|  |  |  |
| --- | --- | --- |
|  | **TCS** Vijay | **DOC.NO: M.122.NC** |
| **EFFECTIVE DATE: 04/05/2009** |

**Setting Up Targets for Quality, Cost & Delivery (QCD)**

This document details the process of setting up targets for Quality, Cost, and Delivery (QCD) within a food manufacturing facility (NIC Code 10101). The targets should be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART).

1. Data Gathering and Analysis

* Step 1.1: Data Collection: Gather relevant historical data on quality metrics (e.g., defect rates, customer complaints), cost data (e.g., production costs, material costs, labor costs), and delivery data (e.g., on-time delivery rates, lead times). Use this data to establish a baseline for performance.
* Step 1.2: Benchmarking: Compare your company's performance to industry benchmarks and best practices. This helps identify areas for improvement and sets realistic targets. Utilize industry reports, competitor analysis, and professional associations for benchmarking data.
* Compliance Note: Ensure data accuracy is maintained throughout the process. Implement checks and balances to avoid data manipulation.

2. Defining QCD Targets

* Step 2.1: Quality Targets: Set specific, measurable targets for quality metrics, such as reducing defect rates by a certain percentage, improving customer satisfaction scores, or achieving a specific level of compliance with regulatory standards.
* Step 2.2: Cost Targets: Set targets for reducing production costs, material costs, or labor costs. These targets should be realistic and achievable considering market conditions and operational capabilities. Consider using cost-benefit analysis to justify investments in cost-reduction initiatives.
* Step 2.3: Delivery Targets: Set targets for improving on-time delivery rates, reducing lead times, and improving overall supply chain efficiency. Consider using techniques such as lean manufacturing or Six Sigma to streamline processes and improve delivery performance.
* Practical Guideline: Involve relevant personnel from different departments (production, quality, procurement, sales) in the target-setting process to foster ownership and buy-in.

3. Resource Allocation and Planning

* Step 3.1: Resource Assessment: Assess the resources (human, financial, technological) required to achieve the set QCD targets. This includes evaluating the need for additional training, equipment upgrades, or process improvements.
* Step 3.2: Action Planning: Develop a detailed action plan outlining the steps required to achieve the targets. This should include specific tasks, responsibilities, timelines, and metrics for monitoring progress.
* Compliance Note: Ensure that all actions align with relevant health and safety regulations and ethical business practices.

4. Review and Adjustment

* Step 4.1: Regular Monitoring: Implement a system for regularly monitoring progress towards the QCD targets. This involves tracking key metrics, analyzing data, and identifying any deviations from the plan.
* Step 4.2: Adjustment and Improvement: Regularly review and adjust the QCD targets and action plans based on performance data and changing market conditions. This ensures that the targets remain realistic and achievable.
* Practical Guideline: Use visual management tools like dashboards or scorecards to track progress and communicate performance to all relevant employees.

---