

# Tech 149: Unit 4 Lecture

Network Systems, Quality Systems,  
Manufacturing Planning, Control and  
Scheduling in CIM Environment

# Network Systems in CIM

For Connectivity and Communications in:

- CAD/CAM, CAE, CAPP, and other sub-systems
- Departmental activities
- Plant-wide activities
- Company-wide activities
- Global activities
- Executive planning and managerial activities

# Types of CIM Network Systems

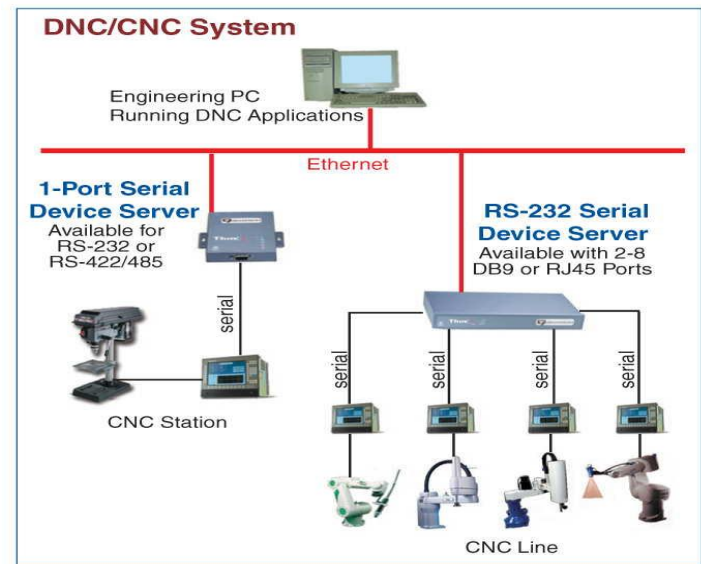
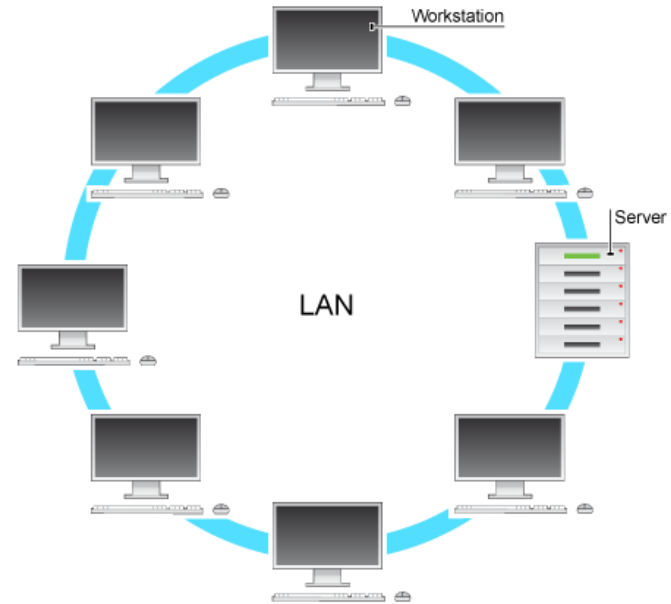
Local Area Network (LAN)

Metropolitan Area Network (MAN)

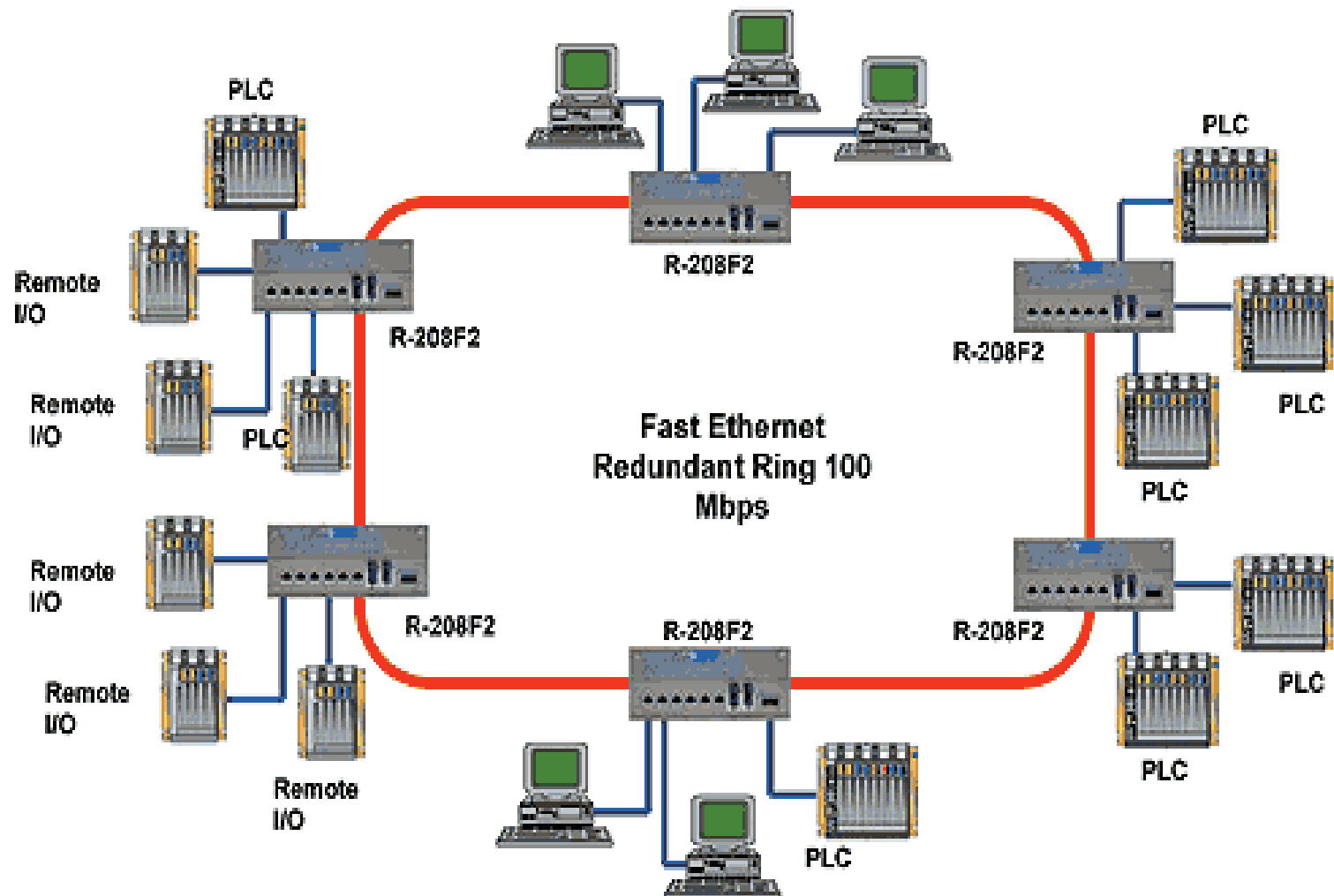
Wide Area Network (WAN)

# Local Area Network (LAN)

- A group of computers and associated devices that share a common communications line or wireless link to a server within a small geographic area such as an office building or home.



# Sample Local Area Network



# Chapter 9: Discrete Control Using PLCs and PCs

## Sections:

1. Discrete Process Control
2. Ladder Logic Diagrams
3. Programmable Logic Controllers
4. Personal Computers and Programmable Automation Controllers

# Logic Control

A switching system whose output at any moment is determined exclusively by the values of inputs

- No memory
- No operating characteristics that depend on time

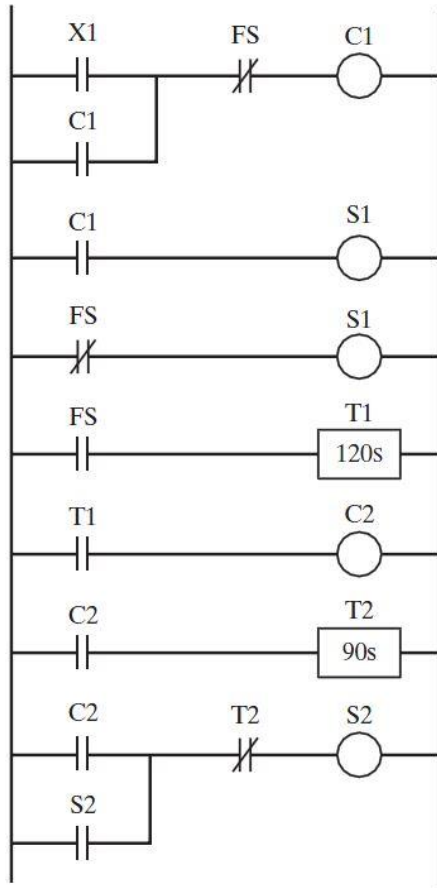
# Ladder Logic Diagrams

A diagram in which various logic elements and other components are displayed along horizontal rungs connected on either end to two vertical rails

- Types of elements and components:
  1. Contacts - logical inputs (usually), e.g., limit switches, photo-detector
  2. Loads - outputs, e.g., motors, lights, alarms, solenoids
  3. Timers - to specify length of delay
  4. Counters - to count pulses received



# Ladder Logic Diagram and Symbols



Ladder symbol	Hardware component
(a)	Normally open contacts (switch, relay, other ON/OFF devices)
(b)	Normally closed contacts (switch, relay, etc.)
(c)	Output loads (motor, lamp, solenoid, alarm, etc.)
(d)	Timer
(e)	Counter

# Programmable Logic Controller (PLC)



A microcomputer-based controller that uses stored instructions in programmable memory to implement logic, sequencing, timing, counting, and arithmetic functions through digital or analog modules, for controlling machines and processes

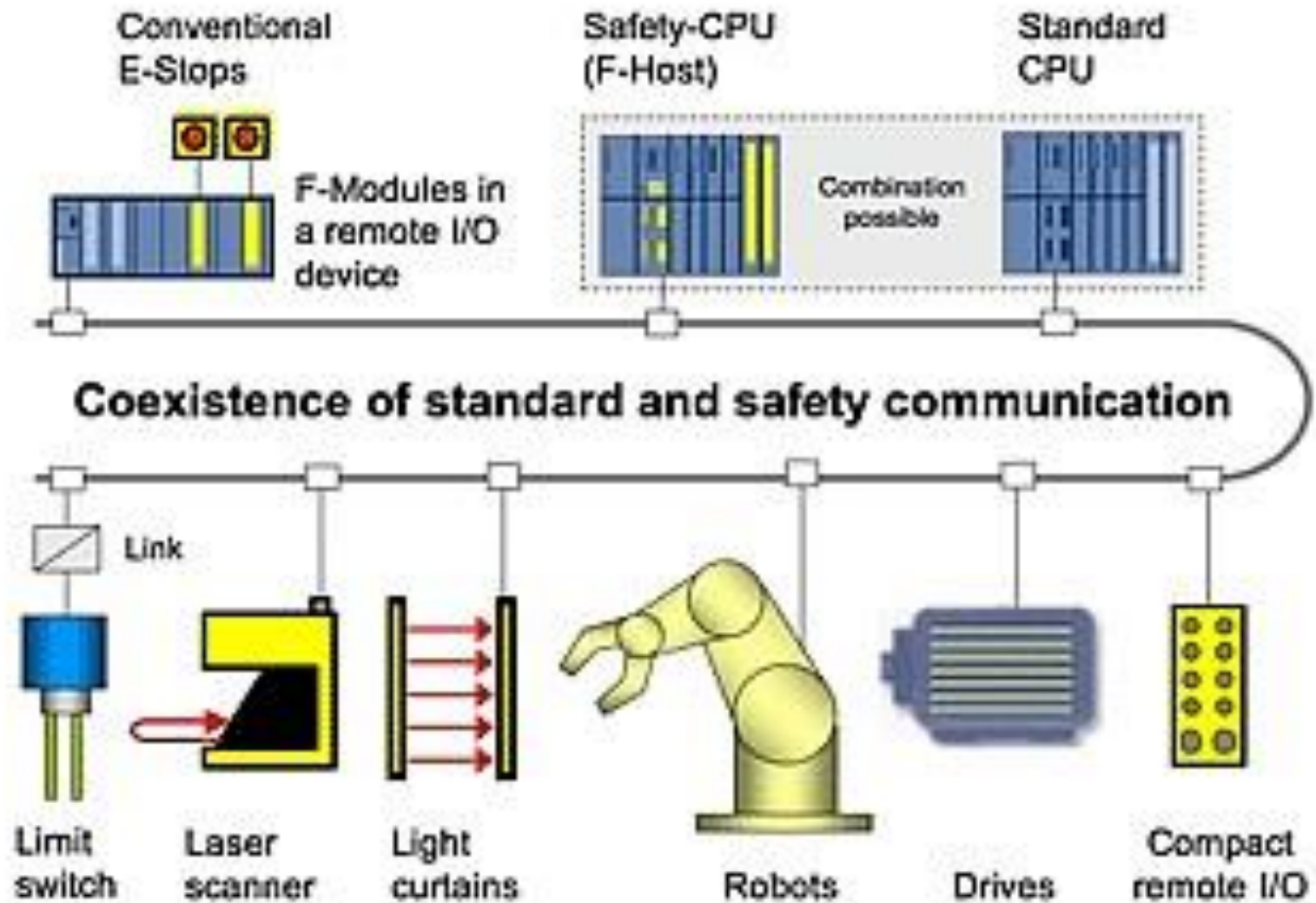
- Applications in both process industries and discrete manufacturing
- Introduced around 1970
- Replaced hard-wired electromechanical relay panels

# PLC Facts

- <https://www.youtube.com/watch?v=iWgHqqunsyE>

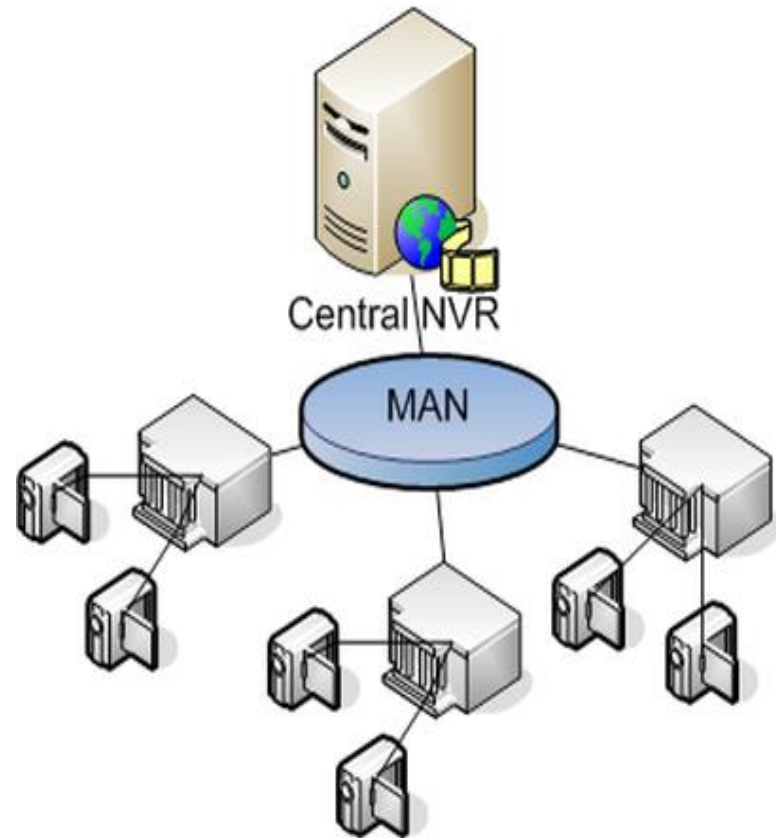


# PLC Applications



# Metropolitan Area Network (MAN)

- A network that interconnects users with computer resources in a geographic area or region larger than that covered by a large local area network (LAN) but smaller than the area covered by a wide area network

