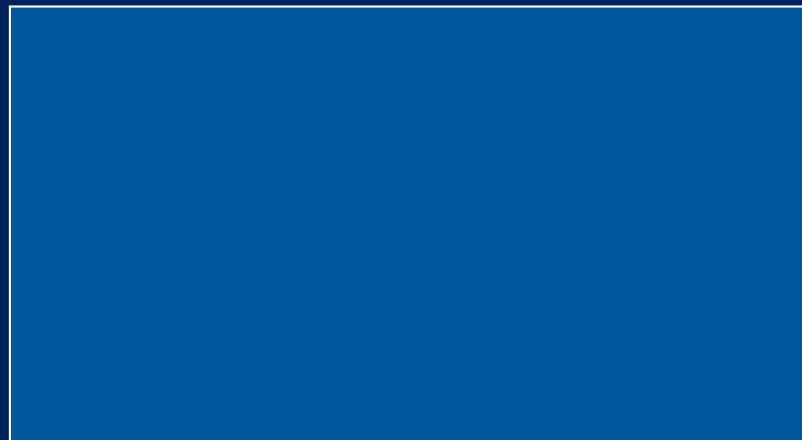




COST OF POOR QUALITY

PRICE TO PAY





The

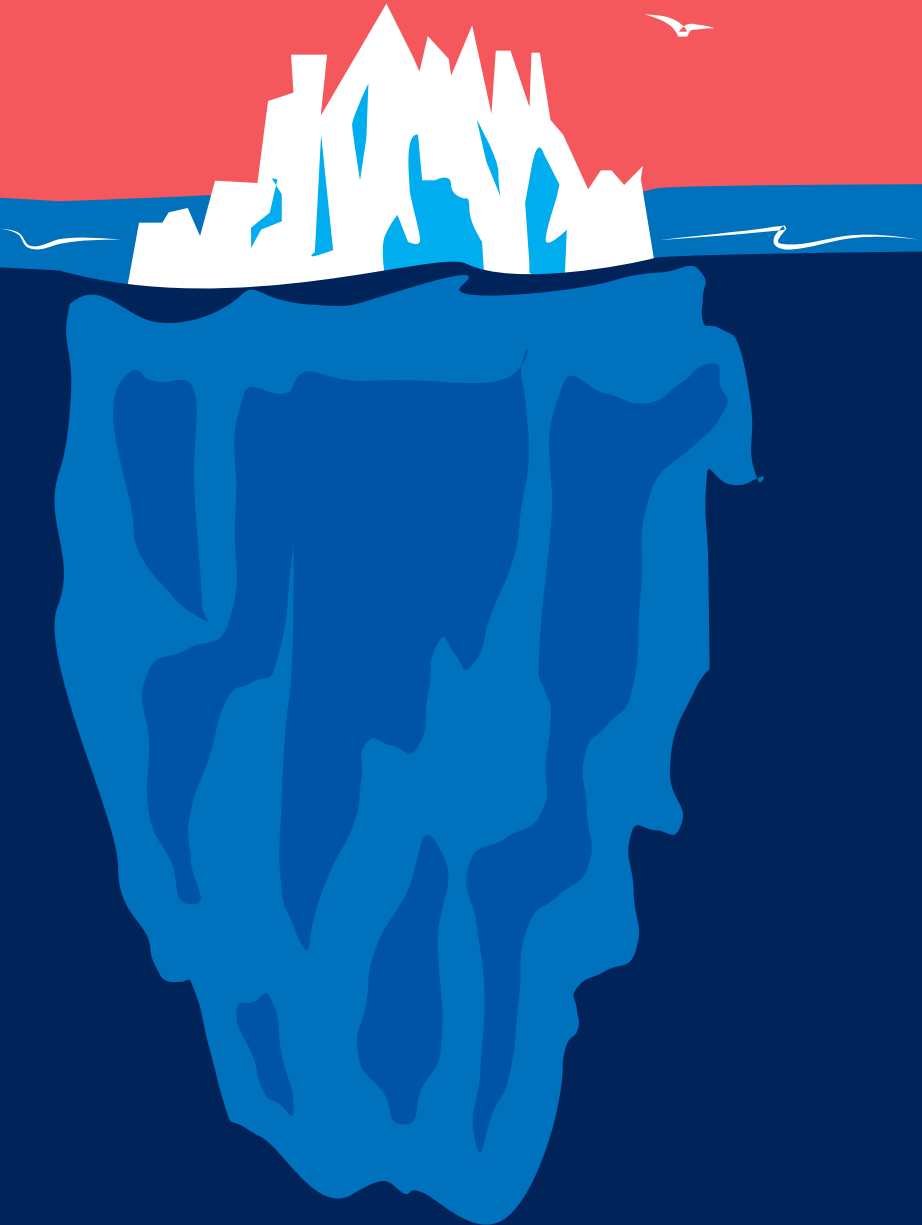
ICEBERG...

