Case Notes

# Chapter 5: Managing For Quality

# Partnering to Improve Quality

## Case Summary

*This case described how AmeriCal Manufacturing employed a third party quality assurance firm to ensure its Chinese supplier conformed to the quality standards specified in their partnership agreement.*

Case Analysis *The case illustrates the what, why, and how of global quality management. It demonstrates the importance of having an effective quality control program in place (e.g., a third-party quality assurance service is used to ensure quality conformance) to address the many quality management challenges (e.g., language and cultural barriers) when firms operate globally.*

## Sample Answers to Case Questions

1. This case illustrates how complex it is to implement quality standards across a global supply chain. To minimize quality problems, what steps can a supplier and its customer take prior to signing a contract?

To minimize quality problems between global supply chain partners, a supplier should work closely with its customers to make sure quality control programs are in place, quality standards are specified, quality inspections are conducted, quality related information is shared, and quality disputes are handled professionally and expediently.

2. Develop three morals of this story. Consider both the perspectives of the manufacturer and the supplier and explain how they might conflict with each other. Why do you think this conflict might be the case?

The three morals of this case are: (1) holding each other accountable to a high quality standard, (2) keeping the communication channel open and transparent, and (3) involving an independent mediator to resolve conflicts. Conflicts arise because a supplier (or manufacturers) expects a lower (or higher) quality standard than the manufacturer, withholds quality data from each other, and does not cooperate fully to resolve quality disputes.

3. What are the advantages and disadvantages of using third-party quality assurance services?

The advantages of using third-party quality assurance services for global quality management include (1) third-party quality providers are better able to minimize language and cultural differences between a company and its suppliers, (2) third-party quality providers are better equipped to deal effectively with top managers and employees in supplier organizations, and (3) substantial expenses and efforts associated with sending a company representative abroad are eliminated. Its disadvantages include (1) third-party quality providers are costly, (2) a close and direct relationship between a company and its suppliers is not forged, and (3) the independence of a third-party quality provider is not guaranteed.