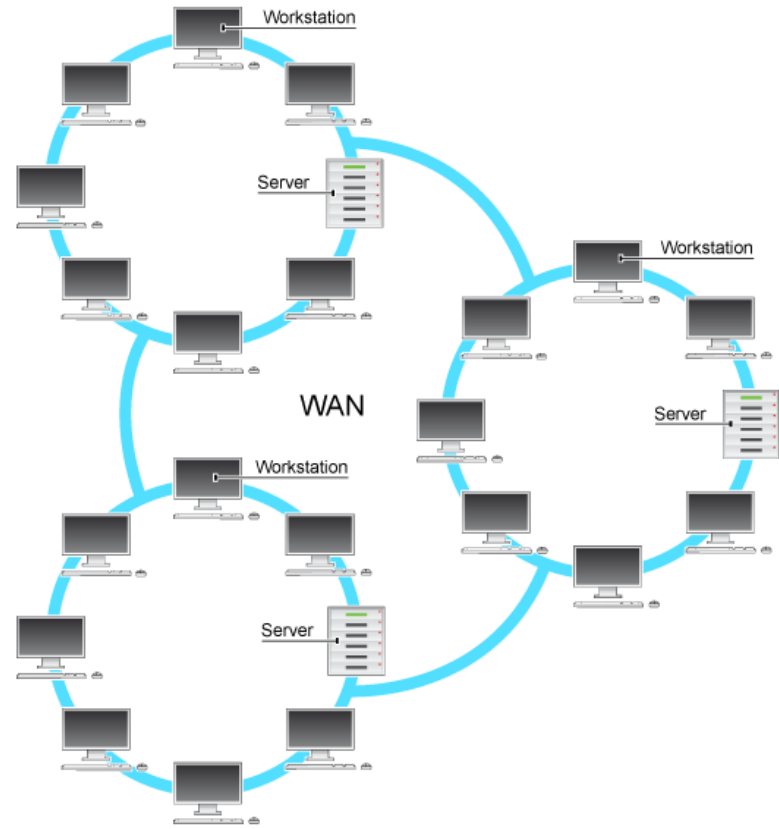


# Sample Metropolitan Area Network

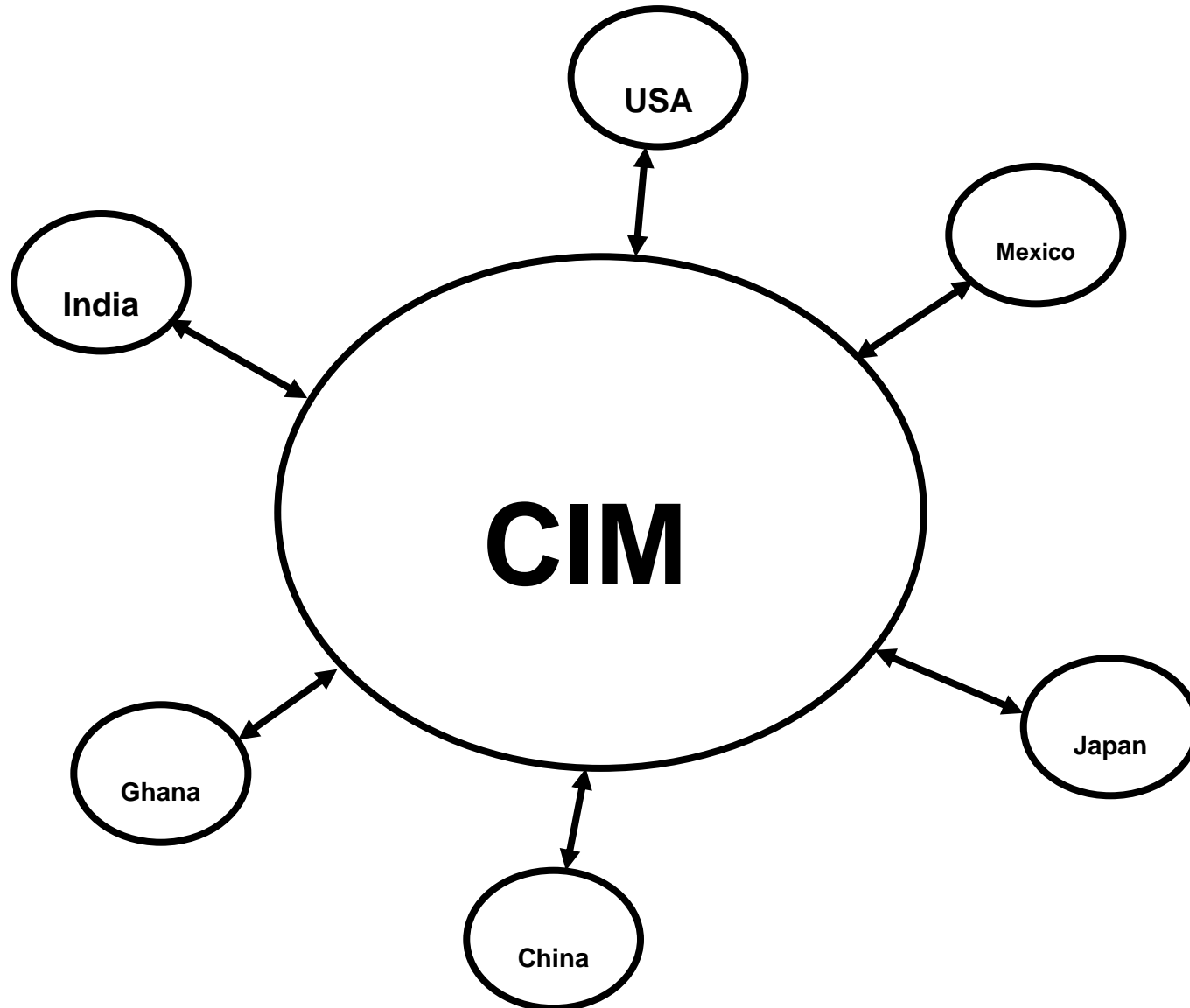


# Wide Area Network (WAN)

- A computer network that spans a large geographical area of two or more local-area networks. These computers are often connected through public networks, such as the telephone system, leased lines or satellites.



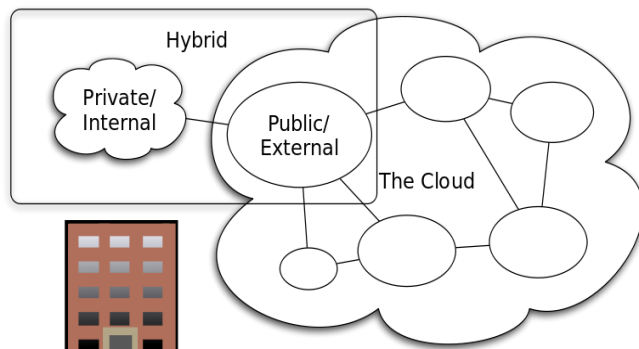
# Sample Global CIM Network Systems





# Cloud-Based Computer Networking

The practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer.



On Premises / Internal

Off Premises / Third Party

Cloud Computing Types

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# Benefits of Cloud-Based Network Systems

1. It allows companies to avoid upfront infrastructure costs, and focus on projects.
2. It allows enterprises to get their applications up and running faster.
3. It allows for improved system manageability and less maintenance.
4. It enables companies to more rapidly adjust resources to meet fluctuating and unpredictable business demand.

# Chapter 25: Production Planning and Control

## Sections:

1. Aggregate Production Planning and the Master Production Schedule
2. Material Requirements Planning
3. Capacity Planning
4. Shop Floor Control
5. Inventory Control
6. Manufacturing Resource Planning (MRP II)
7. Enterprise Resource Planning (ERP)

# Production Planning and Control

- Concerned with the logistics problems in manufacturing:
  - Managing the details of what, when, and how many products to produce
  - And obtaining the raw materials, parts, and resources to produce them
- PPC solves these logistics problems by managing information
- PPC is the integrator in computer integrated manufacturing

# Production Planning

- Concerned with:
  1. Deciding which products to make, how many of each, and when they should be completed
  2. Scheduling the delivery and/or production of the parts and products
  3. Planning the manpower and equipment resources needed to accomplish the production plan

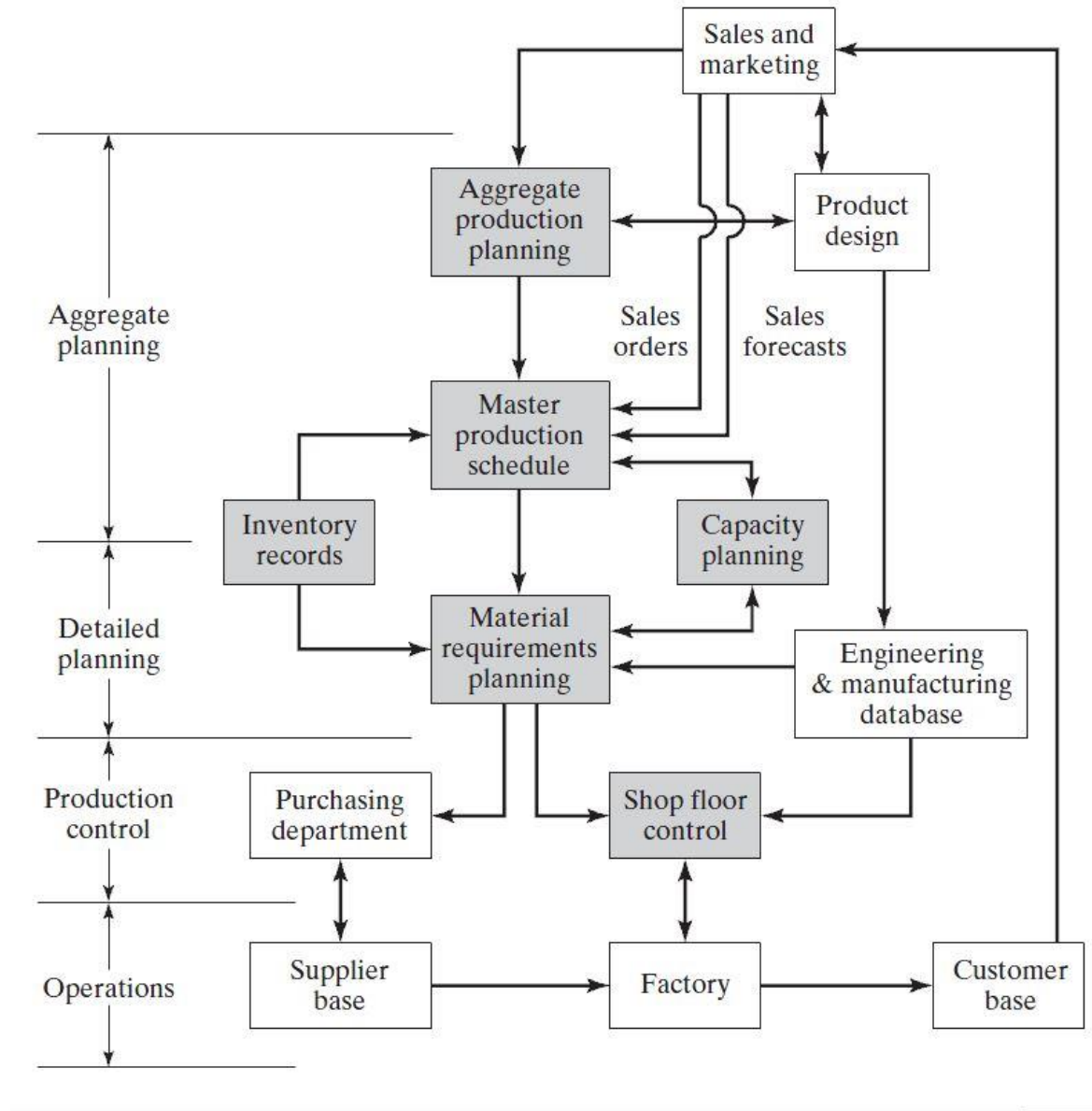
# Activities in Production Planning

- Aggregate production planning – planning the production output levels for major product lines
  - Must be coordinated with product design, production, marketing, and sales
- Master production planning – specific schedule (master production schedule) of the quantities of individual models in each major product line
- Material requirements planning (MRP) – detailed schedule of raw materials and parts production for models in master schedule
- Capacity planning – planning labor and equipment resources to achieve the master schedule

# Production Control

- Concerned with determining whether the necessary resources to implement the production plan have been provided
  - If not, it attempts to take corrective action to address the deficiencies
- Major topics in production control:
  - Shop floor control
  - Inventory control
  - Manufacturing resource planning
  - Enterprise resource planning

# Activities in a Production Planning and Control System





# Aggregate Production Planning

Planning the production output levels for major product lines

- High-level corporate planning activity
- Must be coordinated with the plans of the sales and marketing departments
  - Includes products that are currently in production
    - Must consider current and future inventory levels of those products
  - Also includes new products currently being developed
- Marketing plans for current and new products must be reconciled against total capacity resources of the company

# Master Production Schedule

The specific schedule of individual products and models that is derived from the aggregate production plan

- It is a list of the products to be manufactured, when they should be completed and delivered, and in what quantities
- Master production schedule includes three categories of items:
  1. Firm customer orders
  2. Forecasted demand
  3. Spare parts

# Master Production Schedule

	Week									
Product line	1	2	3	4	5	6	7	8	9	10
M model line	200	200	200	150	150	120	120	100	100	100
N model line	80	60	50	40	30	20	10			
P model line							70	130	25	100

(a) Aggregate production plan

	Week									
Product line models	1	2	3	4	5	6	7	8	9	10
Model M3	120	120	120	100	100	80	80	70	70	70
Model M4	80	80	80	50	50	40	40	30	30	30
Model N8	80	60	50	40	30	20	10			
Model P1								50		100
Model P2							70	80	25	

(b) Master production schedule

Specific schedule of individual products,  
quantities and times

# Materials Requirement

Is concerned with planning, organizing and controlling the flow of materials from their initial purchase through internal operations to the service point through distribution.