Nature's most

Spectacular creation!!!



TIP OF THE ICEBERG



Only
20%
of the iceberg is visible.

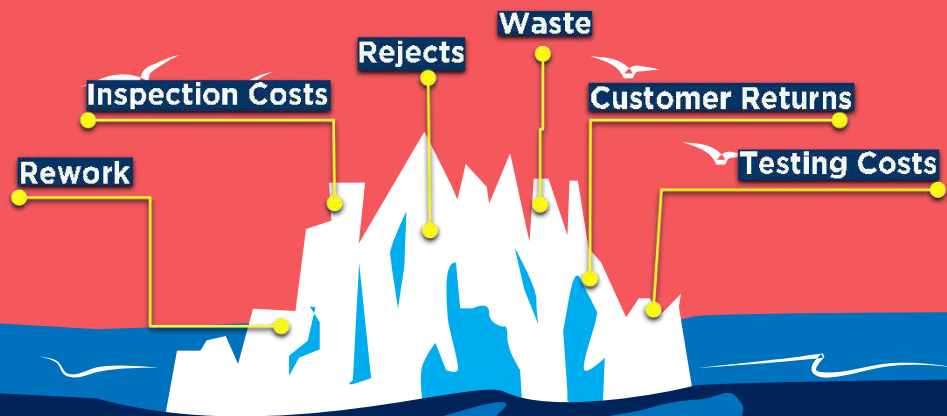
The remaining
80%
is hidden below the surface
of the ocean.





This **80%**
has the potential to
sink the TITANIC.....





