

1 Loss Function Aanalysis

- The Taguchi Loss Function is graphical depiction of loss developed by the Japanese business statistician Genichi Taguchi to describe a phenomenon affecting the value of products produced by a company.
- Praised by Dr. W. Edwards Deming (the business guru of the 1980s American quality movement), it made clear the concept that quality does not suddenly plummet when, for instance, a machinist exceeds a rigid blueprint tolerance. Instead "loss" in value progressively increases as variation increases from the intended condition.
- This was considered a breakthrough in describing quality, and helped fuel the continuous improvement movement that since has become known as lean manufacturing.

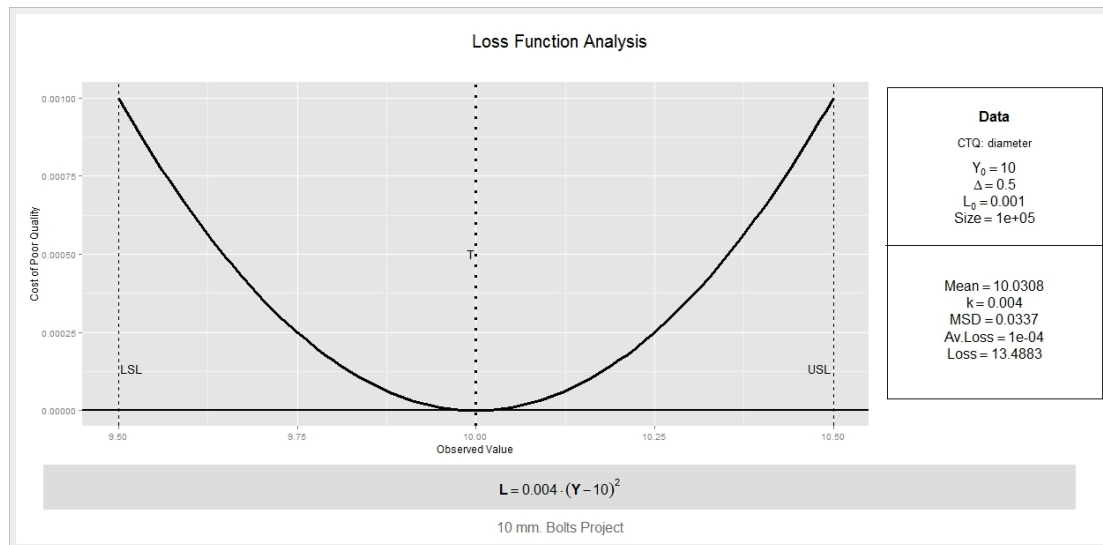


Figure 1