Six Sigma Operational Strategy

American Express Technologies

Kim Guendelsberger
October 2004
Topics for Discussion

- American Express Technologies
- Strategy Development & Execution
- Looking Forward - Transformation
- Lessons Learned
American Express Technologies

- Approximately 4500 employees, contractors and consultants worldwide.
- 1M customer logins occur every day to www.americanexpress.com.
- There are 160 million inbound customer calls per year, totaling 3.5 billion minutes.
- Mainframe capacity in Phoenix and Minneapolis data centers is over 26 billion instructions per second.
- Over 10,000 application and infrastructure changes are processed every month.
- Support AXP offices in 5,800 locations worldwide.
- Telecommunications and network facilities in 163 countries managed by staff in 25 countries.
- Over 1.5M virus infected emails were quarantined in 2003 while entering American Express from the Internet.
- Provide development and application support for approximately 3900 mainframe and distributed applications.
Looking Back 1999 – 2003
1999-2001

1999
- Initial Start Up
- No MBB’s
- Defined AXP & AET SS Program Offices
- 1st training wave

2000
- 1 MBB to approximate 40 BB’s
- Growing BB and Champion Population
- Grew AET awareness of SS through consistent communication and awareness training
- AXP Senior Mgt Support
- Began Creating a SS community

2001
- Clear Six Sigma Goals set and achieved
- Proportion of MBB's met (15/1)
- Defined SS program as it merged with Global Reengineering
- Additional training waves, increased number of Black Belts to 50+
- 8 organizational changes impacted overall program
- Six Sigma Deployment Office was eliminated
- Champion role changed
- Displacement of many SS resources and leadership
- No clear goal/strategy for the Six Sigma program.
- Organizational readiness for Six Sigma varied by organization.
- Black Belt population was being reduced rapidly due to deployment activities, outsourcing and removal from BB assignment.
- Resource utilization of Black Belts was inconsistent resulting in limited SS activity.
- SS Black Belts and Master Black Belts worked on projects using limited SS methodology.
- Focus was on cost reduction vs. process improvement.
2003

- Partnered with AET Global Reengineering Six Sigma Application Groups to ensure program standardization and alignment on company-wide strategic initiatives.
- Started Six Sigma Employee Network.
- Developed a Six Sigma project portfolio by
  - Aligning SS resources to projects adding best Business value.
  - Creating a mix of assignments using varied amounts of SS methodology.
  - Ensuring full integration of GR and SS programs.

Nov /2003 – Decision made to develop a full strategy for 2004 and beyond.
Six Sigma Network

Purpose
The purpose of the AET Six Sigma Employee Network is to help employees understand and apply Six Sigma toolsets and disciplines to projects in order to reduce cost, cycle time and defects, and to improve productivity.

Vision
To develop an AET Employee Network that supports employee development by encouraging collaboration and sharing of Six Sigma knowledge and best practices.

Mission
The Six Sigma Network has been founded as an AET sponsored membership association dedicated to:

- Providing an increased awareness and readiness for process management.
- Improving the application of Six Sigma disciplines and tools.
- Facilitating the effective exchange of information.
Overview of Regional Chapters

Chapter Structure

- EMEA Region
- JAPA Region
- LAC & Florida
- Phoenix & Salt Lake City
- Minneapolis, New York and Canada

Chapter Goals

- Build a strong Six Sigma Community.
- Provide a regional outlet for sharing Six Sigma best practices.
- Increase the application of Six Sigma methodologies across AET.
- Raise organizational awareness of Six Sigma.
- Facilitate a cultural change to incorporate Six Sigma into everyday activities.
Strategy Development & Execution
Getting Started

- Strategy & analyze sessions were held with a define strategy and overall POA vision.
- Completed a multi-generation plan to understand detailed requirements and assist in communication.
- Defined integrated POAs for each work stream that supported the overall vision.
- Assigned individual workstream owners.
- Drafted measurable result for each phase.
- Agreed on 30-day critical path deliverables to ensure that milestones were achieved.
Vision & Objectives

Six Sigma is an inherent part of what we do to improve quality and deliver value. This will be achieved through leveraging a unified coordinated approach towards the following objectives:

1. Six Sigma contributes to the value of all projects/processes where applicable.
2. Six Sigma value contributions are measured and understood.
3. A robust and continuous support infrastructure that effectively enables everyone to use the methodology.
4. Create culture where everyone understands and embraces their role in Six Sigma.
Strategic Workstreams

