

Quality info

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HOW TO BECOME AN EXCELLENT MANUFACTURING SUPPLIER

Owning and operating a top-quality manufacturing business comes with a multitude of challenges. To help outline points of improvement and give your business a road map to success, following quality strategies are offered to help you achieve excellent status as a manufacturing supplier.

Benefits of achieving excellent manufacturing supplier status

Reaching excellent status means the customer allows the supplier to bypass their receiving inspection, which allows the supplier to ship directly to stock, so a customer/supplier partnership is developed and operations are streamlined. This industry recognition of your company's advanced standing will further fortify your business as employees take pride in their contribution to success. Additionally, fewer suppliers have this status, so achieving recognition as an excellent manufacturing supplier will help your business stand out from the competition.

Top 15 priorities to address

The first 15 points are customer-facing, which means the customer has an immediate sense of failure if any of these points are not properly addressed. In the ultracompetitive manufacturing environment, your business needs to get it right 99 percent of the time and have systems in place to ensure success. These points will help you get there, starting with the top 15 priorities.

1. Control of defects

Your manufacturing business must be in full control of identifying, handling, and managing defective items. This includes counting and categorizing flawed products, tracking the issue back to its root cause, and promptly correcting the nonconformance. Your customers should not be expected to be your quality control department; nonconforming products should be distinguished from perfect ones before they reach the customer. And customer feedback also should be taken into consideration when designing the characteristics of your products.

2. Control of delivery

On-time delivery is one of the most important expectations to meet with customers. Your manufacturing business should consistently demonstrate that 95 percent of your planned customer deliveries arrive within the agreed-upon time frame.

3. Delivery precision

Beyond establishing a pattern of on-time deliveries, your manufacturing business should work to maintain a positive trend of on-time delivery and be able to trace problems back to singular events. It's important to also periodically audit documentation from the loading and receiving docks to ensure continuity and appropriate verification.

4. Total quality management orientation

To achieve this status, your business must demonstrate how your operations embody total quality management and are wholly customer focused. Keep a positive rapport with your customers to track long-term results and their experience with your company. Maintain a dialogue with them. You must hear the voice of the customer and take action on what they want.

5. Quality management system

Your manufacturing company should have a quality management system assessed by a third-party auditor to evaluate your performance, provide the results from recent supplier audits, and demonstrate that you work toward continuous improvement.

6. Quality plan

This tip is inherent to running any business, but your manufacturing company should have an established and proven process to handle job quotes and orders, formalized training for new employees, training for operating equipment, as well as metrics and criteria to determine overall quality and efficiency. Further, your company should have measures in place to mitigate production risk and manage customer feedback

7. Inventory management

Some best practices include:

- Inventory goals and objectives get reviewed quarterly;
- Inventory is tracked monthly;
- First in, first out procedure used in the warehouse and production;
- Inventory controls are evident throughout the facility;
- Cycle counting is implemented instead of physical inventories;

- Excess, obsolete, and nonconforming inventory are appropriately segregated;
- Housekeeping and safety initiatives are visible and obvious.

8. Inventory planning

To manage your manufacturing supply and demand, your company must use a demand plan based on your customer's order history to forecast future demand. Share these requirements with your key suppliers to plan for success. This is another best practice.

9. Capacity management

To further add to inventory management success use tools to identify bottlenecks in production and forecasting capacity. Look outward over a 12-month horizon, have a clear understanding of your overall equipment effectiveness, which considers availability, use, production, and quality. Each of these tactics has the potential to be a point of improvement for your business.

10. Preventive maintenance

It's always a good idea to be prepared for speed bumps along the road to success. Your manufacturing business should have a preventive maintenance plan with breakdown records. Instructions for maintenance should be standardized and include pictures, spare parts should be kept in a safe location and checked for their quality over time, and daily operations should have records proving that all is working as planned.

11. Improvement orientation

The goal of any operation should be to establish and maintain the highest quality of product and service, 100 percent of the time. Of course, this doesn't always happen, but the point is that there should be a continuous effort towards improving your manufacturing business, in whatever manner is most appropriate over time. With this kind of culture, your operations will report a positive trend in business year over year. It is up to management to imbue this kind of culture in the organization.

12. Supplier evaluation

In addition to having the basic quality certifications, a supplier evaluation system should be used to rate and rank your suppliers. This may include procedures, improvement targets, and follow-up actions to take. This evaluation should outline the criteria used; rate the capacity, delivery performance, and risks with that supplier; and consider their culture, quality control strategy, geographic distance, commitment to quality, and overall competence.