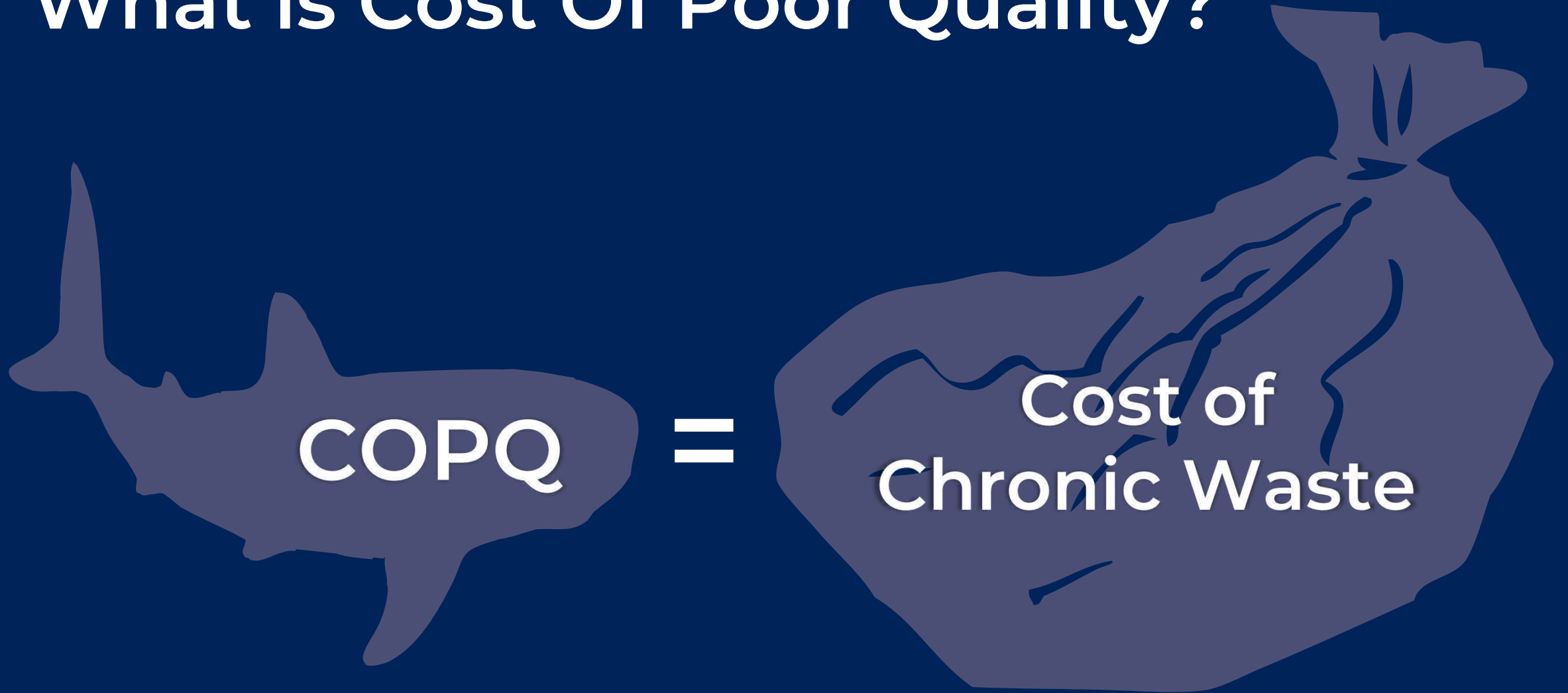
The Iceberg of Cost Of Poor Quality (COPQ)



