



Charles Holland
QualPro Inc.

The Controversy Over Quality

COMPANIES LOOKING for the “right” quality improvement methodology have a lot of choices: Total Quality Management, the ISO series, benchmarking, lean manufacturing and Six Sigma. Now a somewhat lesser-known methodology that has been around at least as long as these approaches is getting a lot of attention—and its biggest proponent is generating controversy. The methodology is multivariable testing (MVT), and Dr. Charles W. Holland, the man whom some have called “the chosen one” of the late quality guru W. Edwards Deming, is at its forefront.

Holland founded QualPro Inc. more than 35 years ago after Deming encouraged him to spread the gospel of MVT. Before launching the consultancy, Holland, CEO, had been developing the process in the nuclear weapons plant where he was employed. Simply put, multivariable

testing is a mathematical approach that uses advanced statistics to test the real-world effects of dozens of business improvement ideas, discover the synergies between them, and identify the ideas that are the most powerful and profitable under real-world conditions.

In the company's early years, its clients were largely manufacturing companies. Now its client list includes household names in most industries and, in addition to manufacturing processes, MVT is being applied in sales and marketing and in back-office operations such as billing.

Holland contends that MVT is more economical than other improvement methodologies, pointing out that Six Sigma carries significant ongoing training costs. But a company can't achieve a high level of results through MVT simply by following the steps Holland describes in a book he wrote on the subject; it must hire a QualPro consultant, and Holland contends they're worth the price.

Still Holland is quick to acknowledge that MVT and Six Sigma aren't mutually exclusive. “I've seen companies use Six Sigma for smaller projects and MVT for a much bigger job,” he says. “Six Sigma is good for small, incremental improvements, but it can't deliver transformational change.”

A recent report from the Hackett Group echoes that statement. “Six Sigma is an incremental process-improvement methodology, and it is not appropriate when a company is looking for broad, transformational change,” says report co-author Penny Weller, Hackett senior business advisor and Motorola certified black belt.

A QualPro report on lagging stock performance of companies using Six Sigma (vs. the S&P's 500 Index) has earned Holland the label of Six Sigma basher in some circles. The report remains unpublished at press time.

Holland recognizes that problems of the companies named in the report that underperformed the index, such as The Home Depot, can't be completely blamed on Six Sigma, but he believes that investors need to look at the relationship between performance and where a company is putting its resources. “If I were a shareholder in Home Depot, I'd be looking at that,” he says.

Some quality experts would argue that point. “The assumption he's using is that the level of commitment is the same in each organization, and Six Sigma is being used in every process within the company,” says Pat Penfield, assistant professor of supply-chain management in the Whitman School at Syracuse University. “Also there are other variables that may be impacting a company that have nothing to do with Six Sigma.”

“The success of companies is so intricate you can't take any single driver and say that's what pushes performance,” adds Weller. “It's like saying you'll live to be 100 if you have a personal trainer.” **Laurie Brannen**