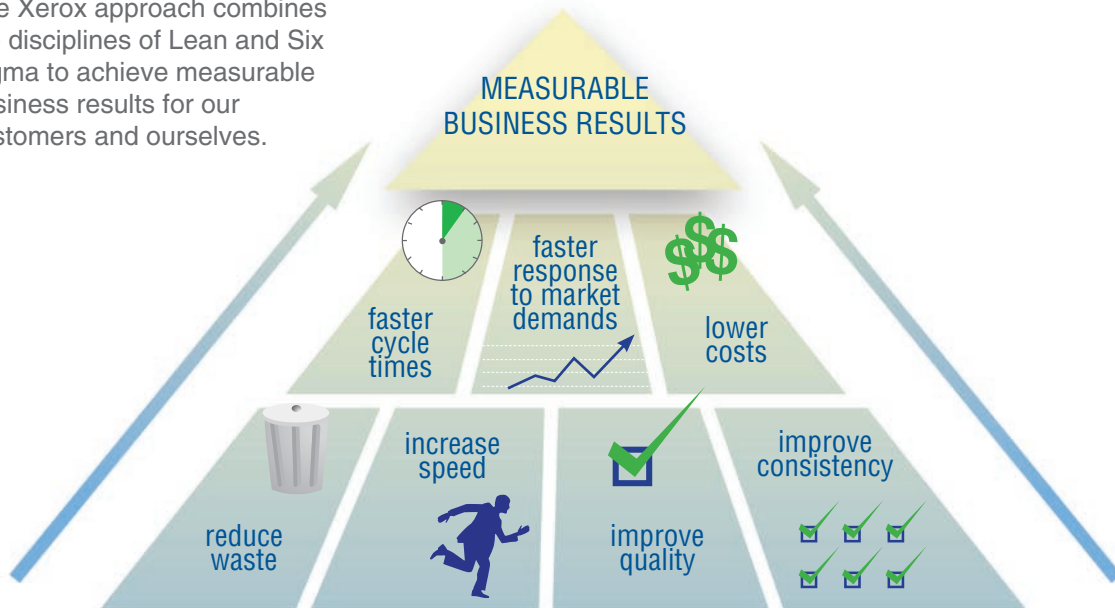


Lean Six Sigma Capabilities Brief

A new way to look at today's business challenges...using Xerox Lean Six Sigma

The Xerox approach combines the disciplines of Lean and Six Sigma to achieve measurable business results for our customers and ourselves.



XEROX LEAN SIX SIGMA

DMAIC process • DMEDI process • Design For Lean Six Sigma (DFLSS)

- Leadership development
- Customer-centered culture driven by performance excellence
- Collaboration
- Data-driven, fact-based decisions



“We’ve gone at it with a vengeance.”
 —Xerox Chairman and CEO, Anne Mulcahy, in Business Week Online

In 2003, Anne Mulcahy and Xerox’s senior leadership team launched the Xerox

Lean Six Sigma initiative with a massive commitment to deploy Lean Six Sigma tools and methods in all operations worldwide. It is becoming the way we work internally and with customers.

Finding better ways to work.

In today’s competitive business environment, success depends on constantly finding ways to work smarter... quicker...and better. That’s why Xerox has made a major, companywide commitment to Xerox Lean Six Sigma.

This disciplined methodology—which builds on our award-winning quality tradition—is driving dramatic improvements in every aspect of our business.

Building a powerful engine for continuous improvement.

Xerox Lean Six Sigma is a rigorous, data-driven, results-oriented approach to process improvement. It combines two industry-recognized management methodologies evolved by companies like GE, Toyota, Motorola, Bank of America, and Xerox.

By integrating the tools and processes of Lean and Six Sigma, we’re creating a powerful engine for improving quality, efficiency, and speed in every aspect of our business.

Accelerating and expanding progress.

Embedding a rigorous methodology like Xerox Lean Six Sigma into our company’s culture isn’t a short journey. It’s a deep commitment not only to near-term results but also to long-term, continuous, even breakthrough improvements.

The latest example is Design For Lean Six Sigma, which has now launched in our product development and delivery value chain. In the next few years, customers will see even greater value from new Xerox technology and solutions.

As a result, more enterprises in more industries are seeing more reasons to become Xerox customers.

Lean

Speed + Low Cost

Lean SPEED enables Six Sigma Quality (faster cycles of experimentation/learning)

Six Sigma

Culture + Quality

Six Sigma QUALITY enables Lean Speed (fewer defects means less time spent on rework)



XEROX LEAN SIX SIGMA AT A GLANCE

- 2,000 executives and managers have undergone leadership training
- More than 600 trained Master Black Belts and Black Belts are working on projects, many with customers
- More than 1,500 Lean Six Sigma projects completed or underway internally and with customers
- Over 2,500 Green Belts trained and working on projects
- More than 30,000 employees trained online as Yellow Belts in Lean Six Sigma as well as other process improvement courses
- Design For Lean Six Sigma training and projects launched

Data as of July 2005

Helping our customers achieve breakthrough results.

