3 High Risk Supplier Quality Management Practices and How to Overcome Them

Sophia Finn

Director of Strategy, Quality
sophia.finn@veeva.com

Sheryl Wreghitt

Supplier Development Manager
sheryl.wreghitt@uponor.com

Agenda

- Top 3 risky behaviors
- How the best overcome them
  - Determine your suppliers' risk profile
  - Communicate and reinforce expectations
  - Leverage modern supplier collaboration technology

Top 3 Risky Behaviors

Top 3 Risky Behaviors in Managing Suppliers

Taking a no-risk approach to managing suppliers

Having a nonexistent or undefined approach to supplier training

Continuing to use outdated tools to manage Quality

3 Strategies to Overcome

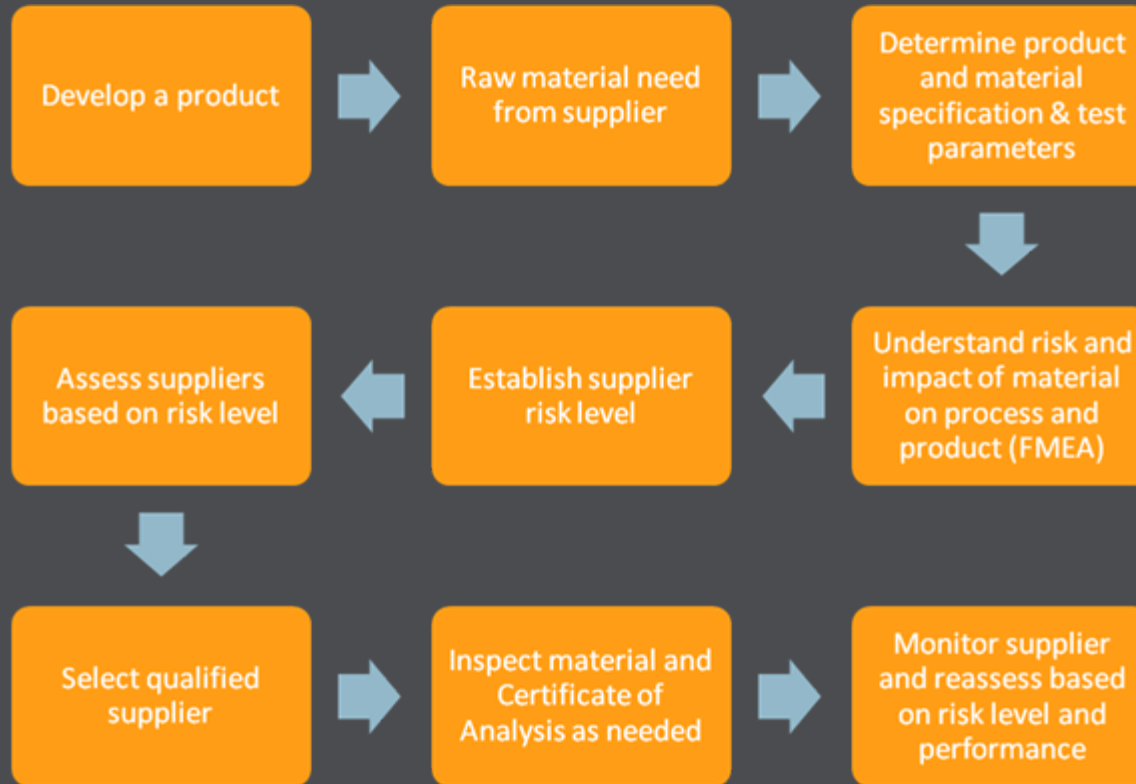❑Determine your suppliers' risk profile

❑Communicate and reinforce expectations

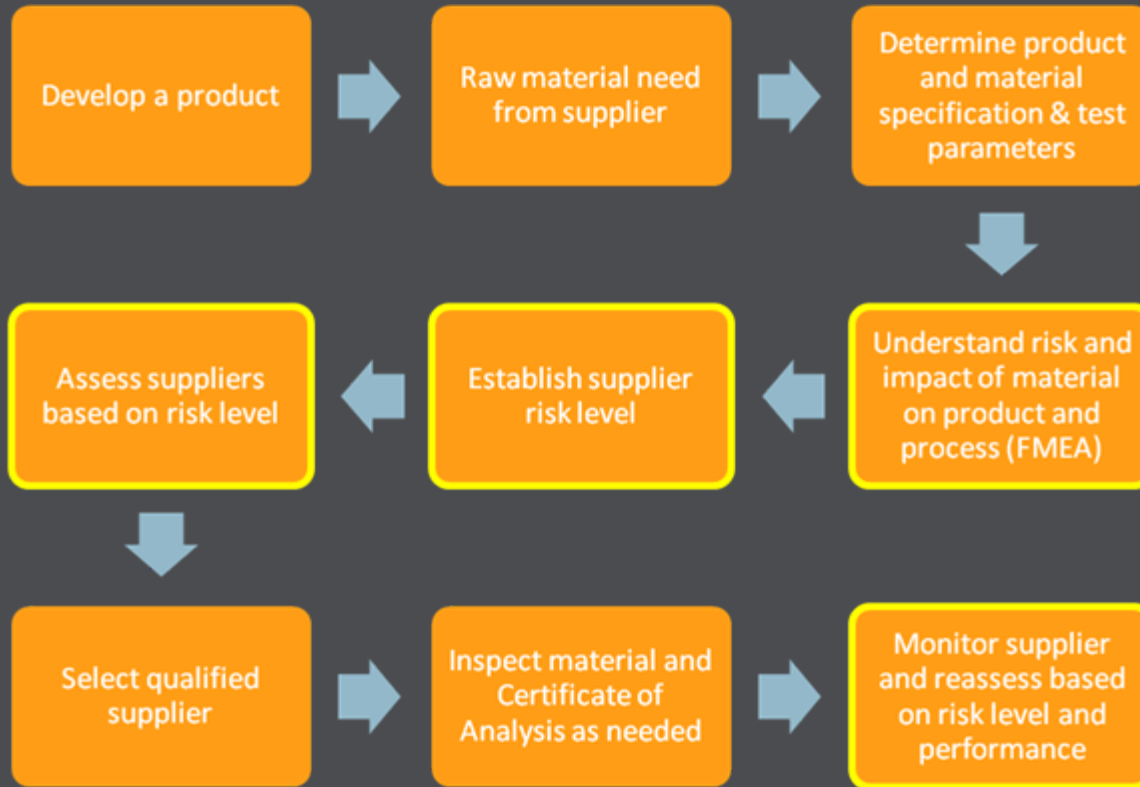❑Leverage modern supplier collaboration technology

Strategy #1
Determine your suppliers' risk profile

Supplier Management Process

Supplier Management Process

Using FMEA to Determine Risk

Sample Failure Mode and Effects Analysis (FMEA)

Function	Requirements	Potential Failure Mode	Potential Effects of Failure	Severity	Potential Causes of Failure	Occurrence	Current Detection Method	Detection	RPN	Recommended Action/Corrective Action
Supplier Material Storage	Raw material humidity storage specification	Raw material improperly stored	Material premature degradation	4	Humidity exceeds acceptable limits	3	Receiving Inspection QC Test	1	12	Define storage condition for supplier
Supplier Material Availability	Raw material critical for manufacturing	Supplier unable to fulfill order	Stock out	5	Facility Shut-down (natural disaster)	2	None	5	50	Require primary and secondary vendors
Supplier Packaging	Food grade packaging	Supplier uses wrong packaging	Raw material is contaminated	5	Mixed up packaging material	3	None	5	75	Cert of Analysis/ Conformance & inspection
Supplier Packaging	Packaging integrity	Packaging is weak	Spills, contamination	5	Shipment	3	Receiving Inspection	2	30	Packaging strength test

