

Six Sigma in Acquisition

Acquisition process, like any process, is composed of a sequence of operations that transform inputs into outputs and adds value. When we talk about entries we think of course about suppliers and performance of their products, including their evaluation. Evaluating is ISO 9001 or 16949 IATF requirement.

Six Sigma is a 5 steps methodology (Define - Measure - Improve - Control) and can help in improving the acquisition process.

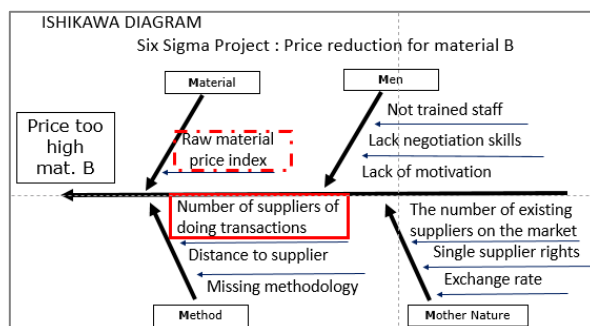
Examples of measurable indicators in acquisitions can be: the minimum supply time, index of price decreasing, level of usage of warehouses, bills payment time, etc



A successful Six Sigma project was "Reducing the price for the material B". Indicator chose is the index of price changing for the material B (*Ib*).

Problem was defined, process was identified and establish the team to work to the project. (**Define** phase).

Then data were collected and were measured *Ib*, the variation of *Ib* in time and the parameters that influenced him, x-i (**Measure** phase). Identification of x-s were made by Ishikawa (see picture below).



Index of price changing (*Ib*) was influenced by: Raw material price index (published by the specialized agency) (*Im*), number of existing suppliers on the market (*N*), number of suppliers of doing transactions (*n*), exchange rate (*USD*) and distance to supplier (*Df*). In Analyze were demonstrated the root causes were *Im* and *n*.

Using Brainstorming was found the most effective solution: "Find 4 new suppliers in 3 months".

For *Im* - was proposed to increase the storage capacity but it is relatively effective.

After Improvement number of suppliers of doing transactions, *n* increased up to 5 – after negotiations remained 3. After improvement project, price changing for the material B decreased with 20%.



In **Control** phase, Quality Management System documents had changed. In our case the procedure "Purchase of consumables Cap 3.3 - Number of accepted suppliers" was modified. After that staff training it's done.

We invite you to Six Sigma courses organized by Effective Flux to reap the benefits of this methodology use to satisfy your customers but you can also reduce your costs and improve your business.