Advanced 6 Sigma
Control Your Address Processes

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Unanswered Questions

- Where do I start?
- How to assess risk?
- How do I determine what to measure?
- How to develop a process map?
- How to control the new process?

Where Do I Start?

Phase = Define

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Where Do I Start?

- Define the Addressing Problem
  - Do you need to increase your CASS/DPV score?
  - Are you looking to reduce return mail?
- Answering these questions will define your primary financial impact
  - CASS/DPV = Postage Discounts
  - Return Mail = Processing Costs
- How you define the problem will also determine how you gather measurements

Where Do I Start? - What's Up Daily

- Original Charter Goals
  - Correct 50% of undeliverable addresses (2,500 monthly).
  - Establish a process for connecting with lost customers so that payment can be received and future business attained.
  - Use this process to fix on-line ordering addresses, increase direct marketing success
- Measurements were on up-front addressing processes (CASS & NCOA)

Where Do I Start? - What's Up Daily

- Revised Charter Goals
  - Improve 50% of the addresses that do not match CASS
    - Improves quality of addresses and postage discounts
    - Can easily be measured
    - Define CASS or DPV
  - Reduce the wasted costs associated with undeliverable mail by 50%
    - Direct link to financials (paper, envelopes, processing costs)
  - Decrease accounts receivable by 50%
- Each goal is measurable and tied to the process you are trying to fix

Project Charter

Business Case

100,000 invoices are mailed to customers who have ordered newspaper. 5% (5000) invoices are returned as undeliverable. The cost associated with each piece of return mail is significant. There is wasted postage, print & production costs. Return mail is being stored until it can be worked through, so there are inventory and management costs and the cost of lost revenue.

Opportunity Statement

We have the opportunity to reduce return mail, reducing the wasted costs of mailing and production, while decreasing accounts receivable by increasing invoices that are deliverable and eligible for payment.

Goal Statement

- Improve CASS matching rate by 50%.
- Reduce the costs associated with undeliverable mail by 50%.
- Decrease accounts receivables by 50%.

Project Scope

- Pre-Print data processing
  - Start: Records are sent to vendor for address cleansing
  - Stop: Mail Piece is produced and mailed, database is updated
- Out of Scope:
  - Can't change on-line order processing