Determine Supplier Risk Level

Supplier Risk Level	Availability	Process Criticality	Regulatory Impact
Critical	Custom, Single Source	Mission Critical, Product Safety and/or Patient Contact	Highly regulated, requires rigorous testing and validation, critical to registration/approval
Moderate	Common, Alternatives available	Important to business, limited or detectable impact	Regulated, some testing required, part of registration/approval
Low	Many alternatives, well-defined	Minimal impact, ancillary, generalized, not specific to business	Limited, minimal assessment as needed

Effort and Energy Correlates with Risk

Enable your company to allocate energy, resources and time efficiently

High	Supplier questionnaire, onsite audit annually, regular communication
Moderate	Supplier questionnaire, annual desk audit, onsite audit every 2 years
Low Risk	Supplier questionnaire, desk audit, reassessment every 3 years

Industry Perspective
How Uponor Evaluates, Manages Supplier Risk

- Diverse approach to managing suppliers – different commodities (ex. raw vs. finished) and classifications

- Some products designed in-house vs. off the shelf commodity, each of which carry a distinct risk level

- Higher risk suppliers may be involved with components that exceed minimum regulatory / ASTM standards

- Understanding use (or abuse) of your products to ensure supplier quality that will minimize warranty while maximizing customer satisfaction

Strategy #2
Communicate and reinforce expectations

Why Supplier Training?

Clear and exact expectations for success

Level set inconsistent and differing skillsets

Improve supplier performance

Suppliers as an extension of your business

Peace of Mind

Areas of Focus for Supplier Training

Foundational quality management training with continuous improvement

Quality Management & Improvement

Measuring Techniques & Data Accuracy

Understanding and using the right tools and ensuring you have the right data

Root cause analysis – fishbone, 5 whys, etc.

Problem Solving Techniques

Quality in Product and Defect Training

Importance of quality in product design and throughout the manufacturing process

Industry Perspective

How Uponor Communicates, Reinforces Supplier Expectations

- Quality supplier on-boarding / refresher training

    - General quality overview

    - Design engineering: interpretation of specs and measurement techniques

    - Defect training (ex. leak paths)

    - Codes and standards

    - Establish ownership thinking

- Significant effort communicating expectations for packaging and labeling

- Initial and on-going process reviews at supplier sites

- Measuring training effectiveness

Strategy #3
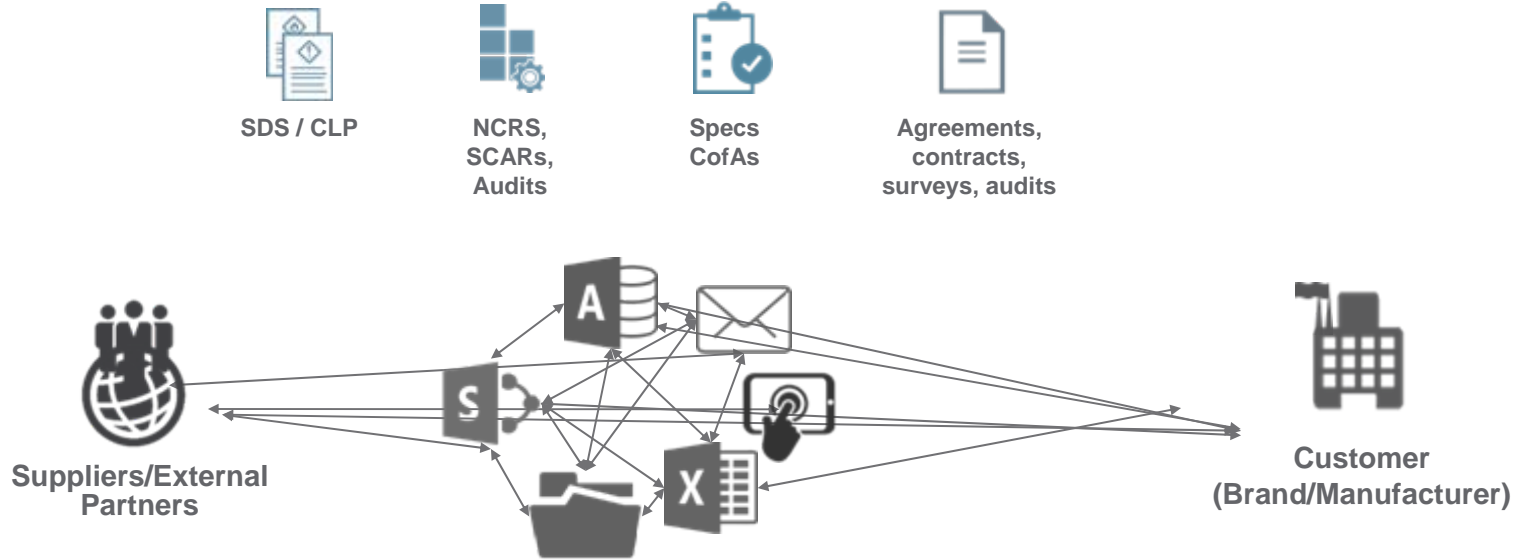Leverage modern supplier collaboration technology

