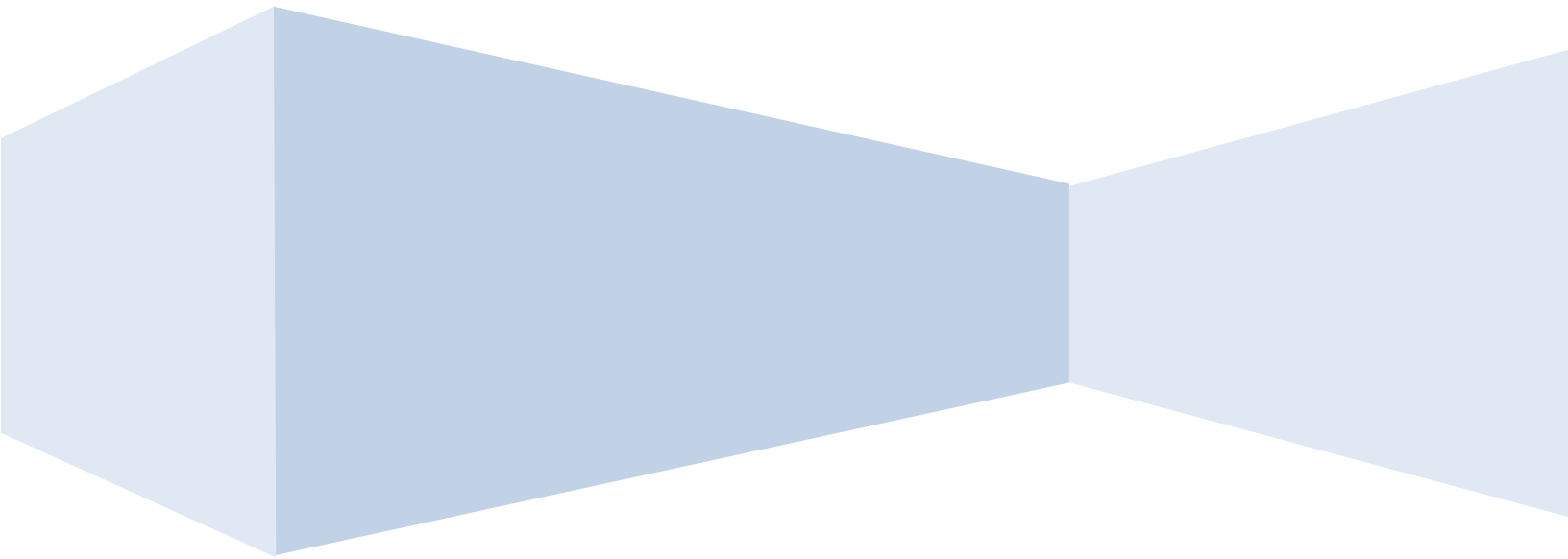
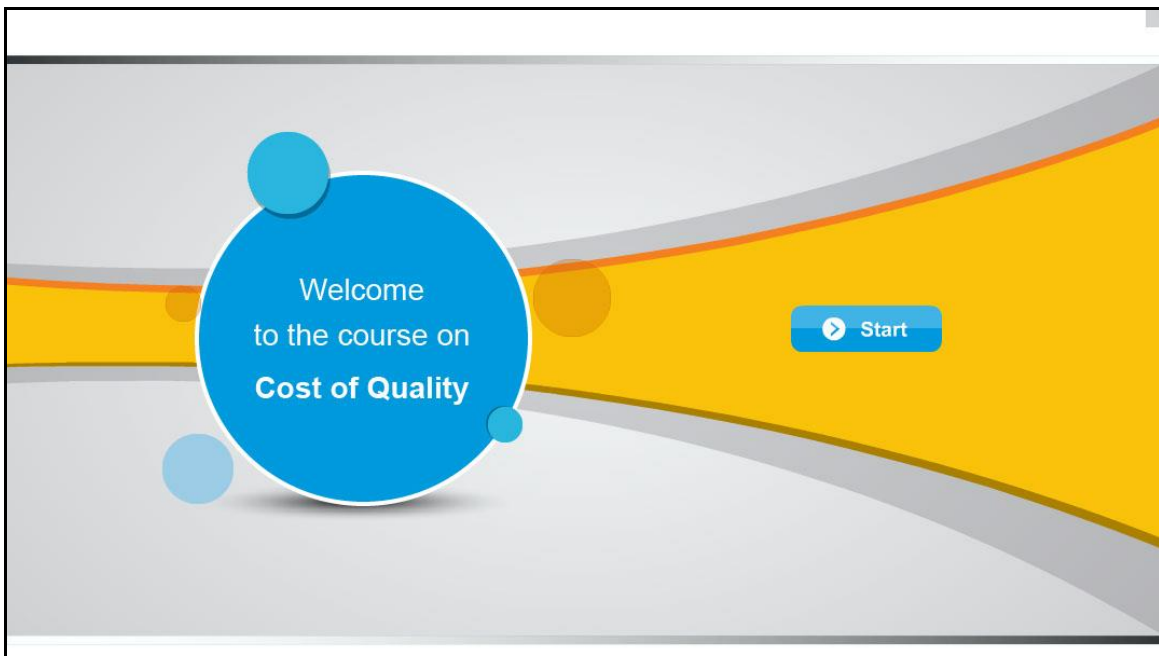



