**Project Management Report from Douala**

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**LEAN SIX SIGMA PROJECT USED AS A MEAN OPERATIONAL EFFICIENCY (1). CASE OF IT-CENTER**

**ABSTRACT**

IT-Center, one of the leading Information Technology service providers in Central Africa implemented a Lean Six Sigma Project in 2012. This initiative was meant to support its strategic objectives through the implementation of a scheme that could help the structure to be financially secured. PETROS & Partners conducted an organizational pre-project assessment to identify the current need of the firm in order to develop a solution that effectively brings benefits to the structure. The report concluded that the development of non-quality. This led to the drop in profit margin inducing therefore internal and external failure costs. A cost killing scheme and an austerity plan was develop to help the organization achieve its financial control and sustain its productivity. The project was implemented through DMAIC framework.

This article aims to describe the approach used in the implementation of this Lean Six Sigma project.

**1 - INTRODUCTION**

Organizations carry out strategic structural adjustments to overcome difficult economic and financial issues imposed by their competitive environment. The initiative ought generally to enable the company to adapt to the fast changing market
and stay competitive by. In this view, the efforts to establish systems to effectively measure the capability of processes and to produce services or products that are defect free are mostly valuable. Lean six sigma project could therefore be seen as a breakthrough strategy for profitability (Harry J, 2009) in the sense that, it emphasizes in pointing out the fact that statistical tools and interventions can lead to major cost reductions and quality improvements.

IT-Center, in 2010, developed a strategic plan based on the vision of becoming the most valued IT organization in Cameroon. The company has to go through an organizational and strategic maturity model based on the range Basic-Standard-Measure-Control-Improve. The company was moving from a traditional managerial approach to a more standard one. Clear Key Performance Indicator was developed to measure the progress.

In late 2010, the structure, assisted by PETROS & Partners, launched A Total Quality Project. The goal of this project was to develop quality based system to ameliorate internal and external satisfaction of the various stakeholders in order to enhance organizational, technical and financial viability. According to the June 2011 TQReport, There was a visible improve in the organizational aspect, but there was a noticeable drop in the profit margin and poor returns. This later had an impact on the capacity of the company to provide quality services.

In early 2012, A Lean Six Sigma project based on a DMAIC cycle was launch to help the organization overcome its financial insecurity. The objective of this later was to rationalise expenses to enable the company control its financial margin. In so doing, the strategy was to reduce or completely eliminate activity with no added value to the company.

In the following parts, this report will primarily present the scope of the project and furthermore, examine its outcome in between 2012 and 2014.

II - SCOPE OF THE PROJECT

The implementation of the Lean Six Sigma project in IT-Center was aligned to a project management cycles Define-Measure-Analyse-Improve-Control.

Define:

The phase “define” was concerned with the definition of the skeleton of the project and the identification of area to be measured. It was mainly concerned with developing a plan to picture the actual organization and develop optimal information gathering approaches.

“Measure”:

As its title indicates, this phase implied a detailed picturing of the existing processes, how and why processes were undertaken, what or who was used as a resource in order to appreciate the level of financial performance of the structure. The main idea
here was to identify the possible chain of value of the company and optimize its significance. The main focus was on the following points:

- The complexity of processes (number of steps, understanding of the process…)
- The work (number of employees over workload, utilization of workforce…)
- Production (cost of storage, useless efforts, client-company relationship…)
- Space (immobilisation, under valorisation of space, time waste)
- Waste of energy (water, electricity and even the workforce)
- Technical dysfunctions’ (cost of reparation, cost of defective product, cost of delay, clients returns…)
- Materiel (Overstock, distraction, value of immobilization)
- Financial charges (cost of credits, penalties.)
- Transport (unnecessary displacement)
- Security (cost of prevention).

“Analysis “:

This stage was concerned with the examination of important points constituting a barrier to operational effectiveness inducing unnecessary cost. It was revealed that the loss of financial control by the company was not directly related to expenses but cost of non quality due to:

- Poor managerial practices and repetitive managerial mistakes. For example, the vertical and horizontal relationship was biased this led on almost non-existing communication in between various department of the structure, encouraging organizational distance. Decision was not based on fact due to the refusal of various directors to produce monthly status report reflecting the actual situation of the structure. There was no accountability of actions. There was a total absence of clear administrative relationships and complex resource channelling processes. These managerial mistakes had a cost of 23% of average annual sales revenues of the firm.

