

# Six Sigma For Dummies

**G**eneral Electric's "Six Sigma" quality control system has been embraced by quality conscious manufacturers around the globe. Although lengthy books have been written about the process, which involves a lot of statistics, advanced equations, and precise measurement tools, it can be grossly simplified as follows: A product is only as good as its weakest link. If you want something like a complex jet engine to work right, you better be sure that every part, down to the smallest screw and washer, is built to the right specifications first.

The Six Sigma system that GE uses to produce jet engines, industrial turbines, and dishwashers may not be directly applicable to the typical m.i. retail business, but it is part of a mindset that can help you succeed, regardless of what you do. Jet engines and retail stores are far apart, but they have one thing they have in common: If you don't get the details right, neither gets off the ground. The details in building an engine involve milling parts to exacting tolerances. In retail, it's finding the perfect balance of price, selection, service, and location. Now that consumers have so many more options when it comes to making a purchase, getting the details right is more important than ever. If you slip up on the little things, expect to feel it in the marketplace, and fast.

Just consider the recent experience at two of the nation's largest and most prominent retailers. The month of November and the critical three-day weekend after Thanksgiving were generally good for all retailers, with one notable exception: Wal-Mart. The world's largest retailer decided to raise prices slightly on items like flat screen televisions, DVD players, and digital cameras, reasoning that because of their reputation for bargains, customers wouldn't notice. Customers did notice and promptly headed for the competition, forcing Wal-Mart to launch a hasty advertising blitz to try and salvage its fourth quarter.

Over a period of years, profits at Best Buy, the largest consumer electronics retailer, have been adversely affected by a small group of consumers who consistently returned products, bought only loss leaders, or were overly aggressive in taking advantage of the flood of rebate offers. In recent months, the company has tried to train its sales staff to distinguish between "desirable" customers who pay full pop and the "undesirables" who know how to game the system, with instructions to ignore the undesirables. Sounds great in theory. In practice, however, confused and clumsy salespeo-



ple just ended up annoying customers to the detriment of the business. The executive who spearheaded this program has since resigned—and Best Buy is once again retooling its sales approach.

Wal-Mart and Best Buy are hardly businesses in peril, but their example illustrates that small missteps can have an immediate and severe impact on even the largest companies. And if huge companies with thousands of storefronts, vast promotional budgets, and untold buying power can be squeezed by poor pricing decisions or a fumbling sales staff, think of what those kinds of small errors can mean for an independent m.i. retailer.

If you can buy the same guitar online, in a catalog, or at three stores within easy driving distance, where do you go? Forget about quaint notions of loyalty. Customers are going to go where they feel they'll get the best deal today. That doesn't necessarily mean the best price, but the most compelling combination of price, service, selection, and convenience. And this is where the details come in. All it takes is one rude salesperson, a long line at the check-out counter, or a dusty display to turn a customer away. The guy who walks out the door empty-handed will no doubt tell friends and acquaintances about his less-than-sterling experience. Or worse yet, he may share his thoughts with a much wider audience in some chat room.

Customers for music and sound products are as diverse as the broad range of music styles. With such a varied customer base, there are a lot of potentially viable retail models. However, the common thread among the successful businesses, whether they're selling grand pianos or computer software, is an attention to ensuring that every component of the sales transaction is flawless. In businesses large or small, it's the details that ultimately make the difference.

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