**Maturing Your Supplier Quality Management Program:**

Assessing the Maturity of Your Supplier Quality Management Program and How to Get to the Next Level

Prepared and presented by

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Session Description

- Speaker will discuss three key supplier quality activities. The extent to which these supplier quality activities are performed will allow participants to assess current maturity level of their supplier quality management program.

- After acknowledging the past and embracing the present maturity level, participants can prepare for the future by prioritizing supplier activities in order to progress to the next maturity level.
Supplier Quality Management Maturity Curve

This session is going to focus on three key activities.

- Qualifying and assessing suppliers
- Measuring suppliers’ performance
- Developing suppliers

The extent to which these supplier quality activities are performed will allow you to assess current maturity level of their supplier quality management program. Maturing these activities will improve your SQM Program and ultimately the products and services you receive from your suppliers!
Supplier Quality Management Maturity Curve

Maturing Supplier Qualification
Building the processes and tools to qualify and assess suppliers
NEW SUPPLIER QUALIFICATION

Supplier qualification process consists of several key risk assessment steps.

RISK FILTERS

Two main categories of risk filters are:

1. **Supplier** Characterization
   - Supplier History/Information
     - New Site/Equipment? Product/process commercialized?
   - Supplier Ability
     - Core competency/specialty? Any part outsourced?

2. **Product** Characterization
   - Product Life-Cycle
   - Product “Make-Up”
     - Water-based? Component support microbial growth? Robust/proven formula?
NEW SUPPLIER QUALIFICATION

Supplier qualification process consists of several **key risk assessment** steps.

BUSINESS ASSESSMENT

**Procurement** is responsible for:

- **Business Suitability Risk Assessment**
  - Financial, Legal, Logistic, Capacity and Product Registration
- **Social Accountability Risk Assessment**
- **Request for Proposal (RFP)**
  - Cost Analysis

If **business risk assessment** is acceptable, Procurement notifies Quality to proceed with supplier assessment.
NEW SUPPLIER QUALIFICATION

Supplier qualification process consists of several key risk assessment steps.

SUPPLIER AUDIT

Fundamental components of a supplier audit.
• Initiate the Request for Information (RFI)
• Determine audit scope/type
• Audit
• Issue audit report with observations
NEW SUPPLIER QUALIFICATION

Supplier qualification process consists of several key risk assessment steps.

POST AUDIT ASSESSMENT

After issuing the audit report, the supplier should respond in a timely manner:

- Addressing the observations/audit findings with appropriate corrective actions
- Providing objective evidence of action taken or timeline for open corrective actions

Corrective actions may require a follow-up audit prior to qualifying supplier.
NEW SUPPLIER QUALIFICATION

Supplier qualification process consists of several key risk assessment steps.

PRODUCT TESTING

Example: Brand Owner to Contract Manufacturer

- Stability testing
- Line trials
- Confirmation → Random Testing
- On-going production history
  - (a.k.a. Supplier Performance)
- Customer complaints/product feedback
- Round-robin testing with labs
SUPPLIER RE-EVALUATION

Supplier qualification process consists of several key risk assessment steps.

Maturing Supplier Performance
Measuring performance against established key performance indicators
SUPPLIER SCORECARD

• Business
  • Commercial (Proven products/technology)
  • Service (On-time delivery)
  • Adaptability (Fluctuation in orders, delivery dates)
  • Cost/Price (Maintain cost/price points)

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SUPPLIER SCORECARD

• Quality
  • Incoming quality score (% In Spec Lots)
  • Quality Incidents (Occurrence and Severity)
  • Timely response to quality events
    • Root cause identified in a timely manner
    • Corrective actions put in place
    • Preventive actions to prevent recurrence

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FOUR Cs OF SUPPLIER PERFORMANCE

Company/Supplier alignment or “fit” is critical for business success

- **Culture**
  - Character of the Company

- **Commitment to Improvement**
  - Quality of response to corrective actions
  - Consistent Performance/Continuous Improvement

- **Collaboration**
  - Valued Business Partner

- **Communication**
  - Clear and regular communication (transparency) plus notification of changes that could impact product

Maturing

**Supplier Development**

Ensuring suppliers improve their performance and capabilities over time
SUPPLIER DEVELOPMENT

- **Investigation Support**
  - Product issues
  - Service issues
  - Root cause analysis

- **Process Improvement Initiatives**
  - SPC (less variability – tighter upper and lower limits)
  - Reduced scrap
  - Adaptability to ebb and flow of demand

- **New Technologies**
  - Formulas, Packaging, Processes, Testing

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**Key Takeaways**

Actions to take and things to share
Key Takeaways

- **Identify** key supplier quality activities and how they **contribute** to a supplier quality management program.
- Assess the **maturity** of a quality management program based on key supplier activities.
- **Prioritize** which supplier quality activity to focus on first to **progress beyond** current maturity levels.
- Expect **varying levels of maturity** for each key supplier quality activity based on needs.
- **Maturing** these activities will **improve** your SQM Program and ultimately the **products and services** you receive from your suppliers!
THANK YOU!

Tim Parrent
Secretary &
Community of Excellence Leader

Food, Drug, &
Cosmetic Division
The Global Voice of Quality®