

Supplier partnering—on the road to world class quality

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Still another new term has arrived on the quality scene. If you haven't as yet become familiar with the term "partnering," it's time for an introduction. Partnering deals with cultivating long-term relationships between buyers and suppliers that benefit both parties.

The focus on partnering is being fueled by companies seeking economy through use of fewer suppliers. For those buyers who are true believers in the Deming philosophy, single sourcing is not only being discussed but also implemented. Reduction in the number of suppliers decreases product variations, minimizes change over time, slashes accounting and paperwork, reduces testing and inspection costs, and frequently lowers inventory investment. Needless to say, Japanese management had a head start in partnering. As far back as 1950, they were establishing long-term supplier working relationships that involved loyalty and trust.

The concept of partnering is now coming to the forefront of quality improvement practices in the United States. One driving force behind this new emphasis on partnering is the Malcolm Baldrige National Quality Award, which includes guidelines for supplier relationships. The importance of relationships with suppliers arises in most Baldrige Award categories in either direct or indirect form. That is, a supplier partnership issue may be stated either directly in a guideline item or implied indirectly by an item. Effective supplier partnerships have been a common denominator for most winners of the award.

To better understand exactly what supplier partnering is all about, we need to explore this concept within the framework of the Baldrige Award guidelines. The Baldrige criteria are grouped into seven categories, four of which deal specifically with the "quality system." The other three deal with leadership, quality and operational results, and customer satisfaction. Although the latter three categories also have implications relating to supplier quality, an understanding of important partnership concepts can best be

obtained by focusing on the four Baldrige "system categories." These include Information and Analysis, Strategic Quality Planning, Human Resource Development and Management, and Management of Process Quality. We will examine each of these four categories here to illustrate what would be expected to occur in a long-term buyer-supplier relationship that would help achieve world-class quality.

Information exchange—a vital starting point

Information and analysis

The information and analysis category of the Baldrige Award deals with the scope, validity, analysis, management, and use of data and information to drive quality excellence. In a supplier partnership, one would therefore expect the following:

- Buyer provides continuing systematic feedback of supplier quality performance
- Supplier makes quality data readily accessible to the buyer
- Supplier advises buyer of process and formulation changes
- Buyer shares results of technical evaluations involving supplier products
- Buyer and supplier strive continually to shorten cycle time for data analysis and information exchange
- Both buyer and supplier share "benchmarking" information with each other in business areas where improvements are being sought.

Strategic quality planning

The strategic quality planning area addresses the company's planning process and how all key quality requirements are integrated into the business plan. For a meaningful supplier partnership, the buyer and supplier will:

- Seek each other's input in establishing their strategic quality plans

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- Share their principal quality and performance plans and goals
- Share their long-term projections of significant improvements.

Teamwork—an important ingredient

Human resource management

The human resource management category of the Baldrige Award deals with developing and utilizing the full potential of the work force. In a partnering relationship, human resource management would apply to both the buyer and supplier. It would involve some of the following actions:

- Buyer and supplier personnel serve together on cross-functional teams to resolve chronic quality or operational problems
- Technical specialists of either firm are made available to one another to address difficult quality issues
- Employee contributions to the improvement of the supplier partnership are recognized and rewarded
- Training facilities, instructions, and materials for subjects of common interest and concern are shared
- Employee site visits are promoted to better understand supplier and buyer processes, capabilities, and requirements.

Process quality management

The process quality management category examines the key elements of process management including how new products are designed, how processes are controlled, and how the quality of incoming materials is assured. Expectations here would include:

- Supplier technical personnel are involved in the buyer's development of new products and processes
- Continuous ongoing efforts are made by the supplier to improve quality and responsiveness
- Buyer process performance data, related to use of the

supplier's product, are analyzed and fed back to the supplier

- Supplier test and inspection methods are made available to the buyer
- Supplier participates in special trials involving its products at buyer's plant
- Supplier has a system in place to assure action on buyer audit findings.

Summing it all up

Supplier partnering is a strategy employed by world-class companies. They realize that suppliers can play an important role in their quality success and that communication between buyers and suppliers must be open, interactive, and proactive. In summary, teamwork should characterize a company's relationship with its supplier.

What is often not recognized is that it is supplier input that ultimately affects customer satisfaction. The Baldrige criteria emphasizing supplier quality support this concept. The movement to supplier partnering is growing. The extent to which it takes place within a company will depend on the vision and leadership style of its senior executives. ■