

To understand the essence of quality management it is always good to have some numerical background on top of the theoretical quality management framework. With help of quality costing it is possible to measure efficiency of existing quality management processes. PAF model as method gives rather simple instrument to develop COQ program.

To conclude current study, it would be good to remind objectives of the current thesis:

1. COQ - Current situation mapping in Nordkalk AS
2. Create model of continuous monitoring over COQ based on existing ERP system
3. Identify potential Quality cost reduction areas
4. Implement COQ program in Nordkalk AS
5. Reach savings in quality costs by 20% on the pilot project within 4 months

COQ current situation mapping was passed successfully, but only after implementing COQ pilot program. Without clear vision, program and cost model it is not possible to have overall picture. It is possible to filter out some cost elements, but this is not systematic approach and does not gain toward continuous improvement of the processes.

Current ERP system provides good technical capability to build up automatic data collecting and analysis program. It was necessary to create value based system for all non-accounting cost elements, by adding monetary values on each non-monetary volume based unit, related to quality costs. Maybe the most interesting part of the modelling was to identify all cost elements and to find all hidden cost elements. It was a challenge! Even here, it was done according to certain steps with eliminating principle.

Cost model itself is based on well-known PAF model. There is also number of alternatives, described in theoretical part of this thesis. PAF model is most basic approach to start with quality costing. Other models, as process cost model or ABC-model are more advanced, and not to use as first touch with quality costing. Process cost model good to implement after achieving results with PAF model. On the 5 σ level (according to table 11), it will be challenging to improve quality of processes, without changes in costing method. Process cost model focuses onto processes, without bigger attention on processes which does not require in such attention. This would be a topic for another thesis.

With help of implementing PAF model for quality cost calculations, it is possible to notice and highlight most critical areas to improve. In current study it was very unstable results in internal failure segment. Case is related with rather high repair costs. Another cost reduction area is better maintenance operations. With improved maintenance program it would be possible to reduce internal failure costs considerably.

Now it is up to management team to decide, either to continue with COQ program or not. Current thesis was supervised by company management and as every cost reduction solution is always worth to implement. Author is optimistic as pilot program was established successfully, basic idea to create framework for quality costing was executed and most critical cost reduction areas were presented.

Achieving the last objective to reduce quality related costs by 20%, did not work out as such kind of targeting is possible only in long term. Uncertainty of current situation disables to reach such high challenge in such a short period of time.

Most important is still the team work. Only one person cannot carry out whole program. Cost of quality programming requires certain steps to pass. Best option is to take COQ program establishment as separate project. Once it is running, reports are coming automatically and continuous improvement activities are working without additional supports, we may say that COQ program is established.