Cost of Quality Handout



Slide 1 – Launch



Slide 2 - Course Introduction



Cost of Quality

Course Introduction

Do you remember?

The last time you replaced a food order because it wasn't up to your expectations...

The pain involved in reprocessing a bank loan...

The time involved in getting a bank statement corrected...

How you wished you could get it right at the first instance?

Think of similar instances in a manufacturing scenario.

Slide 3 - Course Introduction



The slide features a blue header with the 'flex' logo on the left and the text 'Cost of Quality' and 'Course Introduction' on the right. The main content area has a light gray background. At the top, it says 'Imagine the extent of cost involved!'. Below this, there are three blue rectangular buttons stacked vertically, each containing a manufacturing scenario. To the right of these buttons, the text 'At Flex, we refer such an amount saved as' is followed by the bolded phrase 'Cost of Quality'. At the bottom, it says 'Think of similar instances in a manufacturing scenario.'

flex Cost of Quality
Course Introduction

Imagine the extent of cost involved!

A tool to be rebuilt...

A product assembly requiring retest...

A manufactured item needing rework...

At Flex,
we refer such
an amount
saved as
Cost of Quality

Think of similar instances in a manufacturing scenario.

Slide 4 - Course Objectives

**Cost of Quality**
Course Objectives



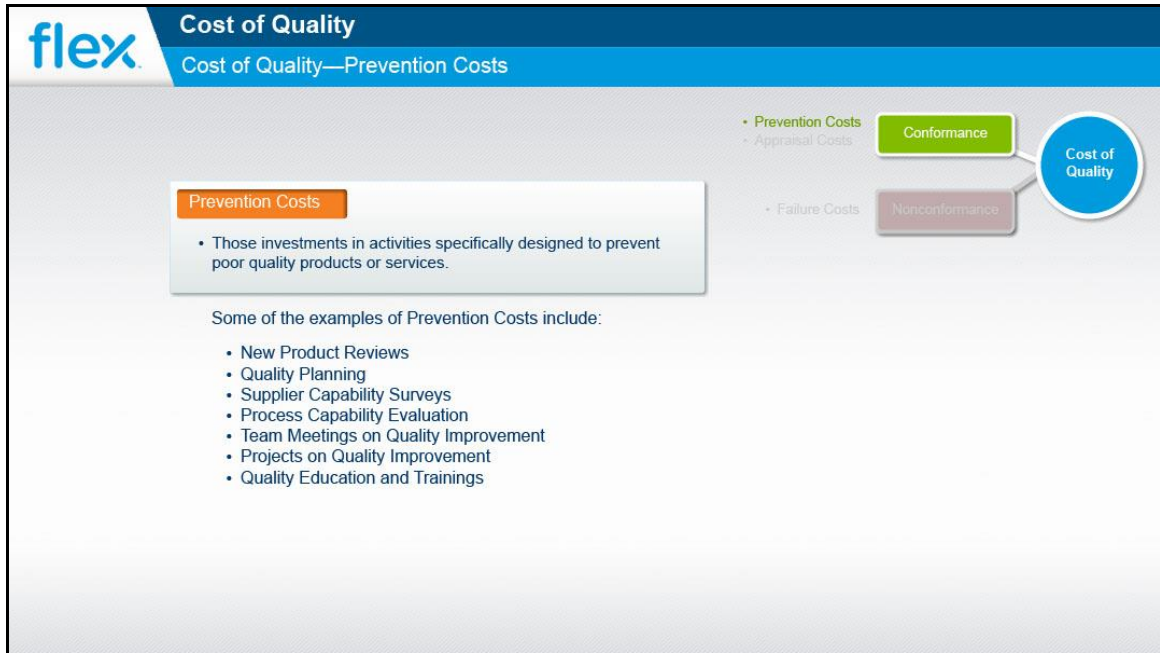
At the end of this course, you will be able to:

- Define cost of quality.
- Estimate prevention costs, appraisal costs, and failure costs.
- Explain how to implement the cost of quality program.

Slide 5 - Cost of Quality—An Overview



Slide 6 - Cost of Quality—Prevention Costs



Slide 7 - Cost of Quality—Appraisal Costs



The slide content is as follows:

flex Cost of Quality
Cost of Quality—Appraisal Costs

Appraisal Costs

Appraisal costs refer to:

- Those investments associated with measuring, evaluating or auditing products or services, for:
 - Assuring conformance to quality standards and performance requirements.

Examples

Some examples include:

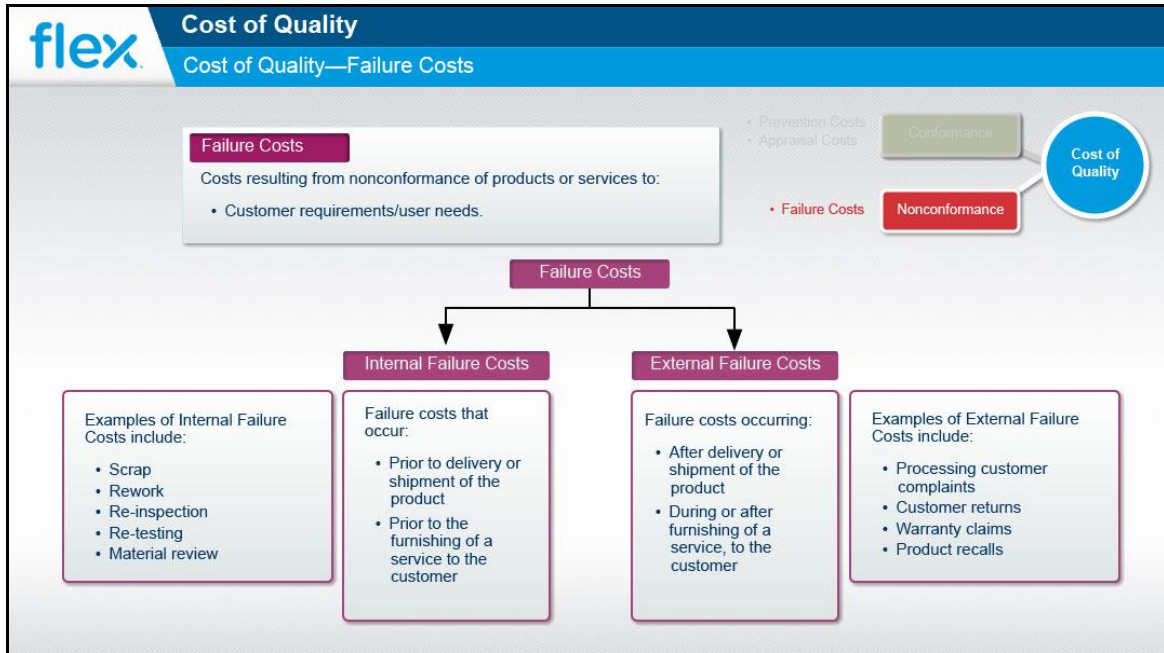
- Inspection/test of purchased material
- In-process and final inspection/test
- Product, process or service audits
- Calibration of measurements/test equipment

