

Internet & Technology

Start-Up's Software Manages Six Sigma

Firms Discover A Need

Gaining in workplace, management technique gives rise to new niche

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Six Sigma may sound like fraternity-speak, but it's no such thing for Cooper Cameron Corp. — though it has put the firm through something of a hazing.

The term Six Sigma refers to a popular technique for streamlining business tasks. It aims to do things faster, while boosting quality and saving money. Popularized by General Electric Co.'s Jack Welch, the concept is embraced by a lot of CEOs.

Houston-based Cooper Cameron relies on Six Sigma to return an



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extra 1.5% of revenue yearly. But bringing the oil and gas equipment maker in line with Six

Sigma is a daunting task. The company is sprawling, with 40% of sales coming from overseas operations. And it has plenty of other improvement projects going on.

“In the division I'm responsible for we currently have over 120 projects open right now as we speak, so it's hard to manage,” said Don Wood, program director in the Cooper Compression unit. It's one of three doing Six Sigma projects.

With so much going on, managers had a hard time keeping track of their Six Sigma progress with their usual spreadsheets. They needed software designed specially to handle Six Sigma. So the company turned to Instantis Inc., a privately held firm in Sunnyvale, Calif.

Instantis began selling Six Sigma management software after noticing how many firms were trying homegrown approaches.

Big companies, such as DuPont, have spent years developing their own Six Sigma information technology, notes Instantis Chief Executive Prasad Raje.

“The head of Six Sigma at DuPont has said Six Sigma is so widespread at the company, it is the second most widely used IT application,” he said. “Second only to e-mail.”

Instantis figured it could get into a new niche early by selling Six Sigma software and providing it as a hosted service. That means

the software stays on Instantis' computers, and customers access it via the Internet.

Raje likens the Six Sigma process to the sales management process. Dedicated software is needed in both cases, he says, especially as the number of team members and projects grows.

“The practitioners of Six Sigma need to manage their projects and track them through well-defined phases,” he said. “And there's the reporting and roll-up function, where progress and financial benefits are tracked and reported at an executive level.”

Along with Cooper Cameron, San Francisco medical firm McKesson Corp. uses the Instantis software.

Cooper Cameron first began using the Six Sigma approach in 2000. It's helped cut the number of engineering hours needed on a project by improving communication. The firm has 65 managers who serve as Six Sigma “black belts.” Each may have three or so projects under way.

But getting status reports for a whole company division was tough before Instantis, Wood says.

“If I tried to do research on a project,” he said. “The information I wanted was often unavailable.”

Databases held information about projects under way, but sometimes fields were missing. Wood could run monthly reports, but a lot of effort was needed just to get a snapshot of how Six

Sigma was working.

Cooper Cameron is moving its old ways of tracking Six Sigma onto the new software platform. It's about three weeks into the process.

“Now I can start visualizing strategically who's running behind and who's ahead,” Wood said. “We have it color-coded — red, yellow and green. So I know to whom I need to allocate more resources or tools.”

At any stage, the software can display the tasks and roles assigned to Six Sigma project team members. “A project comes up (on screen) with the number of steps that need to be done in the process of taking it to completion,” said Shekar Ayyar, vice president of business development at Instantis.

Wood says the software lets him look at progress reports daily instead of monthly, and it's easy to schedule alert e-mails about any missed milestones. Users can access the Six Sigma software via their laptops and desktop computers.

Cooper Cameron officials says they're not sure how much money the software will save them. But it is freeing up staff to work on other tasks, Wood says.

That's key since the company is rolling out a large resource planning system next month. “I'm not truly expecting in the short run to see dollar savings based on their product,” Wood said. “What I am expecting is time improvement.”