

## SIX SIGMA Implementation in FORD MOTOR COMPANY



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Ford Motor Company is an American Multinational automaker. It has introduced revolutionary products and used Total Quality Management to achieve its vision of "Quality Is Job 1".

According to JD Power and Associates (JDPA), Ford Motor Company was ranked seventh in terms of quality among the leading automobile manufacturers in the world in 2001.

In 2003, the results of Initial quality Study by JDPA, revealed fourth position of Ford which was a remarkable improvement over this two-year period. Analysts felt that the improvement was the result of a series of quality initiatives which Ford had taken since late 1999, important among which was the **Six Sigma**.

### Carrying Out the Six Sigma Approach

To actualize the vision of becoming a consumer products company, Ford Motor Company implemented Six Sigma in late 1990s with the *twin goals of enhancing vehicle quality and improving the level of customer satisfaction*. The initiative was called '**Consumer-driven Six Sigma**'.

Ford was the *first major automobile company* in the world to adopt the Six Sigma initiative in a big way.

Ford found that there existed about 20,000 opportunities for defects in manufacturing a car. Through **Six Sigma**, the company aimed at reducing the defect rate to just one defect for every 14.8 vehicles and thereby enhances customer satisfaction.

## ***Reasons due to which Six Sigma was adopted in Ford Motor Company***

1. *Cost Reduction*
2. *Quality Improvement*
3. *Improve Customer Satisfaction*
4. *Reduce solvent consumption to lower the environment impact*

## **Roadblocks in Implementing Six Sigma**

1. *Commitment of the human resources* proved to be a major difficulty and cause of concern. For Ford to send its top-level management, senior managers and top 350 leaders through weeks of training was challenging due to *time constraint* and *skeptical approach of employees*.
2. The *issues of time, money and productivity* made training of employees difficult and challenging.
3. Other major roadblock was *to obtain the necessary data* to complete the Six Sigma Project. Ford did not have infrastructure to fully run the Six Sigma Initiative. Six Sigma requires a lot of data and internal measures and Ford had to create measurement systems.

## **BENEFITS TO FORD MOTOR COMPANY DUE TO SIX SIGMA IMPLEMENTATION**

1. In Ford Motor Company, Six-Sigma data-driven problem-solving process has globally *eliminated more than \$2.19 billion in waste* since 2001.
2. According to 2003 Annual Report, the quality improvement and waste elimination methodology, has had an increasingly dramatic impact on the operation of the enterprise. Since the inception of Customer Driven Six Sigma, Ford has *completed more than 9,500 projects savings \$1.7 billion worldwide, including \$731 million in 2003*.
3. As per 2002 Annual Report, Six Sigma projects have *saved* Ford Motor Company *\$675 million* worldwide since its implementation in 2000.
4. According to company's internal customer satisfaction survey, *customer satisfaction has increased to five percentage points*.

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