



The Positive Impact of Supplier Quality Management

- Best Practices and Practical Insights for 2015

Before We Begin



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Today's Presenters



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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%**

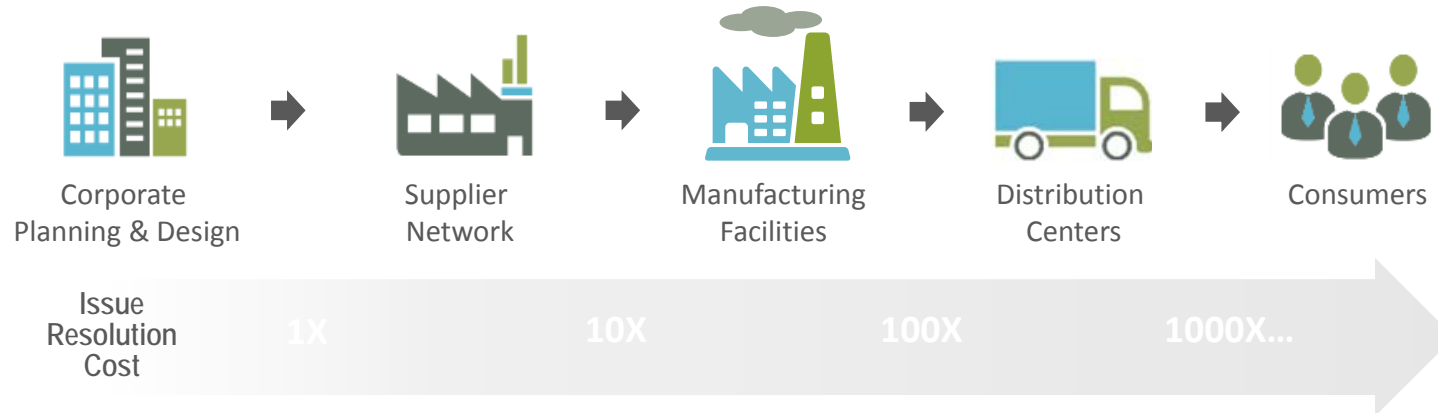


US experiences 30 class I & II food product recalls per week (USDA). Europe experiences 20 per week (RASFF) - 2013 cost to the industry over \$150 Billion Dollars



Supplier & Contract Vendor Issues

Industry challenge: Identifying Quality Issues Early



Only **22%** of companies see quality as an integrated function of their supply chains¹.

¹ Gartner, S Jacobson, "Quality: The Missing Link in Your Supply Chain Strategy", January 2015

Visibility into the supply chain is a growing challenge



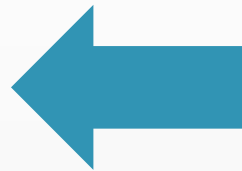
60%

of Supply chain executives 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



Drives
Operational
Excellence

Decrease cost
of poor quality



Prevent
Supply Chain
Incidents





Good News

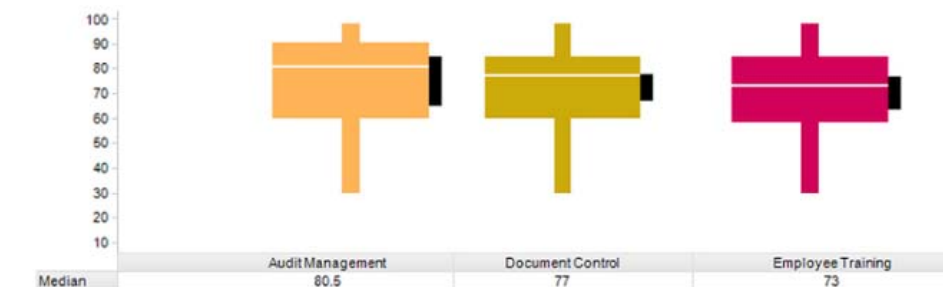
Same solution that enables Supply Chain collaboration also assists you to reach your Operational Excellence and Top Line Revenue Goals