On the right side of the slide, there is a diagram showing the relationship between different cost categories and the overall Cost of Quality:

- Prevention Costs
- Appraisal Costs
- Failure Costs

The diagram also includes a central circle labeled "Cost of Quality" connected to three boxes: "Conformance" (green), "Nonconformance" (red), and "Cost of Quality" (blue).


Slide 8 - Cost of Quality—Failure Costs



Slide 9 - Hidden Quality Costs

flex Cost of Quality
Hidden Quality Costs

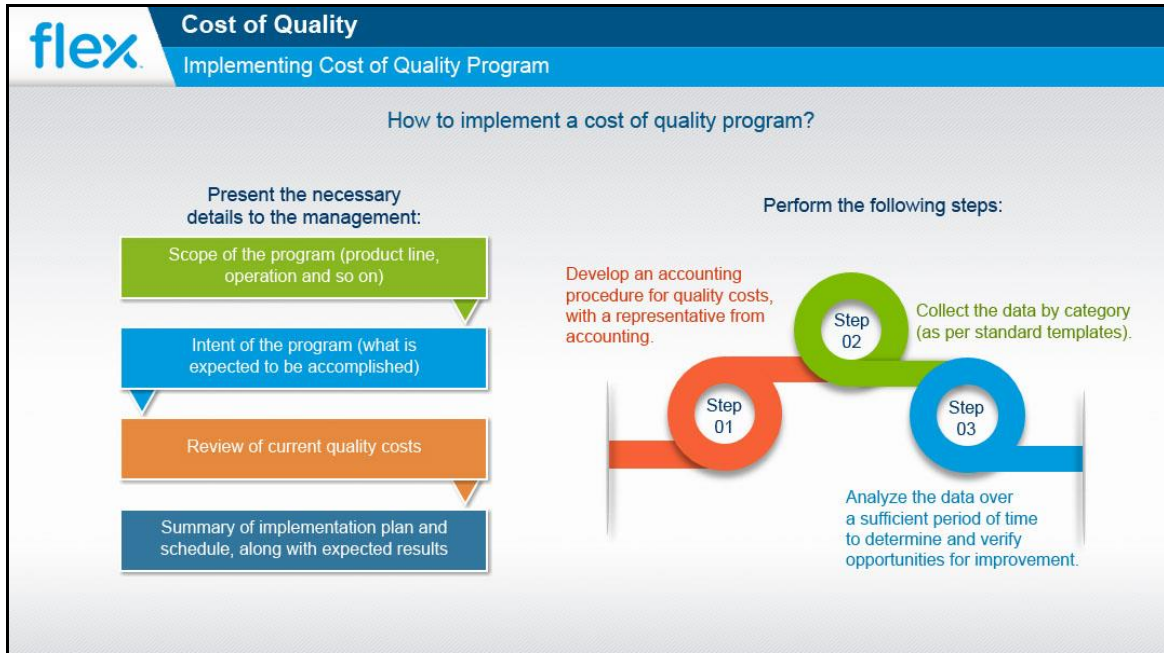
Often, we measure only the quality costs that are obvious.