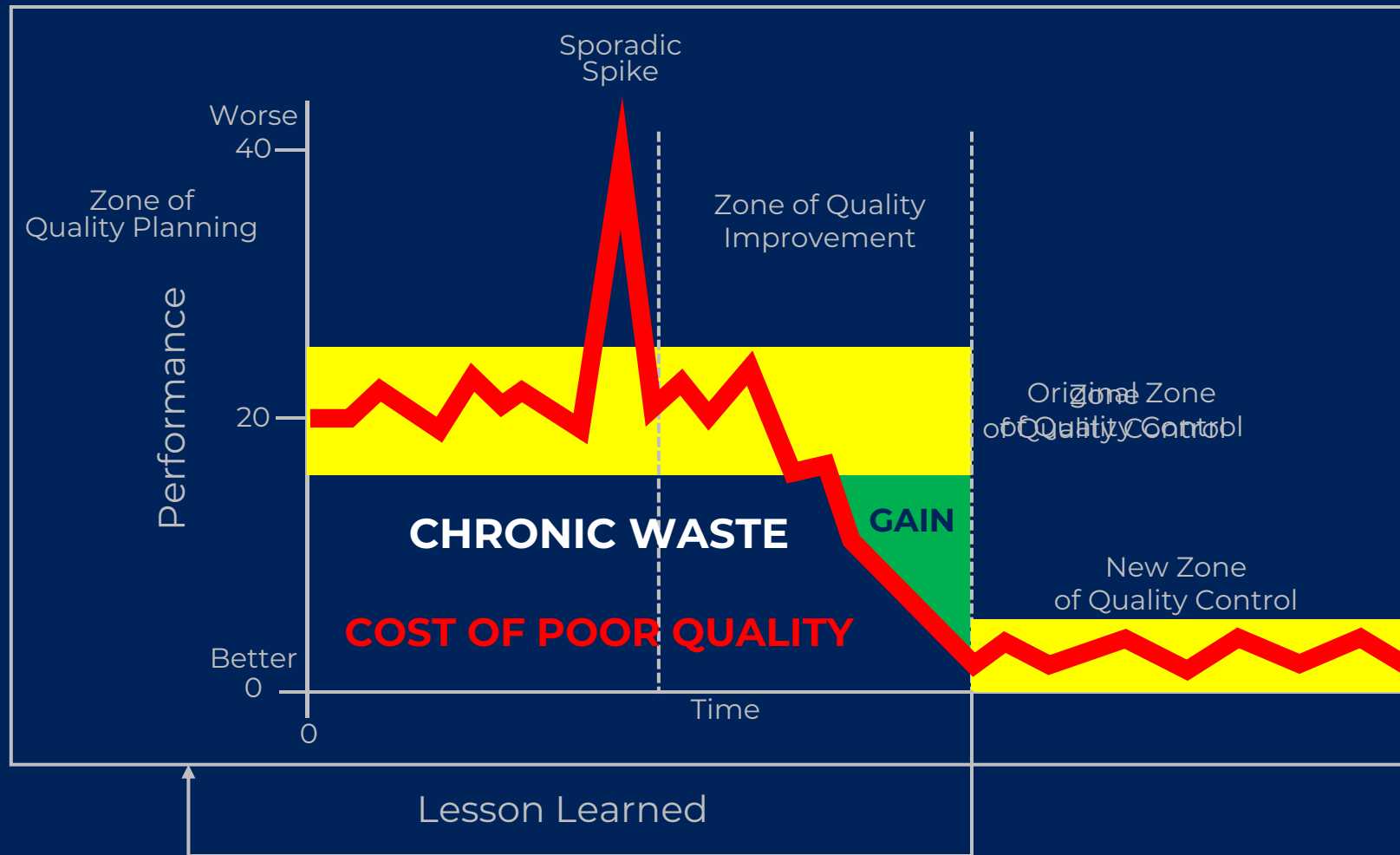
Hidden
15-25%
of Total Cost



What is Cost Of Poor Quality?



The Juran Trilogy



COPQ Categories – Examples



PREVENTION

- Quality education
- Process design
- Defect cause removal
- Process change
- Quality audit
- Preventive maintenance



APPRAISAL

- Test
- Measurements
- Evaluations and assessments
- Problem analysis
- Detection
- Inspection
- Maintenance (test equipment)



COPQ Categories – Examples (ctd.)



