Make, Buy or Rent Your Lean Six Sigma Resources

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While this topic has been lightly treated in other articles, I believe that it is important enough to delve a little deeper into the decision making that should be done when evaluating which approach should your organization take.

I like to use analogies to explain my thoughts on a topic, so the most obvious one I can think of for this subject is the choice you have when deciding on your housing options. You can build a new house, buy an existing home, or rent a place to live. The same could be true when deciding on how to staff your organization with Lean Six Sigma (LSS) resources. You can develop and train your own people (Make/build), hire experienced personnel (Buy) or hire external resources for a short term, as needed support (Rent). For purposes of clarification, I will be talking about LSS Black Belts (BB) and Master Black Belts (MBB). What exactly is a LSS BB and MBB?

The Role of the Lean Six Sigma Black Belt (LSS BB)
LSS BBs are most often referred to as change agents, and there is no doubt that the BB role is a leadership position within an organization. BBs are full-time LSS project team leaders responsible for implementing process improvement projects (DMAIC [Define, Measure, Analyze, Improve, Control] or DFSS [Design for Six Sigma]) within the business. BBs are knowledgeable and highly skilled in the use of the LSS methodologies and tools, as well as facilitation and change management, and lead subject matter experts to increase customer satisfaction levels and business productivity.

BBs have typically completed four weeks of LSS training and have demonstrated mastery of the subject matter through the completion of project(s) and an exam. BBs coach Green Belts and receive coaching and support from Master Black Belts. It is generally expected that a BB will move into a Master Black Belt or significant business role after the BB assignment is completed in 18 months to three years.

The Role of the Lean Six Sigma Master Black Belt (LSS MBB)
According to noted consultant Tom Pyzdek, the LSS MBB is a Lean Six Sigma Black Belt, **Plus**. MBBs are distinguished from BBs by additional training and knowledge in the following areas:

- *Statistics* - This person is an expert in statistics well above and beyond the statistical tools normally taught to Black Belts.
- *Project Management* – The MBB is adept at managing large projects, multi-generational projects, or meta-projects that are portfolios of related projects.
- *Trainer* - As people with experience “in the trenches” MBBs are often well received by students because they can relate the subject matter to hands-on work in the organization.
- *Coach* - A MBB coach must possess a keen people sense, the patience of a monk, great teaching skills, and an intimate knowledge of the organization and how to get around obstacles.
- *Finance* - The importance of accurate accounting of LSS results cannot be overemphasized. But often the attention given to this by the accounting and finance people is less than it should be. The MBB with finance and accounting skill can be a godsend in these situations.
- *DfSS* - LSS BBs are taught the DMAIC approach to incremental improvement to improve and enhance existing products and processes. Brand new processes and products need to be developed if continued success is to be assured. Design for Lean Six Sigma (DfLSS) is a unique set of tools and techniques that MBBS use and are especially useful in the design and development process.

Let’s explore the pros and cons of each and what criteria you might use to help evaluate which option to choose.

Make/Build

Many people make the decision to custom build their home rather than buy an existing one or rent. The pro for such an action is:

1. You get exactly what you want with regards to size, location, price and features.

Unfortunately, there a few cons:

1. This approach will require an extended time compared to the other options before you can move in and start enjoying the benefits of your new home.
2. Customizing and building a home will cost more money than buying a comparable used one.
3. People often fall into the trap of adding features and making changes on the fly. This will inevitably raise the cost.

Similarly, you can say the same thing about your LSS BB and MBB resources. You can hire consultants to come in and train and develop your LSS resources. You can send your people off to public training classes. That way, you get what you want with respect to the skills and capabilities of your people. You can customize the pace, content, and depth of knowledge of your resources. But you must realize that it takes time to transfer knowledge and skills from the classroom to the “shop floor”. It could be a year or more before a BB or MBB is ramped up and firing on all cylinders. That is an opportunity cost. Furthermore, the training and mentoring may be costly when compared to other options.

Buy

Your second option is to buy an existing home. The pros would be:

1. The time to find, buy, close, and move in should be less than building a home from scratch.
2. The price of a comparable size custom home in a comparable location should be less. This differential could be reduced if a lot of remodeling is needed.

Of course, there are some negatives as well:

1. Your choices may be limited, and you would have to settle for where it is and what features the house has.
2. The seller’s tastes in decorating might not align with your tastes so you either settle or embark upon some remodeling. This takes time and costs money.
3. If there is a “sellers” market, then you will find yourself with a more limited choice of options and will likely pay more than what you would like to or can afford to.

If you decided to hire (buy) existing LSS resources who already have been trained, certified and experienced then they could be up and running very quickly. But, as with your house, there are some pros and cons.

1. On the pro side, you don’t have to wait a long time for the BB or MBB to be able to start tackling improvement opportunities. Once oriented to the organization, they can quickly start applying their skills and knowledge to the problems and opportunities at hand.

2. Another positive is that there may not be any incremental cost to starting from scratch in building your LSS talent pool.
3. On the con or negative side, there might have to be some "remodeling" done depending on the former training of the resource and the experience and knowledge needed specific to your organization.
4. The state of the marketplace for LSS resources may impact your decision and costs associated with this strategy. Finding great people takes some time. Depending on the economy and business environment you might find yourself in a "sellers" market rather than a "buyers" market.

Rent

There are several distinct advantages to renting. First, you can usually find a place and move in much quicker than the options of Make or Buy. The overall cost will likely be less. Except for possibly a security deposit and the fronting of a few months of rent, the cash to move into a rental will be far less than that needed to start construction of a new home or to buy an existing home.