<ul style="list-style-type: none">• Rejects• Rework• Waste• Recalls	<ul style="list-style-type: none">• Testing Costs• Customer Returns• Inspection
<ul style="list-style-type: none">• High Inventory• Complaint Handling• Cost of resolving customer problems• Travel costs and time spent with dissatisfied customer• Poor resource utilization	<ul style="list-style-type: none">• Field Inspection Expenses• Excessive Overtime• Premium Freight Costs• Sorting Costs• Lost customers or goodwill

However, there could be more costs that are not apparent initially, and may creep in like the hidden mass beneath an iceberg.

Slide 10 - Implementing Cost of Quality Program



Slide 11 - Cost of Quality Program—Prerequisites

flex

Cost of Quality
Cost of Quality Program—Prerequisites

There is also a cost associated with:

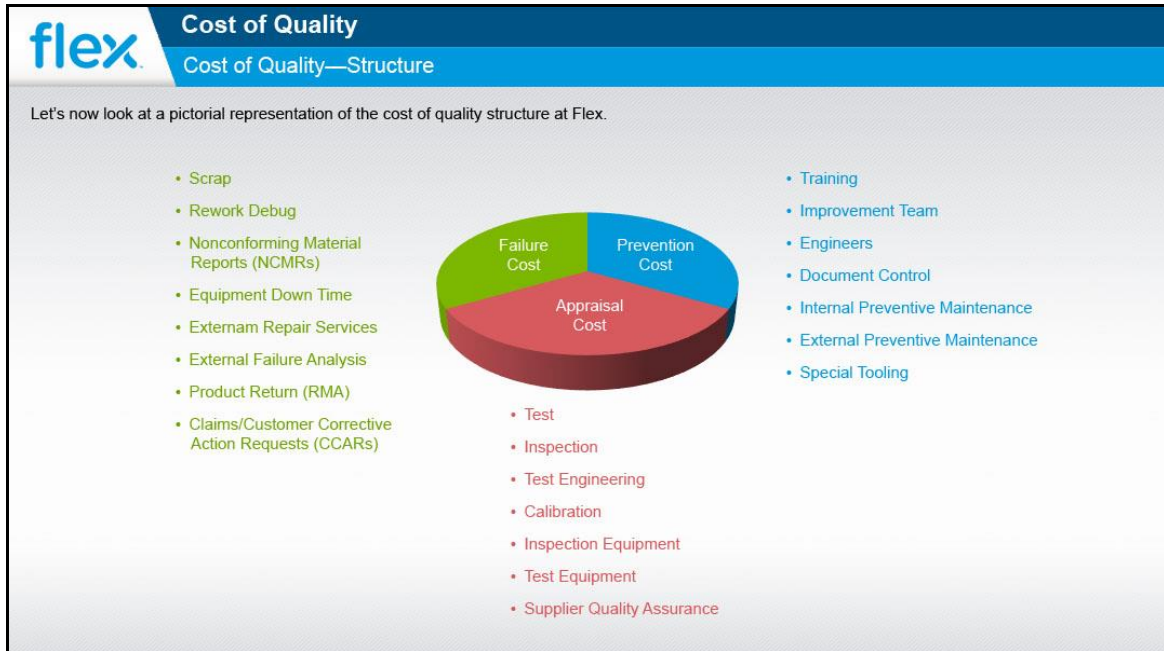
- Collecting the required data and managing cost of quality program.