# Material Requirements Planning (MRP)

Computational technique that converts the master production schedule for end products into a detailed schedule for the raw materials and components used in the end products

- Useful for dependent demand items, not independent demand items
  - Independent demand items
    - Final products and spare parts
  - Dependent demand items
    - Component parts used in final products

# Inputs to the MRP System

1. Master production schedule
  - Expressed in terms of time buckets
2. Bill of materials file – product structure and list of component parts in each product
3. Inventory record file (item master file) – includes:
  - Item master data – part number, order quantities, lead times
  - Inventory status – time-phased record of inventory status
  - Subsidiary data – purchase orders, engineering changes

# Inventory Record File

Period		1	2	3	4	5	6	7
Item: <b>Raw material M4</b>								
Gross requirements								
Scheduled receipts				<b>40</b>				
On hand	<b>50</b>	<b>50</b>	<b>50</b>	<b>90</b>				
Net requirements								
Planned order releases								

# Capacity Planning

Concerned with determining labor and equipment resources required to meet the current master schedule as well as long-term future production needs of the firm

- Also serves to identify the limitations of the available production resources so that an unrealistic master schedule is not planned



# Capacity Planning

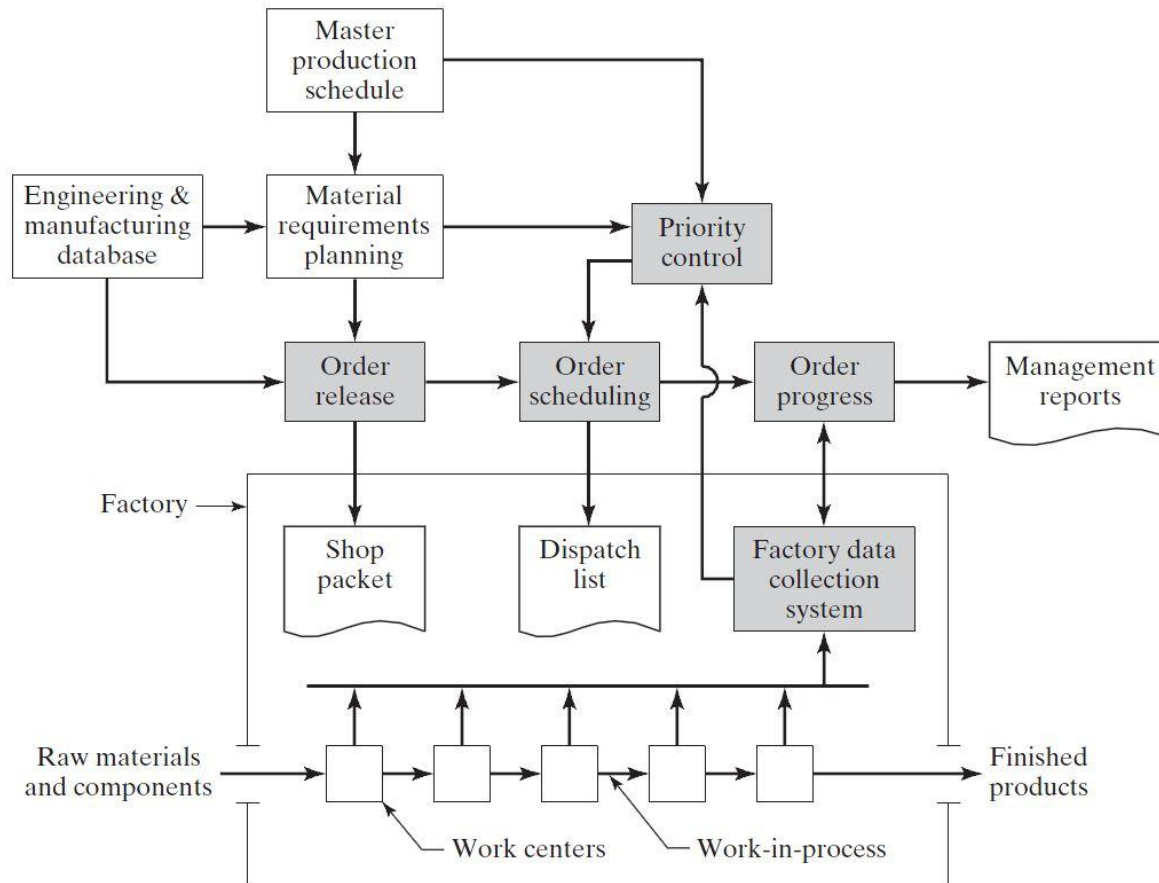
- Often accomplished in three stages:
  1. Resource requirements planning – to evaluate whether the aggregate production plan is feasible
  2. Rough-cut capacity planning – to assess feasibility of master production schedule
  3. Capacity requirements planning – detailed capacity calculation for individual departments and work cells

# Shop Floor Control

Concerned with releasing production orders to the factory, monitoring and controlling the progress of the orders through the plant, and acquiring current information on the status of the orders

- Manufacturing execution system (MES) - the computer software that supports shop floor control
  - Typically includes capability to respond to on-line inquiries about the status of orders in the shop
  - Other MES functions may include generation of process instructions, real-time inventory control, and labor tracking

# Shop Floor Control in Production Planning and Control



# Manufacturing Resource Planning (MRP II)

Computer-based system for planning, scheduling, and controlling the materials, resources, and supporting activities needed to meet the master production schedule

- Three major modules in MRP II:
  1. Material requirements planning – planning for materials, parts, and assemblies, based on the master production schedule
  2. Capacity planning – interacts with the MRP module to ensure schedule are feasible
  3. Shop floor control – performs feedback control using the factory data collection system to implement order release, order scheduling, and order progress

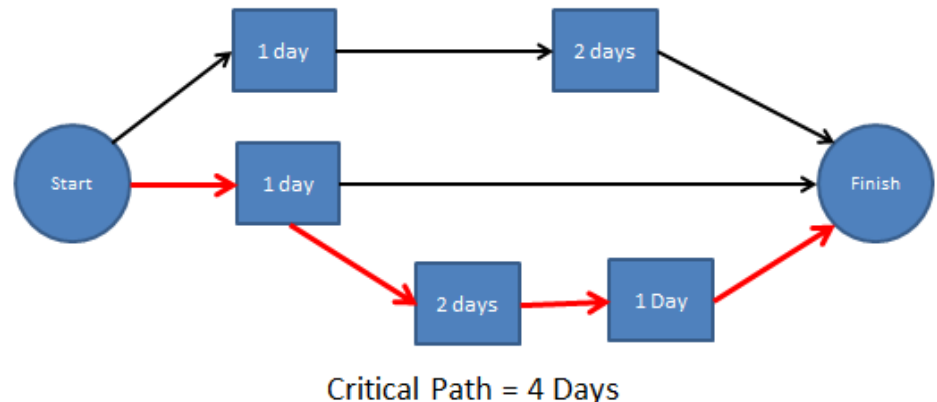
# Order Scheduling

Assigns production orders to work centers in the plant

- Executes the dispatching function in production planning and control
- Solves two problems in production control:
  1. Machine loading – allocating orders to work centers
    - Shop loading – loading all machines in the plant
  2. Job sequencing – determining the sequence in which orders will be processed through each work center

# Types of Schedules

- Generic schedules
- Master production schedule (MPS)
- Material requirement planning (MRP)
- Daily production schedule (DPS)
- Critical path method (CPM)
- Project review and evaluation technique (PERT)
- Others



# Scheduling in CIM Environment

- Scheduling information in CIM must be:
  - Shared by all
  - Seen by all
  - Retrieved by all
  - Contained in the Database
  - Must be functional
  - Must be in real time
  - Must be self updating

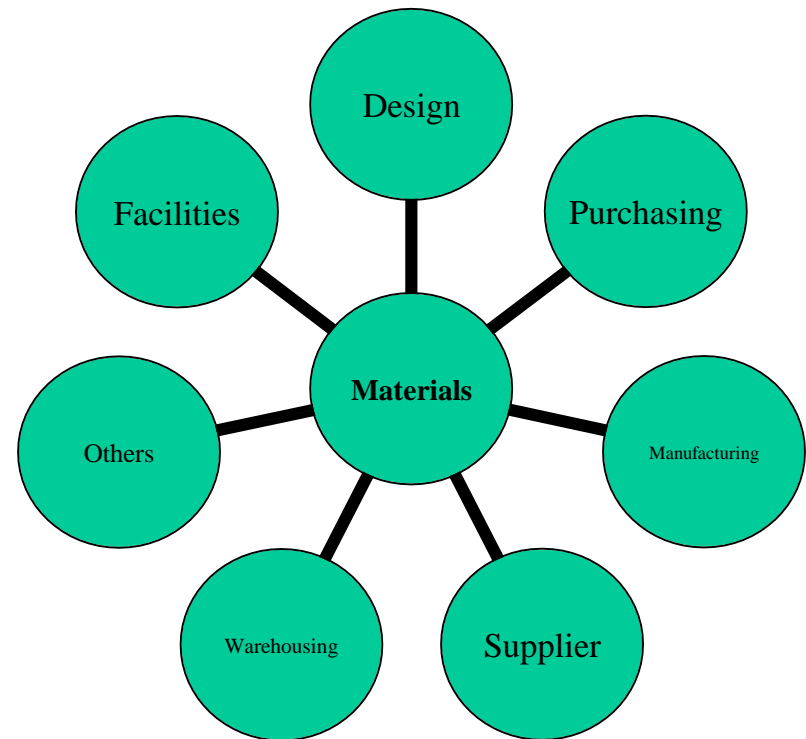
# Sample Manufacturing Scheduling





# Materials Scheduling in CIM

- JIT
- MRP
- Purchasing
- Networking Members:
  - Design
  - Purchasing
  - Manufacturing
  - Supplier
  - Warehousing
  - Facilities
  - Others



# People Scheduling in CIM

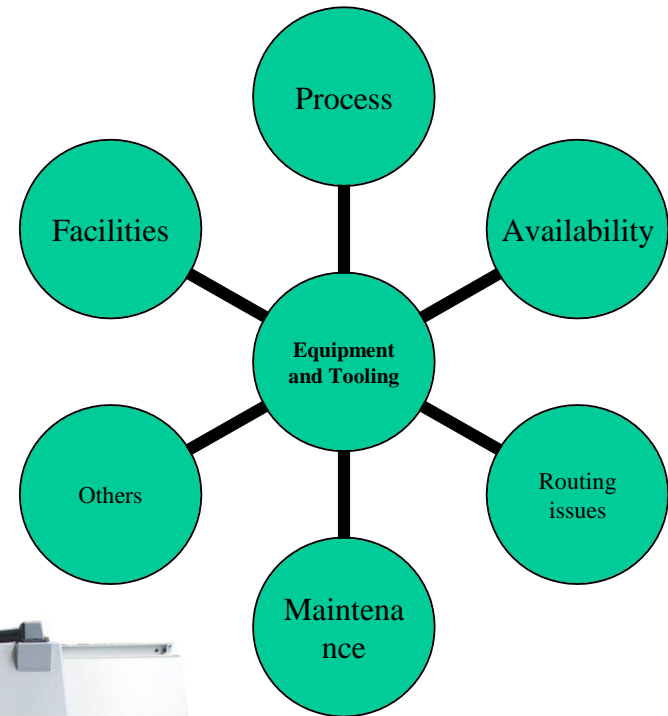
- By job type
- By operation type
- By product type
- By shift



Assignment Cell Color Codes				Delete All Daily Assignment		
No Assignment Required				Delete Daily Assignments	Delete Daily Assignments	
Assignment Required						
Assigned to More Than 1 Shift				Sun	Mon	
Violates Start/Stop Times						
Category	Shift/Location	Start	Stop	14-Dec-03	15-Dec-03	
Off	Off 1	8:00 AM	4:00 PM			
Off	Training	8:00 AM	4:00 PM			
Off	Vacation	8:00 AM	4:00 PM			
Manager	Open	6:00 AM	2:00 PM	Green, Ann	Green, Ann	Y
Manager	Close	2:00 PM	10:00 PM	Olson, Andy	Olson, Andy	O
Cook	Open	6:00 AM	2:00 PM	Smith, Cindy	Smith, Cindy	M
Cook	Close	2:00 PM	10:00 PM	Mason, Jack	Mason, Jack	M
Waiter	Station A	6:00 AM	2:00 PM	Jones, Fox	Jones, Fox	S
Waiter	Station B	2:00 PM	10:00 PM	Clark, Tammy	Smith, Quid	Jc
Waiter	Station C	2:00 PM	10:00 PM	Mathers, Bill	Young, Jim	
					Green, Ann	
					Young, Jim	
					Olson, Andy	
					Smith, Cindy	
					Mathers, Bill	
					Mason, Jack	
					Jones, Fox	
					Clark, Tammy	

# Equipment & Tooling Scheduling in CIM

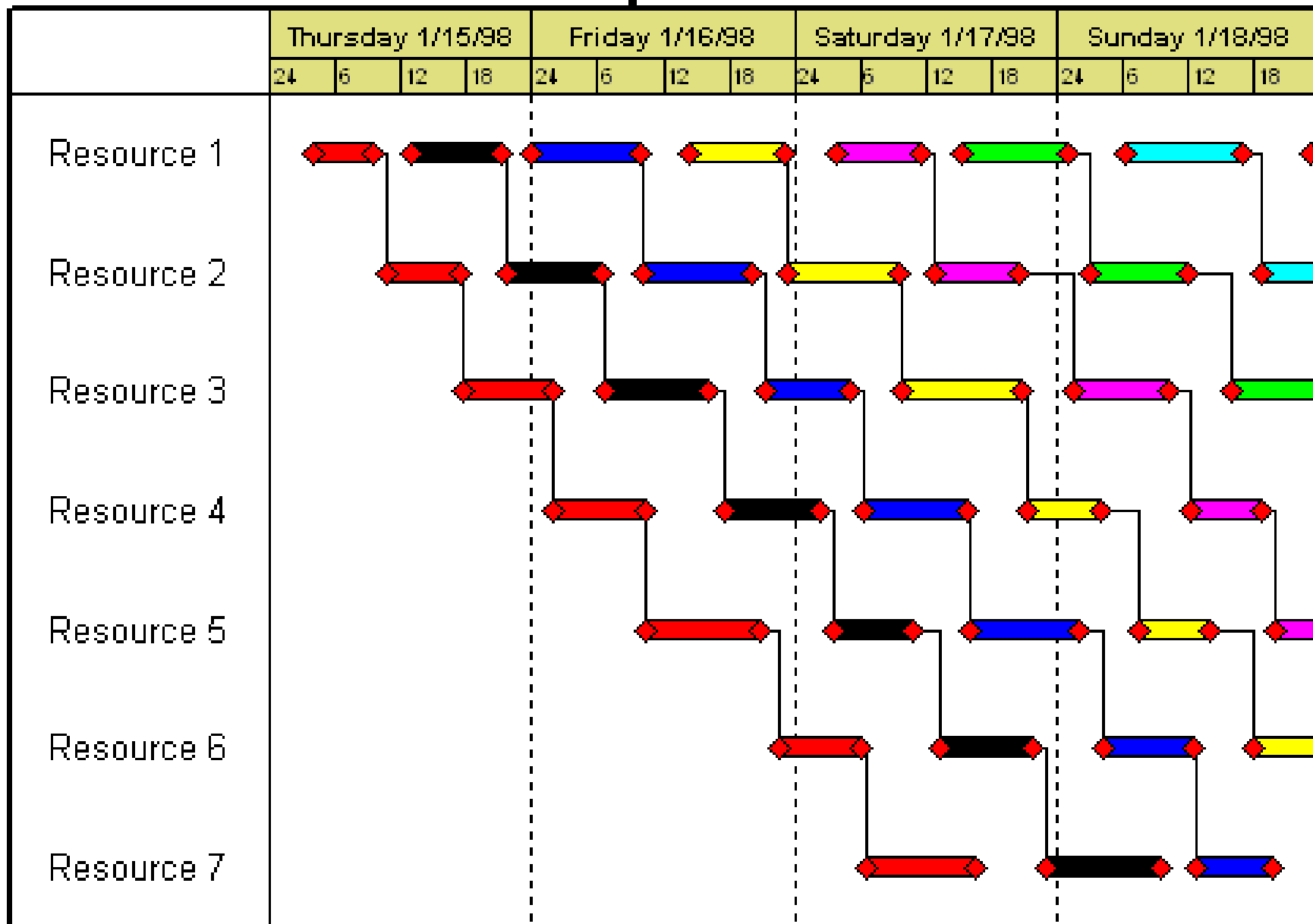
- Process types
- Number available
- Routing issues
- Maintenance
- Facilities
- Others



