

Costs of Poor Quality

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The Cost of Poor Quality (CPQ) is a concept that was first raised nearly sixty years ago, but is still not a commonly considered measurement in many industries and sectors. At its base, CPQ addresses costs, looking at costs or error prevention and monitoring, costs of dealing with errors before they leave the operation (internal failure costs), and costs with dealing with errors after they have left the operation and are found by the customer (external failure costs). All studies indicate that prevention costs, even when compounded with monitoring costs, are substantially less than either internal or external failure costs alone. In the traditional settings, all costs of poor quality are defined in terms of dollars, in part to bring increased awareness. As pointed out by Juran, Crosby and others, quality has its costs, but poor quality costs are much greater.

While this is still a useful approach, in the modern medical laboratory, it is also useful to consider CPQ in other terms of laboratory costs and time loss, and also the inconvenience to both the ordering clinicians and also the patient, as well as impacts on reputation, liability and risk, all of which are lost in a strictly finance-based assessment.

In the medical laboratory sector, and perhaps in others as well, time losses, even within the collective laboratory cannot be easily, or appropriately converted to a single cost value.

This presentation looks at CPQ through the presentation of a number of laboratory scenarios that illustrate the varying scales of CPQ in the medical laboratory.

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