

Cost of Quality
Texas Instruments Approach

④ External failure costs are due to defects discovered **after delivery to customers.**

- ◆ Warranty repairs
- ◆ Product liability
- ◆ Marketing costs to improve product image
- ◆ Lost sales due to poor product quality

An illustration depicting a man with blonde hair, wearing a white shirt and a red tie, sitting at a desk and resting his chin on his hand in a thoughtful pose. To his left is a red rotary telephone. Above the man is a yellow line graph on a grid, showing a downward trend.

Training on Quality Cost

Course Duration: Two Days

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INTRODUCTION

A Brief Overview of Quality Costs

By Jim Hartman, GMP Institute consultant

"Understanding and effectively managing Quality Costs is such a difficult issue that we don't even try. We just do what is right for the customer."

So, what is "right for the customer?" Over-specified raw materials or finished product that adds no consumer benefit or noticeability? Expensive sampling and test systems that are designed to catch and sift out non-conforming product? Major product recalls that result from system failure? Or none of the above?

If you checked the last item, you are right on target. What is "right for the customer" is that we analyze and manage *all* aspects of **quality cost**. So much has been written on this that a few hundred words cannot come close to doing any justice to the subject.

For a basic understanding, however, let me offer a few definitions and suggestions. First of all it is generally accepted that we can divide the universe of quality costs into these areas:

1. **Preventive** - costs involved in programs that are designed to reduce appraisal and failure costs. (Example: training programs, pre-product quality assurance, work with suppliers, etc.)
2. **Appraisal** - costs resulting from our need to measure quality. (Example: laboratory facilities, equipment, calibration programs, salaries and benefits for inspectors and managers, data and record systems, etc.)
3. **Failure** - costs that become evident when things go wrong. (Example: scrap, rework, inventory expenses for unshippable product, advertising to buy back customer loyalty, product liability suits, etc.)

The last of these is the most difficult to measure and because of this it is often used as the excuse for not doing anything at all in establishing control of quality costs.

The costs of these elements is the Total Cost of Quality and has been estimated to run as high as 20% of the value of product sold. The tragedy is that many companies invest far too little in the Preventive area and lose the opportunity for dramatic savings in the total figure.

OBJECTIVES

The objective purpose of this training is to provide an overview of the concepts related to quality costs, show how quality cost data is used, and present steps to implement an overall quality cost system through,

Quality of Design and Conformance

Types of Quality Costs

Economics of Quality Costs

COURSE CONTENT

- WHAT IS QUALITY COST?
- QUALITY COSTS CATEGORIES
- MEASUREMENT OF QUALITY COSTS
- COLLECTION OF QUALITY COSTS
- IMPLEMENTATION OF QUALITY COST MODEL
- CASE SYUDIES & EXERCISES

CERTIFICATE

Participants qualifying writtenexamination shall beawardedcertificateof successful completionofthecourse.

WHO SHOULD ATTEND

• Technical Managers • Quality Engineering Team • Quality Managers • Laboratory Personnel • Production Managers • Quality Management Consultant • Engineers • Quality Control Executives • Metrology/Standard room personnel • S.Q.C/ SPC Team

Students from Engineering, Management, and Science Streams.

About us

Shreyas Quality Management System is a Consultancy Development Centre(CDC), Govt. of India Accredited, and IMS(ISO9001QMS,14001EMS & OHSAS18001)certified Training & Consultancy Organization focused on organizational performance improvement through the globally accepted tools such as ISO 9001, ISO14001 EMS, ISO5001EnMS,TS16949,NABL ISO 17025,ISO15189,ISO27001 ISMS,OHSAS 18001, SIX SIGMA, 5 S/Kaizen, TQM, quality costs, design of experiments(DOE) etc. It has helped manyorganizations both from manufacturing and service sectors to analyze and improve their performance through well-established systems. It has team members possessing a wide spectrum of professional qualifications, experience and expertise which could effectively and efficiently address improvement issues which are of importance to your business / organization. It has provided consultancy to more than 200 organizations both from manufacturing and service organizations for quality improvement.

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