How Many Companies Manage Suppliers Today

SDS / CLP

NCRS, SCARs, Audits

Specs CofAs

Agreements, contracts, surveys, audits

Suppliers/External Partners

Customer (Brand/Manufacturer)

Disconnected - Inefficient - Error prone

Use Modern Technology for Direct Supplier Collaboration

Suppliers and External Partners

Agreements, Contracts, Surveys

NCRS, SCARs Audits

SDS / CLP

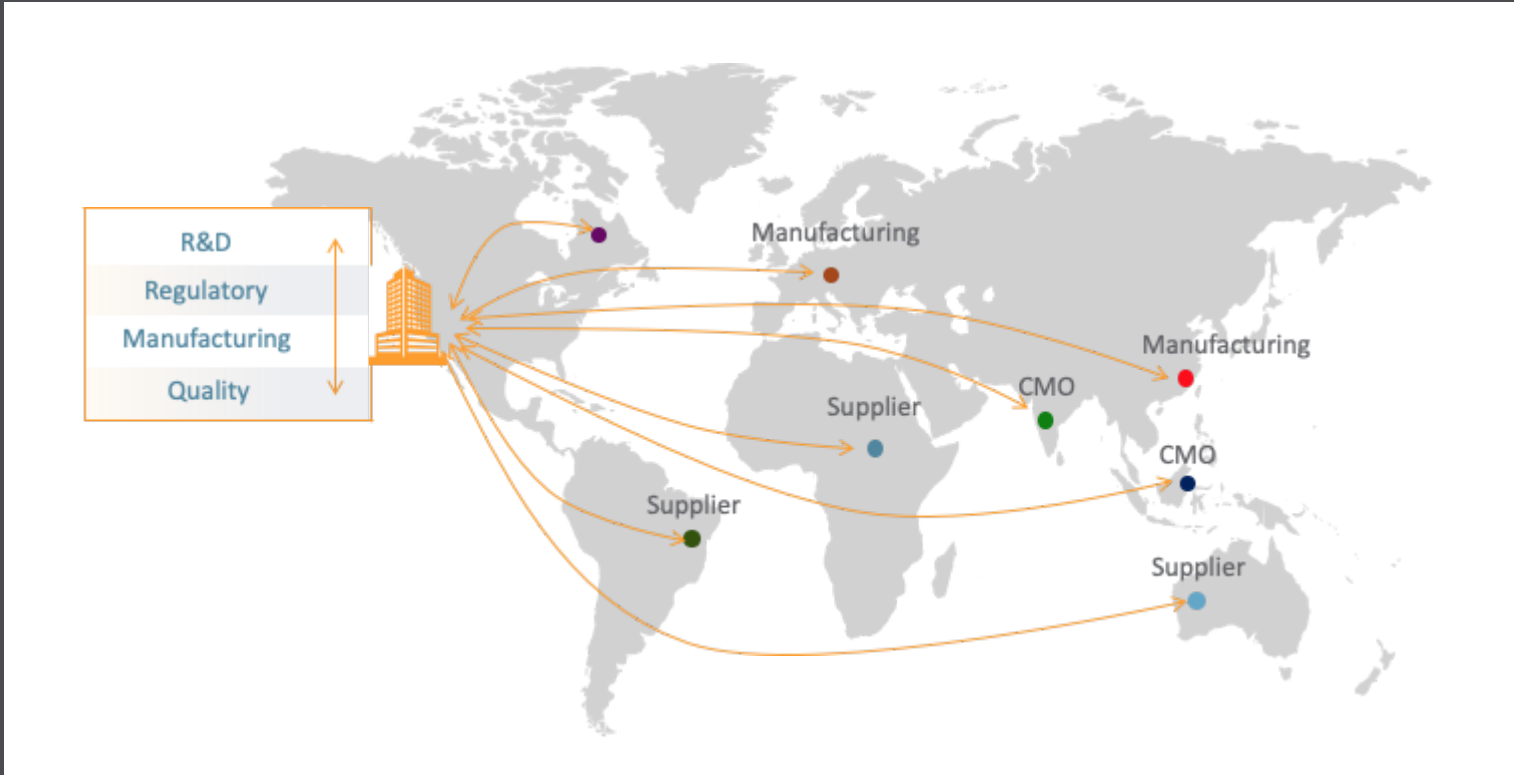**Specs, CofAs**

Customer (Brand/ Manufacturer)

*Connected   Efficient   Proactive*

Training for All Users, Functions, and Locations

Industry Perspective
How Uponor Moved SQM to the Cloud

- Cloud technology has enabled virtual work even amidst disruption

- Shift from administrative work (and possible human errors) to more time for strategic activities

