

# Cost of Quality (COQ)

It is not uncommon to find that the Cost of Poor Quality (COPQ) in a company is 20-40% of sales. While a company will never be able to completely eliminate all of its poor-quality costs, there is ample room to decrease it significantly. World Class companies boast a COQ of between 5-10% of sales. This seminar shows you how to identify your quality costs and set-up a program to systematically reduce the cost of your poor quality.

**Hours: 8 a.m. – 4 p.m.**

**Length: 1 day**

## Course Objectives

### Participants will learn:

- The concepts of poor quality costs and their major elements
- Methods for identifying, collecting and analyzing quality costs
- The steps needed to minimize the costs of poor quality
- How to set up a program for managing the cost of quality
- Various formats for reporting quality costs.

### Who Should Attend:

Managers, executives, engineers, quality professionals and others involved in the systematic identification of quality costs.

### Related Seminars:

- ISO 9001:2015
- IATF 16949
- Team Problem Solving
- Process FMEA
- Design FMEA



## Seminar Content

### COPQ Concepts

- History of Quality Cost Management
- Common Quality Philosophy
- Desired Quality Philosophy
- The Visible Costs of Poor Quality
- The Hidden Costs of Poor Quality
- Cost of Quality Programs

### Major Quality Cost Categories

- Categories of Quality Costs
- External Failure Costs
- Internal Failure Costs
- Appraisal Costs
- Prevention Costs
- Value Added vs. Non-Value Added Costs

### Obtaining Management Commitment

- Cost of Errors vs. Location Found
- Impact of Poor quality on Profits
- Quality and its Impact on Productivity
- Optimizing Quality Costs
- Cost of Non-Value-Added Activities
- Strategic Importance of quality Costs

### Establishing a Quality Cost Program

- Establish the Team
- Initial Assessments
- Collecting the Data
- Costs by Account
- Costs by Personnel Assigned
- Costs based on Occurrence
- Costs based on Interviews
- Analyzing the Data and Establishing the Cost Categories

### Reporting Quality Costs and Identifying Improvement Opportunities

- COQ Improvement Strategy
- Quality Cost Reports
- Establishing Quality Cost Goals
- Identifying Improvement Opportunities
- Identifying Cost Drivers

### Lessons Learned

- Lessons Learned from the Quality Community