PJLA

Beyond Accreditation:
Understanding the Cost of Quality in Conformity Assessment Bodies

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About PJLA

Perry Johnson Laboratory Accreditation, Inc. (PJLA)

Established in 1999 by Mr. Perry L. Johnson

Headquartered in Troy, Michigan.

More than 2300 accreditations globally in 32 countries.

Perry Johnson Laboratory Accreditation NP, Inc. (PJLANP)
Michigan nonprofit organization established in 2016.

Perry L. Johnson

Member and signatory of APAC, ILAC MRAs

APAC ASIA PACIFIC ACCREDITATION COOPERATION

ilac-MRA

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PJLA's Global Network

PJLA Accreditation Programs

ISO/IEC 17025

Testing/Calibration Labs

- FCC OET Equipment Authorization
- FDA ASCA
- ENERGY STAR
- Cannabis Testing
- Hemp Testing
- Horseracing Laboratories Program
- CPSC
- AS6171A Testing
- Food, Feeds, and Pharmaceutical: *AOAC, AAFCO, LAAF*
- Environmental Testing: *TNI-NEFAP, DoD ELAP, DOECAP-AP, EPA NLLAP* TNI-EL: *MNELAP, CA ELAP, LELAP*

ISO/IEC 17020 – Inspection Bodies

ISO/IEC 17065 – Product Certification Bodies

ISO/IEC 17043 – Proficiency Testing Providers

ISO 17034 – Reference Material Producers

ISO 15189 – Medical Laboratories

ISO/IEC 17024 – Personnel Certification Bodies

ASTM E2659– Training Providers

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APAC
ASIA PACIFIC ACCREDITATION COOPERATION

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Last Webinar

Accreditation is the foundation of laboratory confidence, but true credibility comes from the continuous demonstration of technical competence, reliable data, integrity, and consistency.

Skilled people, a strong quality culture, and meaningful technical improvement sustain long-term trust.

The ultimate product of a laboratory is CONFIDENCE & CREDIBILITY

What does accreditation cost?

Conformity Assessment Bodies (CABs) primary deliverables are:

- Reliable technical decisions
- Competent evaluations
- Accurate reports and certificates
- Impartial conformity assessment activities
- Confidence in the marketplace

Every one of these deliverables has an associated cost, but poor quality has a far greater cost.

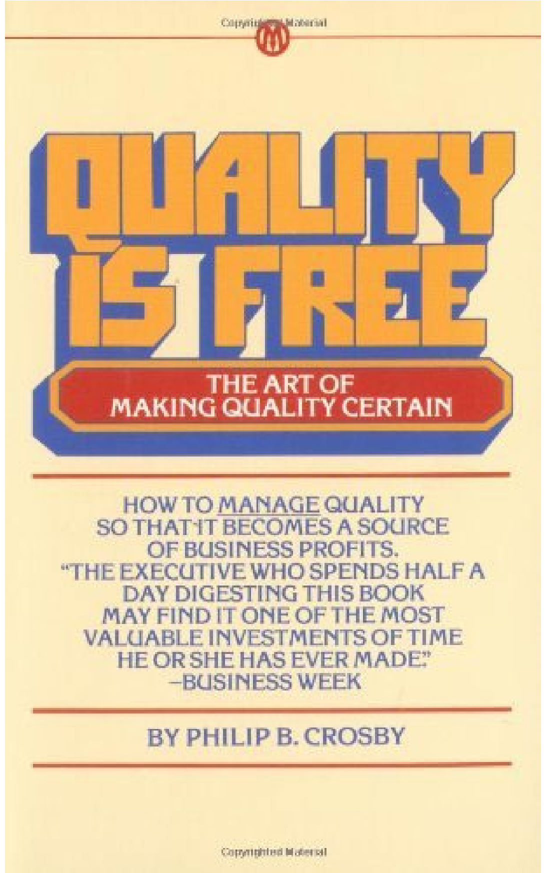
The ultimate question is "What does poor quality cost CABs?"

What is Cost of Quality?

The Cost of Quality (COQ) per Philip B. Crosby is the Price of Nonconformance (PONC), the total expense incurred by an organization because of not doing things right the first time.

Price of Conformance (POC): The minor investment made to prevent problems from happening in the first place, such as quality planning and prevention training.