## Lab Machine Schedule

	12/9/98											
	7AM	8AM	9AM	10AM	11AM	12PM	1PM	2PM	3PM	4PM	5PM	6PM
Machine A												
Machine B												
Machine C												
Machine D												
Machine E												
Machine F												
Machine G												

# Job Shop Schedule



# Facilities Scheduling in CIM

- Layout issues
- Size and space issues
- Availability issues



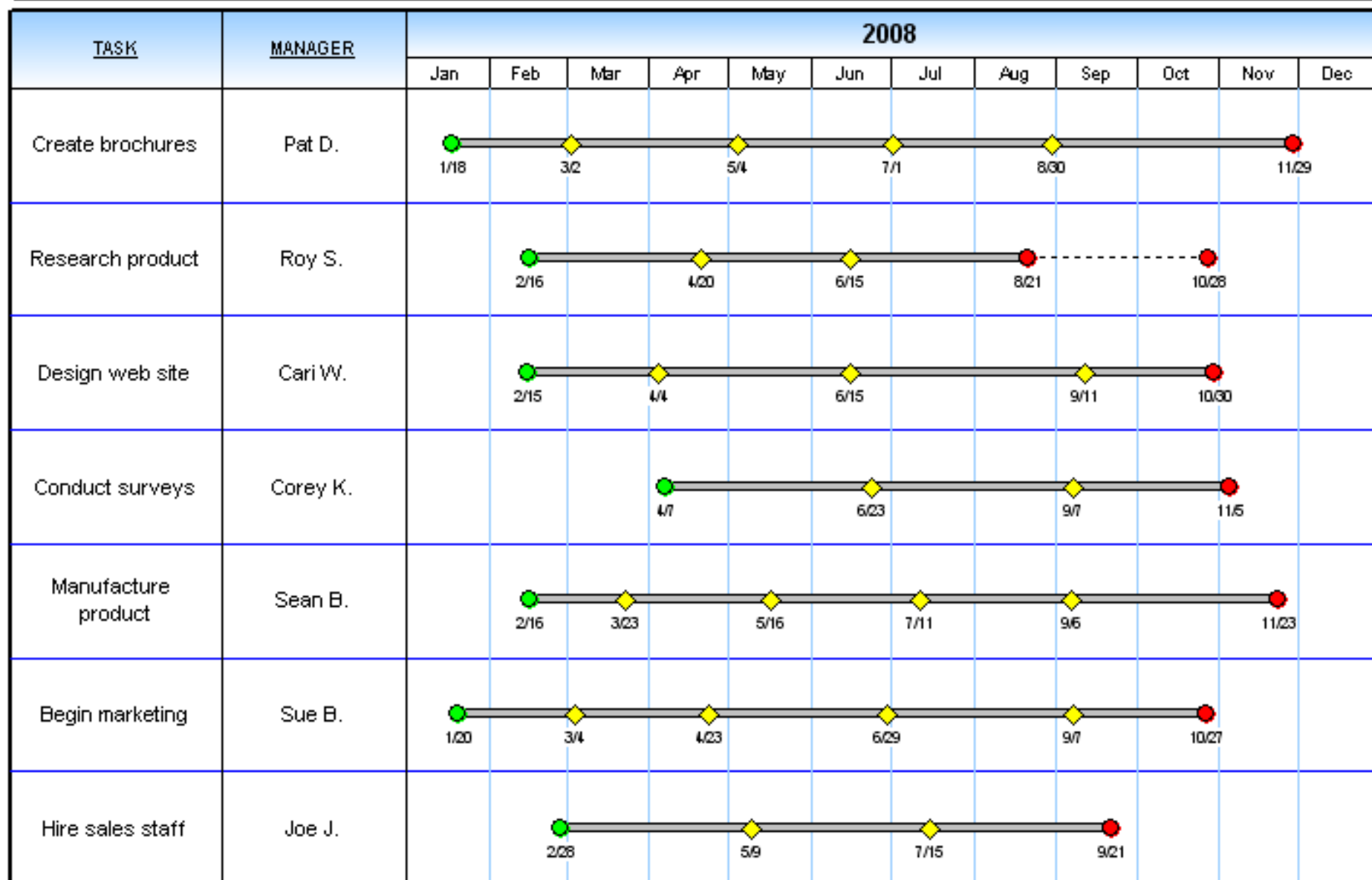
# Product Scheduling in CIM

- Delivery Issues
  - Customer issues
  - Production issues





# New Product Launch



● start

— progress

◆ milestone

● end

----- schedule slip

# DAILY PRODUCTION SCHEDULE

WEEK

WEEK

WEEK

WEEK

WEEK

WEEK

ORDER # 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7

1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7 1 2 3 4 5 6 7

# Inventory Control

- Concerned with achieving an appropriate compromise between two opposing objectives:
  1. Minimizing the cost of holding inventory
    - Implies keeping inventory to a minimum
  2. Maximizing customer service
    - Implies keeping large stocks on hand so the customer can immediately take possession

# Costs of Holding Inventory

## 1. Investment costs

- Cost of money tied up in inventory until the customer pays for the finished product

## 2. Storage costs

- Cost of space to store the inventory

## 3. Cost of possible obsolescence or spoilage

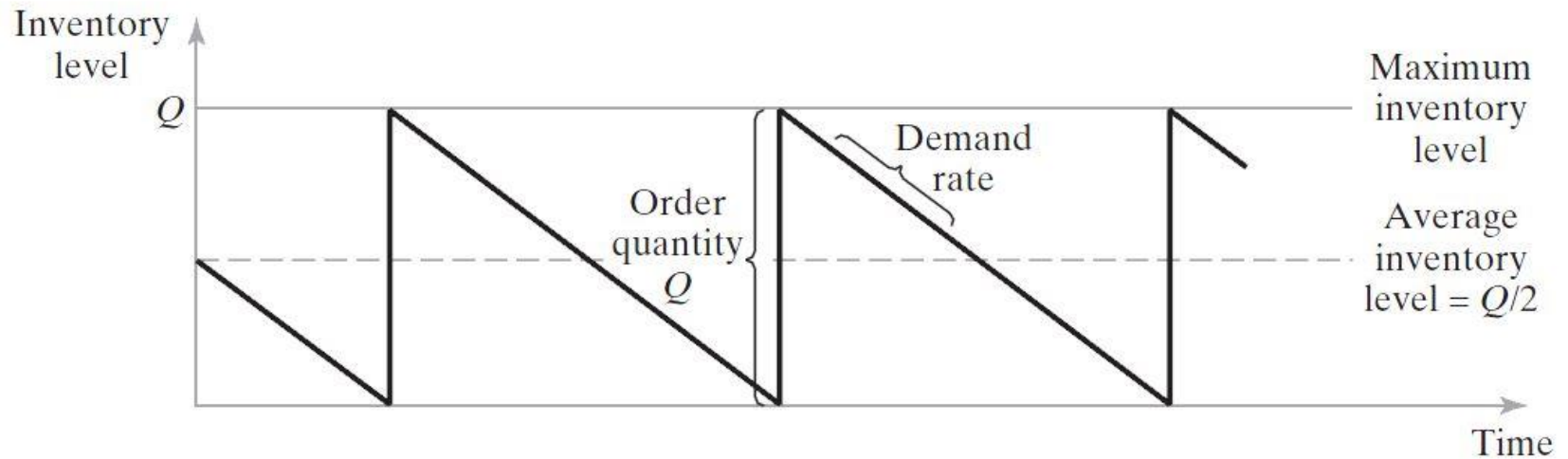
- Reduction in value of inventory when it cannot be used

- Collectively, these costs are referred to as carrying costs or holding costs

# Order Point Inventory Systems

- Concerned with two related problems that must be solved when managing inventories of independent demand items:
  1. How many units should be ordered?
    - Often solved by using economic order quantity formulas
  2. When should the order be placed?
    - Can be solved using reorder point methods

# Inventory Model in Make-To-Stock



Inventory level over time in a typical make-to-stock situation

# Economic Order Quantity Formula

- Situations when EOQ formula is appropriate:
  1. Demand rate for the item is fairly constant
  2. Rate of production is significantly greater than the demand rate

# Total Inventory Cost Equation

- Total annual cost of inventory includes two terms
  1. Cost of holding inventory
  2. Cost of reordering or setup
- Equation for total inventory cost  $TIC$

$$TIC = \frac{C_h Q}{2} + \frac{C_{su} D_a}{Q}$$

where  $C_h$  = holding cost,  $Q$  = order quantity,  $C_{su}$  = setup cost, and  $D_a$  = annual demand for the item



# EOQ Formula

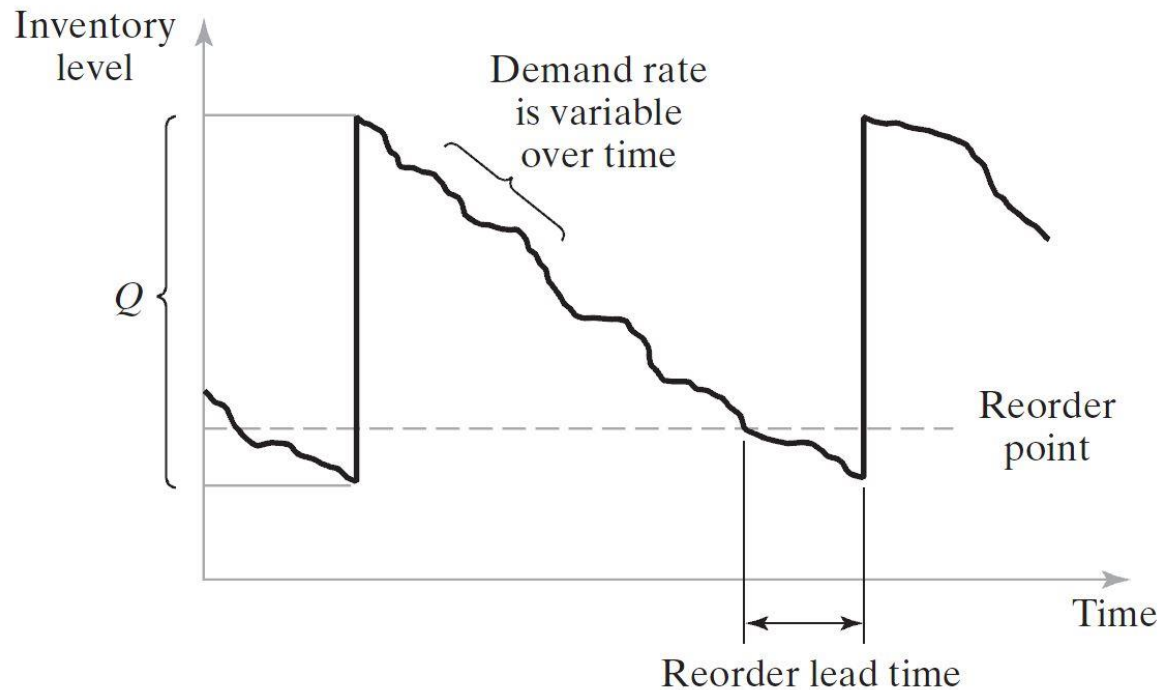
- By taking the derivative of  $TIC$  with respect to  $Q$  and setting the derivative equal to zero, the minimum cost order quantity can be determined

$$Q = EOQ = \sqrt{\frac{2D_a C_{su}}{C_h}}$$

# Reorder Point Systems

- The actual demand rate for the item is not constant throughout the order cycle
- The time to reorder occurs when the actual inventory level falls below a point known as the reorder point

# Operation of Reorder Point System



When inventory level reaches the reorder point, the next order for quantity  $Q$  is placed

# Enterprise Resource Planning (ERP)

Defined as a computer software system that organizes and integrates all of the data and business functions of an organization through a single, central database

- The functions include:

Sales

Marketing

Purchasing

Operations

Logistics

Distribution

Inventory control

Accounting

Finance

Human resources

- ERP runs as a client-server system - users access the system through their PCs
- ERP operates company-wide, not just plant-based

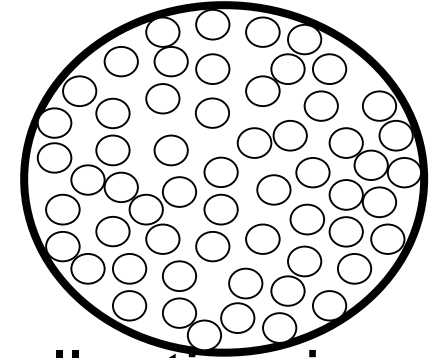
# Enterprise Resource Planning (ERP)

- ERP is one of the newer system concepts that focuses on the integration of business systems
- These integrated systems support all of the functional departments in the enterprise: sales and order entry, engineering, manufacturing, finance and accounting, distribution, order planning and execution, and the supply chain flow
- Tech 149 team project is taking advantage of this philosophy in its systems integration approach

