

INNOVATORS' SUMMIT

Scott Lasater

Lean Six Sigma Enterprise Institute
TQM Network

See data. Solve problems.

Break through to discovery.



(Far too) Common Approaches to Innovation...

...Automobile Design

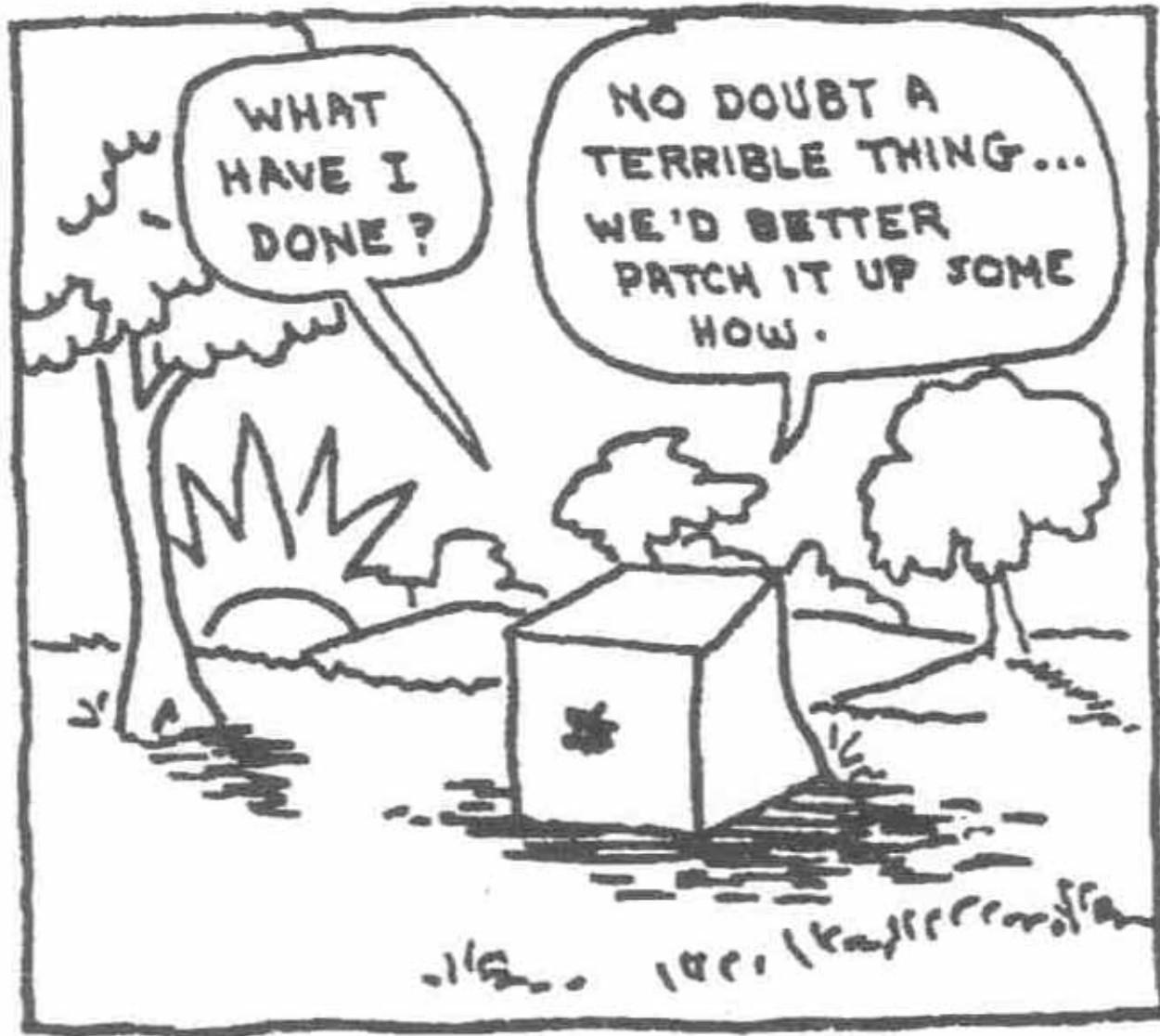




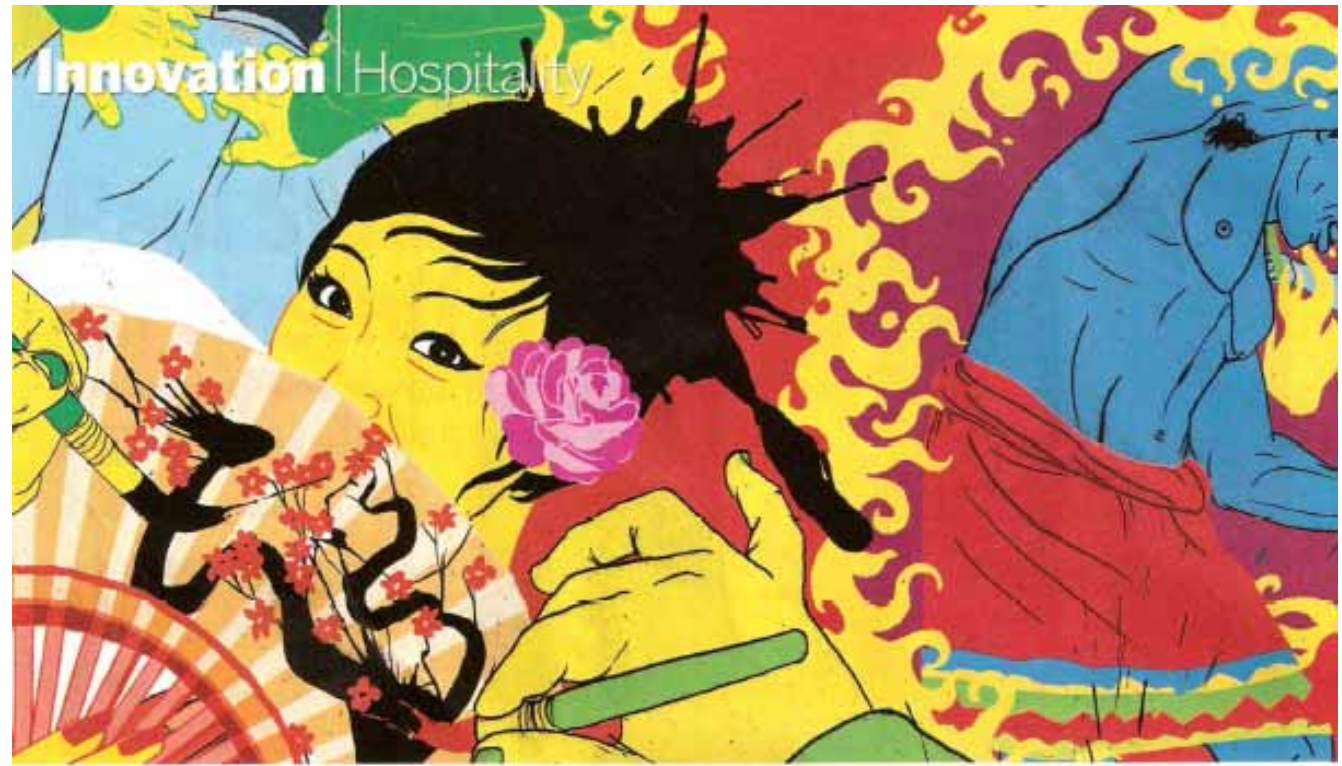








Misconceptions...No surprise



Rubbing Customers The Right Way

Massages and other unlikely Six Sigma ventures are winners at Starwood Hotels

BY SPENCER E. ANTE

IN JANUARY, 2006, THE WESTIN Chicago River North hotel was picked to pilot a project, dubbed Unwind, for the upscale hotel chain. The purpose: to think up a set of nightly activities that would draw guests out of their

room and into the hotel's spa and fitness center. The project was a part of a Six Sigma initiative, a management process known for reducing defects and increasing efficiency. It was a surprising move given Six Sigma's rap as a creativity killer. But under Geoffrey A. Ballotti, president of Starwood's North America Div., the company is using Six Sigma's strengths to promote innovation—and generate tens

of hundreds of ventures done this way. This year's food and beverage engineering program, which rejiggers the choices on room-service and catering menus based on their popularity, has generated \$20 million in extra revenue.

