Webinar

Improving Quality & Efficiency through Supplier Collaboration
Before we begin

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

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Today’s Presenters

Joby George
Product Manager
Sparta Systems

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

- Manufacturing ecosystem expansion
- The impact on quality and efficiency
- Catch problems early
- Build quality into processes
- Be proactive
The manufacturing ecosystem is expanding

- 80% of ingredients to make drugs for the US market originate offshore
- 68% of F&B companies outsource to contract vendors
- 51% of supply chain partners help with innovation
Supply chain visibility impacts risk

13% of manufacturers have ‘complete’ visibility past Tier 1 suppliers\(^1\)

43% of manufacturers have limited or no visibility into their supply chain\(^1\)

22% of companies see quality as an integrated function of their supply chains\(^2\)

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1 Global Manufacturing Outlook. KPMG. May 2016.
The impact of poor quality

+135% product recall increase 1999-2011¹

9-15% of total revenue spent on returns²

52% recalls due to supplier/vendor issues¹

¹ Recall Execution Effectiveness Report. Deloitte, GMA, FMI and GS1. May 2010

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How are supplier-related quality events traditionally captured?
Supplier communicates with Manufacturer regarding a quality event

- Supplier sends email or fax to Manufacturer with basic explanation and attaches a (non-standard) form with details
- Generally, notification is lacking required information
- Phone call or email follow-up generally required from Manufacturer

Timeline

START  Wait For More Info
Manufacturer reviews information and initiates internal process

- Manufacturer reviews submitted information
- Manufacturer manually creates record in internal enterprise quality management system (EQMS) and hopes for no transcription errors
- Manufacturer starts their own process and sends a detailed notification to the Supplier via email or fax

Timeline

START → Wait For More Info → Manually Create Record
Supplier required to track and close issue within a defined deadline (e.g. 30 days)

- Manufacturer then lets the Supplier know (via fax or email) and the clock finally starts ticking
- The Supplier has 30 days (for example) from this notification to execute their own quality process
Once the Supplier has completed their investigation, they email or fax the Manufacturer with results, findings and corrective actions, if necessary.

Unfortunately, these records are rarely complete and typically require re-work and further activity between the Supplier & Manufacturer.

No tracking of the activities, audit trail, or evidence of activities exists except for the emails and fax.

**Timeline**
A request is sent for a report

Multiple systems, including paper-based, need to be referenced to roll up different metrics around a Supplier

A couple of weeks later, a report (which may be outdated) is delivered and action can be taken
Improving Quality & Efficiency through Supplier Collaboration

- Catch problems early
- Build quality into processes
- Be proactive
Identifying quality issues early

Corporate Planning & Design → Supplier Network → Manufacturing Facilities → Distribution Centers → Consumers

Issue Resolution Cost

1X 10X 100X 1000X…
Notify Suppliers/Manufacturers when issues occur

Create Change Notification

*To (Customer)

Sparta Systems, Incl

*Short Desc.

Adding a new manufacturing site location

*Description

Our company is expanding to a new manufacturing location for your product. This change notification is to make you aware of this change

*Due Date

11/25/2016

Type

Product

Reason for Change

Per our agreement, we are to alert you of changes.
Notify Suppliers/Manufacturers when issues occur

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<th>Issue Number</th>
<th>Category</th>
<th>Description</th>
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<td>Change to MBR for Our product</td>
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</table>

### Change Notification Details

**Supplier Contact:**
Janet Bridges

**Type**
Product

**Effective Date of Change**

**Description**
Deviation from Spec for product 1234

**Customer Contact**

**Completion Required By**
06/23/2016

**Reason for Change**
Build quality into processes

- Ensure quality visibility, traceability, and accountability
- Speed event identification to resolution, avoiding costly delays, rework & product waste

Traditional Timeline

Collaborative Timeline
Support supplier collaboration through automation

1215 - Facilities Audit

1216 - Missing update SOPs
Finding with Sparta Systems, Inc.

General Information

External ID
5345

Description
during audit, certain SOPs were missing

CAPA Required
No

Originator
👤 Joby George

Supplier Auditee
Jed I Knight

Opened Date
Jul 12, 2016 at 12:21 PM
Be proactive

- Measure & maintain quality issues, providing standard, consistent dashboards & reports
- Gain insights by analyzing supplier performance history and identify trends.
- Increase compliance of quality agreement, increasing utilization & top line growth
Insights for both manufacturer and suppliers

**Deviation/NCMRs by Supplier**

**Complaints by Supplier**

**Changes by Supplier**

**Average Cycle Time by Supplier**
Insights for both manufacturer and suppliers
Effective supplier quality management through collaboration

**Visibility** - Identify issues early before they become costly quality incidents

**Traceability** - Understand the root cause and source of quality issues in your supply chain

**Accountability** - Ensure supply chain partners understand issues and resolution requirements in a timely manner

**Profitability** - Mitigate quality related financial risk and improve supply chain efficiency
Thank You

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