

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.



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FEATURED COMPANY:

Johnson Controls

SIX SIGMA: MORE THAN JUST A COST SAVINGS

Six Sigma at Johnson Controls, 2005, www.johnsoncontrols.com/corp/six_sigma: Johnson Controls embraced Six Sigma in 2000 as another step toward fulfilling our mission: To exceed our customers' increasing expectations. It is now an integral part of our culture of continuous quality improvement. Johnson Controls has deployed Six Sigma worldwide and has trained more than 2,000 people in its techniques. It is an integral part of the way we do business and key to delivering the quality products and services our customers demand.

***green@work* magazine, May/June 2004:** We always had what we call standard business or operating practices—our customers expect us to act and behave in the same fashion wherever we are in the world. If we make an improvement in one place, we can improve everywhere. Six Sigma gave us the methodology, the analytical ability and the process to take this to another notch—to drive waste and cost out, improve our operating processes and the robustness of the products we take to market.

Johnson Controls Six Sigma white paper, 2004: The controls business of Johnson Controls Inc. began its Six Sigma journey in early 2000 and completed 159 process improvement projects that were led by 115 Black Belts and achieved \$22 mil-

lion in savings. Six Sigma produced more than a 30% improvement in warranty costs, customer returns and areas relative to inventory management at locations around the world. Six Sigma also contributed to a nearly 6% improvement in customer satisfaction due to improvements in product reliability and customer processes such as ordering and billing. By the end of 2003, the controls business of Johnson Controls had documented more than \$50 million in cumulative Six Sigma savings.

Six Sigma is more than just cost savings as it also frees up personnel capacity, which allows a health-care provider to do more with its existing staff, such as add patient services, increase community affairs and develop outreach programs. Six Sigma also improves customer (stakeholder) satisfaction, which can result in benefits such as more referrals, higher patient and physician loyalty and improved staff productivity.

From Johnson Controls 2004 Annual Report: While Six Sigma projects have generated more than \$1 billion in cumulative savings, the value of the initiative is much greater. Six Sigma drives our quality and our execution so we can continue to differentiate ourselves and find additional ways to grow. 