# Supplier Development and Supplier Quality Engineering

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The Practical Path To A Better Supply Chain





### **About Cambrian Lab**

WHO

**WE ARE** 

WHO

**WE SERVE** 

WHERE

**WE ARE** 



### Team & Mission

Founded by Supply Chain, New Product
Development and Enterprise Technology Experts
from SAP, Samsung, Siemens, GM, Ford, Applied
Materials to provide Effective and Practical
Solutions for Product and Supply Chain
Development



### Expertise

- New Product Development/Introduction (NPD/I), Supply Chain Management and Logistics
- High-tech, Automotive, Semiconductors, Medical Device..
- Enterprise and Supply Chain Technology (ERP, SCM, Manufacturing, CRM, Sourcing, Finance)



### Industries

Automotive, High-tech, Semiconductor Equipment, Medical Devices, Consumer Products (From Fortune 100 to Start-ups)









- ZFlow <u>Digital Workflow for the Product</u>
   <u>Supply Chain</u>
- Cogence Collaborative Product
   Development for High Quality, Safety
   and Reliability



SF Bay Area, Boston, Detroit



United States | Asia-Pacific



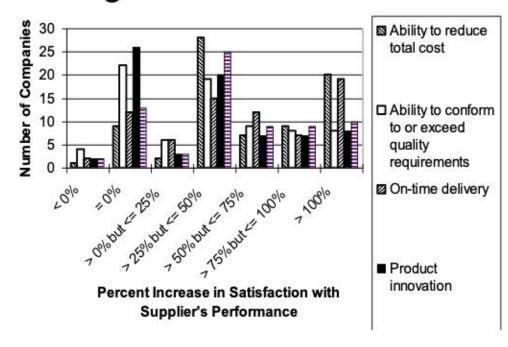
## The Business Case for Supplier Development

Figure 2 - Supplier Development Results

Krause, 1997, Survey of 527 firms Respondents: NAPM members

<u>Criteria</u>	Before Supplier Development	After Supplier Development
Incoming defects	11.65 %	5.45 %
% on-time delivery	79.85 %	91.02 %
Cycle time (from order placement to receipt)	35.74 days	23.44 days
% orders received complete	85.47 %	93.33 %

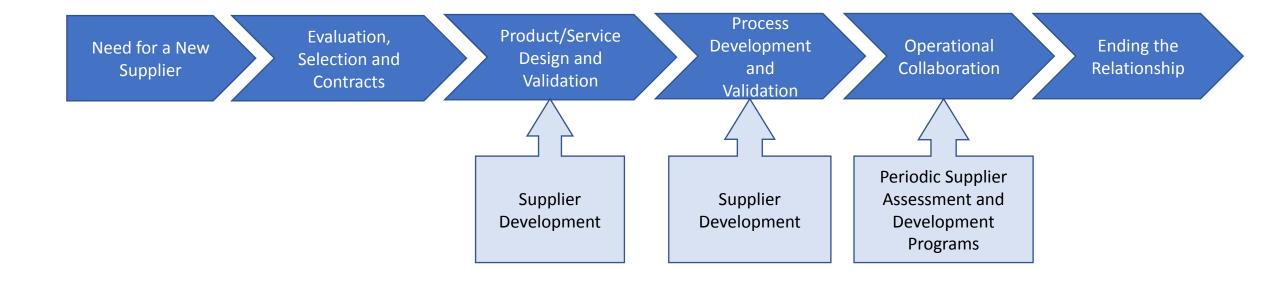
Figure 3 - Satisfaction



Source: Executive report of key results of recent research on supplier development strategies and outcomes – <u>Dr. Robert Handfield</u>



# Supplier Development at Different Stages





### Different Assessments at Different Times

**Process** Product/Service Evaluation, Development Operational Ending the Need for a New Design and Selection and Collaboration Relationship and Supplier Validation Contracts Validation

