ANALYSIS OF QUALITY COST RATIO AND QUALITY LOST RATIO AT PT. NESTLÉ INDONESIA-PANJANG FACTORY

Muhammad Mustain¹, M Aman Wirakartakusumah¹, Nana Sudiana²

¹Department of Food Science and Technology, Faculty of Agricultural Engineering and Technology, Bogor Agricultural University, IPB Dramaga Campus, PO BOX 220, Bogor 16002
²PT. Nestlé Indonesia, Jl. Let. Jen. TB Simatupang Kav. 88 Jakarta 12520, Indonesia, PO BOX 5555, Jakarta 12000

ABSTRACT

Analysis of cost related to quality is one way that companies are often used to generate optimal production, right quantity, and right quality with efficient cost. In PT. Nestlé Indonesia, there are two types of cost related to quality i.e. quality cost and quality lost. Quality cost is the cost that is spent to ensure that products comply with standard. While quality lost is the cost that has been spent due to the products or processes that do not comply with standard. The method that is used to analyze the situation of cost related to quality in PT. Nestlé Indonesia is a ratio analysis. The advantage is not affected by external factors such as increases in price and cost analysis. The analysis of cost related to quality by PT. Nestlé Indonesia aims to determine the priority action that should be done to reduce the cost related to quality. Priority actions will be more effective if it is focused only on costs that have a big impact to the cost related to quality. Cost components that have big impact to the quality cost are the number of microbial monitoring analysis for finished product, raw material, environment, and investigation. For the quality lost category, cost components that have big impact are the number of delayed released finished product, raw material, and packaging material. The priority action that will be done should be based on field conditions and type of causes that affect these cost components.

Keywords: quality related cost, quality cost, quality lost, ratio, priority action
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**SUMMARY**

Nestlé as one of the largest food companies in the world has implemented various systems to ensure the quality of the product. Zero waste is one of Nestlé’s commitments to give the best for their workers, environments, and consumers. There are several steps that must be done in order to achieve zero waste condition. The earliest stage is by analyzing the situation of cost related to quality at each factory. This will allow management to determine which sectors should get more attention in order to make the priority action more effective.

This study is divided into four stages. The first stage is the data collection about cost component used for ratio calculation of cost related to quality. The collected data are converted into ratio. The purpose of making ratio is that data are in the same unit so it will be easier to be compared. After that, these ratios are analyzed with Pareto diagram to determine components which become priority concern. Then the cost components considered as priority concern will be analyzed later to find the priority action that should be done to reduce the cost related to quality.

Based on analysis performed, there are a lot of cost components that contribute to the cost related to quality. These are divided into two categories, namely quality cost and quality lost. After the data is converted into the ratio and analyzed with Pareto diagram, the cost components that have make the biggest contribution to the quality cost are monitoring analysis for finished product, raw material, environment, and investigation. For the quality lost category, cost components that have the biggest contribution are delayed released finished product, raw material, and packaging material.

Efficiency in quality cost does not always mean that all component of cost that related to quality must be reduced. Sometimes the amount of certain component should be maintained or even added to reduce or prevent the other component. Based on the existing conditions and its data, priority actions will be more effective if focused on the delayed release of finished product.