- Value Proposition
- Project Pipeline
- Measures of Success
- Resource Strategy
- Training and Support
- Cultural Change Plan
- Leader Readiness
- Process Management
Strategic Roadmap

Value Proposition

1. Determine Objectives
   - Resource Strategy
2. Define Resources
   - Training Strategy
3. Train Resources
4. Create Infrastructure
   - Project Pipeline
5. Application/Integration
6. Support/Communicate
   - Culture Change
7. Measure Results
   - Leadership Readiness
   - Measures of Success
   - SSPM - DBS
   - SSPM - DSI
Value Proposition

Objectives:

- Set expectations regarding the value that Six Sigma may add within AET.
- Gain support and commitment from AET leaders to champion Six Sigma by communicating a clear value-story.
- Develop guidelines on assessing the suitability of potential Six Sigma projects in the Six Sigma Pipeline.
- Provide context within which to develop Measures and Metrics: Measures and Metrics will measure the value-drivers that we define, rather than arbitrary data such as the number of Six Sigma projects.

Measures of Success:

- Increased buy-in, and utilization of Six Sigma tools.
- High-value Six Sigma projects identified for Pipeline, and delivered.
- Measures and Metrics for the program are meaningful and unambiguous.
- Able to demonstrate progress towards delivering the value proposition.
- Able to demonstrate specific examples of Six Sigma adding value.
Project Pipeline

Objectives:
- Projects must clearly align with and help AET achieve its priorities and goals.
- Projects must have measurable outcomes and results.
- Master Black Belts are actively engaged in project identification and planning.
- Pipeline creates demand for additional Six Sigma trained resources.
- Pipeline supplies projects for Black Belts to begin training.
- Pipeline focuses on projects for all Six Sigma resources.
- Pipeline drives use of Six Sigma to all parts of the organization.
- P2 processes create Six Sigma workstreams.

Measures of Success:
- Six Sigma projects contribute to AET achieving its priorities and goals.
- All active Black Belt trained people have defined and prioritized Six Sigma related work.
- Strategic level projects lead to additional Six Sigma work in the future.
- The concern over a lack of Six Sigma value added work goes away.
Measures of Success

Objectives:
• Develop measures of success that help to understand progress towards delivering value to shareholders, customers, and employees.

Measures of Success:
• Metrics that focus on value vs. quota.
• Direct and intuitive link between Measure of Success and value proposition.
• Clear guidelines on what qualifies as Six Sigma aligned with AXP Corporate office.
• Ensure Measures of Success align with 2004 goals.
Resource Strategy

Objectives:
- Consistent processes, roles and responsibilities, and application of Sigma resources within AET.
  - Develop selection criteria and qualifications for training nominations (GB, BB, MBB, SSD).
  - Formally document and implement Sigma nomination processes.
  - Formally defined Six Sigma roles and responsibilities for all AET employee/resources.
  - Develop skills Inventory, resource capacity planning, and assignment repository.

Measures of Success:
- Submitted applications.
- % of approved candidates that attend class.
- Measure timeframe of certification for newly trained BB’s.
Training and Support

Objectives:

- Training
  - Curriculum
  - Ad-hoc (SS/Method 1, Process Member, Leader Readiness)
  - Just-in-time tools training
- Post-training support infrastructure
  - GB (including certification)
  - BB (including certification)
  - All employees
- Leadership/Champion support infrastructure

Measures of Success:

- Training effectiveness survey.
- Certification.
- Utilize Six Sigma Employee Network measures for support.
- Financial results of tool usage.
- Customer Satisfaction Rating.
Cultural Change Plan

Objectives:

• Create a culture where everyone understands and embraces their role in Six Sigma. As such, Culture Change will rely on the activities of other workstreams:
  – Value Proposition
  – Pipeline
  – Resource Strategy
  – Leader Readiness
  – Training and Support

Measures of Success:

• Number of projects using Six Sigma increases.
• Awareness of Six Sigma benefits and methods increases.
• Network participation increases.
• Trained resources increases.
Leader Readiness

Objectives:

• Increase overall leader readiness.
• Increase leader participation in Six Sigma activities.
• Give leaders direction on what type of support to provide employees involved in Six Sigma activities.
• Educate leaders on Six Sigma execution strategy.
• Market Six Sigma value proposition.

