



## **Cowtown Quality Roundup 2018**

### ***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*

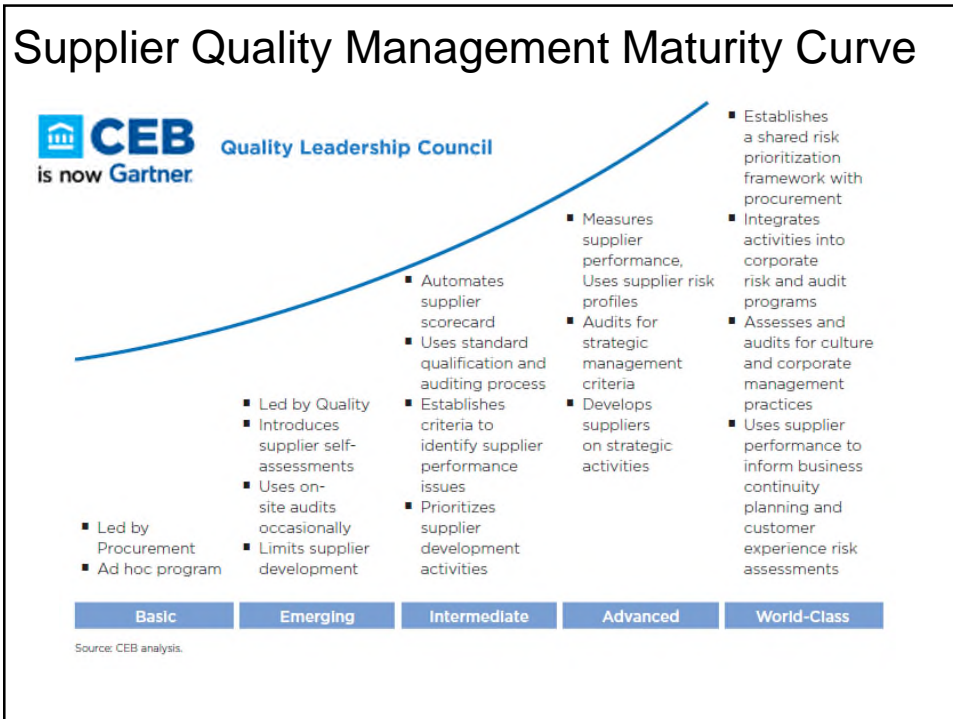
**Tim Parrent**

April 20, 2018



## **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.

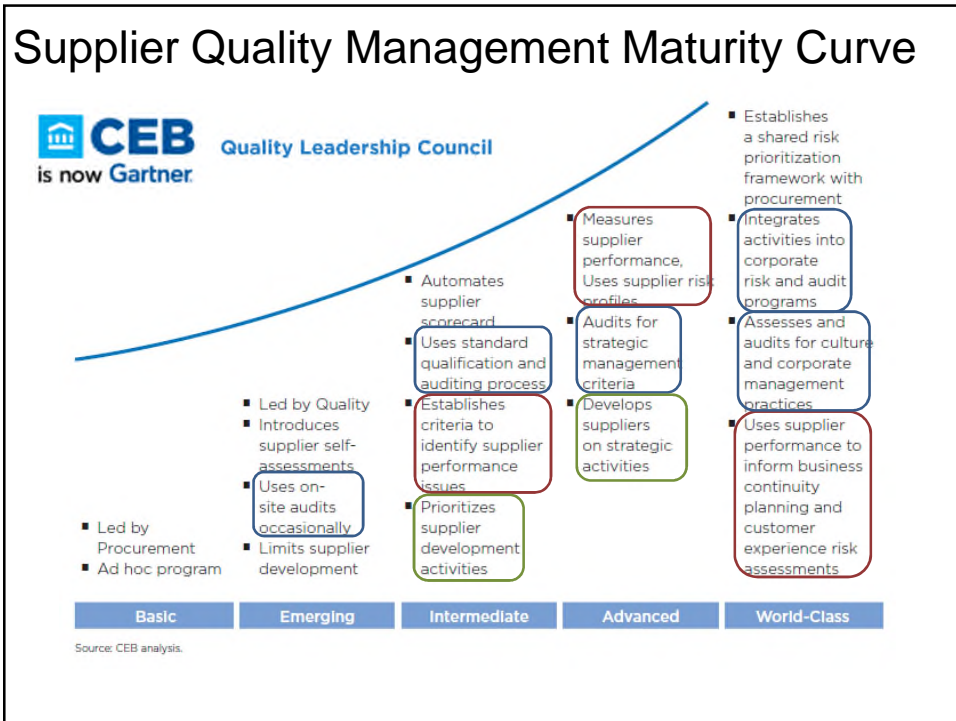


## SUPPLIER QUALITY MANAGEMENT

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!