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

Current OEE Performance



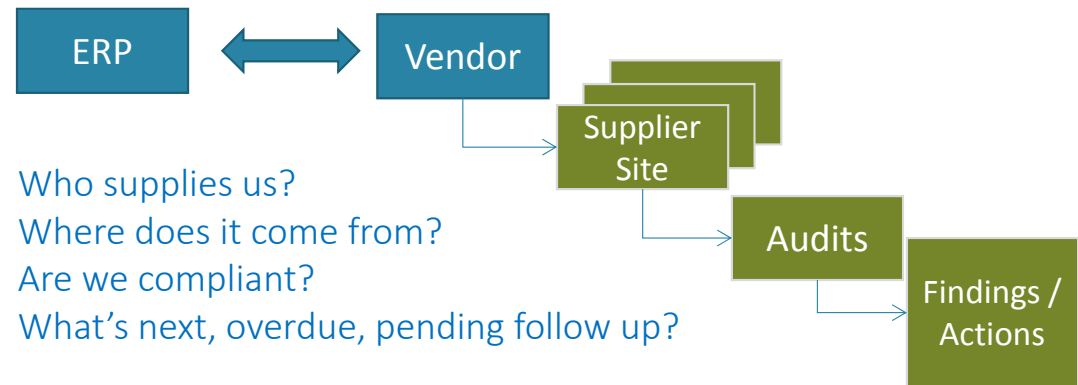
*OEE Performance Better for EQMS Audit Management than Doc Management & Training

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

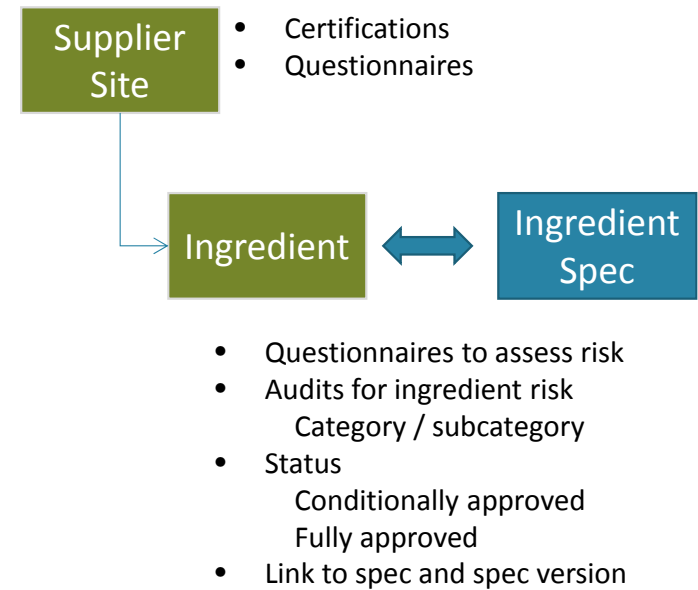
- Manage certifications and agreements
- Material Qualification
- Ingredient/Ingredient Spec Version to Supplier Site Mapping

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:

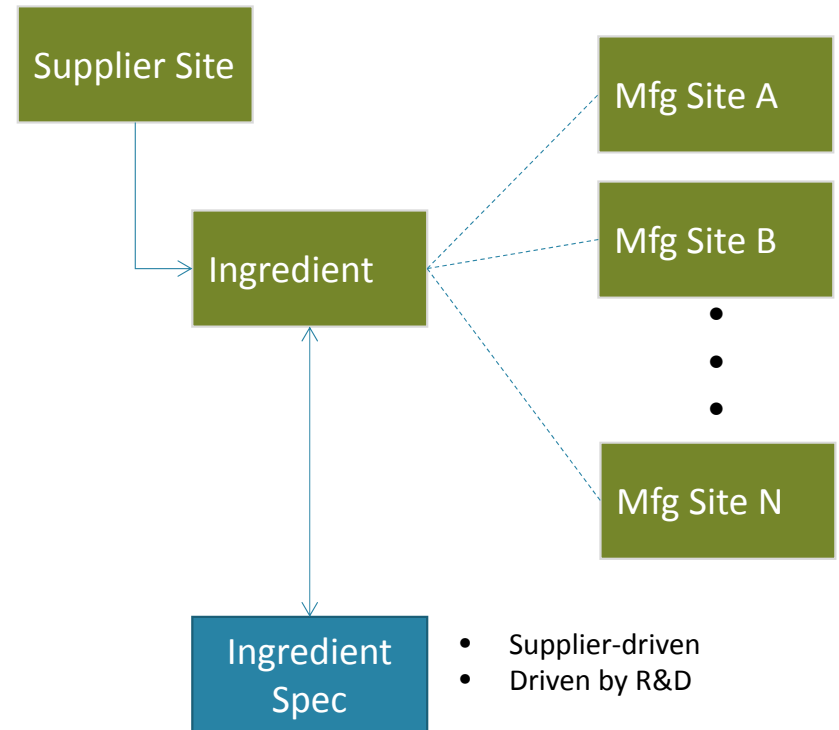
Reduce Cost of Good Sold

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

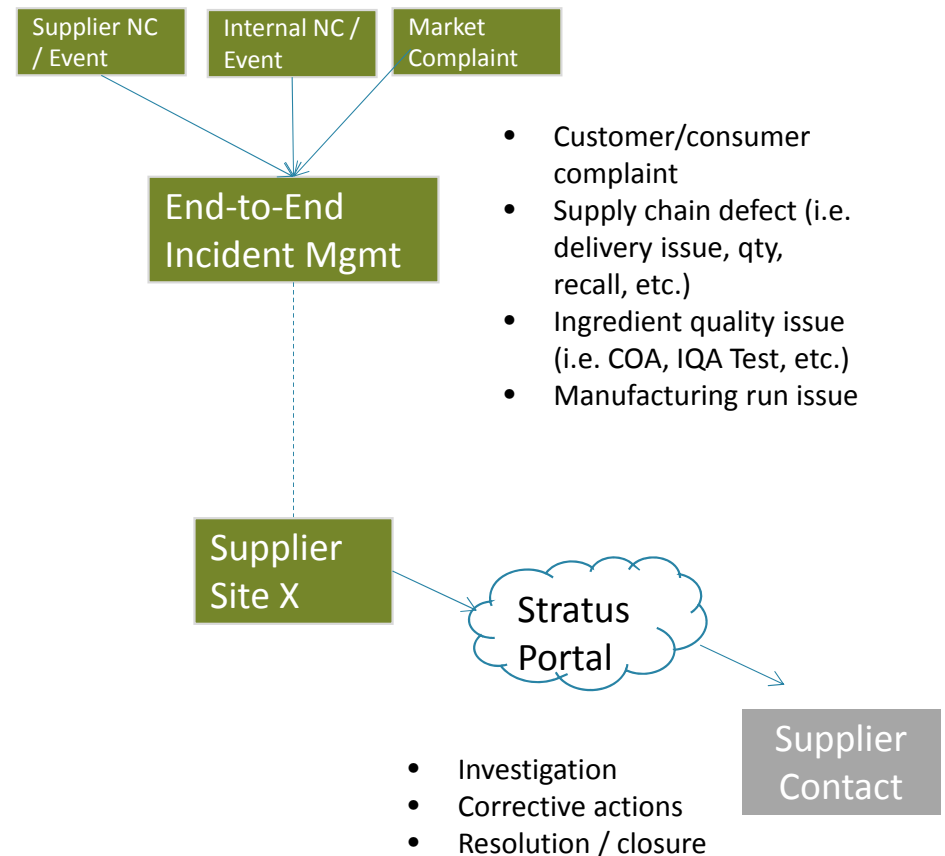
BENEFITS:

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





Questions