
CASE STUDY: REDUCING COSTS, IMPROVING QUALITY OF LEADERSHIP TRAINING

Industry:	Transactional/Service
Company Type:	Aerospace and Defense
Project Title:	Leadership Training Delivery Process: Reduce cost(s) – overtime, inventory, or headcount
Tools Used:	DMAIC
Total Savings:	Total savings equal \$10,150 per year
Project Timeline:	Six months

PROBLEM STATEMENT

Recent pressures to reduce overhead spending resulted in fewer available funds for training purposes. Additionally, program members completed the training program unprepared to move into leadership positions, resulting in lack of qualified employees filling open leadership positions.

PROJECT GOAL

The goal of this project was to reduce costs associated with leadership training by 50%, while maintaining the overall quality of training programs. The current cost of leadership training is \$700 per program member, per year.

OPERATIONAL DEFINITIONS

Note: For each skill, there are two opportunities for defect – one in quality, one in cost.

Tier 1 Skills

Defect:

Quality: Student assessment rating Less Than 4.5

Cost: Cost per student Greater Than \$123.53 + 5% [\$129.71]

\$2100 for 3 years divided by 7(1.5) + 15 (equals 25.5 equivalent skills) equals \$82.35.

This is multiplied by a 1.5 weighting factor since we spend more Tier 1 skills.



Tier 2 Skills

Defect:

Quality: Student assessment rating Less Than 4.0

Cost: Cost per student Greater Than \$82.35 + 5% [\$86.47]

\$2100 for 3 years divided by 7(1.5) + 15 (equals 25.5 equivalent skills) equals \$82.35.

PROJECT

In six months time, this leading mission-critical information system and technologies, land and expeditionary combat systems, armaments and munitions, shipbuilding and marine systems, and business aviation firm conquered a major problem—costly leadership training courses and materials.

Through data collection, survey administration, and a Pareto Analysis, the team determined that a number of critical leadership skills were not satisfied by the current training courses. After combining the survey results of program members and senior personnel, the team established a list of Tier 1 and Tier 2 skills. The baseline figures included: Cost Sigma level of 1.25, Quality Sigma Level of 1.5, total cost defects equaled 13 out of 22 total cost opportunities, for a DPMO of 590,909. Total quality defects equaled 11 out of 22 total quality opportunities for a DPMO of 500,000.

The team also conducted a benchmarking study and analysis comparing the current leadership training strategy with that of 6 “world-class” competitors. Based on the results, the team concluded their organization of comparable status with others offering leadership training programs.

Root cause analysis yielded a vital few Xs, and the devised solutions required revamping of the training program. Subsequently, all suggestions were implemented and are currently in place.

Both CTQs were satisfied; the project updated leadership training schematics allowing program graduates to take on leadership roles at a 50% course cost reduction from the previous year, and successfully increased the quality of course offerings.

SUMMARY OF RESULTS

Successful implementation and completion of this project resulted in savings of \$350 per program member, per year. With 29 members currently enrolled in the program, savings equal \$10,150 per year. Improved DPMO calculations: Total cost defects were 0 out of 21 total cost opportunities, for a 0 DPMO and Cost Sigma level of >6. Total quality defects were 5 out of 21 total quality opportunities for a DPMO of 238,095 and a Quality Sigma level of 2.2.

There was no cost associated with implementing the solution because the current leadership program manager’s responsibilities included updating training plans for



program members. The benefits of implementing the solution included: 50% reduction in training costs, improved quality, a greater number of course offerings, assurance that necessary skills are obtained, and improved feedback on completed training courses. Other soft benefits included: adequate program member training in all necessary leadership skills, a defined list of training materials and schedule, program member understanding of training purpose, assurance that the program continues to meet high quality standards, program member course effectiveness feedback, and license reuse, minimizing the cost of procuring software for program courses.

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