

How Lean Six Sigma Implementation Improves Company Financial Performance (Case Study: Xerox Corporation)

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Abstract

Companies must ensure that their products or services are produced with better quality than competing products to face the tough competition in their business. Two concepts of quality management that are often used by companies are Lean and Six Sigma, each of which has advantages and disadvantages. Lean is able to make the process go faster because it eliminates wastes that affect the flow of process. While Six Sigma ensures quality by minimizing defects to the level of 3.4 DPMO and lowering costs and expenses. Both concepts when integrated into Lean Six Sigma will complement each other and create a more effective quality management system. Xerox Corporation has begun using Lean Six Sigma in their business activities since 2002. The first year implementation of Lean Six Sigma that was fully supported by the management and the strong commitment of resources involved (Black Belt and Green Belt) made a successful profit for Xerox Corporation whereas the company suffered losses in the previous year. Lean Six Sigma becomes integral part of company way and give sustainable result of improvements in its operation since then. This research presents a case study of Xerox Corporation's Lean Six Sigma program drive the improvement of financial performance with cost reduction and revenue growth as metric indicators based on company annual report. This research concludes that Lean Six Sigma at Xerox Corp. can lead to positive effects on company financial performance which can be learned from financial statement in their annual report since 2002.

Keywords: Xerox Corporation, Lean Six Sigma, Financial Performance, Cost Reduction, Revenue Growth