training and certification. Of course necessary checks and balances need to be put in place such that the consultant is not penalized if a project fails due to issues beyond the consultant's control.
- Finally, if an organization decides to engage an external consultant to launch their continuous improvement program or even to drive a specific improvement project we would strongly recommend they request past references from the consultant. Unfortunately there is no regulatory body for Six Sigma or Lean certification and in our combined experience in the Lean/ Six Sigma space we have come across quite a few consultants who were not able to deliver upon the promises they made when they took on the consulting engagements.

| Factors | Build Internal Capability | Hire External Resources |
|---|----------------------------------|--------------------------------|
| Resources available or can be hired (Note: External consultants can be engaged to help in ensuring the right resources are hired) | X | |
| Need to start a program quickly (Note: This can be done both ways. If a MBB or Lean Master is recruited, a program can be started internally pretty quickly as well) | X | X |
| Business owners have extremely strong bias (Note: External consultants are treated as neutral and can help address the bias) | | X |
| No dedicated resources with time availability | | X |
| Cross functional resistance | | X |
| Faster ROI (Note: usually external consultants can deliver faster ROI on targeted projects. Ramping up internal capability takes longer unless experienced practitioners are hired) | | X |
| Sustainable program, Continuous Improvement as differentiator | X | |
| Cost cutting | | X |
| Executive visibility to projects (Note: consultants are usually recruited by senior leadership and have direct access to them) | | X |
| Provide training and impart knowledge | X | X |
| Significant change management required (Note: External consultants are considered neutral and also can bring in executive visibility and support for projects) | | X |
| Mentor / coach role for initial deployment (Note: would need highly experienced resources to do this inhouse) | | X |
| Advisor to leadership during roll-out | | X |

Chart: This chart gives a quick comparison between engaging/ hiring external consultants and an internal continuous improvement program.

Building Internal Capability

When an organization decides to implement a full-fledged continuous improvement program across the business with visible senior leader support and commitment, it makes better sense to build the capability internally. This sends the right change message to the entire organization as well and shows the business is serious in devoting budget and resources towards building an internal program. In addition an internal program can also serve as a wonderful tool for reducing unwanted employee attrition. If the program is properly monitored and managed, it

becomes a vehicle for top employees to move up the organizational ladder by getting trained as Green Belts and Black Belts and even potentially as Master Black Belts. Many companies with a well-recognized internal continuous improvement program have not only benefitted in terms of being able to retain their high performers but also have managed to draw top talents from outside. This, in turn, has helped these companies achieve breakthrough results from their continuous improvement program.

Long Range Sustainability and Building Continuous Improvement in the Organization's Culture

As we have discussed earlier, utilizing external consultants might be the right option as an organization is starting to build a continuous improvement program. However, if the end goal of the company is to build a long, lasting improvement culture where every employee is empowered and enthused to contribute, putting in place an internal infrastructure is

extremely important. Where applicable, consultants can help provide the initial success, push, and help in getting the right resources onboard in the immediate term. These resources then should be tasked with building the internal capability and culture.

Continuous Improvement Program Existing

Occasionally, even with a successful continuous improvement program in place, it might be more effective for organizations to hire external consultants. One good example that we have seen is for a company that was trying to

combine Hoshin Kanri with their well established Lean Six Sigma program. Although the company had many Black Belts and a couple of Master Black Belts, they did not have anyone with in-depth knowledge around Hoshin Kanri

deployment. Bringing in an external Hoshin expert actually helped the company realize their goals pretty quickly. Also, it is a good practice to bring in an external consultant at regular intervals. This gives the company an outside perspective, plus the consultant can review the current program status and provide

feedback on how it can be improved by comparing the company's approach and practices with other best in class companies and industries.

Resources Available

In a few large companies we have observed that, for example, two different divisions might have totally different approaches. One division might have a fully staffed and dedicated internal continuous improvement program whereas another division might have a few projects run by external consultants. The biggest fallout of this structure is the lack of

knowledge sharing and replication benefits that the company can otherwise realize with an integrated quality program. This is most likely to happen when there is no single senior leader in the CEO staff who is personally championing or leading the quality or continuous improvement organization.