Cost of Quality Program

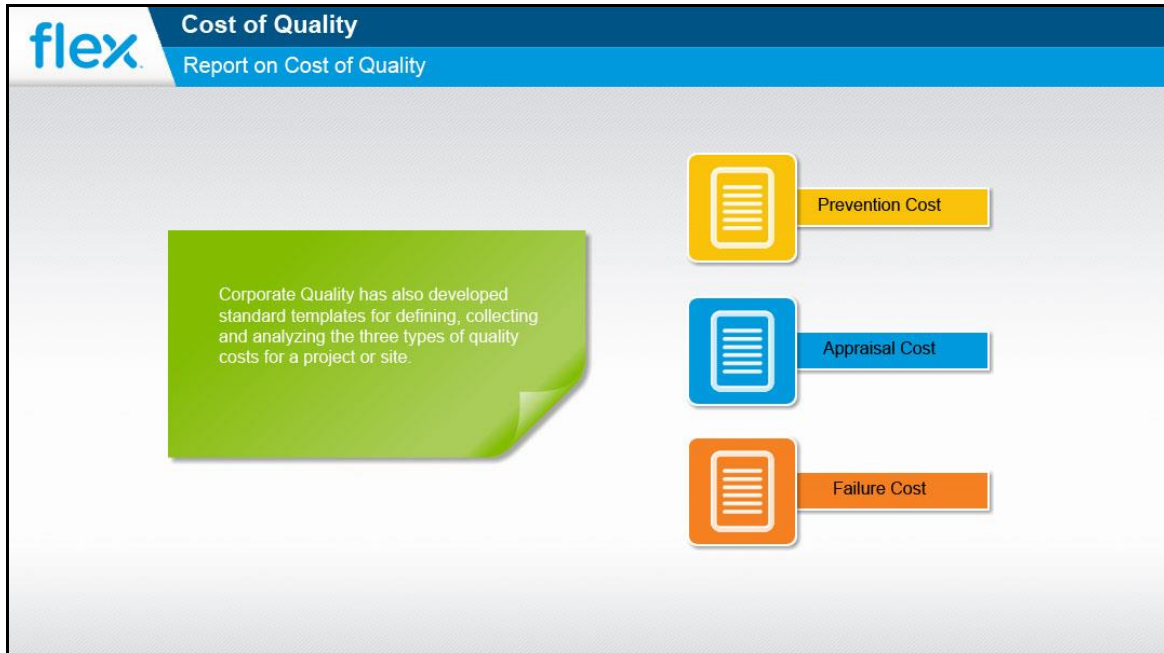
Therefore, before initiating this program, ensure:

- To analyze all actual costs to avail complete benefits of the program.
- The expected results (quality cost reductions associated with this effort) show a significant Return On Investment (ROI) after implementation.

