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Retail Sourcing Report

Facts & Insight



Five Trends Impacting Quality and Sourcing in 2015 and Beyond

The quality profession is moving away from a narrow focus on quality control when it comes to managing suppliers in China and the rest of Asia. Get ready to work on total cost optimization and supplier development, if you haven't started yet.

“Teaching your key suppliers how to approach and resolve issues will help avoid expensive problems. They can then use this input for continuous improvement.”

Here are 5 trends already underway which will continue to gain momentum through 2015 and beyond.

1. Stricter regulations and enforcement

This is not a new trend. (Do regulatory standards ever get relaxed?) With the European Union often leading the way, legislators will keep enacting new rules. Expect traceability of tests performed at the level of each batch to become more important also. Controls on importers by Customs officers will also increase in frequency.

2. Stronger focus on containing costs

So you'll have to comply with stricter rules. How will you keep costs down? Here are a few ideas:

Optimize Inspections: Identify suppliers who can be trusted to self-inspect, and provide them training.

Optimize Factory Audits: Focus on process control of the most sensitive steps.

Optimize Testing: Validate each material check only once... As described below.

3. Certification and testing costs pushed up the supply chain

In cases where several suppliers use similar components, try to work more closely with those sub-suppliers. For example, if you buy toys that can be made out of the same plastic resin and in the same color, it is an opportunity to consolidate testing costs at the level of the resin batch. In the same vein, many large buyers have long forced their suppliers to pay for certifications. But in reality, they end up paying for it anyway. Smart suppliers have negotiated the freedom to choose among authorized laboratories and have managed to compress testing costs this way.

4. Fixing problems at the root

Are you seeing the same quality issues again and again? This is partly due to a gap in the feedback loop (from the visible problem to its root causes in design/engineering/ production). Teaching your key suppliers how to approach and resolve issues will help avoid expensive problems. They can then use this input for continuous improvement, assuming their company supports that goal.

5. Rationalizing the supplier pool

More and more buyers are trying to concentrate their orders with a smaller number of suppliers and to drop the lower performers. In taking this approach, they invest in supplier development to help their key partners reduce costs and/or improve quality. This trend has gotten much stronger over the past two years.

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