Operational excellence

Costs of Poor Quality and Quantifying Gains

One day to make the losses caused by poor quality visible and to quantify the gains of improvement projects in a verifiable way. Participants classify prevention, appraisal and failure costs, reconstruct those of their site from quality records and cost accounting, then apply a gain-quantification method that management control can validate. The calculations use your own data.

Duration : 1 day

Objectives

1. Explain the prevention, appraisal, internal and external failure model, and the hidden share of poor quality
2. Identify data sources: scrap, rework, returns, complaints, lost time, inspections, downgrading
3. Build a table of the costs of poor quality for your site, with its assumptions written down
4. Apply a method for quantifying a project's gains: baseline, hard savings, cost avoidance, follow-up period
5. Present the results to management and management control in a verifiable form

Programme

Day 1 — morning

• Visible and hidden poor quality: what quality reports show and what they leave out

• Prevention, appraisal, internal failure, external failure model; industrial examples

• Data sources: cost accounting, scrap, rework, complaints, stoppages, overtime

• Valuation rules: material, time, overheads, and their limits

Day 1 — afternoon (workshop)

• Quantifying a project's gains: pre-project baseline, hard savings, cost avoidance, investments, follow-up period

• Validation by management control: what it brings to the credibility of results

• Workshop: the cost of poor quality table for your site and the quantification of a real or ongoing project

• Follow-up indicators and presenting results to management

• Knowledge test on classification and quantification

Teaching methods

• Work on your data: scrap reports, complaints, downtime, cost accounting extracts

• Participation of a person from management control recommended, to validate the valuation rules

• Industrial examples for each category, from prevention to customer complaints

• Critical exercise: reviewing overstated gain calculations and correcting them

• Reusable table template handed over at the end of the session

Assessment and documents

Knowledge test at the end of the day, end-of-course evaluation at D+1. Numbered training certificate, verifiable online, for each participant; the company receives the training report, the cost of poor quality table and the quantification of the project handled in the workshop.

Bilingual materials for every participant; each classroom course comes with its digital twin on OmniLearn.

Good to know

Quantified gains are the condition for validating Green Belt and Black Belt projects: see « Lean Six Sigma Green Belt ». Management teams that select and follow projects can attend « Champion: Selecting and Sponsoring Projects ».

Practical information

Duration	1 day
Audience	Quality, production and continuous improvement managers, management control, Lean Six Sigma project leaders
Prerequisites	No prerequisites
Group size	Groups of 6 to 12 participants, in-company
Format	In-company, face to face on your site
Language	French, Darija or English; bilingual materials
Funding	OFPPT special training contracts (TFP), GIAC, Maroc PME: we prepare the applications with you, at no extra cost.
Programme customisation	Programme adapted to your procedures, your equipment and your audience

Frequently asked questions

Do we need detailed cost accounting?

No. It helps, but many losses can be reconstructed from production and quality records, with written assumptions. What matters is applying the same rules from one period to the next.

What is the difference between a hard saving and cost avoidance?

A hard saving shows up in the accounts: less scrapped material, fewer rework hours. Cost avoidance corresponds to spending that will not happen, such as a capacity investment that is no longer needed. The two are presented separately to keep management's trust.

Who should attend?

Quality and production managers, improvement project leaders and, preferably, someone from management control. They validate the valuation rules during the session rather than afterwards.

Does the course give reference ratios?

No. Published ratios vary too much between sectors and calculation methods to serve as a target. The course helps you establish your own baseline and track how it evolves.