# Enterprise Resource Planning (ERP)

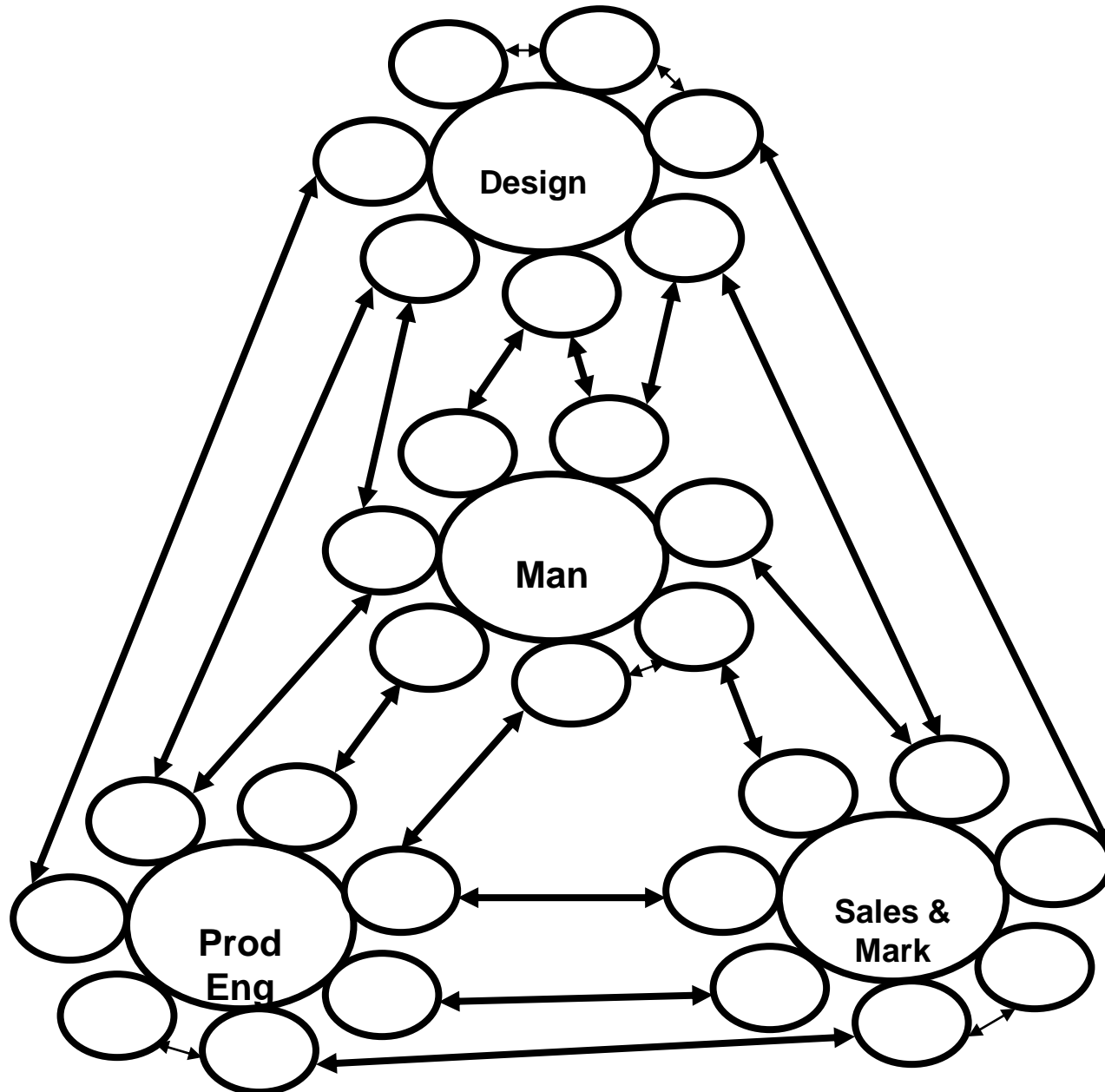
Since businesses are increasingly focusing on customers, customer relationship management (CRM) systems are being developed to help companies manage the information they have about their customers, the products these customers buy, and the way the customers prefer to do business

# Some Related Aspects of ERP



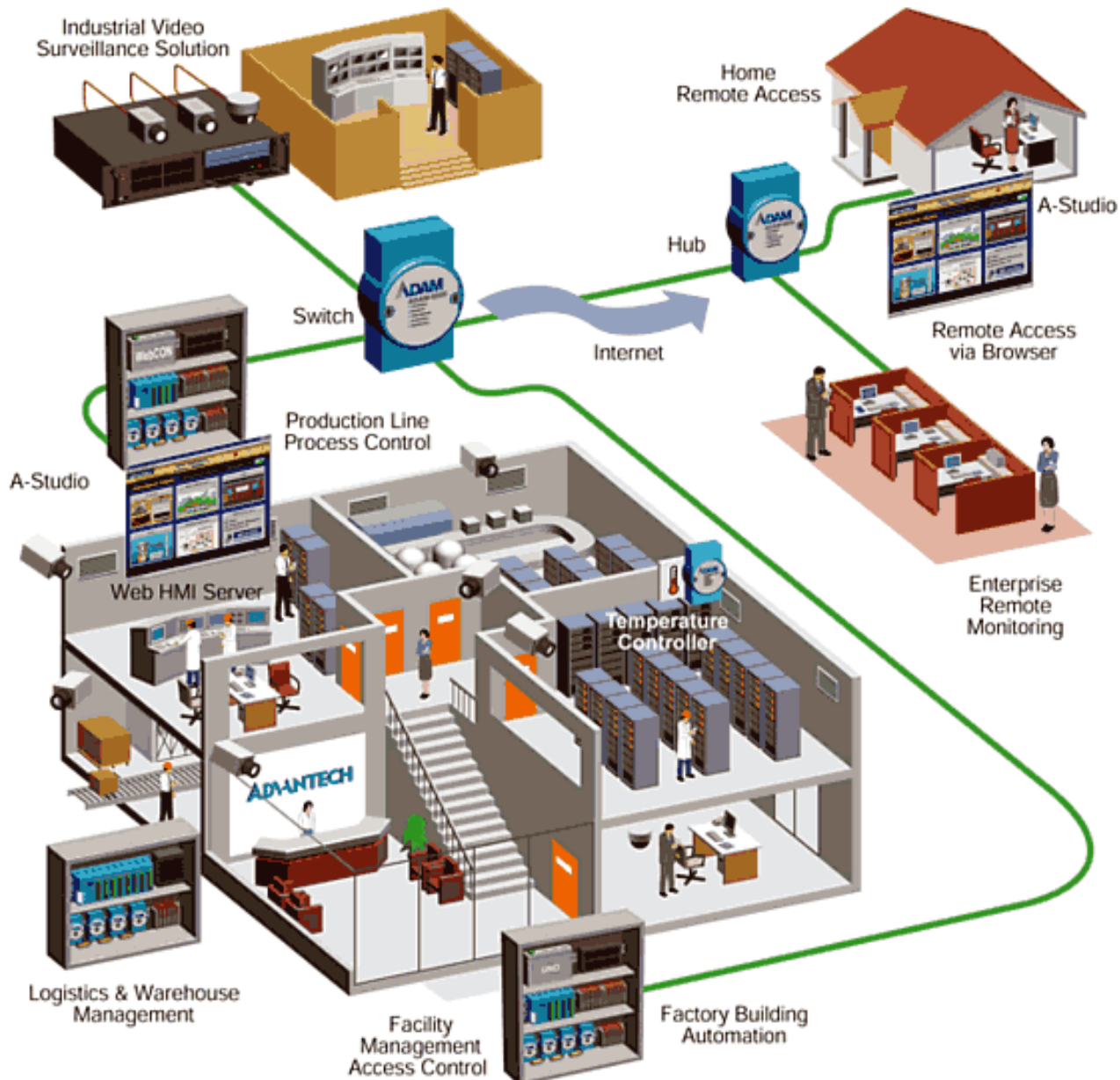
- Product data management (PDM)
- Information technology issues (data collection issues and system integration problems)
- The role of the Internet
- Sample ERP systems include: PeopleSoft, SAP R/3, Oracle, Sterling, Legacy, and JBA

# Network Systems is All About Communications and Connectivity

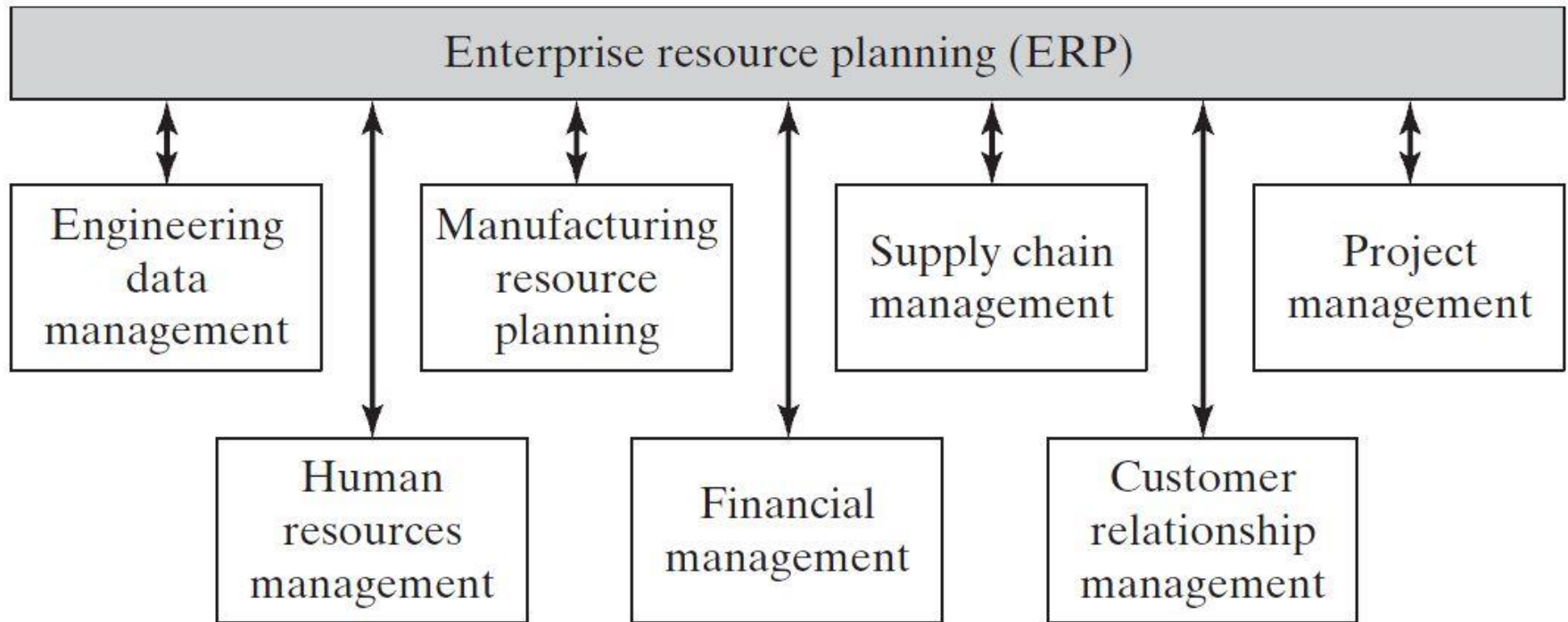




# Enterprise Resource Planning (ERP)



# Enterprise Resource Planning



Possible software modules in an ERP system

# Business Functions in ERP Modules

ERP Module	Typical Business Functions Included
Engineering data management	Product research and development, product design, computer-aided design, bills of materials, product data management, product lifecycle management
Manufacturing resource management	Master production scheduling, material requirements planning, capacity planning, shop floor control, process planning, inventory control, product costing, quality control
Supply chain management	Supply chain planning, vendor relationship management, supplier scheduling, purchasing, inventory management
Project management	Project planning, project costing, work breakdown structure, project scheduling, project control
Human resources management	Payroll, benefits, training, workforce planning, recruiting, job applicant processing, job descriptions, training, employee performance appraisals, employee personal data, time and attendance, retirement and separation, organization charts
Financial management	Capital budgeting, asset management, investment management, cost accounting, cost control, activity-based costing, accounts payable, accounts receivable, cash management
Customer relationship management	Sales, marketing, customer contact, customer service, order input and processing, pricing, product availability, delivery, shipping, invoicing, product returns, handling of customer complaints

# ERP Uses a Single Database

- Avoids problems such as
  - Data redundancy or conflicting data in different databases
  - Time delays in entering the data
  - Communication issues between different databases
- Everyone in the organization has access to the same sets of data according to their individual job responsibilities
  - Not all of the data can be accessed by all employees



# Quality Systems

**RENISHAW**  
apply innovation™

V8 x 5<sup>TM</sup> = 900%



**Renscan5™** represents the biggest step-change in measurement capability that we have ever introduced.

5 axis scanning enables unrivalled performance, accuracy and speed.

Scanning two head gasket faces and five sections in each of eight cylinder bores typically takes 50 to 55 minutes.

The Renscan5™ REVO™ system completes the job in 5 minutes.

**That's a 900% improvement in throughput.**

**SPEED • ACCURACY • INNOVATION**

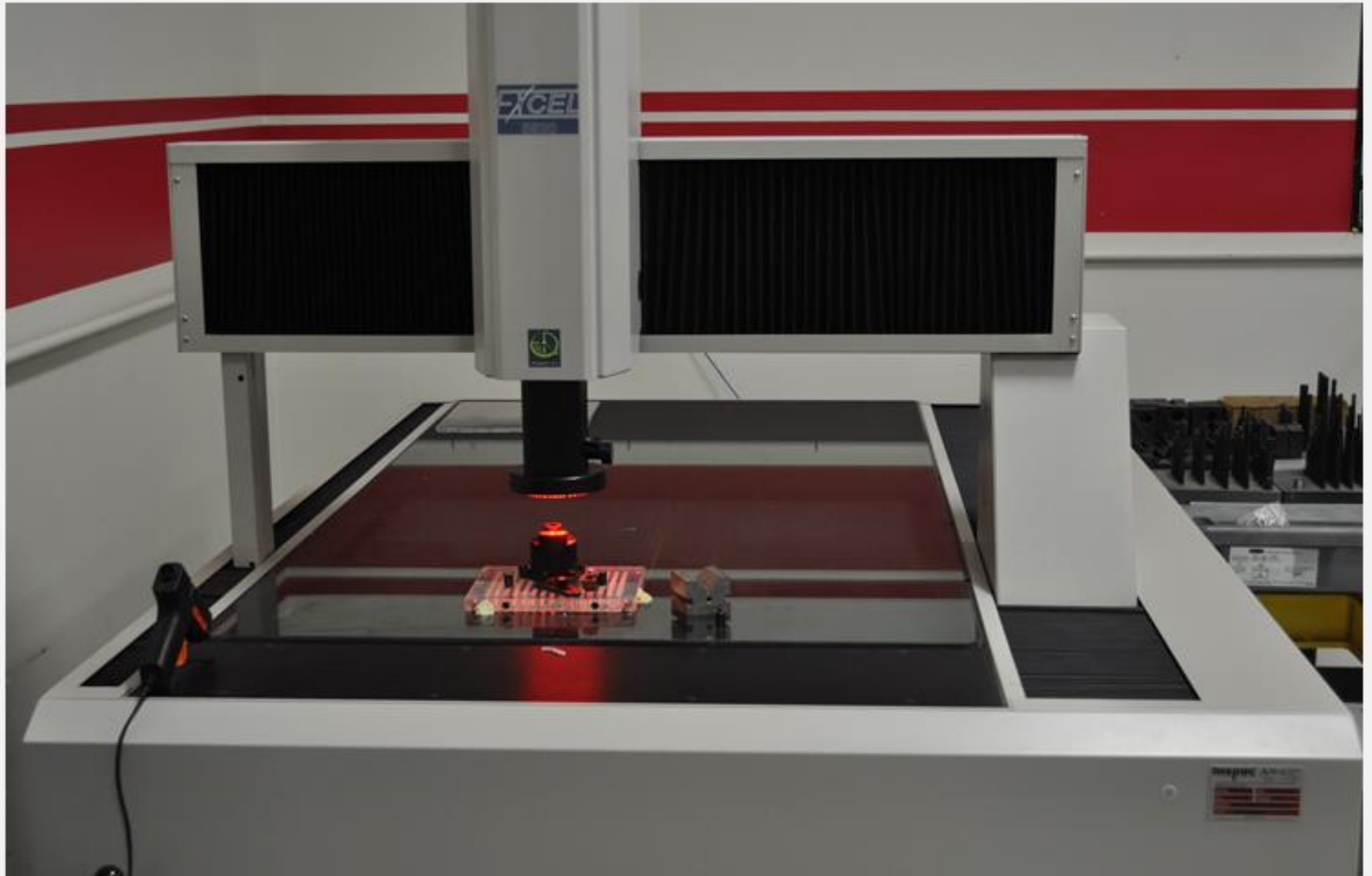
**RENSCAN5™**  
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# Quality Systems