- An increase volumes of dumped and expired and out-dated product in stocks, representing around 19% of average annual sales revenues. (ink, printing and scanning machine, hardware and software technologies…). There was not marketing strategy to run out the overstock at a given time and no constant clear report on the status of stocks.

- An Increase of client’s debts: Sales were uncovered. This was mostly due to poor client relationship and unclear process to proceed on sale recovery. The average portion taken by this malpractice had an impact of almost 32% on the annual sale. The company was therefore forces to take credit from banks as support.

- There was a high waste of time, material resources and the poor allocation of workforce to activities, leading to underproductive employees. For example, Late coming and unjustified absences summing averagely to 4984 hours lost of time/year. Considering the worth/hour/employee, total loss was equivalent of 8% of
annual the sales revenues. The waste in the company was evaluated at 17% of the average annual sales revenues.

- Other points like loss of reputation, delay in client provision, legal expenses in court, lack of staff training counted for almost 11%. This phase resulted in the development of a Cost killing Plan.

"Improve"

Strategies oriented on asset optimization were developed in order to maximise the value generated by existing resources.

- Clearly defining and standardizing the bidding process, including lessons learnt reporting. Proposing a clear administrative relationships and fluid resource channelling processes

- Logistics management system was knotted numerically to the marketing and communication department who have a better mastery of product life cycle and IT market tendencies.

- Standardizing the recovery process with flow charts, reorganizing staff and creating a recovery watch commission.

- Updating and systematizing the internal regulations of the company as well as the administrative and organizational manuals. Compelling strict respect of procedures outlined. This was reinforced by regular appraisals and introduction of KPI's measuring organizational and administrative alignment for all staff.

- Streamlining service and product flow among internal customers (staff) with clearly mapped out request forms, registers, acceptance forms, flow charts, timeframes and deadlines. Internal satisfaction surveys termly carried out. Consolidated a unique corporate culture.

- Identifying staff need's in terms capacity maximisation. To minimise training, a system whereby line managers were trained to educate employees on critical issues.

"Control"

This phase was mainly concerned with the trimestral evaluation of the performance of implemented strategies. A more practical apercu of this phase will be developed in the next article.

III - CONCLUSION

The deployment of this DMAIC scheme was challenging due to the level of organizational and strategic maturity of the structure. It was important to develop a strong communication framework to clearly state the purpose of the project to the
whole staff throughout the project. The project met some resistance, which was overcome through the implementation of an austerity plan. As a result, certain employees resigned and the contracts of unproductive staff were terminated.

A Human resource tracking system was developed to clearly follow employee’s productivity. Commercial measuring system was developed as well as a financial securing model. The organizational culture of the company became more client follow-up and competitors oriented. The Lean Sigma project was a step toward the achievement of the standard strategic maturity level.

In another article we will demonstrate how it has contributed to the financial sustainability of IT-Center.

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About the Author

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Ms. Marie Eliane Ndjib is a dynamic, results-oriented and pro-active professional, with three years of experience in strategic planning and management, and three years of experience in project planning, tracking and controls. Her interest is in helping organizations to improve their performance and optimize the implementation of programs and projects to sustain their strategy and better manage change issues. She is also a trainer on total quality management and project management. Among recent projects, she has contributed in the development of strategic plans for 3 organizations. She has developed a human resource tracking system for employee performance assessments, planned and implemented a total quality management system, planned and implemented a Lean Six Sigma project, and planned and implemented a management-by-results program in a company. Marie Eliane has a Bachelor's degree in Geography from the University of Buea-Cameroon (2009) and a Master's degree in Project Management (With the PMI-PMBOK approach) from the Panafrican Institute for Development-Central Africa (PAID-CA) (2012). She expects to have her PMP and MS Project certifications in 2013. Marie is motivated to modestly participate in the professional development of project management in Cameroon, including the planning for the first National Congress on Project Management in Cameroon. She wants to help people who are interested in this professional field to better develop their knowledge on Project Management. Marie Eliane can be contacted at eliane.ndjib@petros-online.com.

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