

Date: December 3, 2003

Topic: Cost Benefit Analysis

How did you accomplish this topic during your implementation?

Lucent has used an activity-based costing methodology to estimate the costs of QMS registrations. Lucent developed a questionnaire for unit QMS representatives to answer that outlined the various activities involved with getting the registration initially and then the ongoing costs to maintain the registration going forward. These included both external (e.g., registrar costs) and internal (e.g., internal audits, measurement implementations, process changes, training, etc.) Copies of the questionnaires are attached. In addition, we needed to know the number of locations involved to understand the expense of audits etc. If an organization were already ISO registered, but pursuing TL registrations, the questionnaire asked for existing ongoing ISO costs and then the incremental delta costs for adding TL 9000 adders and metrics. Activities were turned into time and time into dollars.

What resources/tools/vendors were used to accomplish this task?

Done internally with manual efforts via Excel spreadsheets.

Was there any benchmarking activity?

No, from our participation in QuEST Forum, they were not aware of any company that had developed an activity-based approach to registration cost estimation.

What lead you to use this method?

The need to understand the cost of registrations to the business.

What worked and what didn't work?

Breaking down the costs into activities made it more logical and easier for people to answer

What recommendations do you have for others attempting to use your method?

Determine the basic activities involved and then estimate the costs of those activities—otherwise anything else is just a big SWAG.

How did you measure the effectiveness of this method?

We are still doing this with understanding the costs of consolidating our registrations



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Excel\TL cost_questic