

# KSB Experience

by Arif Ijaz

Quality Assurance



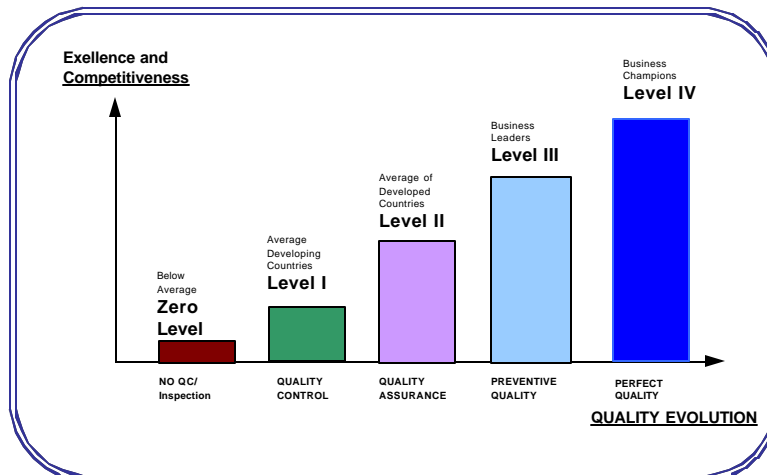
“Customers define quality  
in terms of their total  
experience with the company”

PAKISTAN

Quality Assurance



## Four Levels of Quality Management



Source : Designing Organizational Infrastructures for World Class Quality by Kamran Moosa – ICQI 1998

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### Action Plan for Level III

**Outsourcing External Customer Satisfaction Measurement**

**Strengthening system for Internal Customer Satisfaction Measurement**

**Addressing Human Quality – Team Building Training Program for all management employees**

**Quality Campaign** – Quality Awareness Program - under preparation  
 - Separate budget allocation for training on Quality  
 - Internal Quality Award – under discussion

**Introducing Vendor System Audit**

**Introducing Quality Objectives for all management employees**

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## Quality Assurance



### COMPANYWIDE 'PONC' OF SELECTED AREAS

YEAR - 2004

SUMMARY

Sr. #	Nature of Cost	Amount (Million)										Fully Defected	Reasonably Defected	Negligibly Defected	Not Defected	
		2002 Total	2003 Total	2004												2004 Total
				JAN	FEB	MAR	APR	MAY	JUN	JUL						
1	Engineering Change Order	0.23	-													
2	Warranty	2.50	1.72	0.11	0.12	0.06	0.05	0.04	0.04	0.04	0.04	0.46	0.04			
3	Product Liability	-	-									0.00				
4	L. D. Charges	-	0.50									0.10	0.01			
5	Service after Service	0.77	-									0.00	0.00			
6	Rework and Scrap	15.54	15.51	1.69	1.31	1.85	1.42	1.80	1.75	1.85		11.67	0.97			
7	Demurrage	0.70	0.32									0.15	0.01			
8	Purchasing Change Order/Wrong purchase	-	-									1.30	-			
9	Deterioration Charges/Export consignments	-	-									0.15	-			
10	Encasement of Guarantees	-	-									-	-			
11	Incomplete/wrong deliveries	-	-									-	-			
12	Disposition of CCs, NCs and OPRs	2.06	0.78	0.17	0.13	0.17	0.24	0.16	0.20	0.17	1.23	0.10				
13	Correction & Corrective action costs	-	5.58	0.11	0.08	0.11	0.15	0.10	0.12	0.10	0.77	0.06				
14	Re-design	-	-									-	-			
15	Order Reversals/Cancellations	7.35	3.00									0.10	0.01			
16	Unserviceable Materials	-	-									-	-			
17	Provision for obsolescence	13.00	13.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6.80	0.50	9.80	0.82		
18	Provision for write off	6.00	6.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	3.50	0.29				
19	Mark-up on Receivables	3.00	1.20	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.70	0.06				
20	Inventory Carrying Cost	1.20	1.20	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.88	0.07				
	<b>Total:</b>	<b>52.34</b>	<b>48.80</b>	<b>3.30</b>	<b>2.87</b>	<b>3.41</b>	<b>3.08</b>	<b>3.32</b>	<b>3.32</b>	<b>3.39</b>	<b>30.81</b>	<b>2.57</b>				
	<b>Percentage of Turnover</b>	<b>9%</b>	<b>7%</b>								<b>6.5%</b>					

All values in Million Rupees

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