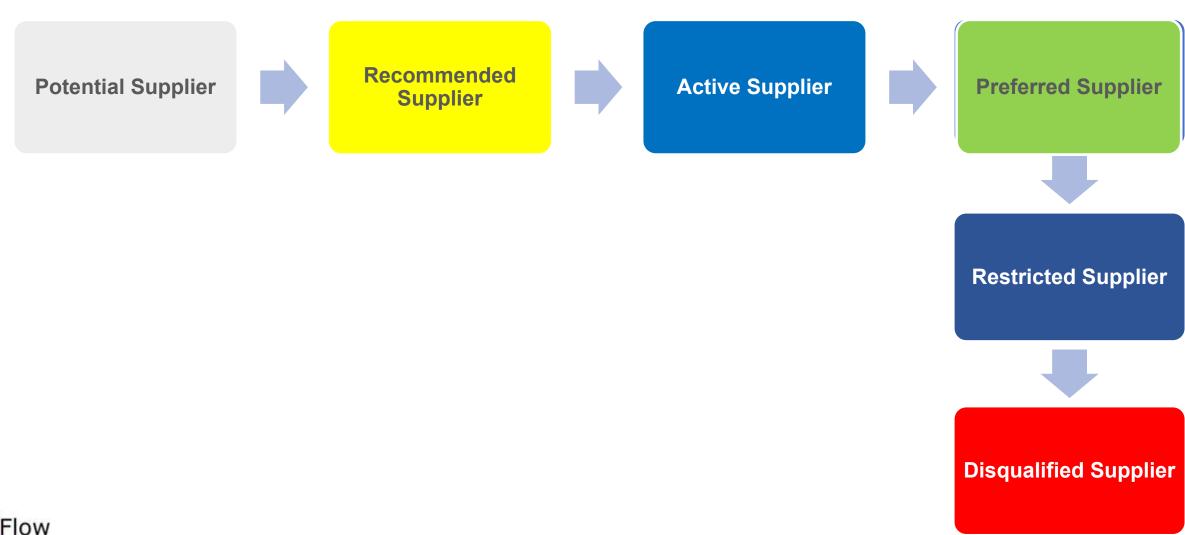
Potential Supplier Assessment Product and Process Audit

Production Readiness Assessment (PPAP.)

Production Assessment Performance Monitoring and Assessment



# Supplier Lifecycle Stages





# **Evaluating and Selecting New Suppliers**



Criterion	Buyer's weighting 1=low, 2=medium,	Degree of fulfillment 1=low, 2=medium, 4=high	
	4=high	supplier A	supplier B
Product technology	4	2	4
Process technology	2	4	2
Acquisition and additional costs	2	2	1
Delivery and payment terms	1	2	4
Service level and delivery reliability	4	2	4
Short lead times in flow of goods	2	4	2
Capability for custom production	1	4	2
Capability for joint R&D	2	2	4
Financial stability	4	4	2
Importance of buyer rather low	2	4	1
International support	2	4	2
Total score (number of points) Max	78	70	
100% minus gap Max	c. = 100%	75%	67%



# Supplier Selection and Integration for NPD

#### PRODUCT DEVELOPMENT TEAM CORPORATE COMMODITY TEAM Customer requirements Market information Shortfall in internal capability Performance / evaluation skills Technical specifications Potential suppliers Potential suppliers Negotiation skills Cost/performance targets **IDENTIFY POOL OF** POTENTIAL SUPPLIERS ACCEPTABLE HISTORY / PRIOR EXPERIENCE / INDUSTRY REPUTATION / PRE-QUALIFIED? PRE-QUALIFY **RISK ASSESSMENT** IS SUPPLIER ABLE TO MEET REQUIREMENTS FOR INTEGRATION? Technical capability Ability to meet development schedule RISK ASSESSMENT CRITICAL DEVELOP IS SUPPLIER'S TECHNOLOGY TECHNOLOGY SUPPLIER **ROADMAP ALIGNED WITH BUYING COMPANY'S?** ₩ NO RETURN TO SUPPLY POOL HIGH DEGREE OF CRITICAL **TECHNOLOGICAL** TECHNOLOGY? CHANGE? YES INTEGRATE SUPPLIER INTEGRATE SUPPLIER RETURN TO HIGH DEGREE OF SEEK TO IMPROVE IN LATTER STAGES OF SUPPLY POOL REQUIRED SUPPLIER NPD CYCLE FOR AND/OR FIND OTHER **DESIGN EXPERTISE?** LONGTERM SOURCES CURRENT PROJECT NO INTEGRATE SUPPLIER **FULLY INTEGRATE** RETURN TO WHEN APPROPRIATE SUPPLIER EARLY IN SUPPLY POOL NPD CYCLE