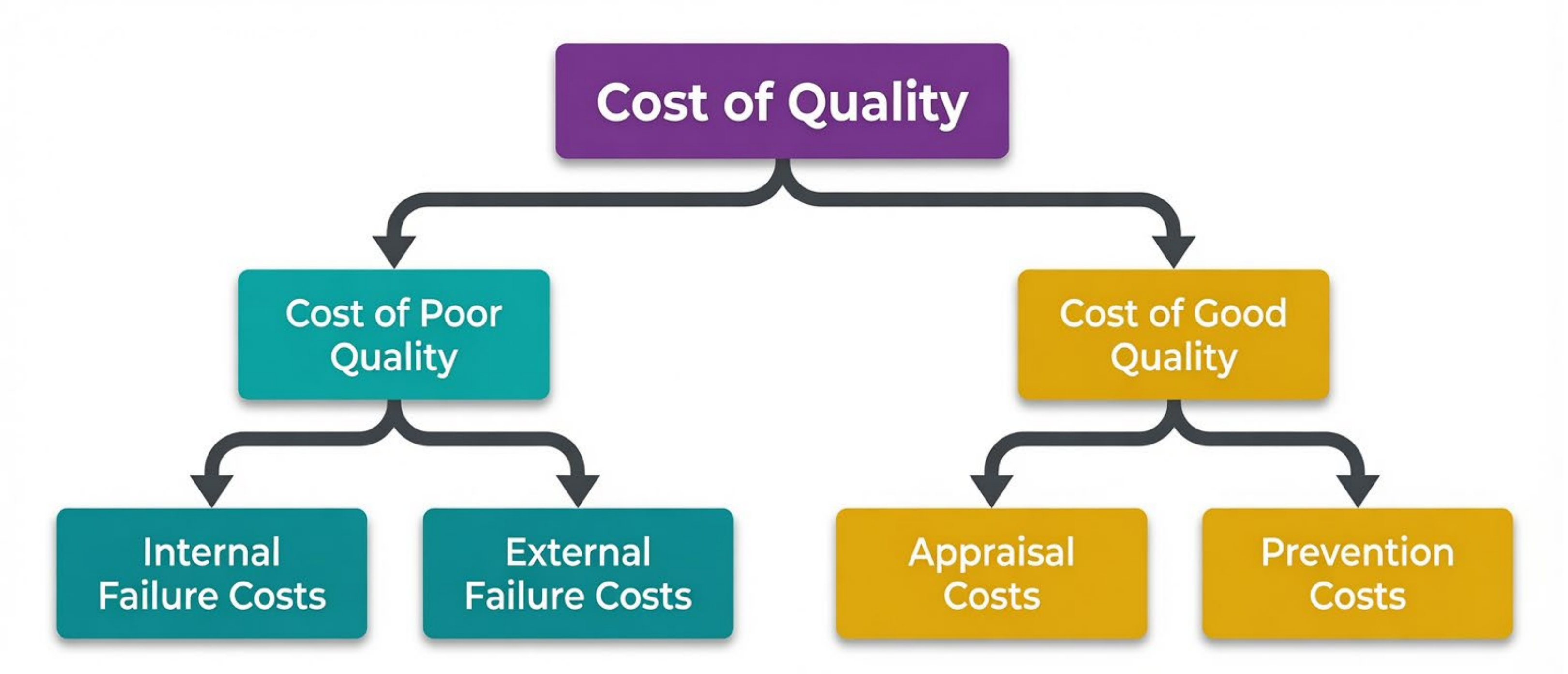
Price of Nonconformance (PONC): The massive, avoidable waste generated when a product or process fails requirements, including scrap, rework, inventory padding, warranty repairs, and service complaints.



Quality costs are inevitable. Failure costs are not!

Philip B. Crosby "Quality Is Free: The Art of Making Quality Certain" (1979)

What is Cost of Quality?



The **Cost of Poor Quality** affects Internal and external costs resulting from failing to meet requirements.

The **Cost of Good Quality** affects:

- Costs for investing in the prevention of non-conformance to requirements and
- Costs for appraising a product or service for conformance to requirements.

Why Should CAB Executives Care About the Cost of Quality?

Today's operating environment presents unprecedented challenges:

- Increasing international competition
- Pressure to reduce prices
- Higher customer expectations
- Shorter turnaround times
- Rapid technological change
- Digital transformation
- Increased regulatory scrutiny
- Greater expectations from accreditation bodies
- Growing emphasis on competence and impartiality

CABs are expected to improve profitability while maintaining technical excellence

The challenge for leadership is not to minimize quality costs but to optimize them

What Does "Quality" Mean in a Conformity Assessment Body?

For CABs, Quality extends beyond compliance. It means consistently delivering:

- Technically valid results
- Competent personnel
- Impartial decisions
- Accurate reports
- Timely service
- Reliable customer communication
- Consistent decision-making
- Effective risk management
- Confidence in every conformity assessment activity

Quality is therefore a business capability, not only a management system.

Quality is the foundation upon which confidence is built

How Much does Quality Cost?

A better management question is: "How much is <u>poor quality</u> costing your CAB?"