13. Supplier selection

Your selection process should be well-documented to ensure knowledge retention in your staff. Items like agreements for purchasing volume, quality levels, raw material pricing, relevant discounts, and concessions should be established for your staff to follow. Ideally, performing onsite reviews of key suppliers will provide a more comprehensive understanding of that supplier by surveying their operation, building rapport with them, and handling special requests when needed.

14. Lower-tier supplier management

Your manufacturing business needs a system to monitor key sub-suppliers like painters, powder coaters, and heat treaters to track their quality and delivery performance. As a standard operating procedure, your company should communicate your quality requirements to these suppliers ahead of time to clarify your expectations.

15. Industrialization competence

These seven areas are important for demonstrating your manufacturing company's industrial know-how:

1. Incoming and quarantine areas segregation;
2. Flow control for work in progress—work instructions, standard work, gold samples;
3. Workplace safety, cleanliness, and organization;
4. Daily production improvement meetings;
5. Tool and instrument calibration program;
6. System to implement employee ideas;
7. Final inspection and packaging.

The next 10 (lower priority) areas

The next 10 tips for becoming an excellent manufacturing supplier are just as important as the first 15 but are not nearly as urgent. The following points continue to hone in on streamlining your business in operation and success.

16. Distribution and logistics expertise

Operating an excellent manufacturing company means there are a lot of logistics to figure out. Your company should have a warehouse organization strategy, perform physical inventories or cycle counting regularly, track carrier performance, and best practices should be known and used to maximize delivery efficiency.

17. Operations management strength

Evaluate your facility's management of the production operations by the following:

- Incoming inspection efficiency;
- Production quality rate;
- Assembly, inspection, and test first-pass yield;
- Final-inspection rejection rate;
- Packaging, labeling, and shipping accuracy;

18. Exhibit solid management

To promote success internally and externally, it's essential to have and retain excellent management. These people running your manufacturing business should have industry knowledge, business acumen, embody the philosophy of total quality management, be committed to long-term success, and be able to expand your network.

19. Financial strength

Your manufacturing enterprise should be "showing" you the money in a range of manners. It's important to identify potential risks associated with profitability, solvency, and efficiency; therefore, trade references may be checked and a financial analysis performed based on annual reports from external sources such as Dun & Bradstreet.

20. Stable and predictable results

Ideally, your company should have stable and predictable outcomes in its performance, both internally and externally. Some factors to consider in this area might include ownership, ability, reliability, endorsements from previous and current trade partners, positive working relationships, and more.

21. Staff education and training

It's impossible to attain an excellent manufacturing supplier designation without having stellar employees who bring your operation to life and represent your brand. Your staff should demonstrate competence, stay up to date on new standards, equipment, and operations, and be empowered to make changes. Be prepared to take chances and trust the great people that you've hired.

22. Ongoing technical support

Even before a global pandemic hit, the manufacturing world was becoming ever more entwined with complex, technological advancements. Thus, it's crucial to have ongoing technical support

for your business that can provide replacement parts, phone support, and relevant documentation as needed.

23. Supplier switching

There are myriad reasons to switch suppliers, but regardless of the reason, your manufacturing business should have a process to move from one to another. Use multiple points of view to make sure the process goes smoothly, and evaluate for quality, engineering, delivery, and purchasing. You should also track your risks to identify and mitigate every potential snafu related to the new supplier. Having an established process for this transition will help keep you and the new supplier organized and on the same page.

24. Safety evaluation

You may be familiar with the phrase “our employees are our best assets.” Align your company policies with this sentiment. Evaluate your employee health and [safety program](#) to regulatory standards, injury and illness prevention, and hazard identification to ensure a safe environment for your workers.

25. Risk management

The final tip we want to cover here is understanding risk management, which encompasses a variety of areas. A robust risk management strategy for production and administrative areas should account for business continuity, [cybersecurity](#) policies, fire protection, floods or storms, ransomware, earthquakes, and infectious diseases.

Key takeaways

Many metrics are used to help develop a supplier’s performance to higher levels, including quality, timeliness, delivery, [cost](#), and compliance. Perhaps the single most important metric of all is on-time delivery. If you can’t meet your customer’s expectations and deliver on time, then they will find another supplier that can.

To make these tips practical in application, you should be able to identify the areas most important to your key customers and improve them throughout the year. After you have made progress in the first three to five areas, begin to tackle the next set of three to five additional areas

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