Slide 12 - Cost of Quality—Structure



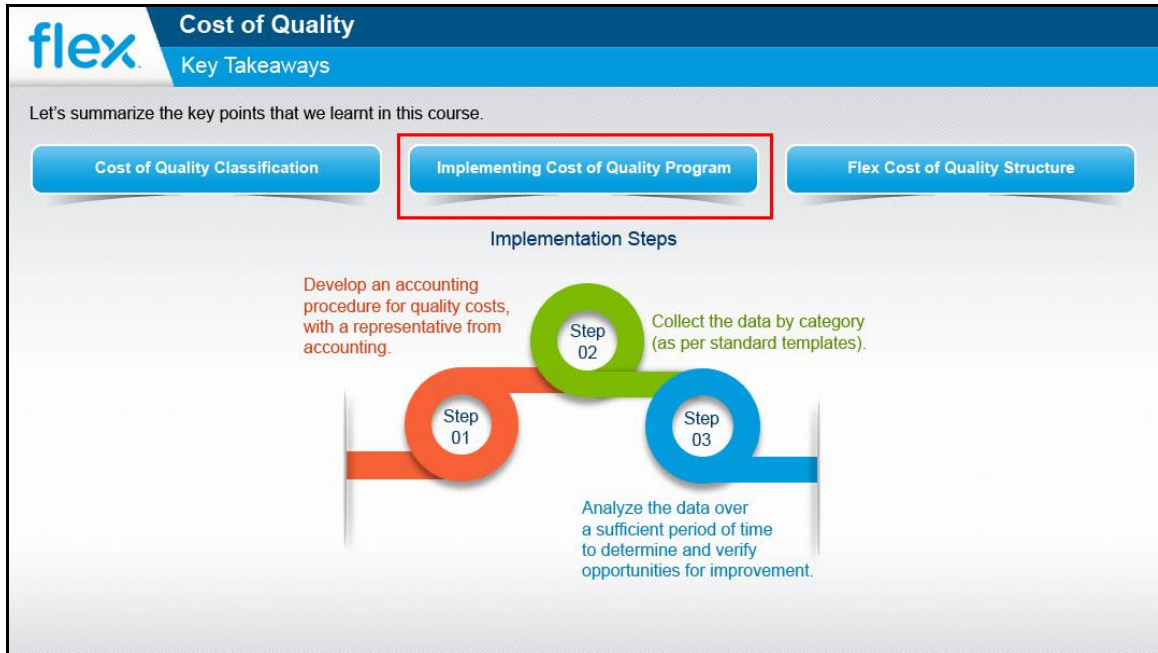
Slide 13 - Report on Cost of Quality

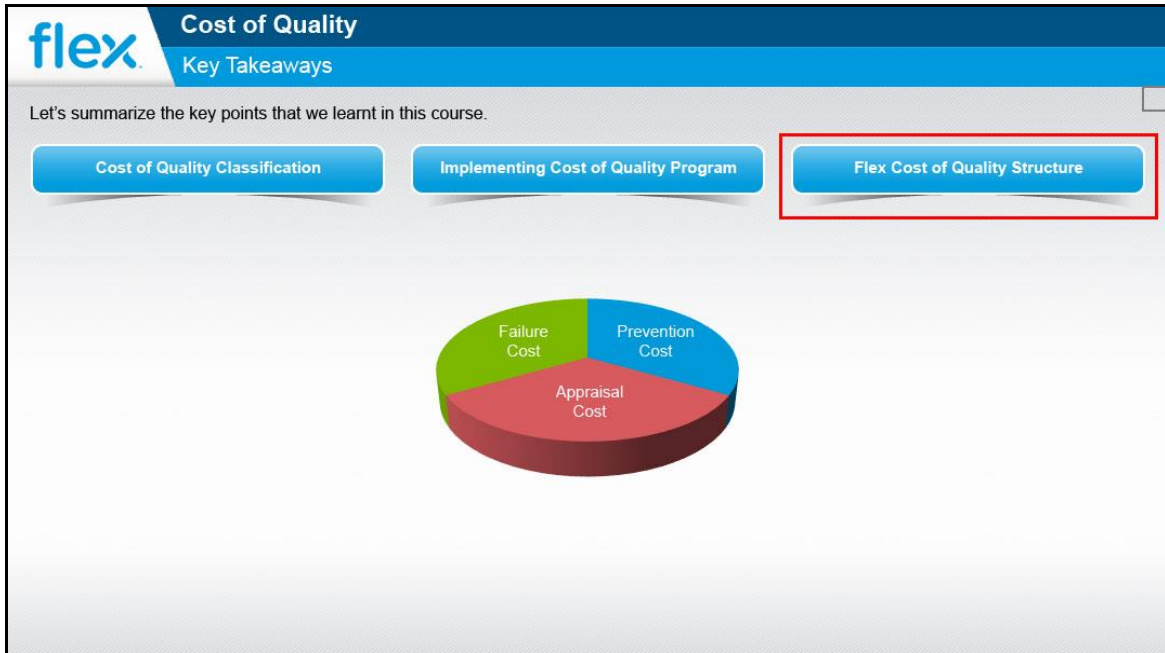


Slide 14 - Key Takeaways



Slide 15 - Key Takeaways



Slide 16 - Key Takeaways

Slide 17 - Thank You

