

PERFORMANCE EXCELLENCE RESOURCES

COST & VALUE OF QUALITY INITIATIVES

Books & Publications

Current Trends in Cost of Quality: Linking the Cost of Quality and Continuous Improvement

Resource Type: Book
Author: John Hawley Atkinson
URL: <http://www.amazon.com>

Economic Evaluation of the Baldrige National Quality Program: Planning Report 01-3

This study, by NIST, is an economic evaluation of the Baldrige National Quality Program. The analysis assesses:

- the net private benefits associated with the Baldrige National Quality Program to the U.S. private and public sector organizational members of the American Society for Quality,
- via generalization, the net social benefits of the Program aggregate, and ,
- the relationships between economy-wide net benefits traceable and the social costs associated with operating the Program.

The report is available to download from National Institute of Standards and Technology web site.

Resource Type: Study/Publication
URL: <http://www.nist.gov/director/prog-ofc/report01-3.pdf>

How to Manage Quality in Today's Economy

Major quality disconnects, such as increasing customer expectations, global competition, and mergers and acquisitions, challenge the ability of companies to sustain sales growth and profitability during times of economic downturn. Unfortunately, some organizations respond with a slash-and-burn approach to cost reduction, eliminating productive, as well as nonproductive, activities. The key to achieving effective cost reduction is to correctly measure the real business failure costs associated with quality disconnects. Quantification of failure cost, followed by rigorous implementation of actions to eliminate their causes can lead to cost reductions amounting to 10 percent, while experiencing a similarly significant increase in customer satisfaction.

Resource Type: Quality Progress Article (No. 5, May 2002)
Author: A. V. Feigenbaum
URL: <http://qic.asq.org/perl/search.pl?item=14607>

Linking Quality to Profits: Quality-Based Cost Management

Linking Quality to Profits lays out a road map for any company that wants to link higher quality initiatives to increased profitability and competitiveness. Tools and methodologies that link quality and the bottom line are combined with the best practices of companies like Xerox Corporation, H.J. Heinz Company, and Westinghouse Electric Corporation to provide a practical framework for lower costs and higher profits.

Resource Type: Book
Authors: Hawley Atkinson, John Hamburg, Christopher Ittner
URL: <http://www.asq.org/quality-press/index.html>

Measuring Quality's Return on Investment: Is Your Quality System Earning its Keep?

More than 500,000 organizations worldwide have established formal quality systems based on the popular ISO 9000 series of standards. Many of them have maintained their quality systems for five years or more. In light of an increased focus on quality and customer satisfaction, executive managers have raised the question: Are quality-related efforts worth their cost? In other words, what is quality's return on investment?

Resource Type: Online Article

Author: Quality Digest
URL: <http://www.qualitydigest.com/feb00/html/measure.html>

Overcoming the Improvement Paradox

Abstract: Despite the demonstrated benefits of improvement programs such as total quality management and reengineering, most improvement programs end in failure. Companies have found it extremely difficult to sustain even initially successful process improvement programs. Even more puzzling, successful improvement programs sometimes worsen business performance, triggering layoffs, low morale, and the collapse of commitment to continuous improvement. For the last four years, we have worked with a variety of firms to understand the paradox and design policies to overcome it. Our findings suggest that the inability to manage an improvement program as a dynamic process is the main determinant of program failure. Improvement programs are tightly coupled to other functions and processes in the firm, and to the firms customers, suppliers, competitors and capital markets. Failure to account for the feedbacks among these tightly coupled activities leads to unanticipated and often harmful side effects. This study describes these dynamics and offer some guidance for managers seeking to design sustainable process improvement program. Available to download in PDF format.

Resource Type: Journal Article
Authors: Keating, E. K., R. Oliva, N. P. Repenning, Scott Rockart, J. D. Sterman
Reference: European Management Journal, 1999, 17(2), 120-134
URL: <http://web.mit.edu/jsterman/www/EMJPaper.html>

Paradigms, Systems, and TQM

An insightful article on why the practice of quality management yields the best results for any organization.

Resource Type: Online article
Author: John Woods
URL: <http://my.execpc.com/~jwoods/paradigm.htm>

Principles of Quality Costs: Principles, Implementation, and Use, Third Edition

Everything you ever wanted to know about quality costs is presented in this edition, now updated with a focus on both the service and manufacturing industries.

Resource Type: Book
Author: Jack Campanella (Editor)
URL: http://www.asq.org/quality-press/display-item/index.html?item=H1013&xvl=76BK_H1013

Is Quality Free or Profitable?

The traditional cost of quality (COQ) model can be extended into the realms of revenue and social benefit. The optimal level of quality in the traditional model falls at the minimization point of the total quality cost curve. In this model, quality related costs consist of internal and external failure costs, appraisal costs, and prevention costs, with internal and external failure costs inversely proportional to quality. This model can be modified to account for total revenue and net profit. Marginal analysis of the relationship between quality and revenue reveals an incentive to increase the level of quality. Compared to the traditional model, the new model moves the point of optimal quality to a higher level, so as to maximize net profit. The quality level increases even further if the model analyzes quality with respect to total social benefit. When net benefit is maximized, the point of optimal quality moves to a level higher than that associated with maximum net profit. The analysis of social benefit also reveals that some government regulations can force quality levels beyond the point of optimal quality. Such regulatory attempts to increase social benefits might push quality efforts into the suboptimal area.

Resource Type: Quality Progress Article (Vol. 33, No. 1, JANUARY 2000)
Authors: Jon Miller and John Morris
URL: <http://www.asq.org/data/subscriptions/qp/2000/0100/qp0100miller.pdf>

The Improvement Paradox: Designing Sustainable Quality Improvement Programs

Resource Type: Research Publication

URL: <http://www.systemdynamics.org/conferences/1996/proceed/papers/sterm517.pdf>

Whose Quality Costs?

Resource Type: Online Article

Article discusses the cleavage that exists between the world of top management, with emphasis on the business problems of the enterprise, and the world of quality control specialists, with emphasis on quality control technique.

Author: J.M. Juran (Editor)

URL: www.juran.com/elifeline/?tag=quality-control%20

Training

Cost of Quality

Improve customer satisfaction and financial performance using this powerful tool. Surveys show a vast majority of companies either overlook or are unaware of the concept of Cost of Quality (CoQ). Successful use of CoQ shifts the focus from a quality cost system to using CoQ as an effective tool in the selection and management of improvement efforts.

Resource Type: ASQ Course

URL: www.asq.org