Project Plan

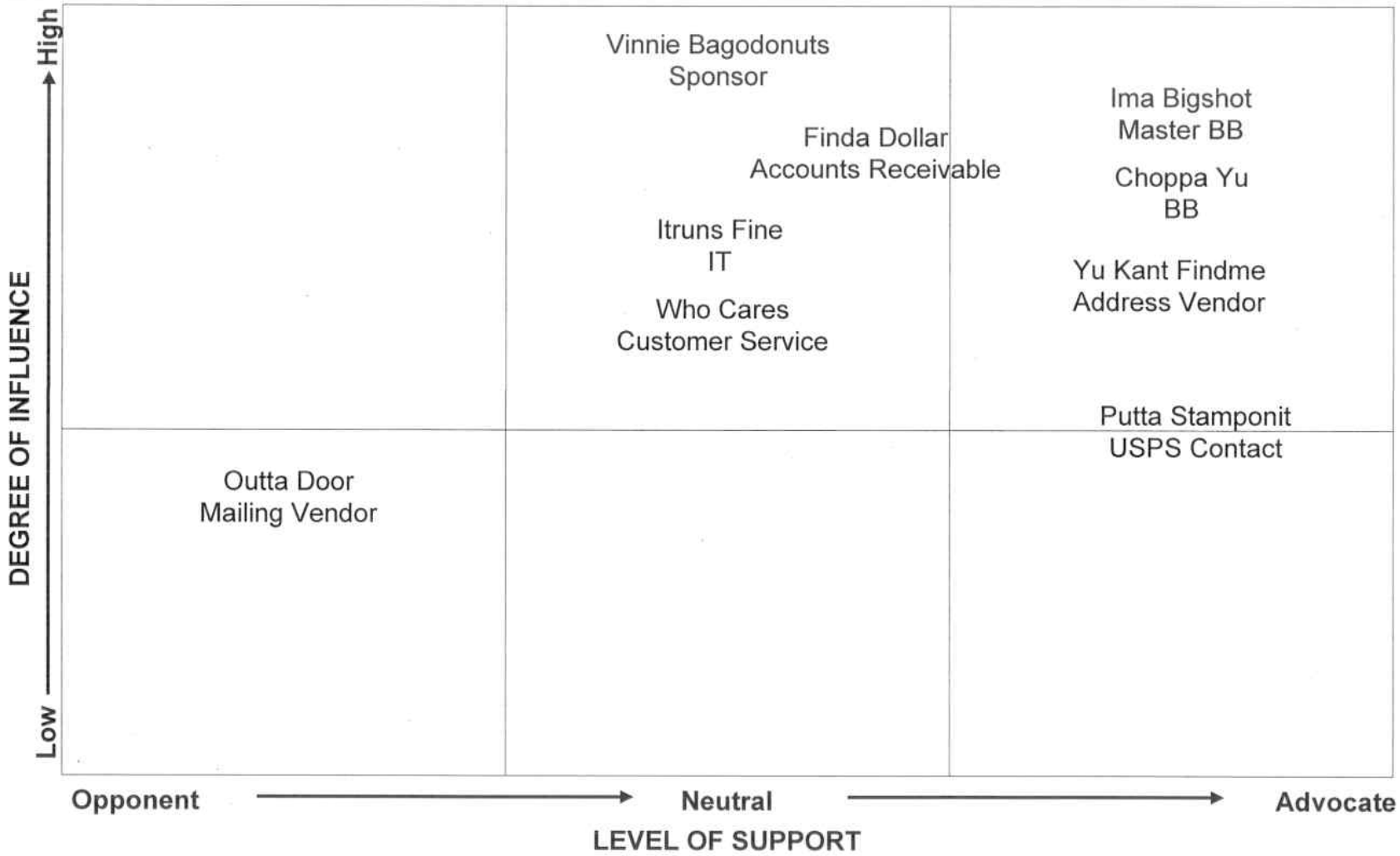
Team Selection

Sponsor
Master Black Belt
Black Belt
Address Vendor
Mailing Vendor
USPS Rep
Customer Service
Acts Receivable

Identifying Key Stakeholders

- Complete the Business Case, Opportunity, Goals & Scope of the Charter
- Now your project needs sponsorship
  - Identify key stakeholders
    - Are they in favor of the project, neutral, or against it?
    - What influence do they have in your organization?
    - If they don't know about it, they are neutral
- Determine what you need in order to communicate
  - Is your charter enough?
  - Do you need financial assumptions?
- Develop a communication plan and Stakeholder Action Plan

Stakeholder Analysis



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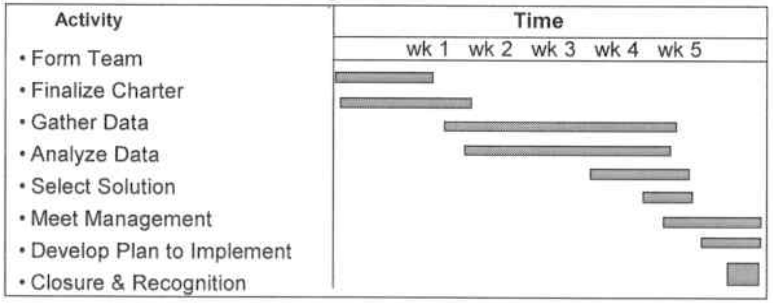

Team Selection

Vinnie Deepockets	Sponsor
Ima Bigshot	Master Black Belt
Choppa Yu	Black Belt
Yu Kant Findme	Address Vendor
Outta Door	Mailing Vendor
Putta Stamponit	USPS Rep
Who Cares	Customer Service
Find DaDollar	Acts Receivable

How To Assess Risk?

Phase = Define Measure & Analyze

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Risk Categories

- Stakeholder Risk
- Regulatory Risk
- Operational Risk
- Technology Risk
- External Risk
- Project Management Risk
- Reputation Risk

Risk Mitigation

- Identify Risk Project Risks
- Assess the impact of each Risk
- Assess the probability of each occurrence.
- Calculate the risk score.
- Develop a mitigation plan for each significant risk item.

FMEA - Failure Mode and Effect Analysis

Process Step/ Function Requirements	Potential Failure Mode	Potential Effect(s) of Failure	Severity	Potential / Cause(s) / Mechanism(s) of Failure	Occurrence	Current Process Controls Inspection Prevention Detection	Detection	RPN	What is the Recommended Action(s) to mitigate the risk	Who is Responsible for Action (s)	Actions Taken	Sev

How To Develop A Process Map?