Xerox Lean Six Sigma is helping us make major improvements inside our company.

Now we're putting that growing expertise directly at the service of our customers.

Xerox Black Belts are helping deliver expert business process consulting and

assessment services. They help find ways to save up to 35% of client's total document costs and leverage their IT and infrastructure investments. That can have a big impact on the bottom line, since document management costs usually consume between 5 to 15% of a company's total revenues.*

Other Black Belts and Green Belts are at work collaborating with customers in Xerox-managed services sites to provide ongoing improvements and new, measurable customer value.

** Source: Research based on assessment work with over 300 Xerox customers.*

The customer value of Xerox's Lean Six Sigma capability.

Here are just a few examples of the real-world benefits our customers are achieving by collaborating with Xerox experts using the analytical, data-driven tools and processes of Xerox Lean Six Sigma.

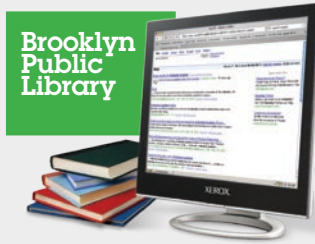
Monroe County Sheriff's Office

New York State's largest sheriff's department—the Monroe County Sheriff's Office—engaged us to engineer a new approach to processing accident reports.

The result? The average processing cost reduced from \$28 to \$8...a four-month records backlog eliminated...and the amount of time it takes deputies to file reports went from thirty to five minutes. A big impact on productivity, public safety, and the bottom line.

"I had never in my time in government service seen a project of this complexity get turned around and delivered with all of what we needed so quickly and completely."

—Patrick M. O'Flynn
Monroe County Sheriff



Brooklyn Public Library

The Brooklyn Public Library, the nation's fifth-largest public library system, selected Xerox to develop an automated Patron Access Management System that saved 135,000 hours of staff time and uncovered new revenue streams.

The new system, which uses a "smart," multi-purpose library card, also dramatically improved customer service and satisfaction while reducing costs by more than 70%.

"We've now taken about \$2 million of labor and fed that back into the workplace."

—John Vitali
CFO, Brooklyn Public Library

InterContinental Hotels Group

The InterContinental Hotels Group, which manages 3,500 properties around the world, chose Xerox to engineer IT improvements that saved the company \$1.2 million and improved customer satisfaction at the same time. All of which helped the company deal with the challenging realities of the post-9/11 business environment.

"Lean Six Sigma demonstrated that Xerox really understood our business and they became a stakeholder. Instead of being a vendor, they became a partner."

—Eric Hardaway
VP Applied Technology
InterContinental Hotels Group



Learn how Lean Six Sigma can work for you. Let Xerox provide you with a quantitative roadmap for success. Contact us at www.xerox.com/globalservices.



Disciplined methodologies that yield results.

Xerox employs a variety of Lean Six Sigma methodologies, including:

- DMAIC (Define, Measure, Analyze, Improve, Control): A standard approach for re-engineering existing processes. Overview examples below.
- DMEDI (Define, Measure, Explore, Develop, Implement): Ideal for optimizing new processes.
- DFLSS (Design For Lean Six Sigma): Used, with specialized tools, for customer-driven design of new technologies and services.

LEAN SIX SIGMA PHASES	DEFINE	MEASURE	ANALYZE	IMPROVE	CONTROL
Description	<ul style="list-style-type: none"> • Establish problem statement • Establish success criteria 	<ul style="list-style-type: none"> • Establish current state, identify where a process can be streamlined 	<ul style="list-style-type: none"> • Identify root causes • Identify time-intensive activities of a process • Identify how to eliminate non-value-added steps 	<ul style="list-style-type: none"> • Develop, plan solutions • Run pilot • Failure analysis 	<ul style="list-style-type: none"> • Implement solution • Monitor success of solutions • Develop process controls and mistake proofing
Tools and Methods (examples)	<p>SIPOC</p> <ul style="list-style-type: none"> • Capture voice of customer, business, and process <p>SUCCESS CRITERIA</p>	<p>Value Stream Mapping</p> <ul style="list-style-type: none"> • Non-value-added steps (Red) • Business value-added steps (Yellow) • Customer value-added steps (Green) 	<p>Pareto/Regression/Bar Charts</p>	<p>Solution Selection</p> <ul style="list-style-type: none"> • People, process and technologies 	<p>Dashboards</p> <ul style="list-style-type: none"> • Solution replication • Visual process controls
Value	<ul style="list-style-type: none"> • Provides single-minded focus for the entire process improvement engagement 	<ul style="list-style-type: none"> • Allows all stakeholders to agree on objective process metrics 	<ul style="list-style-type: none"> • Provides an opportunity to formulate key insights that will drive implementation of the solution 	<ul style="list-style-type: none"> • Gives participants a clear roadmap for executing the appropriate process changes 	<ul style="list-style-type: none"> • Allows for process control and continuous improvement based on metrics defined earlier in the process