# Quality Systems





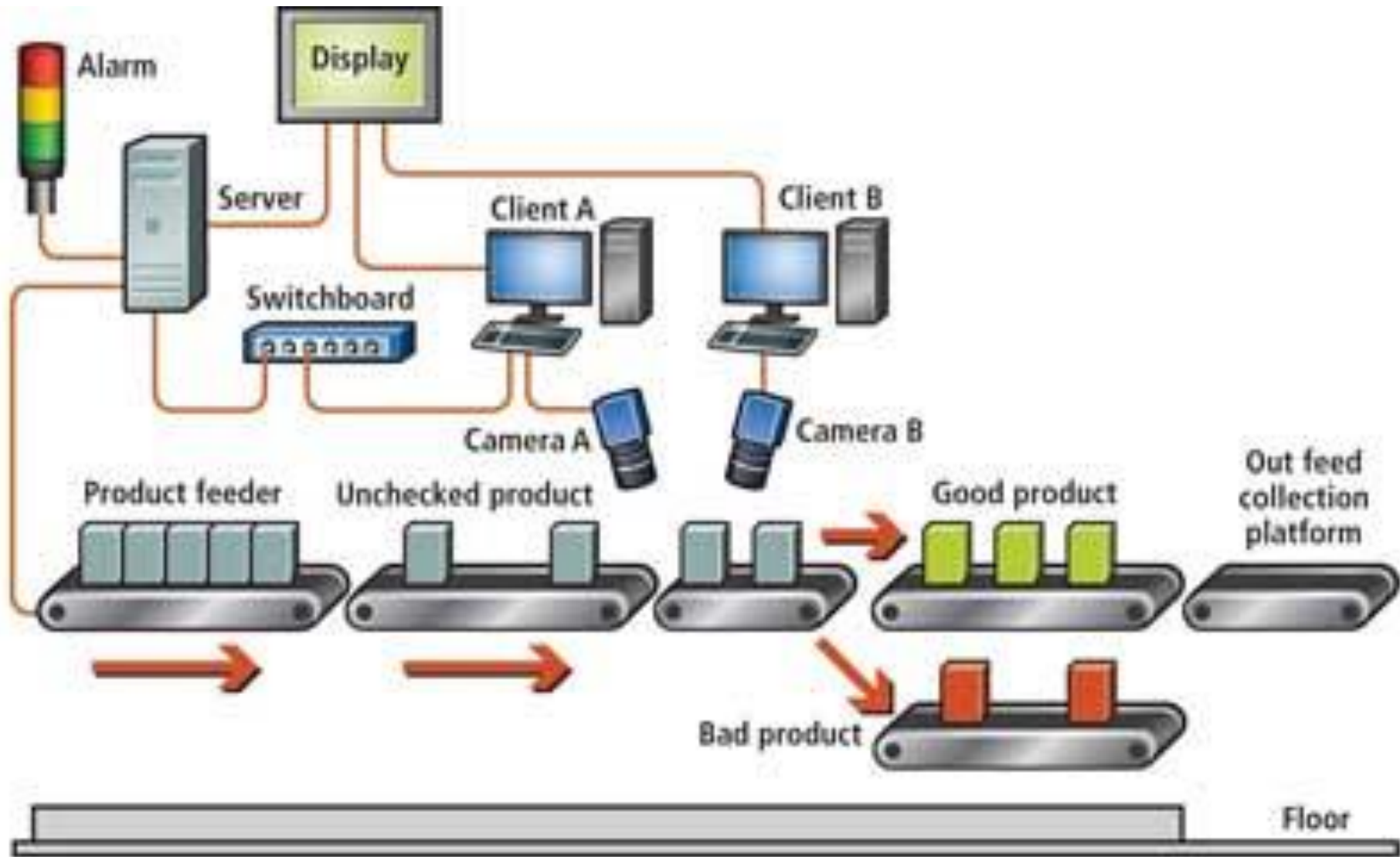
# Quality Systems

- [https://youtu.be/\\_EHoif-ZSqq](https://youtu.be/_EHoif-ZSqq)





# Quality System in Network Systems



# Chapter 20: Quality Programs for Manufacturing

## Sections:

1. Quality in Design and Manufacturing
2. Traditional and Modern Quality Control
3. Process Variability and Process Capability
4. Statistical Process Control
5. Six Sigma
6. Taguchi Methods in Quality Engineering
7. ISO 9000

# Two Aspects of Quality in Design and Manufacturing

## 1. Product features

- Characteristics that result from design
- Functional and aesthetic features that appeal to the customer
- “Grade”

## 2. Freedom from Deficiencies

- Product does what it is supposed to do
- Product is absent of defects and out-of-tolerance conditions

# Aspects of Quality: Product Features

- Design configuration, size, weight
- Function and performance
- Distinguishing features of the model
- Aesthetic appeal
- Ease of use
- Availability of options
- Reliability and dependability
- Durability and long service life
- Serviceability
- Reputation of product and producer

# Aspects of Quality: Freedom from Deficiencies

- Absence of defects
- Conformance to specifications
- Components within tolerance
- No missing parts
- No early failures

# Traditional Quality Control

- Widespread use of statistical quality control (SQC), in which inferences are made about the quality of the population of manufactured parts and products based on a sample
- Two principal sampling methods in SQC
  - Control charts
    - Graphical technique used to track measured variable of interest over time
  - Acceptance sampling
    - If the sample passes, the batch is accepted

# Traditional Quality Control

Typical management principles and practices:

- Customers are external to the organization
  - The sales and marketing department are responsible for customers
- Company is organized by functional departments
- Inspection department is responsible for quality
- Inspection follows production
- Knowledge of SQC techniques resides only in the minds of the QC experts in the organization

# Modern View of Quality Control

High quality is achieved by a combination of:

- Good management – three objectives of “total quality management”:
  1. Achieving customer satisfaction
  2. Continuous improvement
  3. Encouraging involvement of entire work force
- Good technology – traditional statistical tools combined with modern measurement and inspection technologies



# Total Quality Management (TQM)

Typical management principles and practices:

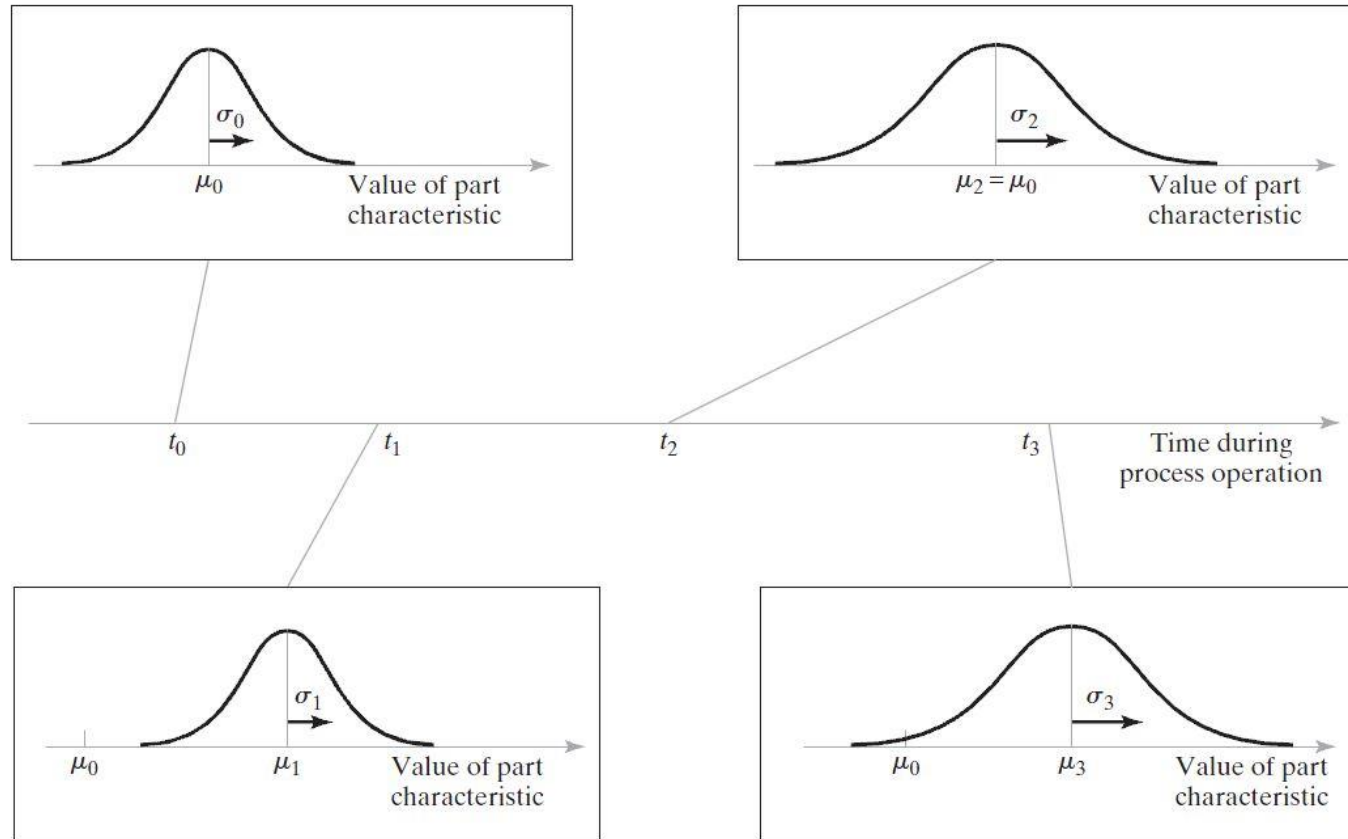
- Quality is focused on customer satisfaction
  - Internal customers and external customers
- Quality goals are driven by top management
- Quality control is pervasive in the organization
- Quality must be built into the product, not inspected in afterward
  - Production workers must inspect their own work
- Continuous improvement
  - A never ending chase to design and produce better products

# Process Variability

Manufacturing process variations are of two types:

1. Random variations – result from intrinsic variability in the process
  - Process is operating normally
  - Human variations from cycle to cycle, minor variations in starting materials, machine vibration
2. Assignable variations – indicate an exception from normal operating conditions
  - Operator errors, defective raw materials, tool failures, equipment malfunctions

# Distribution of Values of Part Characteristics at Four Times during process operation



# Process Capability

$$PC = \mu \pm 3\sigma$$

where  $PC$  = process capability,  $\mu$  = process mean set at nominal value of the parameter of interest (bilateral tolerances assumed),  $\sigma$  = standard deviation of the process

- Assumptions:
  - Output is normally distributed
  - Steady state operation
  - Process is in statistical control

# Process Capability and Tolerances

- Natural tolerance limits – when tolerance is set = process capability
- Process capability index

$$PCI = \frac{UTL - LTL}{6\sigma}$$

where  $PCI$  = process capability index,  $UTL$  and  $LTL$  = upper and lower tolerance limits, and  $6\sigma$  = range of natural tolerance limits

# Statistical Process Control (SPC)

Use of various methods to measure and analyze a process, either in manufacturing or non-manufacturing situations

- Objectives of SPC:
  - 1.Improve quality of process output
  - 2.Reduce process variability and achieve process stability
  - 3.Solve processing problems

# Seven Tools of SPC

Sometimes referred to as the "magnificent seven"

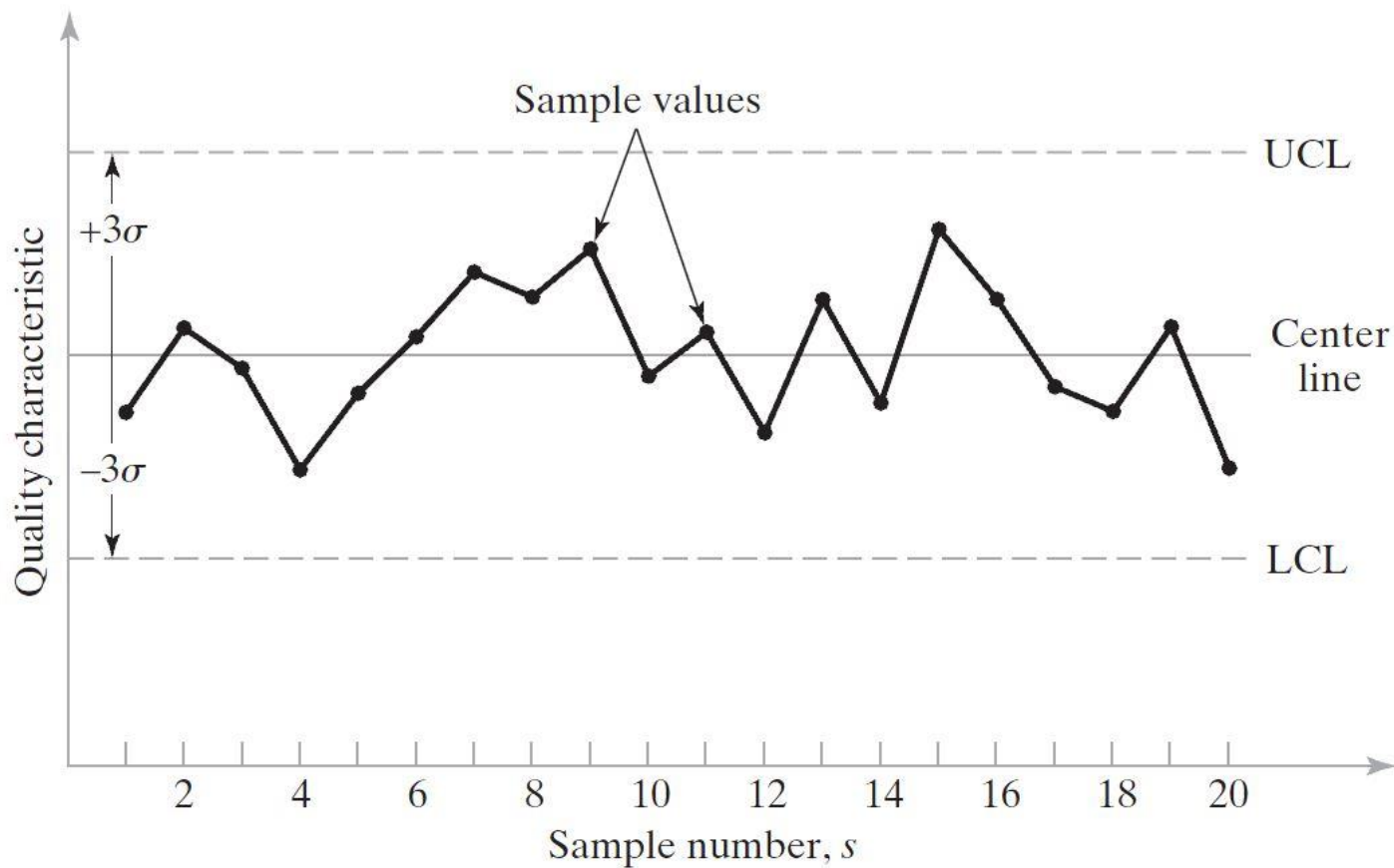
1. Control charts
2. Histograms
3. Pareto charts
4. Check sheets
5. Defect concentration diagrams
6. Scatter diagrams
7. Cause and effect diagrams