### Figure 6–3 Process Model for Reaching Consensus on Suppliers to Integrate into New Product Development Project

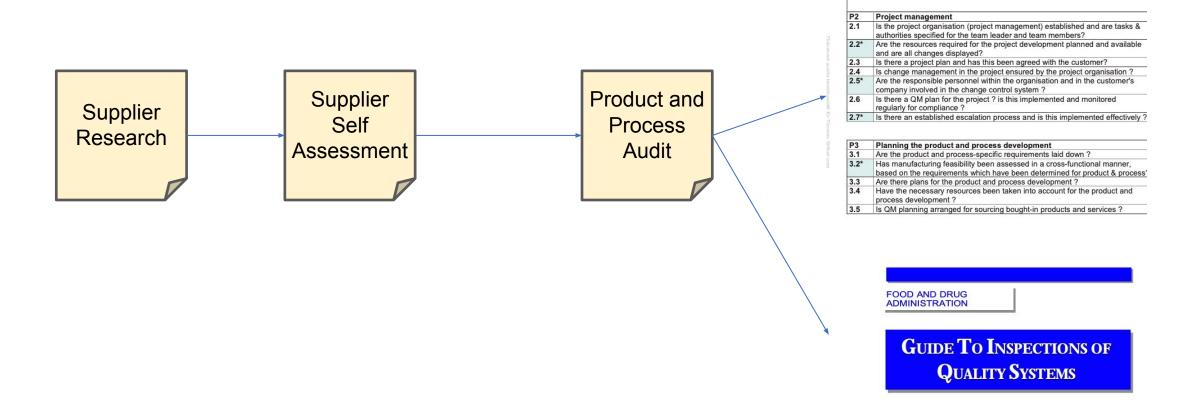
#### Source:

Supply Chain Redesign: Transforming Supply Chains Into Integrated Value Systems

By Robert B. Handfield, Ernest L. Nichols, Jr.



# Research, Assessment and Audits for Evaluating and Selecting New Suppliers





IATF. VDA. ISO 13485...

# **Onboarding New Suppliers**

Training Information Systems and Process Integration



# Supplier Development

Supply Base and for Individual Suppliers

Supply Base Development	<ul> <li>Commodity specific supply base awareness</li> <li>Multi-sourcing</li> <li>Quality Management System Requirement and Audits (IATF 16949, ISO 13485)</li> <li>Supplier Councils</li> <li>Training</li> <li>Supplier recognition and rewards</li> <li>Information sharing systems</li> </ul>
Individual Supplier Development	<ul> <li>Tooling and capacity related investments</li> <li>Value analysis</li> <li>Supplier quality engineering work teams</li> <li>Co-location</li> <li>Joint improvement activities</li> <li>Technology sharing</li> <li>Product development collaboration</li> </ul>