In 2006, programs developed under Six Sigma delivered more than \$100 million in profit to its bottom line. As a result, the White Plains (N.Y.) company is one of the world's most profitable hotel operators: Its net margin is nearly 15%, higher than those of rivals Hilton Hotels Corp. and Marriott International Inc. "We have been driving our margin growth faster than our competitors," says Ballotti. "When people ask why, I point to Six Sigma."

The group that runs the effort is headed by Brian Mayer, who claims the quirky title of vice-president for Six Sigma, operation innovation, and room support. "I grew up in the hospitality industry," says Mayer, whose grandfather and father ran

Instead of hiring the usual ethnographers or consultants, Westin owner Starwood Hotels & Resorts Worldwide Inc. turned to Six Sigma, a management process known for reducing defects and increasing efficiency. It was a surprising move given Six Sigma's rap as a creativity killer. But under Geoffrey A. Ballotti, president of Starwood's North America Div., the company is using Six Sigma's strengths to promote innovation—and generate tens of millions in new revenue. Combining creativity and efficiency is a delicate managerial maneuver that few service companies can pull off.

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So, is it...
Scientific Detective-Work and Discovery
Vs.
Innovation?

- “Variation reduction inhibits innovation?”
- “The focus on *‘the best solution’* inhibits discovery?”

Objectives for the book...

“To make available to experimenters scientific and statistical tools that can greatly catalyze innovation, problem solving, and discovery”

RE: Six Sigma...

“With this democratization of the scientific method, many more people are being found with creative ability and unrealized aptitude for problem solving and discovery.

Also, the ‘team idea’ not only accelerates improvement but identifies such natural leaders of innovation and can allow them to lead.”

“Knowledge is power. It is the key to innovation and profit.”

“By using this book you can greatly simplify and accelerate the generation, testing, and development of new ideas...catalyze the scientific method and greatly increase its efficiency.”

- George E. P. Box
J. Stuart Hunter
*Statistics for Experimenters:
Design, Innovation, and Discovery*

“Enlightened trial and error triumphs over the wisdom of the lone genius”

-IDEO

Lowe's: Reduced Advertising Expenses By \$50 Million While Increasing Sales

Lessons learned by the VP of Marketing:

(1) You can unleash creativity.

When asked how the “creative types” reacted...

"Slowly initially. I think they were threatened. They thought if we got too scientific in our approach or too narrowly focused in our approach, that it would inhibit their creativity.

But as it turns out, the brainstorming sessions really overcame all that.

Frankly, I think most of our creative group, both internally and externally, felt that it was probably one of the most stimulating, exciting exercises that we have been through in years.

It really took all the shackles (i.e., the conventional wisdom) out of the picture and allowed people to put crazy ideas up there and then actually test some of those crazy ideas.

In many ways, the creativity, I think, exploded—became greater in scope."

Lowe's: Reduced Advertising Expenses By \$50 Million While Increasing Sales

Lessons learned by the VP of Marketing:

(2) Don't wait.

"Don't wait! I think the right time is immediately. That is the lesson we learned.

I said earlier, and I will say it again ... that once you get into it, you will be sorry that you ever delayed. . . .

You are losing sales. You are losing valuable resources. And you are probably continuing to do things that actually hurt your company."

“The real voyage of discovery
consists not in seeking new
landscapes, but in having new eyes.”

-Marcel Proust