# Control Charts

- A graphical technique in which statistics computed from measured values of a process characteristic are plotted over time to determine if the process remains in statistical control
- Underlying principle is that the variations in a process divide into two categories:
    1. Random variations
    2. Assignable variations



# Control Chart



# Two Basic Types of Control Charts

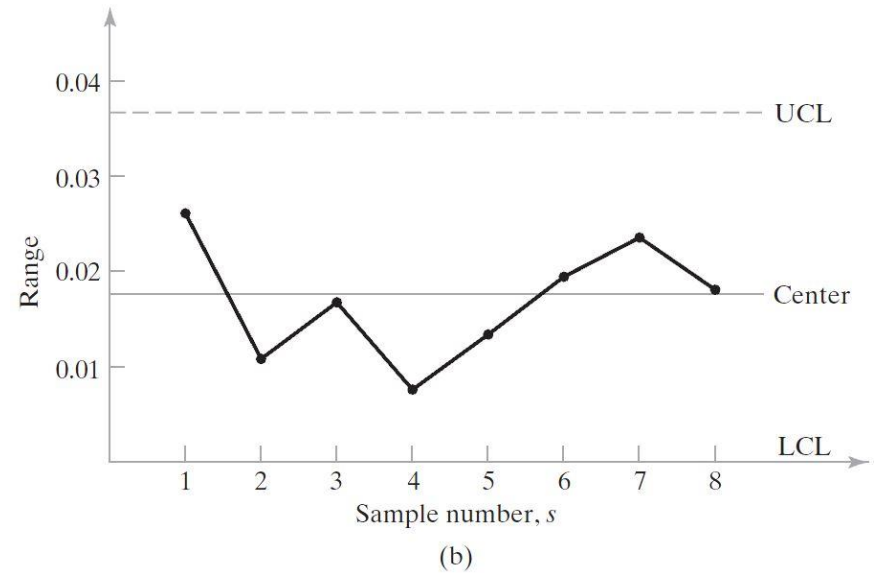
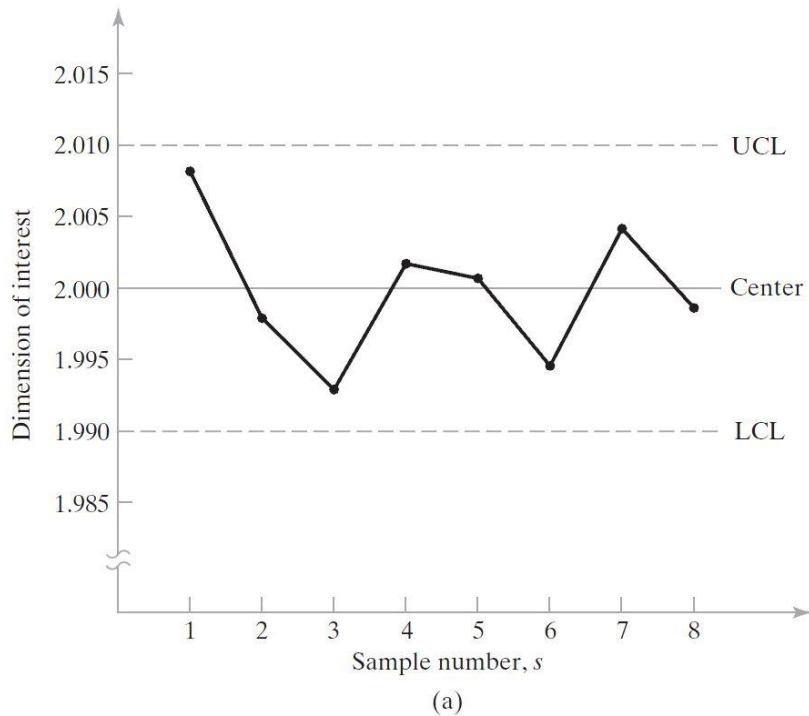
## 1. Control charts for variables

- Require a measurement of the quality characteristic of interest
- Two principle types: (1)  $\bar{X}$ -bar chart and (2)  $R$  chart

## 2. Control charts for attributes

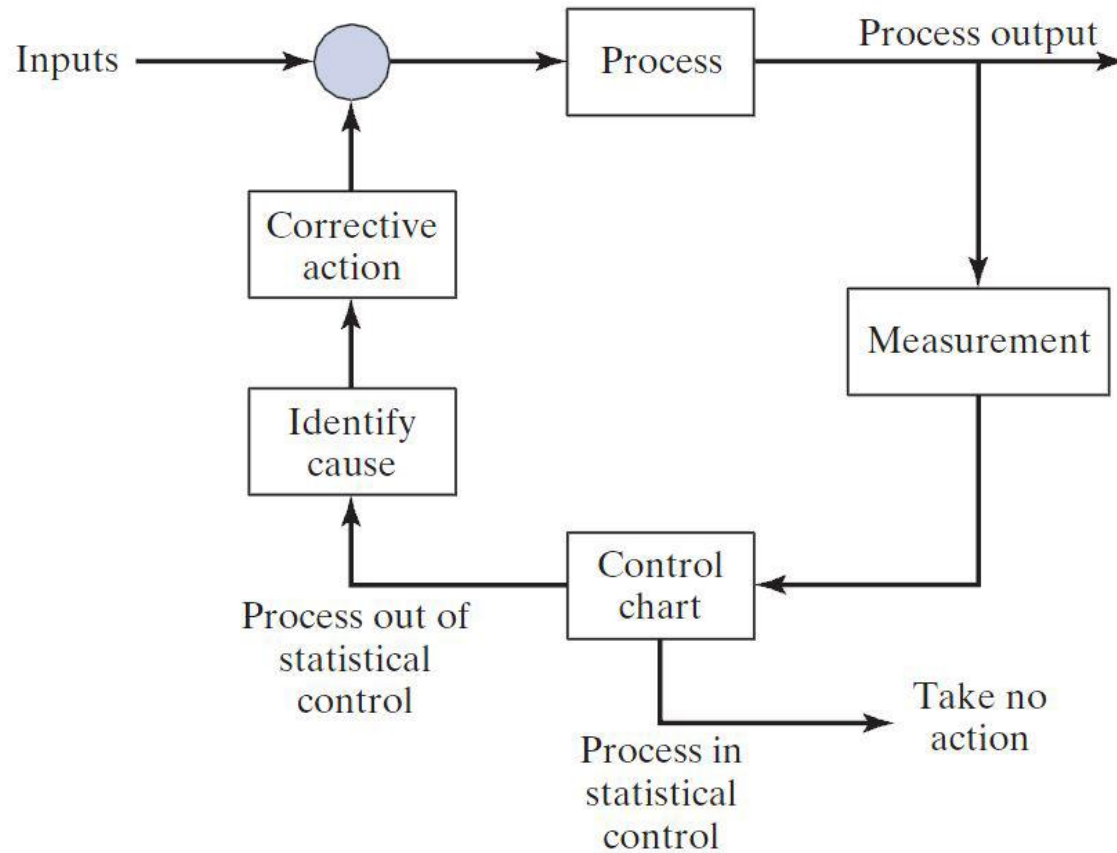
- Require a determination of either fraction of defects in the sample or number of defects in the sample
- Two principle types: (1)  $p$  chart and (2)  $c$  chart

# Control Charts for Variables



(a) X-Bar chart and (b) R-chart

# Control Chart used as Feedback Loop in Statistical Process Control

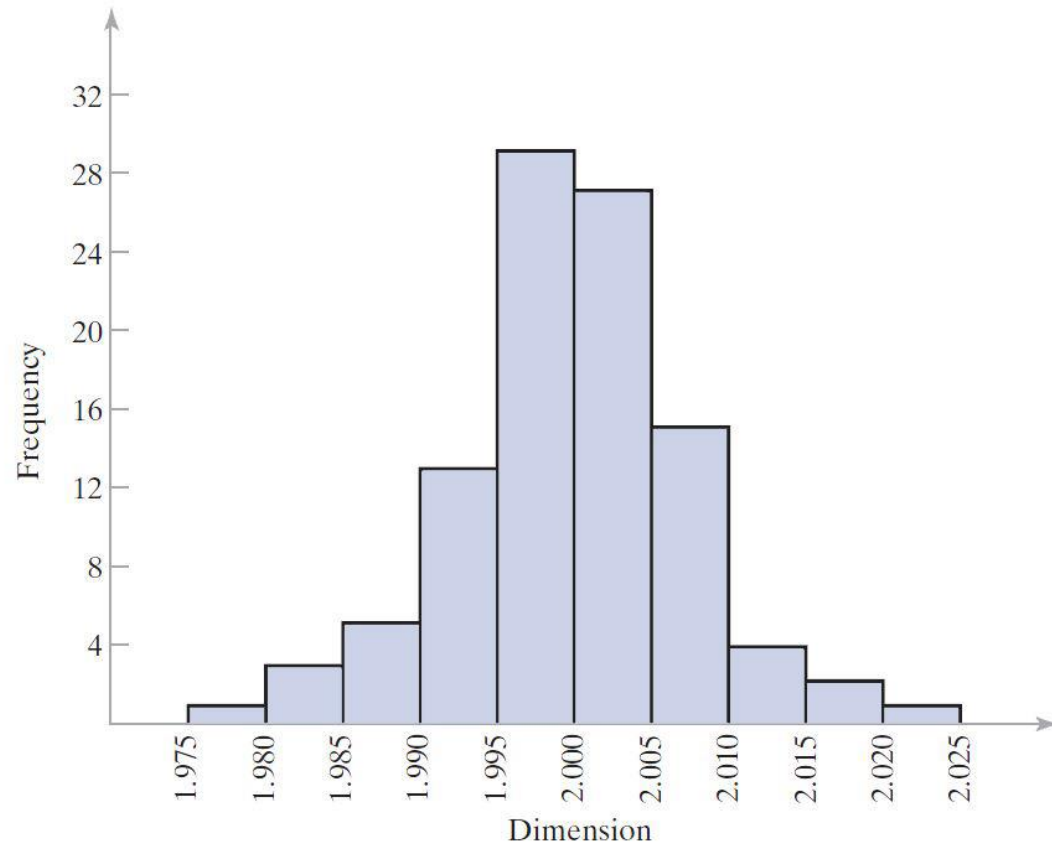


# Histogram

Statistical graph consisting of bars representing different members of a population, in which the length of each bar indicates the frequency or relative frequency of each member

- A useful tool because the analyst can quickly visualize the features of the data, such as:
  - Shape of the distribution
  - Any central tendency in the distribution
  - Approximations of the mean and mode
  - Amount of scatter in the data

# Histogram

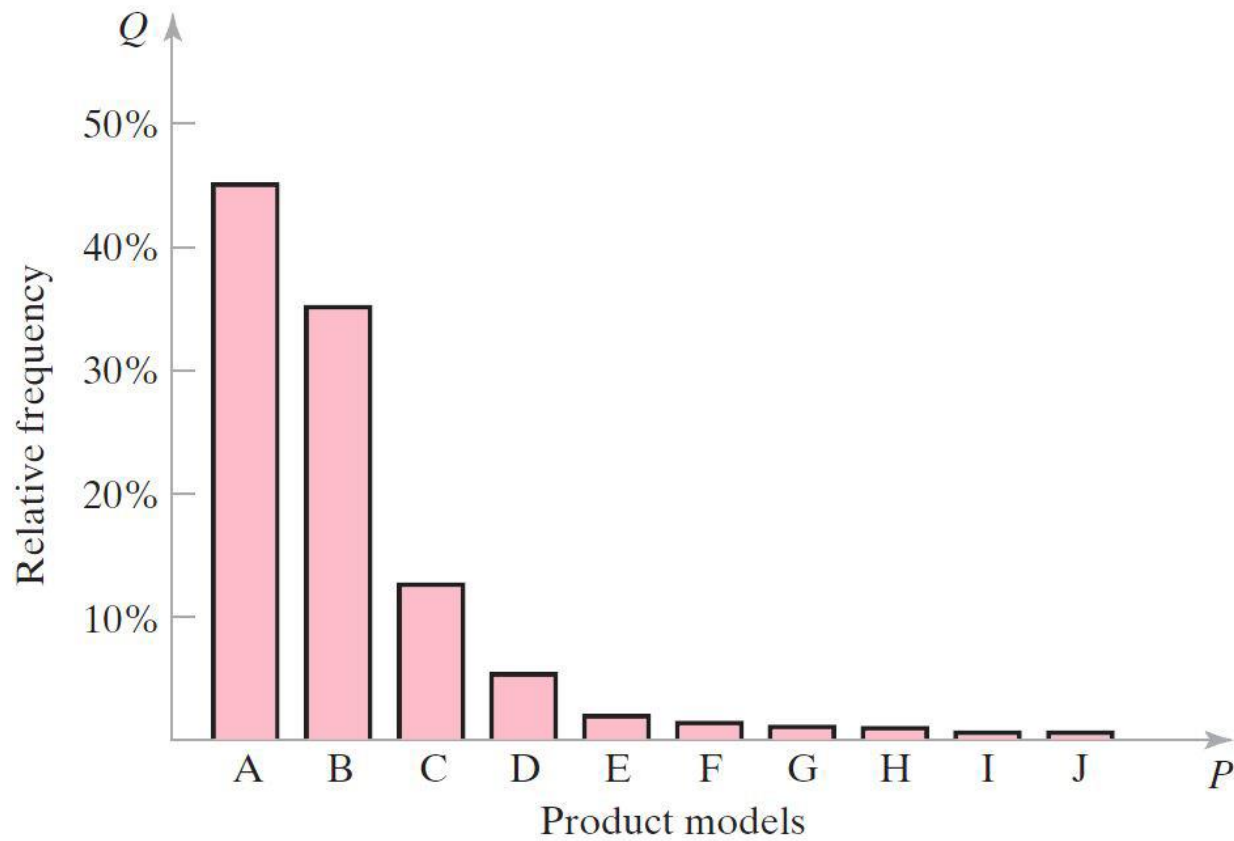


# Pareto Chart

Special form of histogram in which attribute data are arranged according to some criterion such as cost or value

- Based on Pareto's Law: "the vital few and the trivial many"
- Often identified as the 80%-20% rule
  - 80% of a nation's wealth is owned by 20% of the population
  - 80% of sales are accounted for by 20% of the SKUs

# Pareto Chart





# Check Sheet

Data collection tool generally used in the preliminary stages of a study of a quality problem

- Data often entered by worker as check marks in a given category
- Examples:
  - Process distribution check sheet - data on process variability
  - Defective item check sheet – types and frequencies of defects on the product
  - Defect location check sheet - where defects occur on the product

# Defect Concentration Diagram

A drawing of the product (all relevant views), onto which the locations and frequencies of various defect types are added

- Useful for analyzing the causes of product or part defects
- By analyzing the defect types and corresponding locations, the underlying causes of the defects can possibly be identified

