
Managing Through Cost of Quality

On-Site Seminar

Quality is not free! For most businesses, the Cost of Quality averages 15 to 20 percent of gross sales. Yet most businesses have no way of monitoring or managing the Cost of Quality. Understanding, identifying, and reducing your Cost of Quality is the best way to improve your company's profitability.

Managing Through Cost of Quality will show you how to quickly estimate your company's Cost of Quality, how to start or improve a Cost of Quality System, and how to combine Cost of Quality with Corrective Action Tracking for effective management. You will learn how to identify Quality Cost Elements in any department in a company and for any kind of business.

Managing Through Cost of Quality is oriented toward Executives, Managers, Supervisors, and Quality Professionals. It consists of six instructional units and requires approximately eight hours for presentation. Seminar participants receive a Learner Handbook, a Learner Workbook, copies of selected illustrations, and additional materials.

Call us to learn how identifying and managing your company's Cost of Quality can make a positive difference in your company's future.

Seminar Outline:

Unit 1 - Introduction to the Cost of Quality

- Definitions of Quality
 - Traditional Definitions
 - Quality Defined as Fitness for Use
 - Quality Defined as Conformance to Requirements
- Defining the Cost of Quality
 - Costs of Conformance
 - Costs of Nonconformance
- Direct Quality Costs
 - Prevention Costs
 - Appraisal Costs
 - Internal Failure Costs
 - External Failure Costs
- Indirect Quality Costs
 - Lost Opportunity Costs
 - Customer Goodwill
 - Erosion of Market Share
 - Liability
 - Penalties
- Concept of a Total Cost of Quality

Unit 2 - Cost of Quality Programs

- Phases of Implementing Cost of Quality Programs
- Selecting a Basis for Measurement
 - Sales
 - Costs
 - Labor
 - Units
- Estimating Your Cost of Quality
- Using the Quality Cost Estimation Survey
- Analyzing Your Results

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Unit 3 - Defining Cost Elements

- Making Detailed Estimates of Your Cost of Quality
- Direct Quality Cost Elements
 - Prevention
 - Appraisal
 - Internal Failure
 - External Failure
- Using the Quality Cost Elements Worksheets

Unit 4 - Detailed Estimates of Your Cost of Quality

- Using the Direct Quality Cost Estimation Worksheet
- Analyzing Your Results
- Relative Percentages of Cost Categories

Unit 5 - Getting Started

- Considerations for Selecting Pilot Projects
 - Focus on Internal Failure
 - Using Pareto Analysis
- Collecting and Using Actual Cost Data
 - Labor
 - Materials
 - Utilities
- Monitoring and Controlling the Cost of Quality
 - Direct Quality Cost by Department Report
- Direct Quality Cost Summary Report
- Trend Analysis of Cost of Quality Data
- Determining an Optimum Direct Cost of Quality
- Indirect Quality Cost Considerations

Unit 6 - Managing the Cost of Quality

- Create a Common List of COQ Codes
 - Prevention Codes
 - Appraisal Codes
 - Internal Failure Codes
 - External Failure Codes
- Establish Policies and Procedures
 - Time Card Reporting
 - Corrective Action Reporting
 - Corrective Action Credit System
- Collect Real Data
 - Time Cards
 - Corrective Action Forms
- Management Reporting
 - Cost of Quality by Category
 - Cost of Quality by COQ Code
 - Cost of Quality by Department
 - Corrective Action Tracking

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