Hidden costs:

- Repeated testing/inspections
- Appeals
- Customer complaints
- Technical investigations
- Accreditation nonconformities
- Lost opportunities/markets
- Reduced customer confidence
- Regulatory Interference
- Staff overtime

Poor quality is usually far more expensive than organizations realize

The Four Components Of The Cost Of Quality

Prevention	Appraisal	Internal Failure	External Failure
Assessor qualification	Technical review	Repeat testing	Customer complaints
Training	File review	Re-inspection	Appeals
Method validation	Witnessing	Report corrections	Regulatory action
Risk assessment	PT participation	Scheduling errors	Loss of clients
Internal audits	Calibration	Certificate reissue	Reputation damage
Competence monitoring	Verification	Corrective actions	Accreditation sanctions

Prevention → Appraisal → Internal Failure → External Failure

Prevention Costs - The Best Investment a CAB Can Make

No	People	Processes	Resources	Culture
1	Initial qualification of personnel	Method validation and verification	Equipment maintenance	Quality awareness
2	Competency evaluations	Procedure development and review	Calibration	Leadership commitment
3	Continuing professional development	Risk and opportunity management	Environmental monitoring	Continual improvement
4	Witness assessments	Internal audits	Information security	Lessons learned
5	Technical mentoring	Management reviews	Digital system validation	

If we reduce a prevention activity today, what failures might it create tomorrow?

Appraisal Costs – Verifying That Quality Has Been Achieved

No	Technical Activities	Performance Monitoring	Management Activities
1	Technical review	Proficiency testing	KPI monitoring
2	Independent report review	Interlaboratory comparisons	Internal quality checks
3	Certification decision review	Witness assessments	Document reviews
4	Inspection report verification	Internal inspections	Data verification
5	Sample verification	Supervisory reviews	Software validation checks

Have we achieved the expected level of quality?

Internal Failure Costs – Problems Found Before the Customer Is Affected

No	Laboratories	Inspection Bodies	Certification Bodies	Across All CABs
1	Repeat testing	Repeat inspections	Certification file returned for correction	Root cause investigations
2	Invalid analytical results	Incorrect inspection records	Incorrect audit reports	Corrective actions
3	Sample mix-ups	Scheduling failures	Delayed certification decisions	Staff overtime
4	Report corrections	Inadequate Measurements	Lack of Evidence	Missed deadlines
5	Authorization levels	Insufficient Sampling	Insufficient Sampling	Process interruptions

Finding an error internally is always preferable to having a customer discover it!

External Failure Costs – When Poor Quality Reaches the Customer

No	Customer Impact	Operational Impact	Regulatory Impact	Business Impact
1	Complaints	Reassessment	Regulatory investigations	Reputation damage
2	Appeals	Repeat inspection	Legal actions	Loss of clients
3	Disputes	Repeat certification	Product recalls resulting from incorrect decisions	Reduced market share
4	Loss of confidence	Contractual penalties	Government scrutiny	Loss/suspension of accreditation
5	Loss of customer	Additional work	Loss of Licensing	Financial loss

External failures are the consequence of weaknesses much earlier in the process

Lessons Learned – Common Sources of COPQ in CABs

No	Technical Factors	Process Factors	Leadership Factors	Organizational Result
1	Inadequate competence	Weak procedures	Limited investment in training	Higher Cost of Poor Quality
2	Poor technical reviews	Ineffective document control	Reactive management	Lower customer confidence
3	Poor communication Scheduling failures	Poor communication	Reduced profitability Greater business risk	Reduced profitability
4	Equipment problems	Scheduling failures	Lack of continuous improvement	Greater business risk

The goal is not perfection.
The goal is to create an organizational culture that consistently learns, improves, and prevents recurrence.

Prevention Versus Failure – Where Should CABs Invest?

Higher Investment In	Result
Competence	Fewer technical errors
Method validation	More reliable results
Witness assessments	Greater consistency
Internal audits	Earlier detection of weaknesses
Risk management	Fewer unexpected failures
Management reviews	Better strategic decisions

Leadership should continuously ask:

- Which failures occur most frequently?
- Which prevention activities would reduce them?
- What is the financial return on that investment?