Phase = Define or Measure

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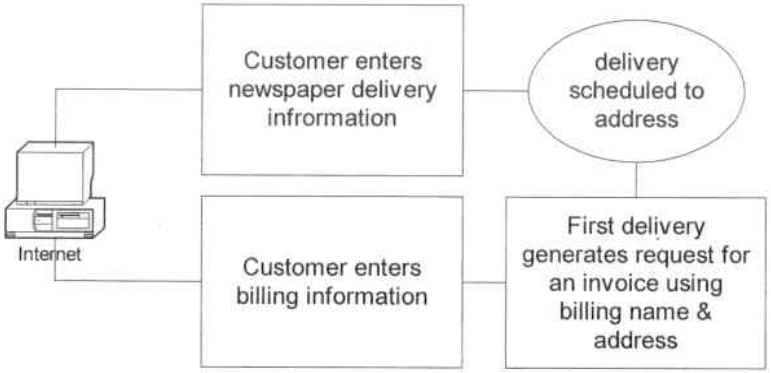
How to Develop a Process Map?

- Everything is a Process!
- Define the start and end of your process
  - Look at your Charter
  - Defining the process helps control the scope
    - Make sure that you control the process that you want to change
  - Examples:
    - Addressing process starts at data entry
    - Addressing process starts with Marketing
- Identify Sub-Processes
  - What does your process influence?
  - What influences your process?

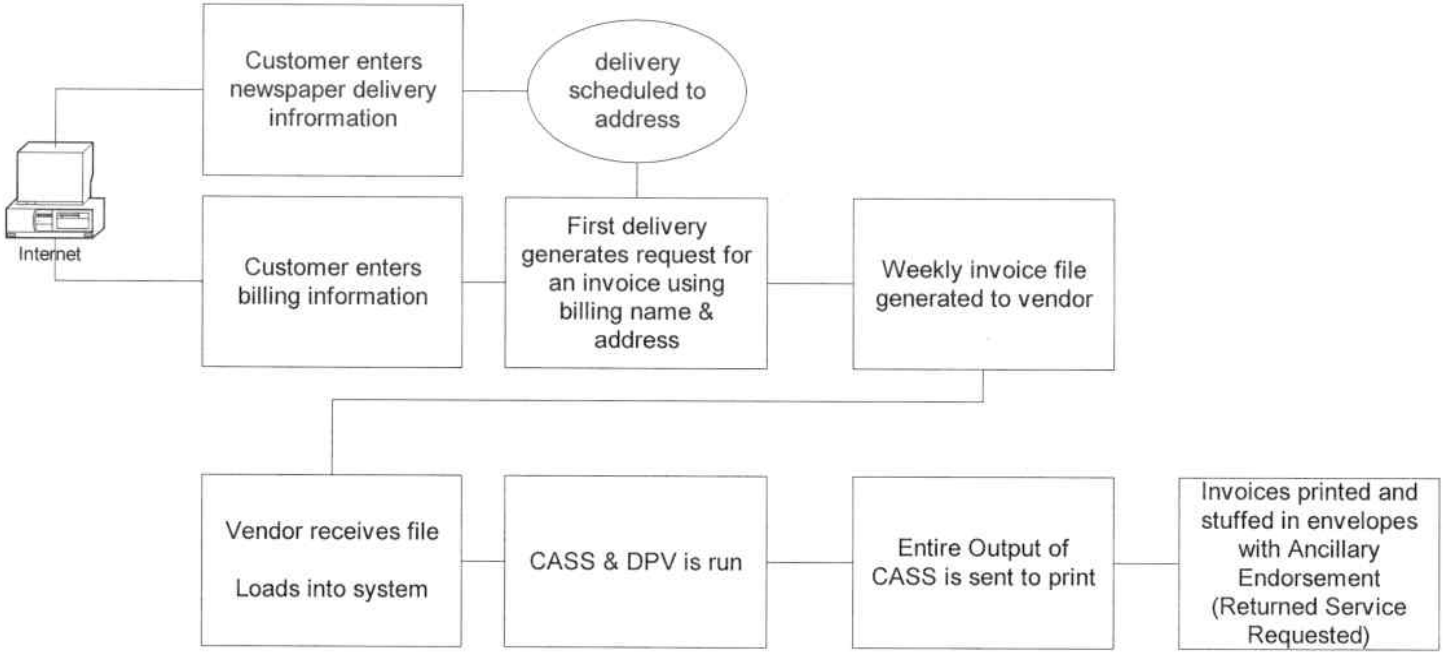
How to Develop a Process Map?