Measures of Success:

• Number of Projects executed by organization.
• Number of employees trained in each organization.
• Survey of green/black belts to gage leadership involvement.
Process Management

Objectives:

- Leadership awareness of and competency in process management principles and methods to further inculcate process management and Six Sigma into AET's culture.
- Map the end-to-end process.
- Develop and implement ongoing six sigma scoring model (methodology and process).
- Define strategy (in partnership with process owners) for improving six sigma scores.
- Identify, track and report six sigma level improvements.
- Define ongoing process management framework and governance structure.

Measures of Success:

- Process owners drive consistent process measurement, ongoing identification and prioritization of process improvement opportunities and establish process improvement goals.
- Process owners are aligned with and "own" defined process measures and their baseline values.
- Directly contribute toward six sigma reengineering project pipeline.
2004 Accomplishments

- Project Pipeline / Repository Developed.
- Six Sigma Intranet redesigned.
- SS/Method 1 Integration Pilots.
- SS Leadership Awareness Training developed.
- Senior Leadership attended 1 day session on Six Sigma and Process Management.
- SS Executive Scorecard.
- Pilot of Process Member Training with Savvi International looking at SS and process management.
- Defined roles and responsibilities for all AET employees.
- BB nomination and selection criteria developed & communicated to AET.
- Developed and finalized training curriculum for Technologies employees.
- Growth of Six Sigma Network.
Six Sigma Network Participation

SS Network Members

- Kick-off: 56
- 4Q 2003: 223
- 1Q 2004: 273
- 2Q 2004: 408
- 3Q 2004: 453
- 4Q 2004: 468
Looking Forward - Transformation
Focus and enable AET to utilize process management (measurement & metrics), predictive and pro-active tools in order to drive quality and value throughout AEXP.

Six Sigma

 Manage, control and continually improve AET processes.

 Align efforts with the Business to make value driven decisions.

 Become self sustaining in the management and optimization of new and current technology through integrated process management.

Value Generation

Cost Savings

Process Improvement

Customer Satisfaction
Six Sigma in 2005

Focus is on Execution & Delivery

- Applying tools learned to our projects
- Shifting from methodology to mindset
- Process Management
Driving Six Sigma into the DNA of AMEX will enhance process management.

With Six Sigma enabled process management the organization can begin to compare itself to itself - i.e. previous state vs current state.
Process Management

Manage, control and continually improve AET processes.

Build & Maintain Business Partnerships

1. Plan Technology Strategy, Solutions & Investments
2. Architect Technology Environment
3. Deliver Business Solutions
4. Manage Technology Portfolio
5. Deliver Services & Information

Core Technology Processes

Supporting Processes

- Measure & Improve Technologies
- Manage Technologies Financials
- Manage Technologies Legal / Regulatory
- Acquire, Develop & Retain Technologies People
### Process Management

#### Execute on Delivering Services & Information

#### P3 Processes
- Enterprise Systems Management
- Service Support Management
- IT Operations Management
- Enterprise Security & Risk Management
- IT Quality Management
- People Management

#### P4 Processes
- Change Management
- Event Management and Monitoring
- Configuration Management
- Release Management
- Service Level Management
- Incident/Help Desk Management
- Problem Management
- End User Computing
- Patch Management
- Data Center Management
- Capacity Management
- Financial Management
- Partner & Engagement Management
- Systems/Networking Engineering
- Facilities Management
- Security Governance and Security Management
- Core Security Services and Infrastructure Security
- Information Protection and Privacy
- Business Continuity and Disaster Recovery
- Compliance and Controls
- Business Performance Management
- Benchmarking
- Leadership Development
- Talent Assessment and Succession Planning
- Resourcing Channels
- Performance Management Process
2005 Strategy

- Continue to expand the “right” training to the “right people”.
- Resource utilization, capacity planning & assignment repository.
- Sigma Values assigned to key AET processes.
- Opportunity identification and pipeline population from process management measurements and metrics.
- Leadership Readiness.
- Further integration into Method 1 development lifecycle.
- Joint business project work to move from optimization to value-based decision making.

Awareness  Understanding  Acceptance  Adoption
Lessons Learned

- Right People
- Right Projects
- Right Support

_Six Sigma is a journey – each year is a continuance of the journey!_
“Six Sigma will enable us to "do better!" when it comes to satisfying our customers and achieving business results. By continuing to increase the use of Six Sigma across the company, we can improve both our quality and our economics, which will help us to deliver long-term growth and premium value.”

Ken Chenault, CEO, American Express