On the other hand, choices may be limited as to location and features. You will likely not have any emotional attachment to the place especially since you will not be permitted to do any remodeling and unless you make a great deal, you will have to be happy with the paint color, flooring choices, window treatments and if the place is furnished, with the décor of the furnishings. Of course, the rent can increase from lease to lease and usually not under your control. But for the right situation, renting might be the best option for your housing needs.

Renting LSS resources is a rather limited concept. While there might be some organizations who offer this service, it has not been a widespread concept despite its many advantages. The pros might be:

1. You can have "boots on the ground" very rapidly so work can begin on the high priority activities that a BB or MBB is well suited to work on.
2. Costs may be considerably less when compared to developing your own internal resources or hiring an FTE BB or MBB.

Some of the cons might be:

1. Finding the right organization to rent from.
2. Finding the right people with the desired skills and experience to quickly start working on your problems and opportunities.
3. A concern about whether the person you are "renting" will fit into the culture of your organization and will work as if he or she is a real "employee".

As you can see, there are several positives and negatives for each of the three strategies. A model has been developed to help you decide which strategy is best for your organization. By evaluating the decision using the four criteria of; type of work to perform (complexity), urgency of the task, impact, and value, the proper decision will become evident. Let's explain each criterion to better understand how your final decision will be made.

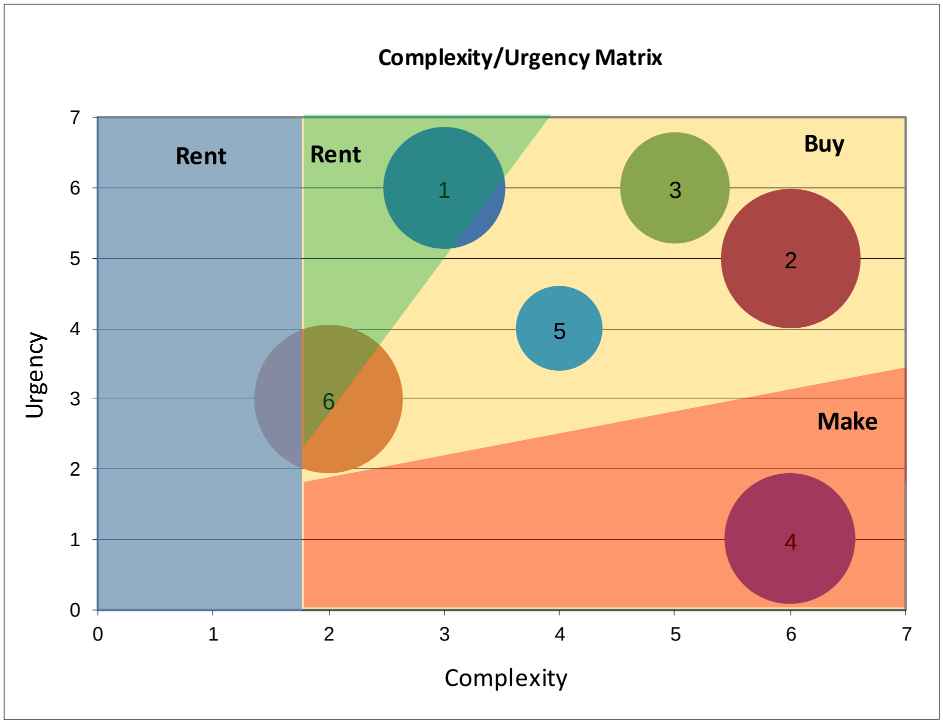
Complexity
Process improvement activities in an organization can range from low complexity to high complexity. Process mapping, facilitating Kaizens and other improvement team activities, identifying KPIs (Key Process Indicators), data collection strategies, constructing control charts, and doing basic statistical analysis is low complexity for BBs and MBBs. Redesigning a warehouse, implementing a new SAP system, or applying predictive analytics to a marketing strategy might be considered more complex and beyond the capabilities of a BB but possibly not an MBB. An organization can easily evaluate the complexity of a proposed project or initiative by something as simple as a 1-7 scale with one being of low complexity and seven as high complexity.

Urgency
Does the project or activity need to be completed within a couple of weeks or months? Or is it longer term in nature and you can proceed slower and have a time horizon of six months to a year. Again, a subjective scale of 1-7 can be used for urgency with one being a lower urgency and 7 being very urgent and a very short time frame.

Impact and Value
A high impact, high value project should be done as quickly as is feasible, so the organization can capture and accrue the benefits in a shorter time frame. A low impact, low value project doesn't need to be in a rush based just on financial issues. Of course, there may be combinations where it might be a high impact but not a high value project and vice versa. The same 1 to 7 scale can be used to judge the relative value/impact of each project with one being low impact/low value and 7 being high impact/high value.

Here is the simple evaluation tool that can be used to assess the criteria and decide whether to Make, Buy or Rent.

Activity	Complexity	Urgency	Impact and Value
1	3	6	6
2	6	5	8
3	5	6	5
4	6	1	7
5	4	4	3
6	2	3	9



Blue - low complexity and low to high urgency - consider a Rent strategy
Green - low to medium complexity and medium to high urgency - consider a Rent strategy
Yellow - medium to high complexity with medium to high urgency - consider a Buy strategy
Red - medium to high complexity with low to medium urgency - consider a Make strategy
The size of the bubble shows the relative impact and value of the benefit (size of the prize)

Now that you understand your options for adding your key LSS resources, you can evaluate the different approaches and decide how to staff your BB and MBB positions. They can be developed organically (build), be externally hired (buy), or contracted from an outside source (rent).
You choice will depend on the complexity, urgency, and impact of your specific organizational and project needs.