- You will need to interview Process Experts in your company!
  - Do you need a measurement plan prior to interviewing?
- Start by defining functional areas of the process map
  - Data Entry
  - Mail Production
  - USPS Delivery
  - Return Mail Process

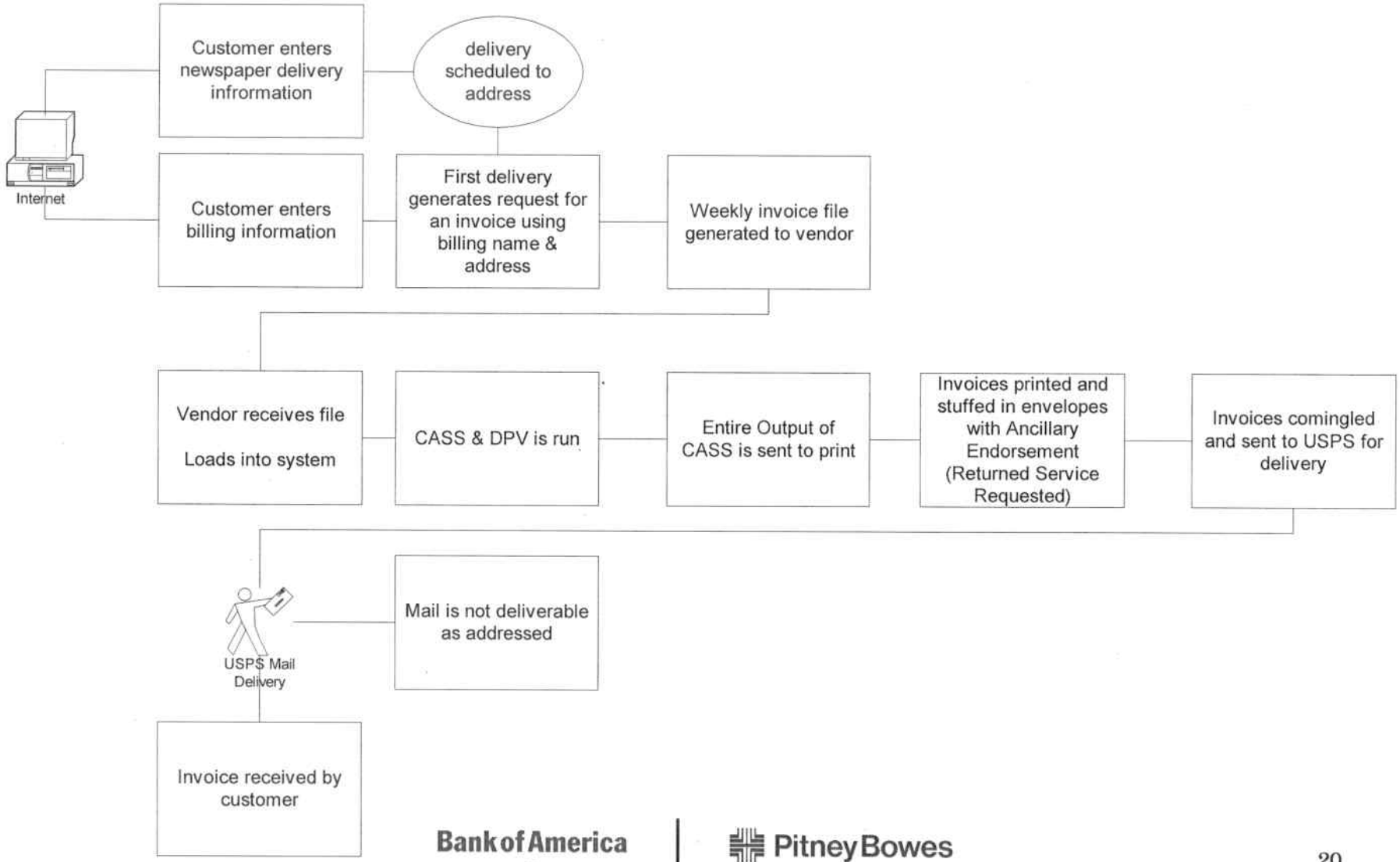
Understand Your Process - Data Entry



