

**Editor's note:** This department features Six Sigma related content excerpted from the annual reports and other communications produced by a variety of the world's most successful companies.



*William S.  
Stavropoulos,  
chairman and CEO*

EXCERPTED FROM DOW ANNUAL  
REPORTS AND OTHER SOURCES

**FEATURED COMPANY:**

# Dow Chemical Co.

**From U.S. Department of Energy Case Study at [www.oit.doe.gov/showcasetexas/pdfs/casestudies/cs\\_dow\\_sixsigma.pdf](http://www.oit.doe.gov/showcasetexas/pdfs/casestudies/cs_dow_sixsigma.pdf):** A trial of Six Sigma in two of Dow's global businesses convinced management the value proposition was well worth the effort, and in September 1999 the company launched a corporatewide program to incorporate the Six Sigma methodology into all of its business and functions. ...At the close of 2002, Dow achieved its \$1.5 billion cumulative financial goal—a full year ahead of schedule.

**From Dow's 2002 annual report:** The measures we are pursuing in 2003 include shifting our successful Six Sigma methodology to cost reduction projects that have an immediate, positive impact on earnings, rather than longer-term revenue increasing projects. ...Using Six Sigma methodology, Dow worked with a rail carrier to reduce delivery time from 4.4 to 1.1 days. Six months after implementation, Dow has already reduced its inventory by an estimated \$1.7 million.

**From Dow's 2003 annual report:** Application of Six Sigma's proven approach to efficiency remains an essential part of the way we operate, helping to deliver productivity gains as well as adding other, sometimes surprising, contributions to our bottom line. ...At one of our major plastics manufacturing facilities, a recent Six Sigma project allowed us to significantly upgrade the production process without investing any capital dollars—a

major accomplishment that will deliver approximately \$10 million in annual savings.

**From "Six Sigma in Sight" by Linda Heuring, *HR Magazine*, March 2004, [www.shrm.org/hrmagazine/articles/0304/0304heuring.asp](http://www.shrm.org/hrmagazine/articles/0304/0304heuring.asp):** Once Dow decided to embrace Six Sigma, HR created a curriculum design team, which developed courses specifically on Six Sigma as well as segments on conflict resolution and conflict management to better prepare the selected employees for their new roles in leading and coaching teams through projects... Many of Dow's key HR slots now require Black Belt (BB) certification. ...In addition to creating the training and leading the cultural change, HR leaders are using Six Sigma to improve customer satisfaction and reduce costs in everyday HR functions... Applying Six Sigma to HR is really no different than applying it anywhere else in the organization.

**From *Chemical Market Reporter*, Sept. 9, 2002, [http://articles.findarticles.com/p/articles/mi\\_m0FVP/is\\_8\\_262/ai\\_91751143](http://articles.findarticles.com/p/articles/mi_m0FVP/is_8_262/ai_91751143):** While the BBs work on their first project, they are trained and coached by master BBs in four weeks of intense training spread over four months. Key competencies in project management, data measurement and analysis, statistics, root cause validation, hypothesis testing, simulation and change management are taught and practiced. **Q**