# Supplier Quality Engineering

Key Aspect of Supplier Development

Potential Supplier

Recommended Supplier

Active Supplier

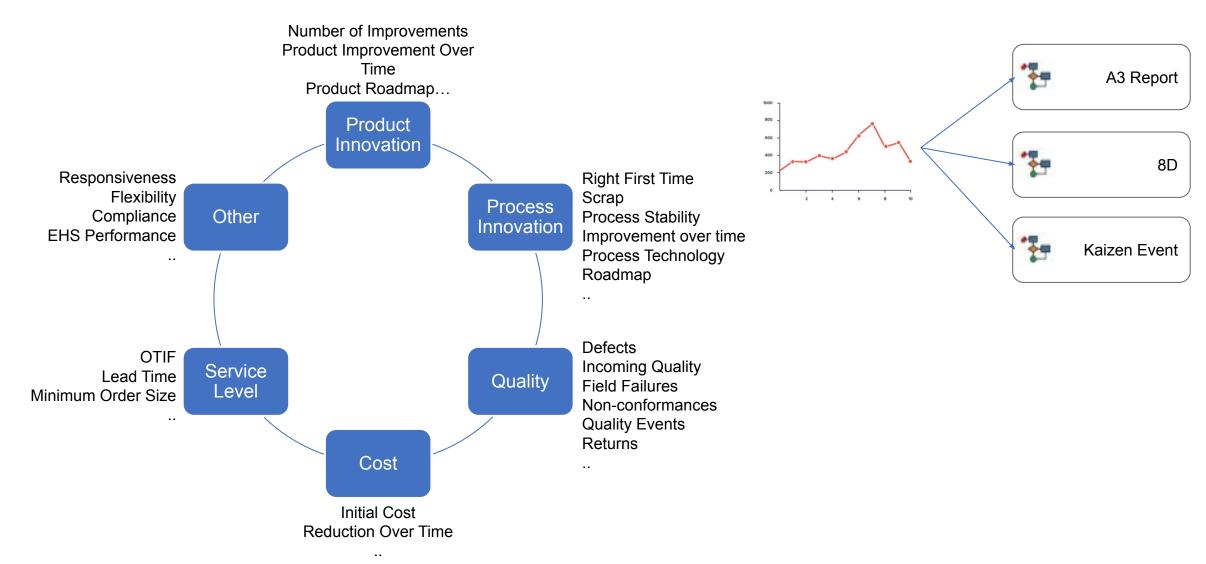
Preferred Supplier

- Quality Management System Training
- Product and Process Audits
- Post-audit Corrective and Preventive Actions
- Statistical Process Control
- Gemba walks

- Quality certifications
- Part and process specific qualification and training
- Advanced Product Quality Planning (APQP)
- Production Part Approval Process (PPAP)
- Continuous Improvement Projects (A3, 8D..)
- Failure Reporting and Analysis
- Corrective and Preventive Action System

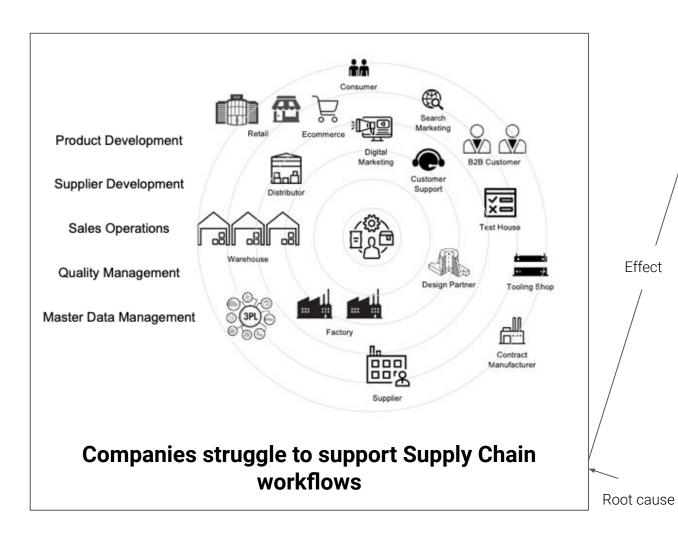


# Supplier Performance Assessment





### Supply Chain Workflows are a Challenge for most Organizations



New Product
Launch Failure

Poor E-commerce
Performance

Performance

Poor Product and
High Sales
Operations Cost

Poor Product and
Service Quality
Operations Cost

Uniformly bad consequences

Supply Chain
Disruption

Poor Supply Chain
Performance High Warranty Cost
Lost Sales

- Nothing exists in most cases
- Require inordinate amount of development and IT support
- Poorly designed (or) rigid point solutions
- Do not have business process and supply chain context
- ROI justification is hard with current approaches

**Supply Chain workflows are poorly supported** 



## **ZFlow** – The Swiss Army Knife of Digital Workflow

Do-it-yourself Workflow

Out-of-the-box Integration to ERP, CRM, Commerce, PLM, Supply Chain systems

Zero-code



Involves Right People at the Right Time

Supply Chain Ready

Ready from Day 1 for

(New Product Introduction, Supplier Development, Master Data Management, Sales Operations, Quality Management...)



### **ZFlow Digital Workflow Apps for the Modern Supply Chain**

Library of 50+ compelling digital workflow apps and growing

**New Product Introduction**  New Product Introduction
Sustaining Engineering
Component Engineering
Advanced Product Quality Planning (APQP)

Material Master (Material/Part, BOM, AVL/AML)

Vendor Onboarding and Master Data

Customer Onboarding and Master Data

SKU Lifecycle Management / E-commerce

Maintenance (Equipment, Functional Location...)