Understand Your Process - Mail Production



Understand Your Process – USPS Delivery



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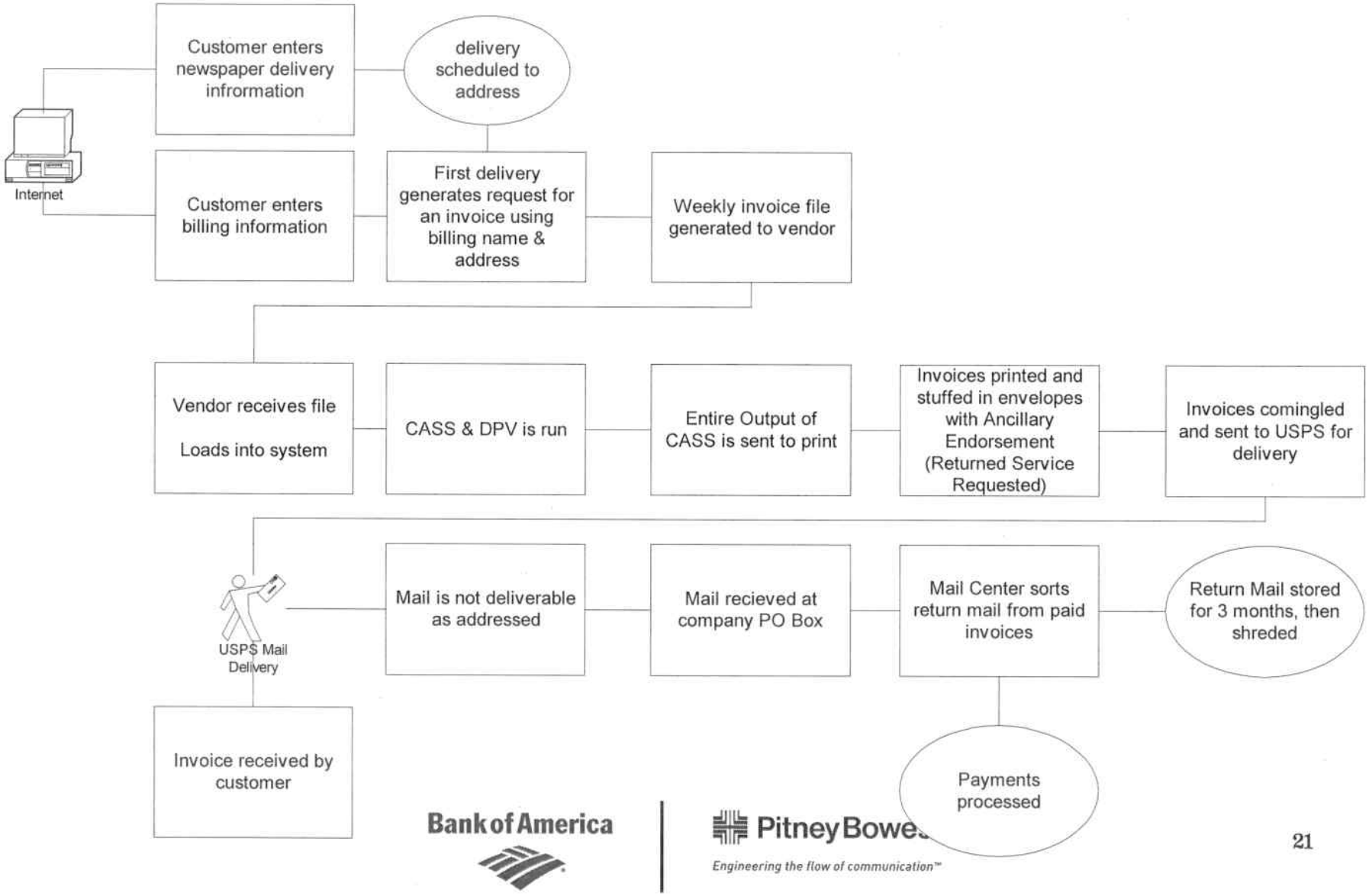
Understand Your Process – Return Mail Process



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How Do I Determine What to Measure?