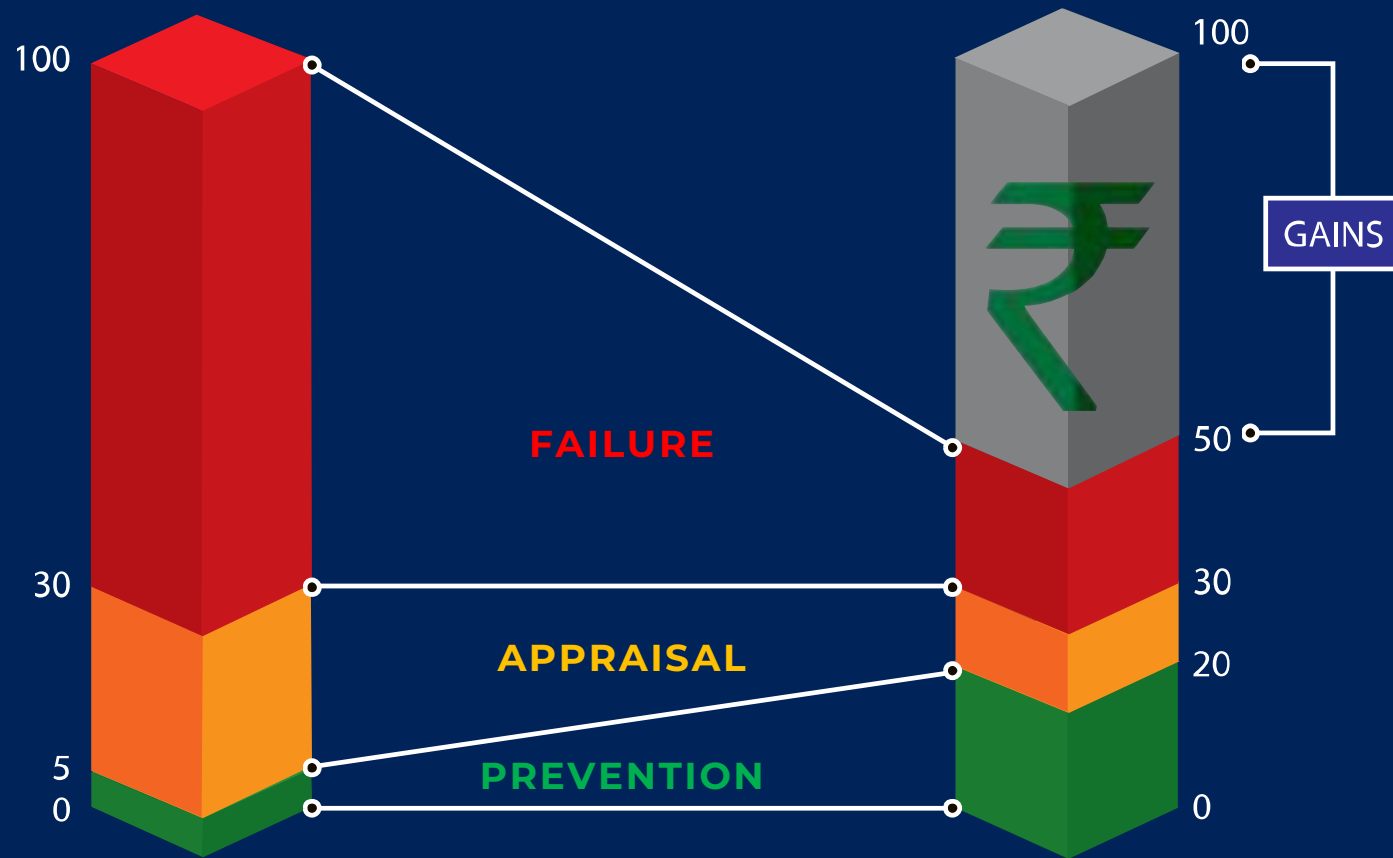
INTERNAL FAILURE

- Reinspection and retest
- Scrap
- Rework
- Repairs
- Service
- Defect removal
- Lost production

EXTERNAL FAILURE

- Returned products
- Legal exposure and costs
- Liability and damage claims
- Poor availability
- Malfunction
- Replacement
- Poor safety
- Complaint administration and warranty

Potential Gains from COPQ Reduction



Reduce COPQ by 50%

Double Your Profit

No Capital Investment

Testimonials



“

The realization of the colossal waste in re-work and rejections had dawned soon after we began the Juran (Problem Solving) journey, which led to a systematic attack on process improvement and fool-proofing.”

Mr Chandra Mohan
Punjab Tractors



“

I personally spend considerable time in communicating with people, on how and why it is imperative for our company to change, to restructure itself, and to continuously and relentlessly reduce wasteful costs.”