- Breaking down silos and increasing speed – providing real-time visibility to other internal stakeholders who are involved with suppliers

- Seamless supplier metrics / performance monitoring
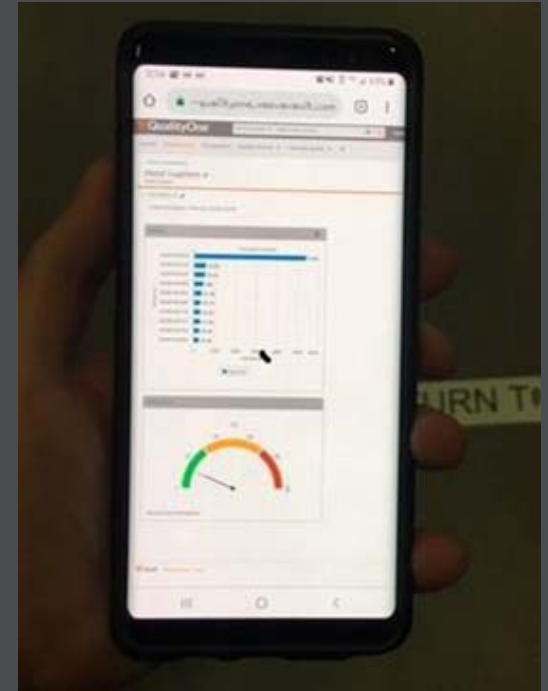
Recap

- Many companies practice risky supplier management behaviors such as:

  – Taking a no-risk approach to managing suppliers

  – Having a nonexistent or undefined approach to supplier training

  – Continuing to use outdated tools to manage Quality

- How the best overcome them:

  – Determine your suppliers' risk profile

  – Communicate and reinforce expectations

  – Leverage modern supplier collaboration technology

Questions

Stay Connected and Learn More

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