Phase = Measure

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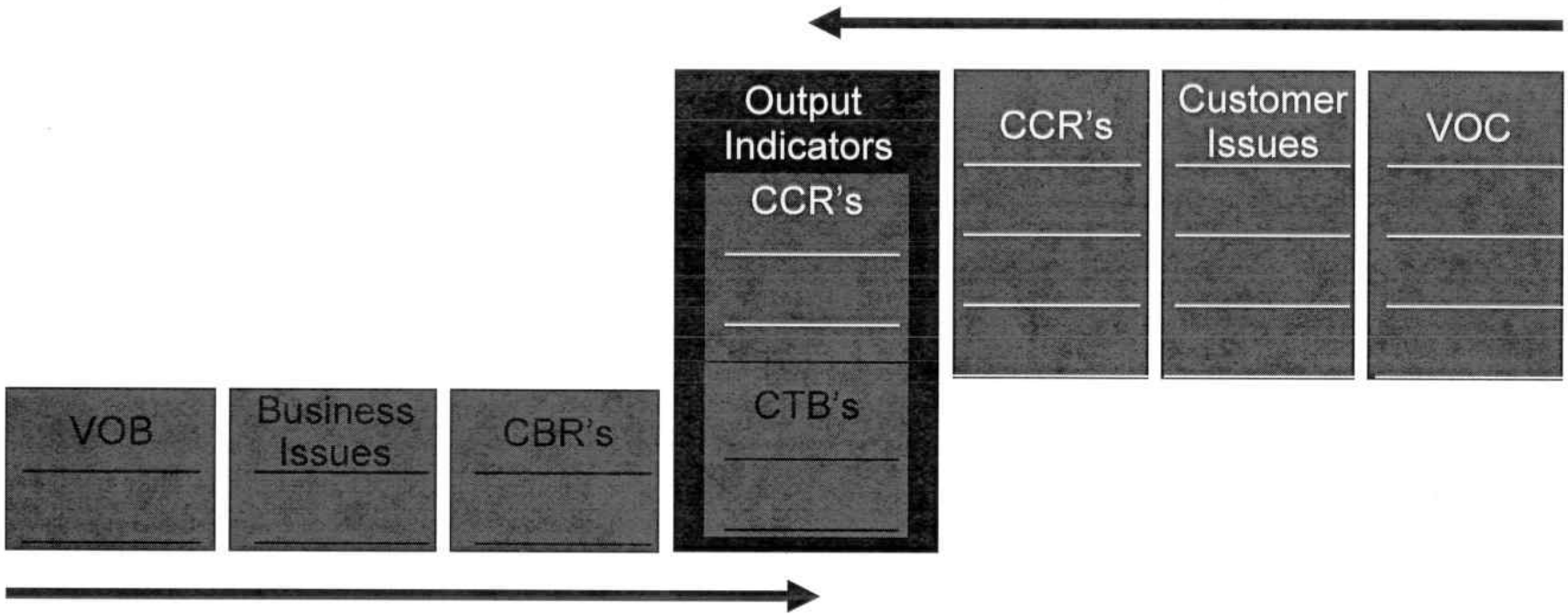
How Do I Determine What to Measure?

- Start with the Voice of the Customer
  - Quality is determined by the business's ability to meet and exceed customer expectations
- Output Measures
  - Focus on performance of the business and measures associated with the delivery of services and products to customers.
    - Examples: # of calls/hour taken by each service rep, 2nd year customer retention figures, Total # of meals delivered, % customer complaints
- Process Measures
  - The effectiveness, efficiency and quality of the production processes – activities used to convert inputs into customer-satisfying outputs.
    - Examples: Availability of service personnel, Time requires to perform credit review, # of qualified applicants, Total cost of service delivery, Total overtime hours
- Input Measures
  - Evaluates the degree to which the inputs to a process, provided by suppliers, are consistent with what the process needs.
    - Examples: # of customer inquiries, Type of customer inquiries, # of orders, # of positions open, Type of position open, Accuracy of the credit analysis

Where Does the VOC Meet the VOB?

VOC— Voice of the Customer
CCR— Critical Customer Requirements



VOB— Voice of the Business
CBR— Critical Business Requirements
CTB— Critical to the Business

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When developing a measurement plan, ensure the data is meaningful, valid and collected concurrently.

- What precise data will be collected?
  - Performance measurement?
  - Causes of process deficiencies?
- Do we analyze all relevant data or a sample?
  - What is the right sample size?
  - What is the right frequency?
  - What will be the sample selection method?
- What tools are necessary?
  - What formats will be used?
  - What logs will be kept?
  - Do we need a computer?
- What logistical issues are relevant?
  - Who will collect data?
  - Where is the data located?
  - When will it be collected?
  - What additional assistance is required?
- What do you want to do with the data?
  - Use daily, weekly, etc.
  - Identify trends in the process data
  - Identify deficiencies in the process
  - Demonstrate current process performance
  - Identify variation in a process
  - Identify a cause-and-effect relationship

Measurement Plan

Performance Measure	Operational Definition	Data Source and Location	Sample Size	Who Will Collect the Data	When Will Data be Collected	How Will Data be Collected	Other Data That Should be Collected at the Same Time
CASS Results	Gather the weekly CASS matches Include corrected addresses	Weekly CASS report from vendor	Total Population	Carrie Carlson Black Belt	Today Going back 3 months	Reviewing CASS report with Subject Matter Expert	NCOA results, DPV & LACS results. CASS errors

How will data be used?	How will data be displayed?
▪ Identification of the Largest Contributors ▪ Identifying of Data is Normally Distributed ▪ Identifying Sigma Level and Variation ▪ Root Cause Analysis ▪ Correlation Analysis	▪ Histogram ▪ Control Chart

Data collection is a balance between time, money, and accuracy (getting the data you need).

