

Inferential Statistics

Significance

Significance is all about differences. In general, larger differences (or deltas) are considered to be “more significant.”

Practical Difference and Significance is:

- The amount of difference, change or improvement that will be of practical, economic or technical value to you.
- The amount of improvement required to pay for the cost of making the improvement.

Statistical Difference and Significance is:

- The magnitude of difference or change required to distinguish between a true difference, change or improvement and one that could have occurred by chance.

Lean Six Sigma decisions will ultimately have a return on resource investment (RORI)* element associated with them.

- The key question of interest for our decisions “is the benefit of making a change worth the cost and risk of making it?”.

Significance

