

Six Sigma and Business Improvement CEO of the Year:
THOMAS F. FARRELL II
DOMINION

Richmond, Virginia-based Dominion was the first energy company to recognize Six Sigma's powerful potential to positively affect the bottom line enterprise wide. From the outset of his tenure as CEO, Tom Farrell has challenged the company's work force to set the bar high, to take ownership of Six Sigma, and to use its analytical tools to reach the company's operational and financial goals. Dominion, which launched Six Sigma as a companywide program in 2001, has emerged as one of the nation's best examples of a successful Six Sigma implementation—as measured by cumulative, audited hard savings; the methodology's integration into corporate culture; in the percentage of employees trained; in sustained management support; and in employee recognition.

Dominion owns and operates businesses active in energy production, as well as transportation, storage and delivery to customers in 15 states. In fact, Dominion is one of the nation's largest producers and transporters of energy. The company employs 18,000 people across the mid-Atlantic, Midwest and Northeast regions of the United States, and Texas.

EXCEEDING GOALS AND CREATING EXCELLENCE

From 2006 through 2008, Farrell established annual savings goals for each of Dominion's four business units and tied them to employees' annual incentive plans. Cumulative savings resulting from Six Sigma projects increased by 38 percent over the previous four years.

By the end of 2001, Dominion had trained 125 Black Belts and the first wave of Master Black Belts. In 2003, Dominion took the training of Black Belts and Master Black Belts fully in house. Since then, the "Business Excellence" team, as it has been known internally, has grown and now offers Black/Master Black Belt training, Green Belt training, Blue Belt training, Design for Six Sigma (DFSS) training, and Project Champion training.

The Business Excellence team is a small one, consisting of three instructors, a training manager, a training coordinator, a project manager, a position devoted to metrics, an administrative position and a director. Dotted-line employees include six managers of Six Sigma who report to the company business units and communications and IT support personnel. All Belts report to their respective business units. Since 2001, Dominion has trained over 6,000 employees, or one-third of its total employee base.

C-SUITE GREEN BELTS

In 2004, then-COO Farrell completed Executive Green Belt training and was certified in 2005. The company said Six Sigma was sufficiently important to require competency by anybody in a position of elected or managerial leadership—officers, directors and managers. All ranks were required to achieve proficiency.

Today, Dominion has trained 96 percent of its executives, 84 percent of its directors, and 59 percent of its managers as Green Belts. In total, Dominion has trained 38 percent of its non-union employees as Blue Belts, Green Belts, Black Belts, Master Black Belts, or Project Champions. To further illustrate a commitment to the program as well as offer some insight into Farrell’s commitment to the program, a day of “Six Sigma Awareness” training was given to Dominion’s Board of Directors.

“I firmly believe that Six Sigma provides us with a clear pathway to excellence in everything we do—and how we do things every day,” said Farrell in an interview appearing in the company’s monthly employee magazine.

Each month, Farrell reviews monthly and quarterly metrics from each business unit to monitor their progress in implementing the program. A variety of metrics are reviewed and each business unit sets yearly goals to achieve them. Some of the metrics are as follows:

- * Project savings
- * Number of certified Belts
- * Number of completed projects
- * Integrated Black Belts holding leadership positions

THE IMPORTANCE OF RECOGNITION

Farrell is active in recognizing the Belts at Dominion. Each Black Belt candidate gets a signed letter of appreciation from him during his or her first week of training. He also recognizes all of the Belts who work projects through a Project-of-the-Year award, in which one DFSS project and two Recognize, Define, Measure, Analyze, Improve and Control (RDMAIC) projects are nominated by each business unit. A luncheon is held each year; Farrell keynotes each event and presents the awards personally.

RESULTS

To date, Dominion has completed 5,660 projects. All of Dominion’s Six Sigma projects are validated by financial analysts if there are hard dollar savings. Yearly audits are performed by Dominion’s internal auditors on the top projects. All Six Sigma projects are tied to specific business unit strategic objectives.