How To Control the New Process?

Phase = Control

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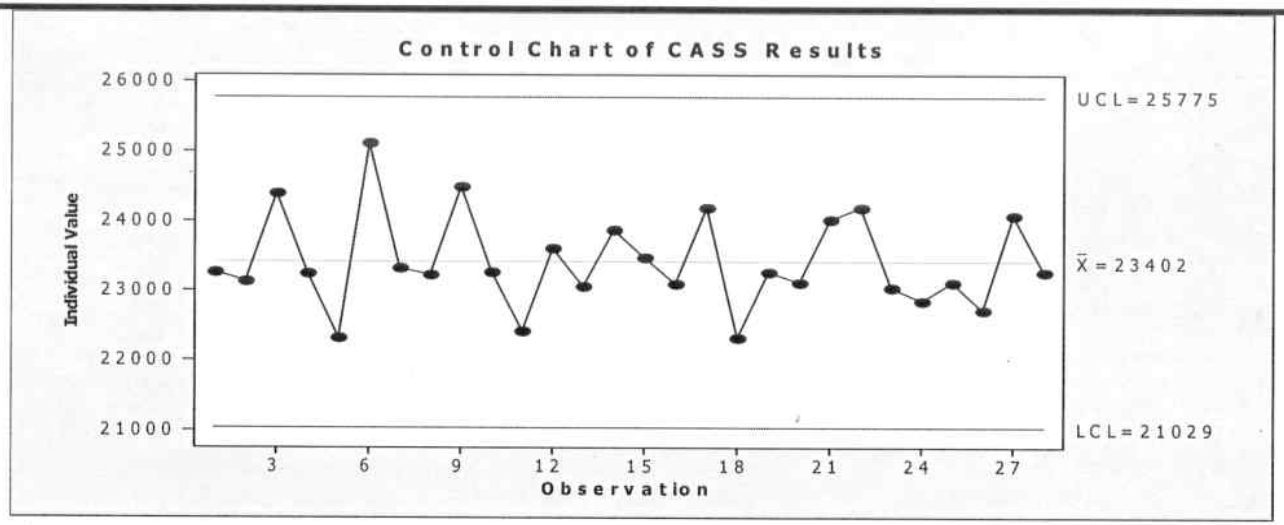
Controlling the Process

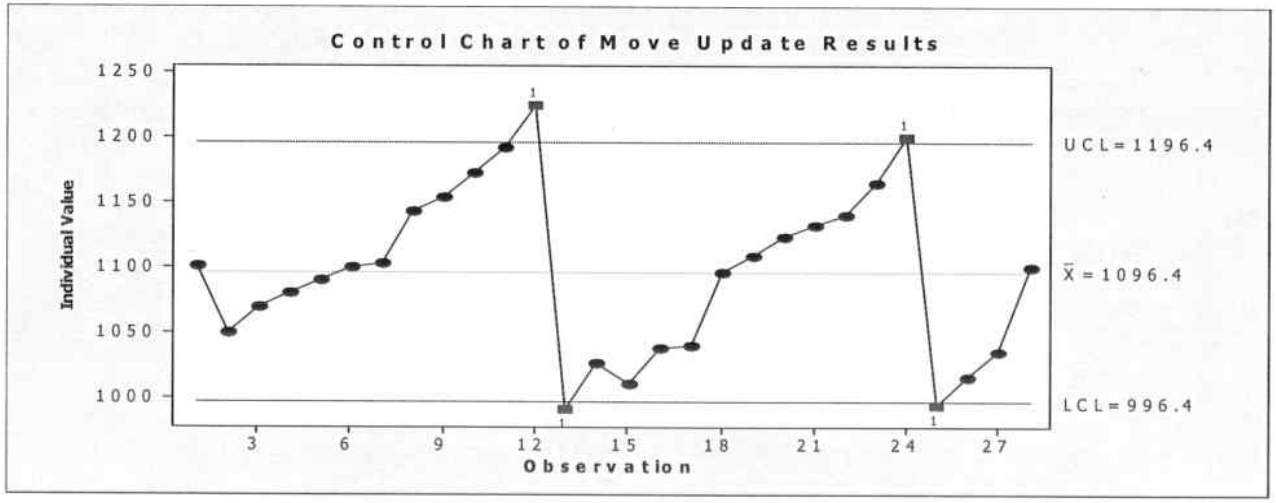
- Process Owner "owns" the solution and the Control Plan.
- The solution and Control Plan become "business as usual."
- The handoff to the Process Owner should occur as a formal part of the process in completing the project.
- Training for the solution and the Control Plan is delivered.

