

Calculating your True Cost of Quality



Today's modern market puts pressure on business managers to deliver profitable and consistent outcomes, while meeting demanding customer expectations.

WHAT IS THE TRUE COST OF QUALITY?

Cost of Not Getting it Right



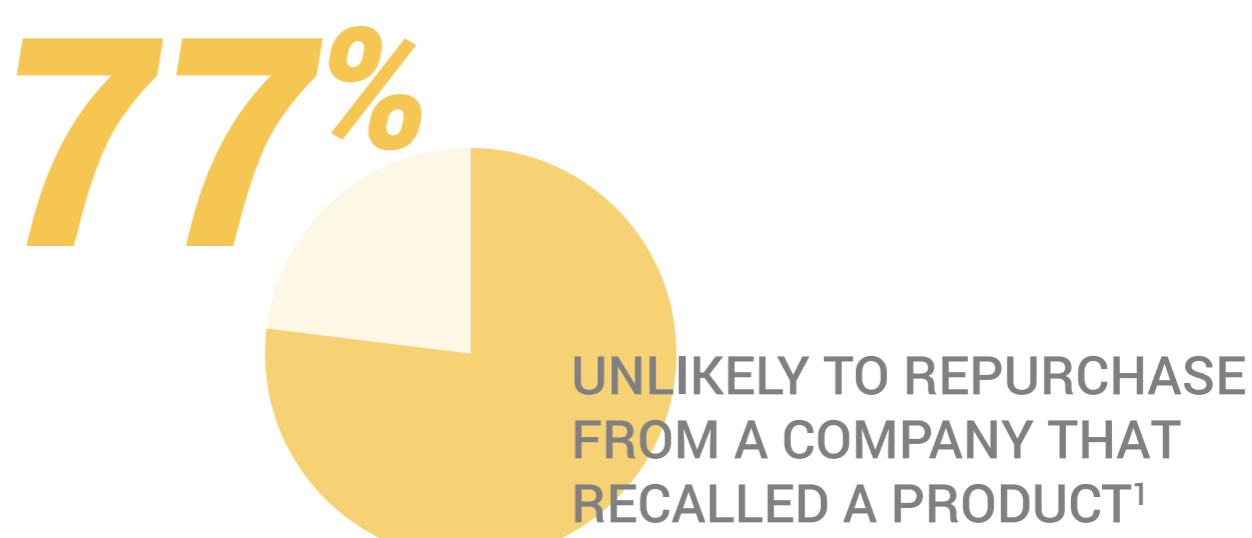
Cost of Getting it Right

The True Cost of Quality is a model used to evaluate how efficiently you can you meet your customers' expectations.



What are Customers Demanding?

Consumer trust is an increasingly valuable commodity. Consumers now drive the success and failure of companies.



According to the SAI Global Consumer Trust Index, 83% of consumers believe that operational transparency builds trust.

1 in 4

BUSINESSES DON'T TRACK THEIR COST OF OPERATIONS²



Calculating the True Cost of Quality

Cost of Not Getting it Right

The costs associated with not getting it right, or Cost of Poor Quality, includes failures once a product or service has been created.

Internal Failures: include costs incurred when a defect is found before the customer receives the product or service.

External Failures: Include costs incurred when a defect is found after the customer receives the product or service.

Recalls cost the food industry an average of \$10 million³ in direct costs alone, per recall.

Cost of Getting it Right

The costs of getting it right, or Cost of Quality, includes costs to ensure products and services perform as expected.

Inspection or appraisal costs: Costs incurred to determine the degree of conformance to quality requirements.

Prevention costs: costs incurred to keep failure and appraisal costs to a minimum by avoiding poor quality.

1. https://www.saiglobal.com/en-au/consumer_trust_index

2 <https://blog.saiassurance.com/webinars-on-demand/supply-chain-management-and-the-true-cost-of-quality-on-demand>

3 <https://www.foodsafetymagazine.com/magazine-archive1/junejuly-2018/the-costs-of-foodborne-illness-product-recalls-make-the-case-for-food-safety-investments>