

Project Task 5

Quality Cost Analysis of "Wrigley Spearmint 2.0 New generation"

The objective of quality cost analysis is to minimize the total cost of quality across the life of a product. => reduce the quality costs

Therefore you have to know the Quality costs.

Quality costs are the costs you have to find, prevent and correct failures in your work of producing a product.

Total Cost of Quality: The sum of costs: Prevention + Appraisal + Internal Failure + External Failure

- Wrigley Spearmint 2.0 New generation-

Prevention Costs:

- Adequate employee selection (starts in the Wrigley Research center)
- Staff training
- Requirements analysis
- Recipe experiment
- Early prototyping
- Market situation analysis
- Clear specification
- Accurate internal documentation
- Evaluation of the reliability of development tools or of other potential components of the product (Evaluation of the Wrigley Research center)

Appraisal Costs:

- Testing (in the labor, customers prospects, simulated supermarket setting test, ...)
- Customers opinion survey (also about the Package, Advertisements, ...)
- Design reviews
- Raw material testing (sensory, chemical, substitution experiments, ...)

I

nternal Failure Costs:

- Bug-fixes
- Wasted tester time

- Wasted research time
- Wasted marketer time
- Wasted advertisements in case of delayed release
- Costs of late shipment (lost sales)
- Opportunity cost of late shipment (lost time for other projects)

External Failure Costs:

- Investigation of customer complaints
- Recalls
- Testing of interim bug fix releases
- Shipping of renewed product
- PR work to soften drafts of harsh reviews
- Lost sales
- Lost customer goodwill
- Discounts to resellers to encourage them to keep selling the product
- Warranty costs
- Costs on lawyers, ...
- Penalties (food law, ...)

There are also Costs that Customers have to deal with, which are important to look at- otherwise lawsuits and similar costs can increase.

External Failure Costs for the Customer:

- Frustrated employees quit
- Cost of replacing the product
- Injury / Death (contamination)
- Frustration

The next step is then to bring up issues about this costs at the management meeting. Therefore it is useful to speak with every department individually about your ideas and their opinion about it.