Master Data Management Workflow Management

Application Integration

Flow

Master Data
Synchronization

Supply Chain
Collaboration

**Supply Chain** 

New Supplier Qualification & Onboarding Supplier Engagement and Development PO and Forecast Collaboration Subcontracting Collaboration

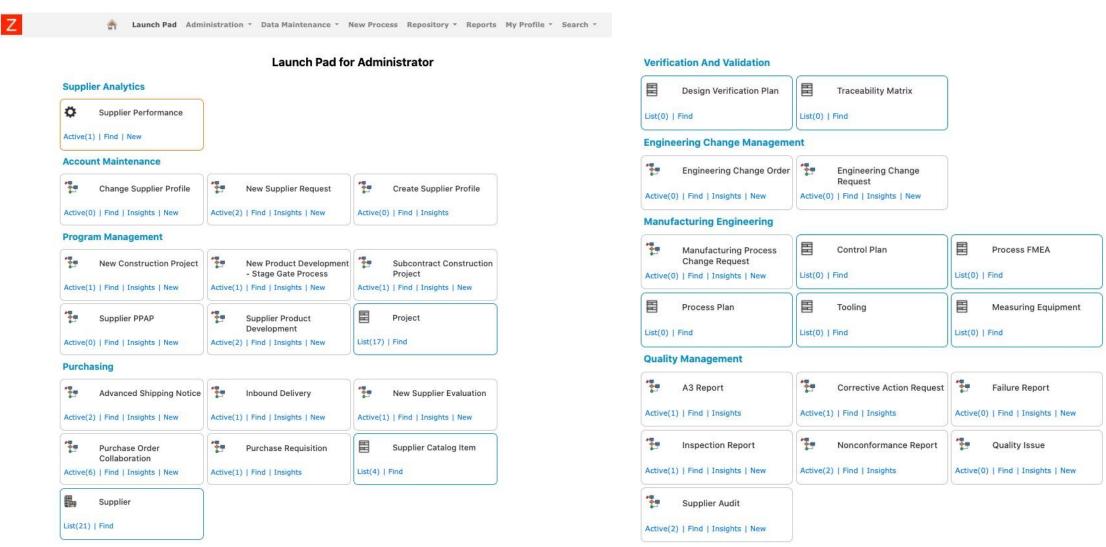
IATF 16949 QMS (Automotive)
ISO 13485 QMS (Medical Device)
Failure Reporting and Corrective Action System
Continuous Improvement (A3 Report, Kaizen Event..)
Supplier Quality Engineering

Quality Management

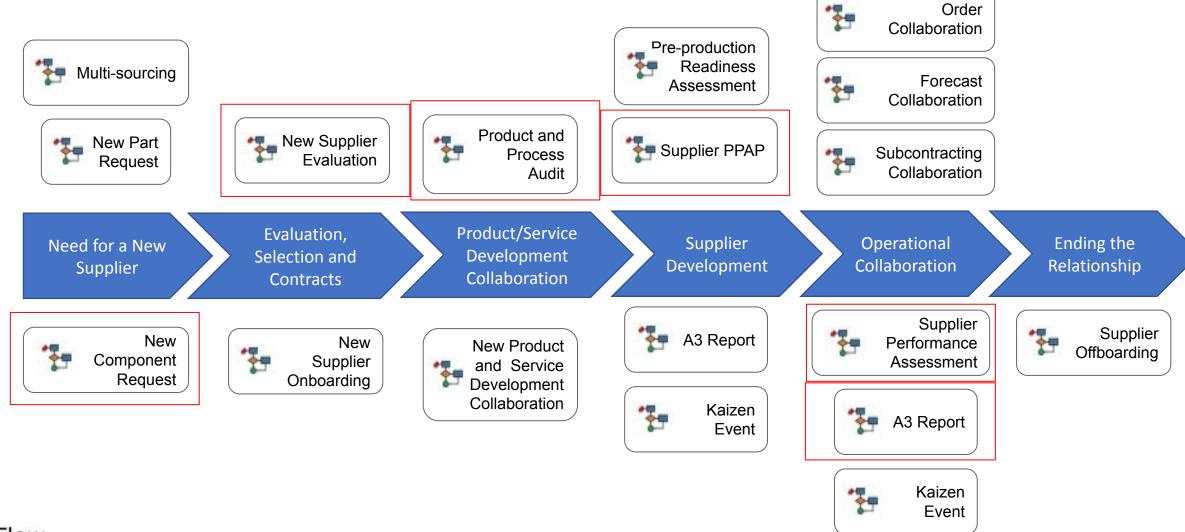
Sales Operations Quote-to-cash Process Orchestration SKU Lifecycle Management New Customer Onboarding Ecommerce Channel Integration



# ZFlow for Supplier Development and Supplier Quality Engineering



### Demo



## Summary

- ZFlow supports Supplier Development and Engagement in a holistic manner
- Easy to adopt Internally as well as in the Supply Chain
- Easy to get started

**Test Drive ZFlow** 

Free Proof-of-concept

### **Contact Us**

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