Control Plan

- Institutionalizes the improvements.
- Defines what needs to happen for the process to operate consistently on target with minimum variation.
- Defines the key training needs for the daily operation and management of the process.
- Control plan must be reviewed and updated regularly.

Control Chart





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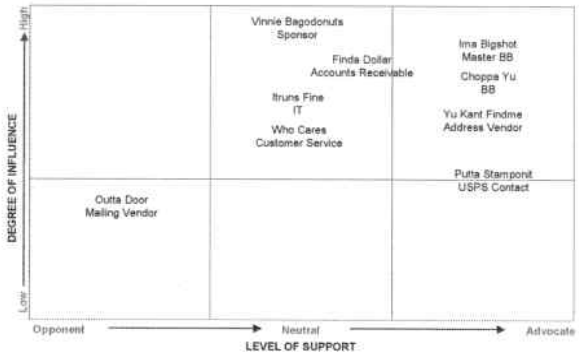
Six Sigma Summary

- Charter
- Stakeholder Analysis
- FMEA (Failure Modes Effects Analysis)
- Process Maps
- VOC to CCR Translation
- Measurement Plan
- Control Charts

Stakeholder Analysis



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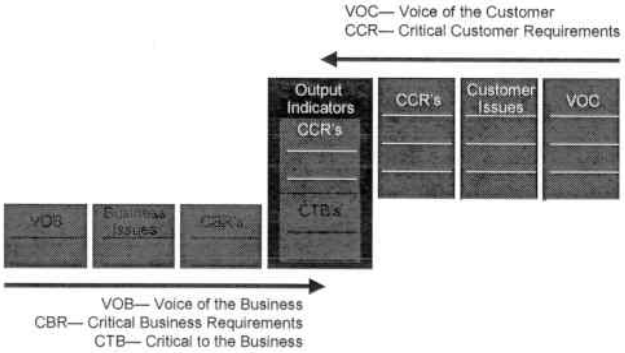

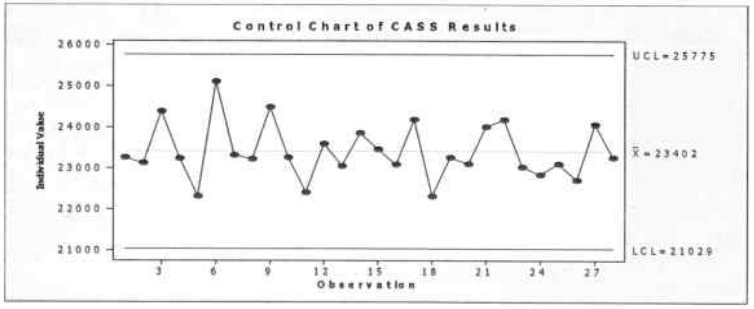

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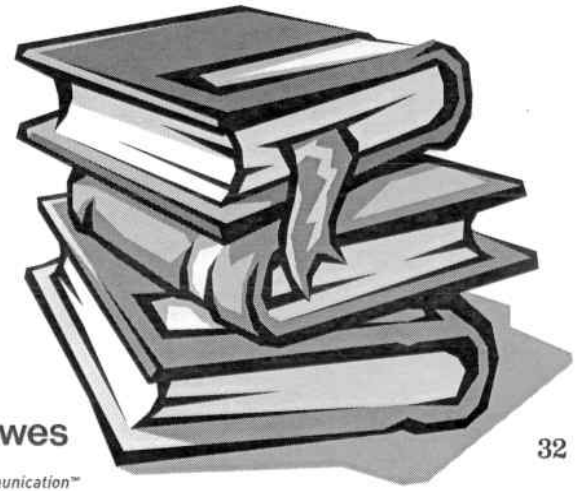
More Information?

Books

- The 6 Sigma Way - Pande & Neuman
- Strategic 6 Sigma - Blakeslee & Smith

Resources

- Bank of America
- Pitney Bowes
- USPS



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Questions

True/False

Question 1

- It will be necessary to justify the return on investment for your address quality project?

Question 2

DMAIC means Define, Measure, Analyze, Improve, and Control?

Question 3

It is necessary to use all the 6 Sigma tools to finish your project?

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