5 Strategies for Improving Supplier Performance

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Implementing new quality standards in China

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Agenda

• Instructions and Technical Support
• Overview of ABC Learning Center and our firm
• Evaluating a supplier’s capabilities
• Defining expectations
• Implementing changes
• Managing nonconformance
• Benchmarking and improvement programs
Instructions

Sourcing

- Supplier qualification
- Supplier Audits
- Quality Control Management
- Supply Chain Management
• Two Primary Responsibilities
  • Improve client experience
  • Develop relevant content applicable to those active in Southeast Asia

• Experienced in:
  • Analyzing organizational efficiency
  • Robust supplier vetting
  • Enhance quality control management
  • Supply Chain Optimization
Learning through actionable insight
Provide our clients with a more efficient and cost-effective method to conduct business in Southeast Asia.
Services

Source in China »

Export to China »
Exporting

- Distributor qualification
- Lead Vetting
- Trade Show Support
- After-Sales Servicing
What is your biggest challenge when sourcing from a Chinese supplier?
Company Profile

- Privately owned with HQ in the US
- Two manufacturing facilities in the US and one in Mexico
- Supply Chain for components and finished goods extend into three foreign countries
- Director of Procurement is based in US and is responsible for supplier management
Shanghai Manufacturing

Company Profile

• Has been supplying Acme Corp for nearly five years
• Has one facility employing 300
• Largest market is China with 30% of annual production exported to US and EU
• Second generation family business
The Issue
Objective

Ensure remaining open orders ship on-time leading into the summer busy season, and institute lasting improvements prior to winter busy season.
Strategy 1: Re-Evaluate Capabilities
Audit Findings

• Capacity constrained due to poor maintenance
• Lack of WIP inspections
• Poor FG inspection procedures
• Lack of required tools to conduct thorough quality inspections
• Leadership has minimal industry experience
• Leadership is willing to adopt new measures as requested by Acme Corp
Knowledge is Power
Strategy 2: Define Expectations
Highlights from New Agreements

- Verify shipping schedule
- Cover air freight
- WIP inspections
- Archiving of QC data
Understanding Terms & Conditions

...
Balancing Scope and Enforceability
When was the last time you reviewed the quality control standards and procedures at your foreign suppliers?
Strategy 3: Prioritize Changes

Anatomy of a Pareto Chart

- **Cumulative Percentage**
- **Sorted Bar Chart**
  - Bars are touching
  - Bars > 20% are highlighted
- "Other Bar"
  - Sum of remaining smaller categories

- **Categories**
  - Folded flaps
  - Bent flaps
  - Carton won't open
  - Poor ink adhesion
  - Off color
  - Ink smears
  - Oil spots
  - Fisheye
  - Missing color
  - Other

- **Total Defects**
  - 105
  - 26.9%
  - 83
  - 48.1%
  - 76
  - 67.5%
  - 33
  - 76.0%
  - 83.9%
  - 90.0%
  - 93.6%
  - 95.9%
  - 98.0%
  - 100.0%
He who knows when he can fight and when he cannot, will be victorious

-Sun Tzu
Strategy 4: Prepare for Nonconformance

What if Shanghai’s production schedule is delayed?
What if Acme Corp’s big box distributors require new packaging?
What if customers demand a change in product design?
Unacceptable Rate of Defects Identified

Abnormal level of defects identified

Quarantine  Analyze  Root Cause Analysis  Make Improvements
Preparing for what if... scenarios leads to more sustainable supply chains
Strategy 5: Benchmarking and Improvement

Quality & Delivery + Product Development + Pricing Competitiveness = Conditional Supplier Preferred Supplier
Excellent firms don’t believe in excellence-only in constant improvement and constant change

-Tom Peters
Recap

Strategy 1: Re-Evaluate Capabilities
Strategy 2: Define Expectations
Strategy 3: Prioritize Changes
Strategy 4: Prepare for Nonconformance
Strategy 5: Benchmarking and Improvement
Related Webinars

- Wednesday, August 5 1:30 Eastern
- Using a 3-Tiered Supplier Vetting Process
  
  Benjamin Jurken
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- Wednesday, August 19 1:30 Eastern
Contact

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