



Supplier Certification

What is Supplier Certification?

- Part of a larger strategy of Supplier Quality Management
- Process of managing the relationship between your organization and its suppliers to coordinate as one in creating value for all stakeholders
- A minimum requirement to be considered for work
- Main goal: continuous improvement

Why Certify?

- Way to determine which suppliers meet the company's needs
- Aware of what suppliers can and can not do before everyone invests time and money
- May not have to do some processes, such as inspection
- Consistent methods for managing suppliers
- Develop supplier capabilities
- Build stronger and open relationships
- Better communication and sharing of information
- Better serve our customers
- Meet corporate improvement objectives through collaboration

Factors in Certification

- Quality
- Delivery, cost, and technology
- Environmental standards
- Financial status
- Communication capabilities
- Business practices/processes

Importance of factors vary across
industry and companies

Types of Certification

- ISO 9000 – (International Standards Organization) quality program for certification, emphasis on documentation as well
- Industry equivalents (ISO 14000 – auto-industry)
- Self-designed certification program by company

International Organization for Standardization (ISO)

- Specifies standard requirements for “state-of-the-art products, services, processes, materials and systems, and for good conformity assessment, managerial and organizational practice.”
- Measures quality, ecology, safety, economy, reliability, compatibility, interoperability, efficiency, and effectiveness
- Currently ISO is developing areas to assess environment, service sectors, security, and good managerial and organizational practices.

Types of ISO

ISO 9000

- Primarily concerned with "quality management".
 - The customer's quality requirements
 - Applicable regulatory requirements
 - Enhance customer satisfaction
 - Achieve continual improvement of its performance in pursuit of these objectives.

ISO 14001

- Primarily concerned with "environmental management".
 - Minimize harmful effects on the environment caused by its activities
 - Achieve continual improvement of its environmental performance.
- Can be applied in:
 - Product Development
 - Design Department

Company Examples

- High-Tech Industry: Applied Materials
 - Complete Supplier Management Process
- Automotive Industry: Toyota
 - Environmental Focus
- Airplane Industry: Boeing
- Retail/Food Industry: Starbucks

Applied Materials (AMAT)

- Supplier Management Process
 - Supplier Approval Process
 - Assessment process is used for new suppliers as well as existing suppliers when needed
 - All suppliers must perform an annual F-52 ISAT self-assessment
 - Applied Materials may conduct an on-site validation for any annual assessment
 - Supplier Performance Management
 - Quality, Delivery, Cycle Time, Cost
 - Agreements Process
 - Request for Quotation

AMAT: F-52 ISAT

- ISAT = Integrated Supplier Assessment Tool
- Strategic Supplier Management
- 5 Criteria
 - SSQA (Standardized Supplier Quality Assessment)
 - Lean Manufacturing and Capacity Management
 - Special Process Technical Assessments
 - Business Alignment
 - Business Infrastructure

AMAT: Confidential Information (CI) and Intellectual Property (IP)

- A supplier CI and IP Control Plan must include the following:
 - **Corporate Commitment**
 - Documented policies and processes to protect CI
 - Periodic self-assessments
 - **Physical and Information Security Controls**
 - Limiting access to CI to only those with a need to know
 - Labeling and securing all documents and databases
 - Returning or destroying and CI that is no longer needed
 - Effective visitor controls.
 - **Human Resource Controls**
 - Training
 - Nondisclosure agreements (NDAs)
 - **Sub tier Supplier Controls**
 - Non-disclosure agreements (NDAs)

AMAT: Levels of Certification

- First Article Inspection (FAI)
- Part to Print (PTP)
- Form, Fit, Function (FFF)
- Wafer Process Qualification TEST- Alpha and Beta Testing



Automotive Industry

TOYOTA

FOCUSING ON ENVIRONMENTAL IMPROVEMENTS

EMS Certification Standards



- ISO 14001 (TOYOTA, GM & FORD)
- INTERNATIONAL STANDARDS ORG
- KYOTO EMS STANDARDS (KES)
- MIYAKO AGENDA 21 FORUM
- ENVIRONMENTAL MANAGEMENT
 - ECO-STAGE EVALUATION SYSTEM
 - BASED ON TOYOTA EMS STANDARDS
 - GREEN SUPPLIER GUIDELINES

Management System

Organization's structure for managing its processes - or activities - that transform inputs of resources into a product or service which meet the organization's objectives, such as satisfying the customer's quality requirements, complying to regulations, or meeting environmental objectives.

Toyota Supplier Environmental Program

- Suppliers
 - Has ISO 14001 certification or meets in-house standards
- Substances of concern
 - Products-does not contain 19 categories of substances, including heavy metals
 - Manufacturing-does not utilize 457 substances, including organochlorine substances
- Other requirements
 - Submission of official corporate commitment to regulatory compliance
 - Reporting of material composition data, etc.

Working Closely With Suppliers

- Environmental rating system
- Workshops
- Support programs/activities
- On-site inspections of major suppliers
- Prevent environmental risk

"Toyota has a unique relationship with its suppliers. We are known for expecting them to share our high quality standards. Now we are asking them to join us in becoming environmental leaders."

Airline Industry

Boeing

Boeing Preferred Supplier Certification

Suppliers are evaluated on:

- Advanced Quality System Implementation
- Business Processes
- Performance

Suppliers who meet or exceed standards receive benefits including:

- Selection Preference
- Reduced Inspections
- Industry Recognition
- Additional Business Opportunities



Boeing (cont.)

Levels of Certification

- Gold
- Silver
- Bronze

Boeing scores the following categories:

- Cost
- Quality
- Product Delivery
- Leadership
- Technology
- Support

Worldwide: 18 GOLD, 176 SILVER, and 438 BRONZE

Boeing (cont.)

Gold

- Lockheed Martin Corporation
- Harris Corporation

Silver

- 3M Company
- Mitsubishi Heavy Industries LTD.
- TEKTRONIX Inc.

Bronze

- West Coast Aerospace Inc.
- ITT Industries, Inc.

(As of March 31, 2006)





Retail/Food Industry

Starbucks



STARBUCKS

- PREFERRED SUPPLIER PROGRAM
 - COFFEE SOURCING GUIDELINES
 - PERFORMANCE CRITERIA
 - QUALITY
 - ENVIRONMENT
 - SOCIAL CONDITIONS
 - SUSTAINABILITY MEASURES
 - FINANCIAL INCENTIVES
 - THIRD PARTY VERIFICATION



Conclusion

- Overall benefits
 - Improve supplier competitiveness
 - Optimize source selection process
 - Reduce inspection
 - Support lean manufacturing
- Varies across industry and company
- Not a one time certification but a continuous improvement process

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