



## Compensating Six Sigma Blackbelts

**Q:** We are training our first "black belts" in Six Sigma and want to know how to compensate them. Should we give an increase in base pay based on getting certified in Six Sigma processes, or pay them a percentage bonus based on savings per project? Or both?

--- Improving process improvement, senior compensation/HRIS specialist, manufacturing, Morton Grove, Illinois.

**A:** For those who are not familiar with the Six Sigma concept, it is essentially a comprehensive process for examining business operations and taking action to improve them. It involves three basic steps: identification and evaluation, determining improvements, and measuring specific performance. It is not total quality management repackaged, but a way for all employees in the organization to be focused and deliberate about improving the way the company conducts its operations. A person who is trained in Six Sigma techniques is called a black belt.

The Six Sigma process is a way to instill a continuous improvement mentality, and thus motivate all employees to higher performance levels. While I can't speak to what every company is doing, I will suggest to you that the role of the black belt is to facilitate the Six Sigma adoption as part of the culture. Unless you are going to make the black belts permanent, I would not recommend that they be compensated any differently than they are now, at least from a base pay standpoint. Recognition, on the other hand, is a different issue. Black belts should receive some special recognition for their efforts and the ways to do this are infinite (dinners, award ceremonies, plaques, etc.).

Bonus plans are a more complicated issue. As improvements are made to various processes, and these improvements are measured, it is appropriate to share a part of the gains (generally financial) with employees. This means developing a structured, team-based process improvement bonus system. Each worker will need to participate in the appropriate type of bonus system. As an example, for plant-level employees you can use a plant-wide (as opposed to work team) gain-sharing or goal-sharing program very effectively to support Six Sigma efforts. For a call center, you might have each customer team paid according to its own performance. This needs to be developed, integrated and managed strategically.

Would you provide bonuses for black belts? My answer is yes, but with qualifications. I do not believe you should pay the black belts for the actual process improvement that they facilitate. Instead, pay them bonuses according to specific goals around successful rollouts. That is, as they are able to deliver training and facilitate successful team improvements, pay them bonuses appropriately. My difficulty in providing them with a "piece of the action" (share of the actual improvements) is that they may be motivated to inflate or misconstrue actual gains. There need to be some checks and balances built in to this.

As Peter Pande, Robert Neuman and Roland Cavanagh explain in their book, "The Six Sigma Way," Six Sigma training should eventually become part of basic business leadership skills for the organization. As with other types of leadership development, it would typically not be compensated. Interestingly enough, there is not one reference in their book about paying people to participate in six sigma training and/or become black belts, or even sharing gains with employees. The book, by the way, is a good primer to learn more about Six Sigma and what it really means for your organization.

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