CABs that underinvest in prevention spend far more correcting problems

Measuring the Cost of Quality in a Conformity Assessment Body

Most CABs already possess the data. They need to organize it into meaningful business information. Typical Sources of COQ Data:

No	Prevention	Appraisal	Internal Failure	External Failure
1	Training records	Technical reviews	Report revisions	Customer complaints
2	Competence evaluations	Witness assessments	Repeat testing	Appeals
3	Internal audit - Management review	Proficiency testing	Repeat inspections	Accreditation findings
4	Method validation activities	ILCs	Certificate corrections	Regulatory inquiries
5	Risk assessments	Internal quality control	Corrective actions	Client compensation
6	Equipment maintenance	Report verification	Delayed reports	Lost contracts

You cannot improve what you do not measure

CAB Quality Performance Indicators (KPIs)

No	Customer	Technical	Accreditation	Business
1	Complaint rate	Repeat tests	Number of nonconformities	Revenue per technical employee
2	Appeal rate	Repeat inspections	Recurring findings	Cost of corrective actions
3	Customer satisfaction	Report corrections	Corrective action closure time	Staff utilization
4	On-time delivery	Technical review findings	Witness assessment performance	Project delays
5	Customer retention	PT/ILC performance	Scope expansion success	Contract renewal rate
6		Decision consistency		

Quality indicators should measure organizational performance - not merely compliance

Accreditation as a Business Investment

Many organizations ask: *"What does accreditation cost?"*
A better question is: ***"What value does accreditation create?"***

Accreditation is an investment in confidence- not a certificate on the wall

Building a Culture That Prevents Failure

Reducing COPQ requires more than procedures. It requires **culture**.

Characteristics of High-Performing CABs:

- Leadership commitment
- Strong technical competence
- Open communication
- Effective risk management
- Continuous learning
- Data-driven improvement
- Accountability
- Customer focus
- Continuous monitoring

Quality culture is the strongest form of risk management

Six Actions Every CAB Can Begin Tomorrow

① Identify your largest quality costs

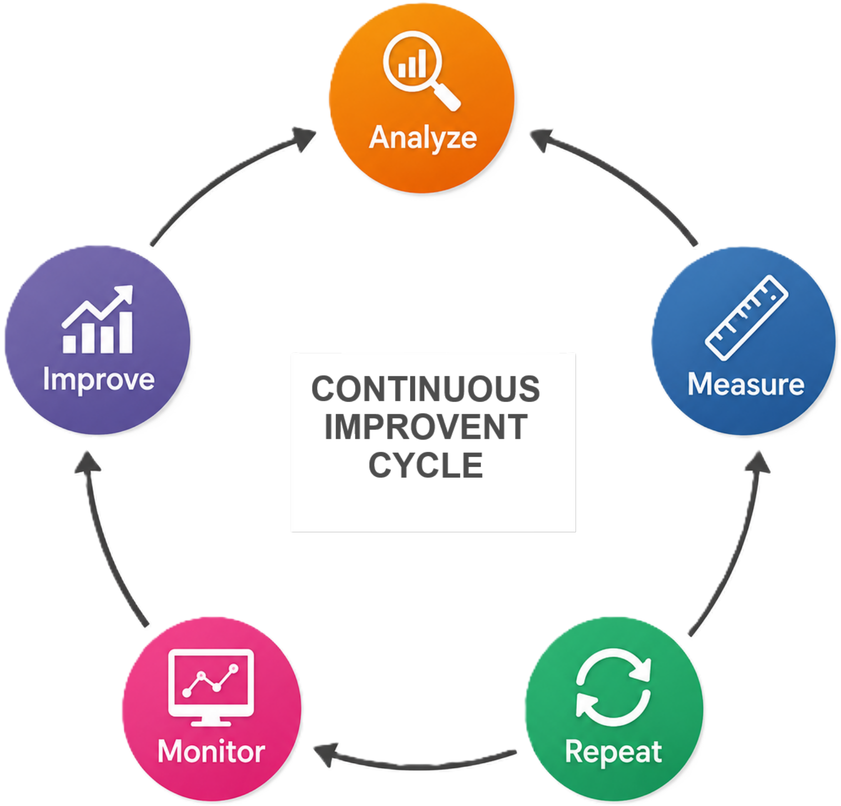
② Quantify the Cost of Poor Quality

③ Invest in prevention before failures occur

④ Develop meaningful quality KPIs

⑤ Review quality performance during management reviews

⑥ Treat accreditation as a strategic improvement tool



Improving quality does not require revolutionary change

Conclusion

The Cost of Quality (COQ) is not simply an accounting concept.
It is a strategic management tool.
For Conformity Assessment Bodies, investing in competence, impartiality, and robust technical processes shifts resources away from failures and toward sustainable confidence, operational excellence, and long-term business success.

The Cost of Poor Quality (COPQ) is not an abstract accounting concept.
It directly affects profitability, operational efficiency, customer confidence, and accreditation outcomes.

Closing Remark

The true product of a Conformity Assessment Body is **confidence**.
Every investment in competence, impartiality, consistency, and continual improvement strengthens that confidence, reduces the Cost of Poor Quality, and creates lasting business value.

When you return to your organization, ask not *'How can we reduce our quality costs?'*
Instead, ask *'How can we reduce our Cost of Poor Quality?'*
The answer to that question may become one of your organization's greatest competitive advantages.

Thank You!

- Questions
- Discussion

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