Calculating the Cost of Waste

Steps

1. Identify the process
2. Identify the problem
3. List the consequences of the problem
4. How much does each consequence cost each time it occurs
5. How many times does each consequence occur/incidence
6. Multiply the consequence cost times frequency for each occurrence
7. Add total consequence costs (Cost of individual problem)
8. Calculate the estimated number of times problem occurs/yr
9. Total Estimated Annual Cost of Problem

Example

1. **Process**:

2. Problem	3. Consequences	4. Cost	5. Frequency	6. Net
			7. **Total cost/individual problem**	
			8. # of problems/year	
			9. Total Estimated Annual Cost of Problem	

Information taken from "Continuous Quality Improvement for Health Centers" presented by Jay M. Hughes, MD to the Redwood Community Health Coalition on 11/10/2006