THE COST OF QUALITY

When was the last time you calculated the cost of quality stakeholder communication and engagement?

BY LYNDA BOURNE, DPM, PMP

Twentieth-century management consultant Joseph Juran defined "quality" as "fit for purpose." This elegant definition applies equally to the quality of your management processes and information as it does to your production processes and project deliverables. How does the cost of quality in your management work affect the relationships with your key stakeholders, managers and customers?

Fit-for-purpose project communications provide each stakeholder with the information he or she needs. The consequences of failing to provide quality information can be significant:

- A lack of confidence in your leadership, which leads to a lack of trust
- Requirements to generate an ever-increasing number of reports, extra layers of management, reviews and interference
- Senior management failing to heed your advice
- In extreme cases, projects being canceled for the wrong reasons

There are two sources of cost associated with quality in communication and stakeholder management. The first are losses experienced because of poor quality, or failure costs. These include lost revenues, lost production time caused by lack of information or stakeholder support, additional reporting, and the like.

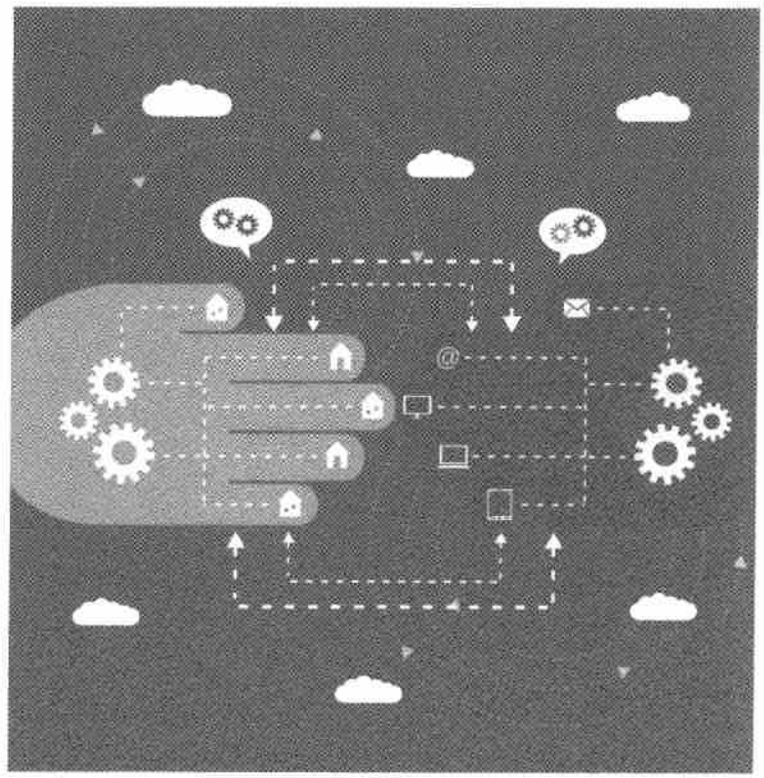
The second are investments made to improve quality, or prevention costs. These include tools, process improvements, and employing the right people, checks and inspections.

Unfortunately, while the cost to achieve an appropriate level of quality in communication and stakeholder management is relatively obvious, the cost of poor quality frequently is hidden or difficult to measure. The key is to lower the total cost of quality by investing sufficiently in prevention to reduce failure costs.

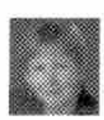
Good investments yield good results, while poor investments yield poor ones. The skill is investing enough in the right places. Project managers should quickly identify and eliminate problems, rather than commit to extensive bureaucratic processes that may cause more issues than they solve. Managed wisely, investments in prevention costs are usually minor compared to the magnitude of potential failure costs.

Once your communications and information meet your stakeholders' expectations, a number of benefits kick in. As with any product, higher-quality items have a higher perceived value. The corollary is high-quality information is accepted and believed, and you are not required to produce as much, which results in higher stakeholder satisfaction for less effort. What could be better?

Many people are surprised to learn the full extent of the costs of poor quality in all aspects of business. In part, this is caused by the inability of normal business reporting systems to capture and consolidate all the costs of quality. This hidden nature causes a de-emphasis of a problem that deserves much more attention because of its magnitude and the damage it can cause your project.



Now is the time to evaluate your stakeholder reporting and engagement systems, tally your true costs of quality and begin to make the type of investments that potentially can yield high returns. **PM**



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