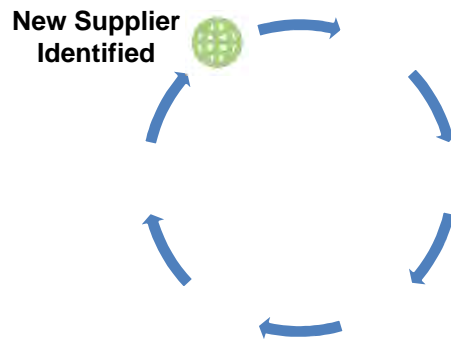
Maturing

# *Supplier Qualification*

Building the processes and tools to qualify and assess suppliers

## NEW SUPPLIER QUALIFICATION

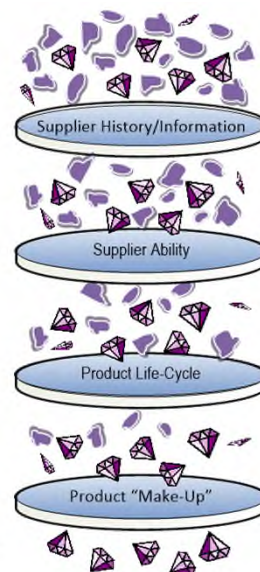
Supplier qualification process consists of several **key risk assessment** steps.



## RISK FILTERS

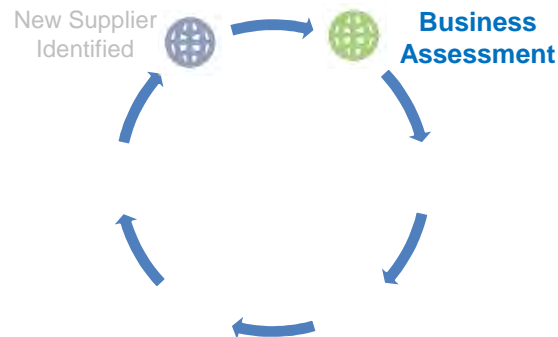
Two main categories of **risk filters** are:

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
    - High profile? New product/technology? Limited edition?
  - 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**

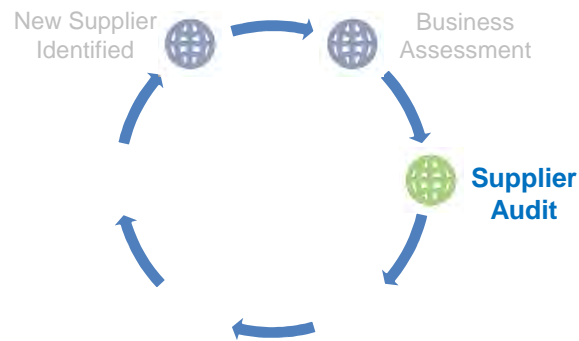
- **Request for Proposal (RFP)**

- 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

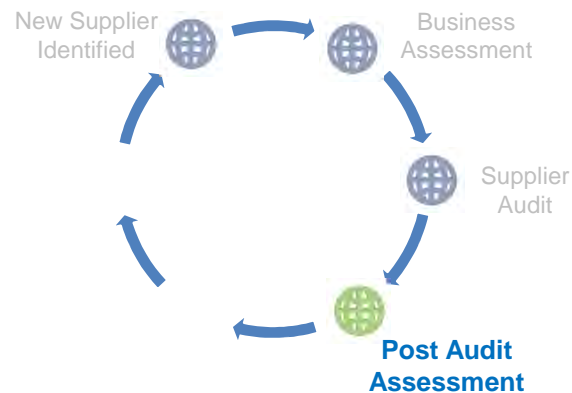
Fundamental components of a supplier audit.

- 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

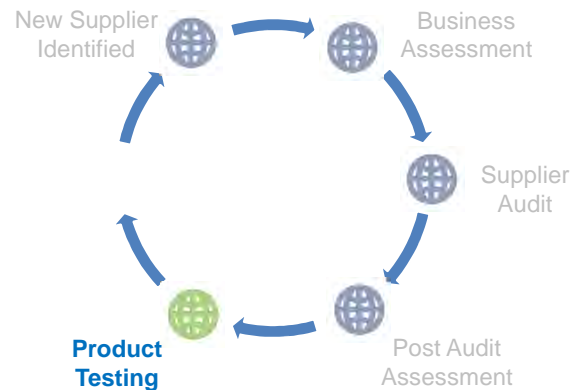
After issuing the audit report, the supplier should respond in a timely manner:

