

The Cost of Quality

Business & Management

Four categories of quality cost, and which ones to spend on.

Costs of conformance against costs of non-conformance.

Category	Includes	Type
Prevention	Training, design, process control	Conformance
Appraisal	Inspection, testing, audit	Conformance
Internal failure	Scrap, rework, downtime	Non-conformance
External failure	Warranty, returns, recalls, reputation	Non-conformance

The 1-10-100 rule: a defect costs 1 to prevent, 10 to find internally, 100 once it reaches the customer.