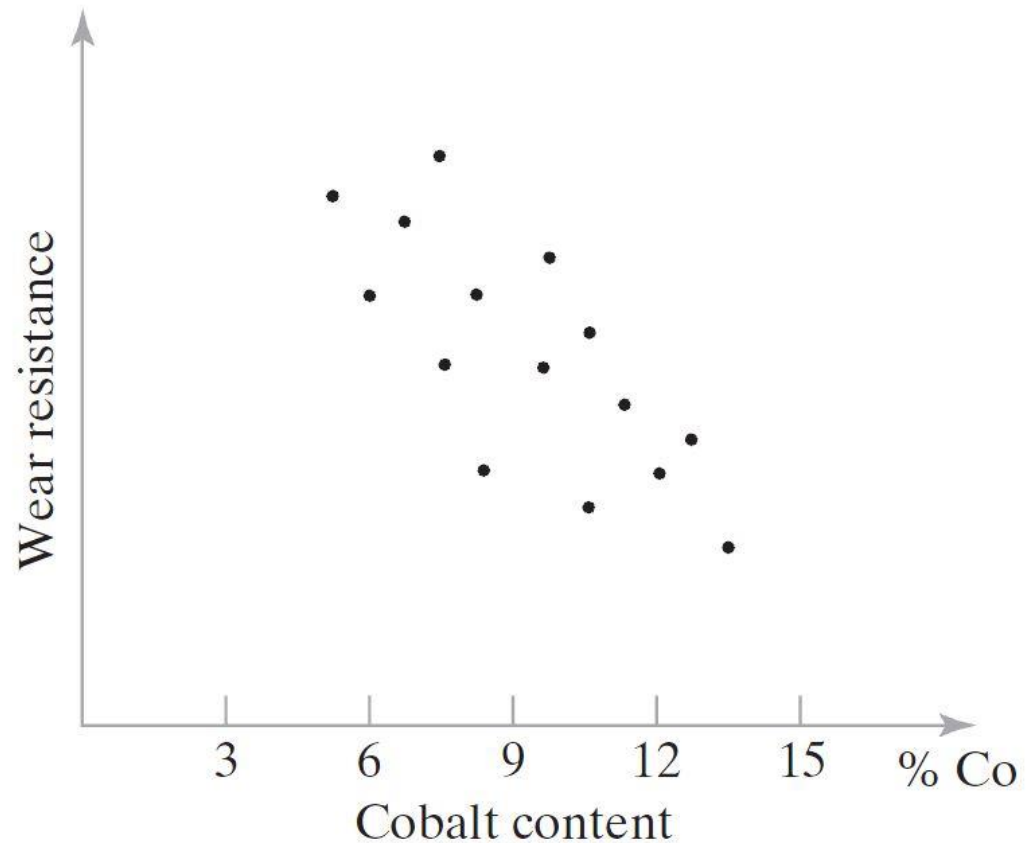
# Scatter Diagrams

An x-y plot of data collected on two variables, where a correlation between the variables is suspected

- The data are plotted as pairs; for each  $x_i$  value, there is a corresponding  $y_i$  value
- The shape of the collection of data points often reveals a pattern or relationship between the two variables

# Scatter Diagram

Effect of cobalt  
binder content on  
wear resistance  
of a cemented  
carbide cutting  
tool insert

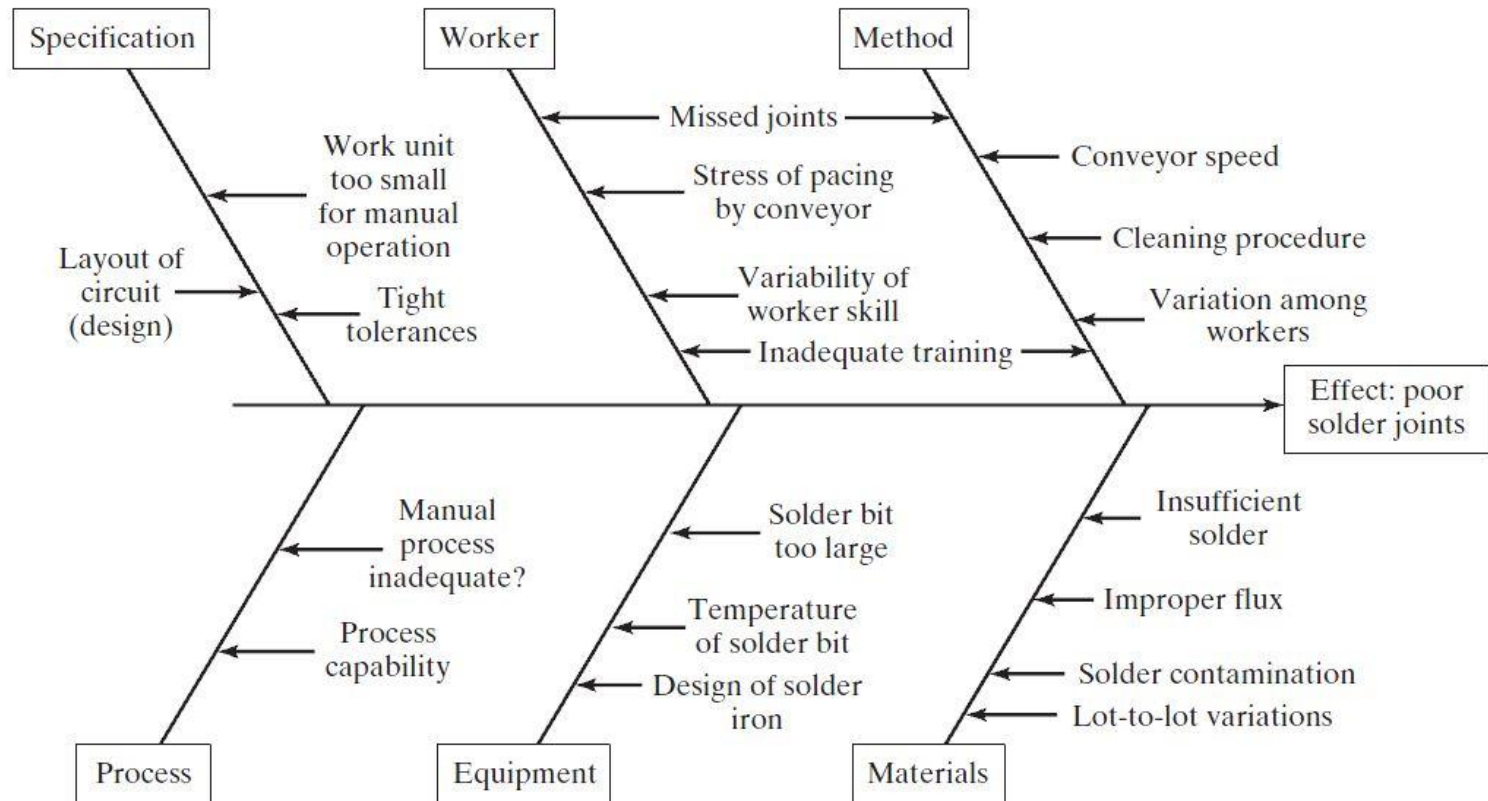


# Cause and Effect Diagram

A graphical-tabular chart used to list and analyze the potential causes of a given problem

- Also known as a “fishbone diagram”
- Can be used to identify which causes are most consequential and how to take corrective action against them

# Cause-and-Effect Diagram



# Implementing SPC

Five elements usually present in a successful SPC program:

1. Management commitment and leadership
  - Management sets the example for others to follow
2. Team approach to problem solving
  - Team members contribute a broad pool of knowledge
3. SPC training for all employees
4. Emphasis on continuous improvement throughout the organization
5. A recognition and communication system to recognize successful SPC efforts

# Six Sigma

A quality-focused program that utilizes worker teams to accomplish projects aimed at improving an organization's operational performance

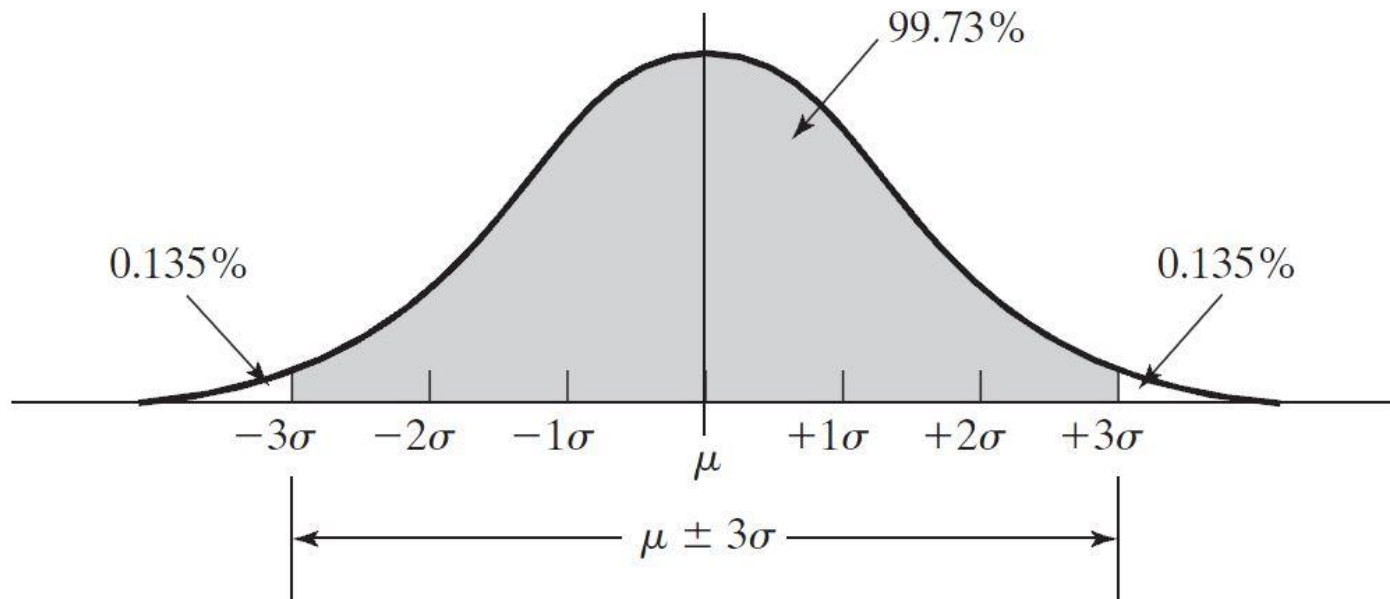
- General goals of Six Sigma:
  - Better customer satisfaction
  - High quality products and services
  - Reduced defects
  - Improved process capability
  - Continuous improvement
  - Cost reduction by more effective & efficient processes



# Quality Based on Normal Distribution

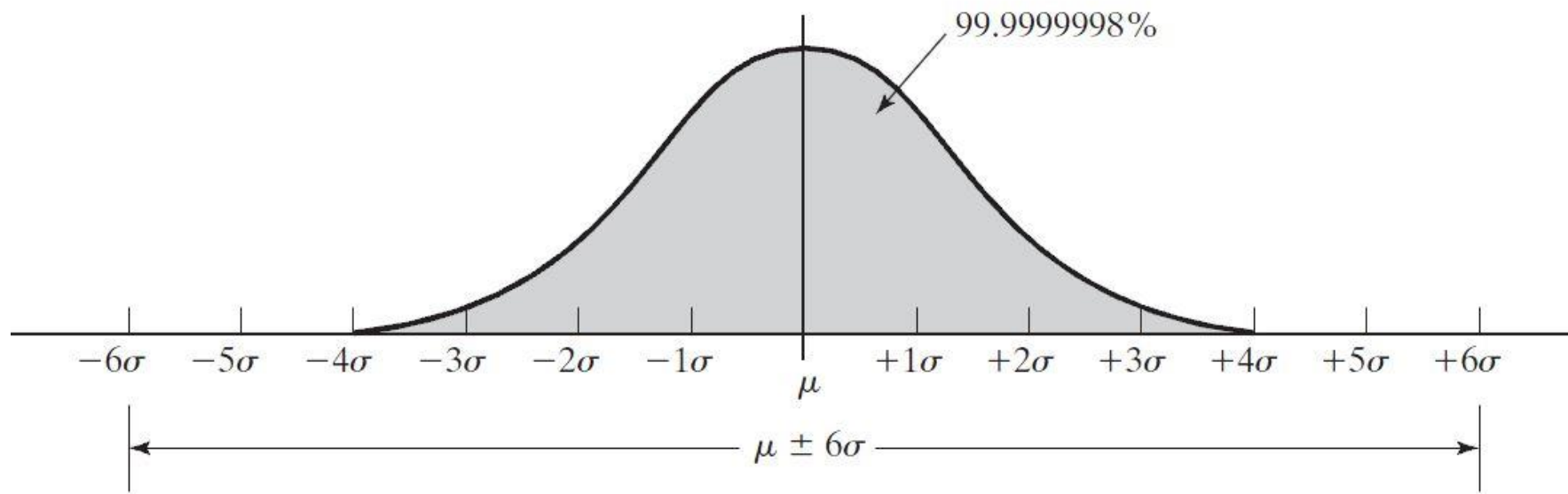
- Traditional metric for good process quality is  $\pm 3\sigma$ 
  - Includes 99.73% of population
  - Defect rate = 2700 defects per million
- Six Sigma metric is  $\pm 6\sigma$ 
  - In the Standard Normal tables:
    - Includes 99.9999998% of population
    - Defect rate = 0.002 defects per million

# $\pm 3\sigma$ in the Normal Distribution



Normal distribution of process output variable, showing the  $\pm 3\sigma$  limits

# $\pm 6\sigma$ in the Normal Distribution



# Sigma Value and Defect Rate in the Six Sigma Program

<u>Process sigma</u>	<u>Defect rate</u>	<u>Yield</u>
$1\sigma$	691,462 pm	30.9%
$2\sigma$	308,538 pm	69.1%
$3\sigma$	66,807 pm	93.3%
$4\sigma$	6,210 pm	99.4%
$5\sigma$	233 pm	99.98%
$6\sigma$	3.4 pm	99.99966%

# Taguchi Methods in Quality Engineering

Quality engineering = broad range of engineering and operational activities whose aim is to ensure that a product's quality characteristics are at their nominal or target values

- Shares much with Total Quality Management
- Taguchi methods:
  1. Robust design
  2. Taguchi loss function

# Taguchi Loss Function

- According to Taguchi, quality is “the loss a product costs society from the time the product is released for shipment”
- Loss includes:
  - Costs to operate
  - Failure to function, maintenance and repair costs
  - Customer dissatisfaction
  - Injuries caused by poor design, etc.
- Defective products (or their components) that are detected, repaired, reworked prior to shipment are manufacturing costs

# ISO 9000

- ISO = International Organization for Standardization
- U.S. representative to ISO 9000 is ANSI/ASQC
- ISO 9000 is a standard for the systems and procedures used by a facility that affect the quality of the products and services provided by the facility
  - It is not a standard for the products and services
- ISO 9000 is generic, not industry specific
  - It can be applied to any facility producing any product or providing any service

# Two Ways to Apply ISO 9000

1. Implement the standards simply for the sake of improving a firm's quality systems
2. ISO 9000 Registration – formal certification that the facility satisfies the standard
  - Benefits:
    - Reduce frequency of quality audits by customer firms
    - Qualify for business partnerships with companies that require ISO 9000 registration (especially in Europe)