

TABLE 5.7: Procurement Quality Steps

STEPS	ACTIVITIES INVOLVED
1. Measure, track, and recover the costs incurred from poor supplier quality	Typical examples of costs are scrap, line shutdowns, warranties, and product recalls. The firm should develop a cost-recovery system that holds suppliers accountable by charging quality costs back to them.
2. Periodically audit suppliers	The purpose of an audit is to uncover quality problems in the supplier's processes. Following the audit, the supplier and manufacturer should work jointly to correct the problems within a mutually agreed upon timeframe.
3. Create scorecards for suppliers and share their results with them	The scorecards can include the number of corrective actions required in the past, costs incurred from poor supplier quality, the number of customer complaints related to quality, and the relative ranking of the supplier in its industry.
4. Develop a process to correct a supplier's quality problems	Investigate the cause of the quality problem, and then list the items that need to be fixed and implement appropriate changes. Examples of the changes are recalibration of manufacturing equipment and upgrading the skills of employees. The firms should document the changes for training purposes.
5. Involve suppliers in quality management systems (QMS)	Create a system whereby suppliers (and other supply chain members) openly provide quality-related data to the company and vice versa.