The Positive Impact of Supplier Quality Management

- Best Practices and Practical Insights for 2015
Before We Begin

- All attendees are muted upon entry to the event.
- Please use the question option to send questions at any time during the event.
- All attendees will receive a copy of today’s webinar.

If you experience technical problems, please contact GoToMeeting Technical Support at 800 263 6317 or +1 805 617 7000.
Today’s Presenters

Brandon Henning
*Director, CPG Industry Solutions*
Sparta Systems

Dirk Dusharme
*Editor in Chief*
Quality Digest
What we’ll discuss

- Industry challenges

- Value of Supplier Quality Management

- Five SQM best practices that you can do now
Food & Beverage recalls have increased 135%.

US experiences 30 class I & II food product recalls per week (USDA). Europe experiences 20 per week (RASFF) - 2013 cost to the industry over $150 Billion Dollars.

Recall Execution Effectiveness Report, Deloitte, GMA, FMI, GS1. May 2010
52% Incidents result in Supplier & Contract Vendor Issues.

Recall Execution Effectiveness Report, Deloitte, GMA, FMI, GS1. May 2010
Industry challenge: Identifying Quality Issues Early

Only 22% of companies see quality as an integrated function of their supply chains\(^1\).

\(^1\) Gartner, S Jacobson, "Quality: The Missing Link in Your Supply Chain Strategy", January 2015
Visibility into the supply chain is a growing challenge

60% of companies struggle to track visibility into their material suppliers
The supply chain communication gap due to manual communications

Suppliers

Manufacturers quality management processes
Preventing quality issues in the supply chain, leads to sustained revenue growth!

- Better manage suppliers
- Decrease cost of poor quality
- Drives Operational Excellence
- Prevent Supply Chain Incidents
Good News

Value gained from installing supplier quality & internal quality management software

• Effective Supplier Relationship Management
• Quality & Process Improvement
• Production Intelligence
• Production Execution

• Cost of quality reduced
• Cost of goods sold decrease
• NPI time to market increased
• Overall Equipment Effectiveness (OEE) *increased*
• Reduced Average Waste Rate

Same solution that enables Supply Chain collaboration also assists you to reach your Operational Excellence and Top Line Revenue Goals
5 Best Practices to Ensure Supply Chain Quality & Safety
1. Establish the Supplier Foundation

- Record all suppliers and locations
- Perform site audits, submit findings & review Corrective Actions

**BENEFITS:**
- Reduce risk of supply chain incidents
- Centralize supplier information
- Manage cost of audits
2. Supplier Onboarding

- Manage certifications and agreements
- Material Qualification
- Ingredient/Ingredient Spec Version to Supplier Site Mapping

**BENEFITS:**
- Brand protection & corporate social responsibility
- Reduce scrap and waste
- Reduce new product time to market

What new ingredients need to be qualified?
What new sites need to be on-boarded?
What sites provide what ingredients?
3. Supplier Verification

- Manage the complex relationship between supplier sites, ingredients, and manufacturing sites.
- Manage supplier certificates & documents.
- Communicate BOM & ingredient spec changes efficiently.

**BENEFITS:**
- Reduce Cost of Good Sold
- Reduced Cost of Quality
- Manage risk and change effectively

What supplier sites can supply what manufacturing sites?
What supplier sites are impacted by a change to this version of the spec?
4. Integrated Incident Management

- Supplier Event Management
  - Incident, Investigations
  - Complaints – related to supplier materials

- Supplier Performance
  - On time delivery
  - COA Issues & Defects
  - Product to spec adherence

- Supplier Risk Updates

**BENEFITS:**
- Reduce cost of raw materials
- Reduce raw material variability
- Improve yields
- Increase supply chain reliability
5. Real-Time Performance

- View supplier & internal performance reports
- Monitor complaints, quality and risk analytics

**BENEFITS:**
- Continuous supplier improvement and collaboration
- Operational productivity
- Reduce audit and oversight costs
- Improved operational and NPI performance
Benefits of extending quality management into the supply chain

- Increased visibility
- Enhanced accountability
- Improved operational efficiency
- Product safety & compliance
Sparta Systems empowers the Quality Ecosystem

**Stratas**
Visibility across the value chain

**Audits-on-the-Go**
Inside the facility and within supplier facilities

**Food & Beverage Quality System**

**TrackWise EQMS**
Harmonized set of quality management modules (SQM, Complaints, Incidents & Investigation, Non-conformance, Corrective Action)

**Analytics**
Identify issues & trends earlier

**Mobile**
Approve & close issues on the road