

# Choosing what to improve?

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## *Relative Costs of Quality*

### CI - WHAT SHALL WE WORK ON?

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I had recently shared this with a fellow Quality professional as an example on how I decide which programs to improve in a vast field of potential candidates. Based on accounting groups, it should be every program. Lol. We must admit there are a lot of tools. Here is one method I use based on the tracking of poor costs of quality.

Sometimes we get paralyzed because there are too many choices. This is one method to try and take emotion out of the process. Thought I would post it here for others to use if they like. Does not have to be complicated.

Each company will track their own COQ. Which ones to track is another subject I wont cover here. For this exercise I have the categories below tracked for simplicity.

- **Material scrap cost** – This is the cost of the material to scrap it out of the system.
- **Process efficiency cost** – This is a cost associated with the program running efficient than what it was engineered to run. So, for example, if we lose 3 hours for inefficiency, how much is that worth. Each company should have their own costs. Remember this is relative, so exact account isn't as important as consistence.
- **Downtime costs** - This is the cost of breakdowns.
- **Sorting or extra processing costs** - The costs of additional processes that were not designed or quoted into the program.

Try to stay simple and consistent.

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## PLOTTING OUT THE ROADMAP FOR CI

Microsoft Excel handles this well, but there are other tools. Yes, the data is fake.

- Take every part you have and calculate its gain or loss
- Sort them on a spreadsheet from lowest to highest
- Create a chart from the data



This is a plot of about 53 parts. This is showing you losses and gains relative to each other based on your *poor costs of quality*. The \$0 crossing on the axis line means that the part is performing exactly as it was engineered. A positive dollar amount means that the part is performing better than it was engineered and a negative means it is performing worse. So, part C and D have a better potential for improvement than part A and B.

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You can also use this method to track your progress and to shift your focus as time progresses. Remember these are relative costs. Remember not to get caught up on short term trends. Look at a week, month, or quarter for example. Not many can argue about a program like that. Hope it helps.