- **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

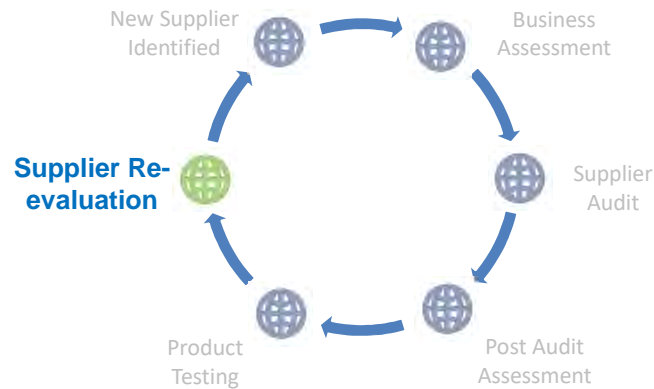
- Stability testing
- Line trials
- Confirmation → Random Testing
- On-going production history
  - (a.k.a. Supplier Performance)
- Customer complaints/product feedback
- Round-robin testing with labs





## SUPPLIER RE-EVALUATION

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



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## *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)

Business	Q1	Q2	Q3	Q4
-Commercial (Proven products/technology)	Yellow	Yellow	Yellow	Green
-Service (On-time delivery)	Green	Yellow	Red	Yellow
-Adaptability (Fluctuation in orders, delivery dates)	Green	Yellow	Red	Red
-Cost/Price (Maintain cost/price points)	Yellow	Yellow	Green	Green

## 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

Quality	Q1	Q2	Q3	Q4
-Incoming quality score (% In Spec Lots)	Green	Green	Green	Yellow
-Quality Incidents (Occurrence and Severity)	Green	Green	Yellow	Yellow
-Timely response to quality events	Green	Yellow	Red	Red

## FOUR Cs OF SUPPLIER PERFORMANCE

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

- Culture**

- Character of the Company

- Commitment to Improvement**

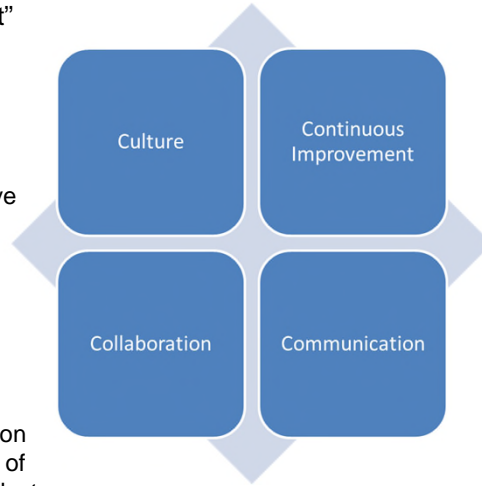
- Quality of response to corrective actions
- Consistent Performance/Continuous Improvement

- 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**

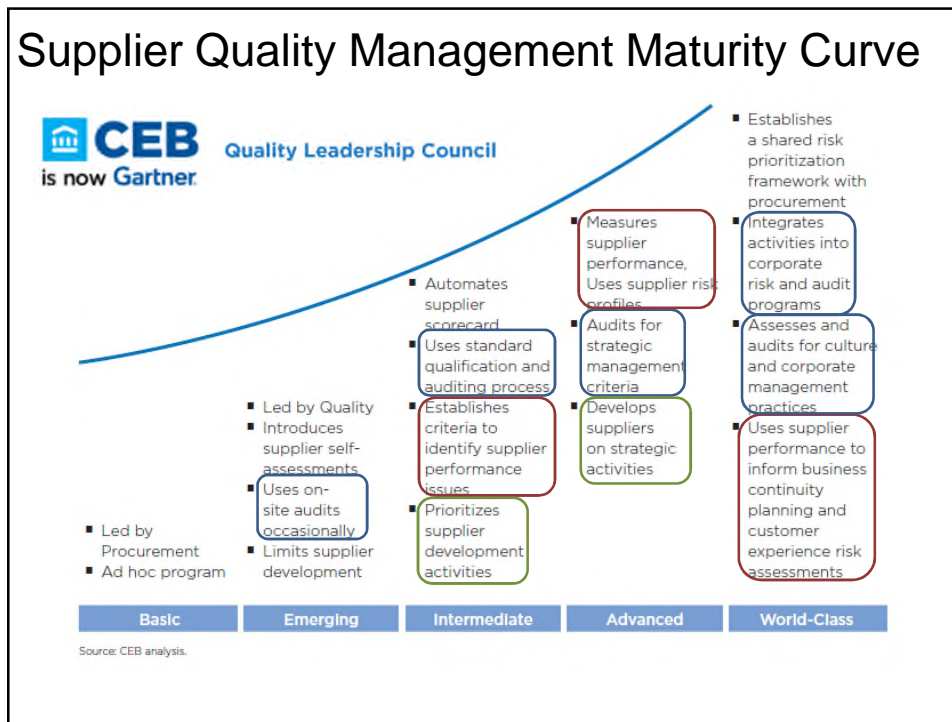
- SPC (less variability – tighter upper and lower limits)
- Reduced scrap
- Adaptability to ebb and flow of demand

- **New Technologies**

- Formulas, Packaging, Processes, Testing

## *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