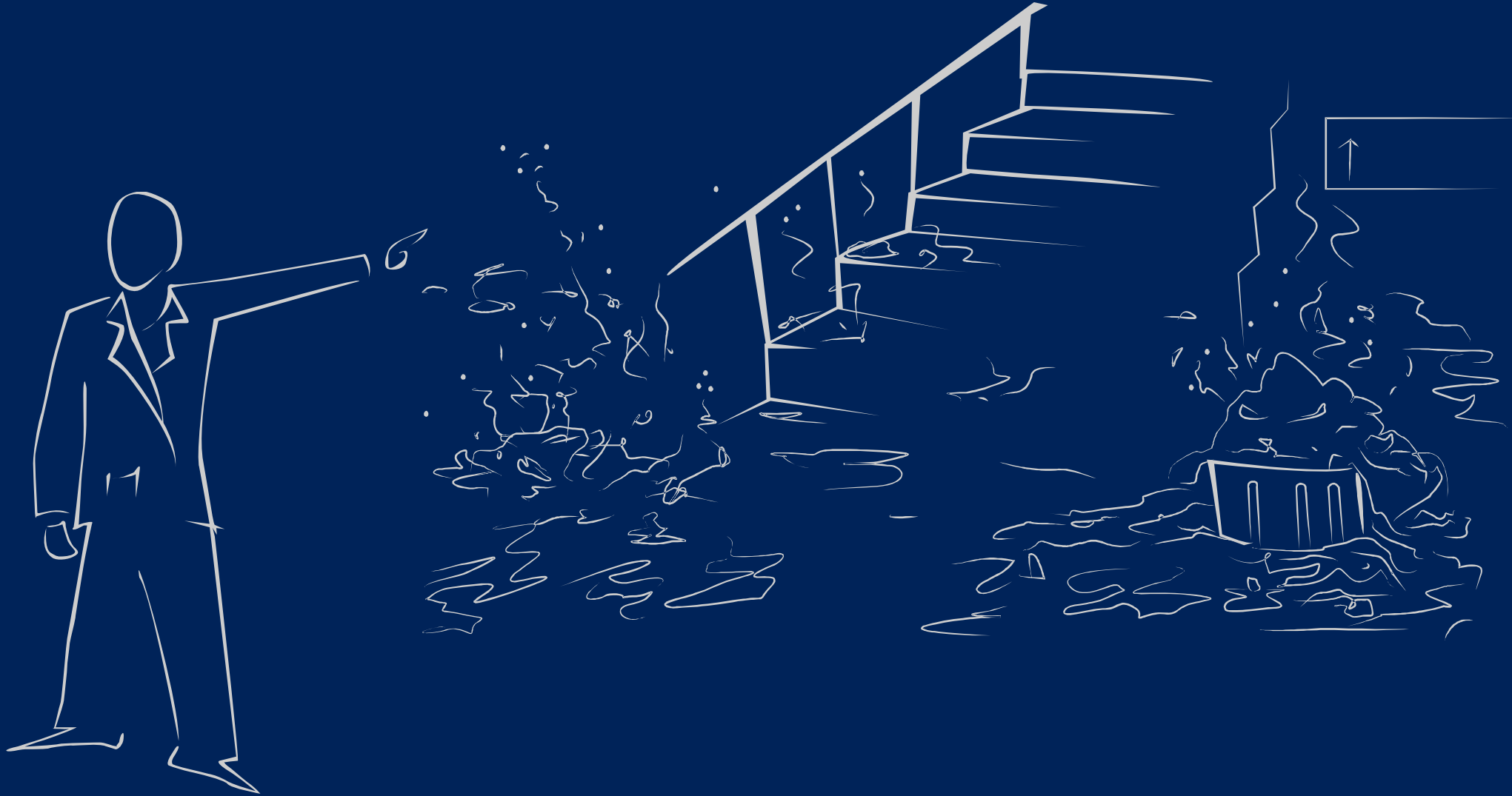
Dr J J Irani
TATA Steel



Peels and Meals

Quality Fables™

Vol I ; Fable 5



Legitimizing Absenteeism

Quality Fables™

Vol I ; Fable 3



LESSONS LEARNED



- » Chronic problems should not be legitimized in the budget
- » When estimating COPQ, work with non-controversial factors and non-debatable numbers
- » See the problem with your own eyes
- » Chronic problems tend to become culture issues
- » COPQ is alive and well in every service process
- » A low failure rate can disguise a high COPQ



