

Cost of Quality

The following lists both the costs of confirming to quality and the costs of non-compliance. The cost of quality conformance should always be less than the costs of non-conformance i.e. quality should be a positive investment.

Costs of conformance

- Quality Training.
- Studies.
- Surveys.
- Efforts to ensure everyone understands processes and procedures.

Costs of non-conformance

- Rework.
- Scrap.
- Warranty claims.
- Reputation and lost business.

Gold plating

Gold plating refers to providing equipment or documentation above that was specified and agreed upon with the client. Gold plating can arise when an engineer wishes to create the best possible solution without understanding the impact on project profitability.

The exception to this is when the client perceives added value, such as if an upgrade to a material specification, which results in additional short-term costs but reduces the lifetime maintenance replacement cost to the client in the future.

Such exceptions should be submitted to the client as a variation request for approval, advising the perceived benefits and expected additional client costs.