

# OVERCOMING THE TOP 5 CHALLENGES OF SUPPLIER QUALITY MANAGEMENT

**Honeywell**

 Sparta  
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# INTRODUCTION

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Supplier quality is essential for any business, regardless of size or industry. It refers to the supplier's capacity to provide products and services that continuously satisfy the customer's needs. Poor supplier quality can result in significant disruptions in supply chain operations, leading to lost profits, unsatisfied customers and harm to the company's reputation.

Manufacturers continue to face challenges in supplier quality management (SQM) and improving supplier quality is critical. In fact, [58 percent](#) of quality executives see supplier quality issues as one of the most critical unresolved quality problems.

This eBook will explore the top five challenges organizations encounter regarding supplier quality and effective solutions to address them.





# 1

## LIMITED VISIBILITY AND TRANSPARENCY

A major challenge in supplier quality is the need for more transparency in supplier processes, making it difficult for businesses to evaluate their quality control measures. Organizations that clearly understand their suppliers' operations can maintain consistent quality and identify potential risks.

Supply chains can be complex, involving multiple tiers of suppliers, intermediaries and logistics providers. To maintain quality throughout this network, transparency is essential, particularly for critical suppliers whose failure could cause major disruptions in the supply chain.

Organizations can use technology to monitor their suppliers' performance and gain visibility into their operations. This can be done using tools such as supplier portals, dashboards and scorecards, which provide data on performance metrics. Furthermore, collaborative tools can enhance communication and information sharing between organizations and suppliers.



# 2

## DIFFICULTY IN RETRIEVING LOST OR OLDER DATA

Organizations must have access to historical data on their suppliers' performance to make informed decisions. However, retrieving this data can be difficult if spread across multiple systems. One of the major challenges facing an organization is dealing with suppliers who regularly provide products or components that do not meet the required quality standards. This can result in increased rejections, rework and customer complaints, potentially harming the business's reputation.

Organizations should implement a centralized system for storing and managing supplier data to mitigate the difficulty in retrieving data. This can include a supplier database that consolidates information on supplier performance, quality issues and other relevant data. In addition, organizations can use data analytics tools to analyze this data and gain insights into supplier performance trends.



# 3

## COMMUNICATION AND COLLABORATION BREAKDOWNS

Effective communication and collaboration with suppliers are essential for maintaining supply quality. Miscommunication, lack of timely feedback and inadequate collaboration can result in misunderstandings, delays and quality issues.

To overcome this issue, organizations must align their expectations, provide clear specifications and promote open communication and information-sharing with suppliers to foster collaboration.

### ALIGN EXPECTATIONS

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### PROVIDE CLEAR SPECIFICATIONS

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### PROMOTE OPEN COMMUNICATION

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### INFORMATION-SHARING WITH SUPPLIERS

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# 4

## DIFFICULTY IN MANAGING SUPPLY CHAIN RISKS

Managing supply chain risks is essential for organizations to ensure that their suppliers' operations are sustainable, compliant and meet quality requirements. However, managing these risks can be challenging, especially involving multiple suppliers or complex supply chains.

Technology helps organizations effectively monitor and manage supplier risks. This can include using [risk management software](#) that integrates with supplier databases and other systems to identify and mitigate potential risks. In addition, organizations can establish risk management protocols and procedures that align with their suppliers' operations.





# 5

## CAPACITY CONSTRAINTS AND SUPPLY DISRUPTIONS

Capacity constraints and supply disruptions can cause significant problems for organizations downstream. If a supplier cannot meet demand or experiences significant disruptions in their operations, this can lead to delays, quality issues and other problems impacting customer satisfaction and loyalty.

Organizations should work closely with suppliers to understand their capacity constraints and establish contingency plans to address supply disruptions. This can include using alternative suppliers or building up inventory levels to mitigate the impact of supply disruptions.





# HOW TO ALLEVIATE THESE CHALLENGES

Organizations can improve supplier quality by implementing proactive supplier management practices:



## Implement an SQM system:

Only **14% of manufacturing companies** have an automated SQM solution. However, organizations that invest in an SQM system can track supplier performance, communicate effectively and address issues in real time. In addition, these systems can provide a centralized location for all supplier-related data, making it easier to manage and analyze.



## Conduct regular supplier audits:

Supplier audits can help organizations identify potential risks and opportunities for improvement. Conducting audits will allow the organization to assess suppliers' processes, quality control measures and overall transparency.



## Collaborate with suppliers:

Collaboration is key to improving supplier quality. Organizations should work closely with their suppliers to ensure they understand their quality requirements and are aligned with their goals.



## Invest in training and development:

Organizations can invest in training and development programs for their suppliers to help them improve their processes and maintain consistent quality over time.













## Leverage advanced technologies:

Technologies like Internet of Things (**IoT**) and **AI** can play a significant role in improving supplier quality. These technologies enable more sophisticated analysis of supplier data, leading to better identification of quality issues and the ability to predict and prevent them before they occur.

# HOW TRACKWISE DIGITAL SQM CAN HELP SOLVE THE PROBLEM

## The TrackWise Digital SQM system enables organizations to:

-  Monitor the performance and quality metrics of suppliers in real time. This helps enhance the quality of your finished products and protect your brand.
-  Keep the Approved Supplier List (ASL) updated with important details.
-  Enable stronger supplier relationships by helping organizations provide clear expectations, feedback and support for quality improvement efforts.
-  Allow consistent quality control oversight throughout the global supply chain by implementing an integrated supplier portal. This platform captures data digitally and facilitates real-time communication, collaboration and decision-making.
-  Manage supplier audits more effectively by scheduling, performing and reviewing them and assigning corrective actions. Help enable all audit tasks to be completed thoroughly.
-  Reduce the occurrence of defective or nonconforming products and save on the costs associated with rework, scrap and customer complaints.
-  Handle all supplier-related incidents involving material or CMO production, corrective and preventive action (CAPA), or product, process and equipment changes. Collaborate to manage these incidents at the data level, both internally and externally.
-  Analyze supplier-related complaints and conduct quality and risk analysis to enable improved products, increased customer satisfaction and an increase in loyal customers who will recommend products.
-  Manage supplier corrective actions efficiently and help reduce risks by capturing critical quality components like pre-screening, material qualification, ingredient tracking and risk analysis.
-  Help reduce supply chain disruptions and recalls by proactively identifying and addressing potential risks in advance, enable high-quality control and timely delivery to customers.

# LEVERAGE THE POWER OF SUPPLIER QUALITY MANAGEMENT FOR YOUR BUSINESS

SQM can have a significant impact on an organization's success. For example, the pharmaceutical company Orion Corporation implemented TrackWise Digital and applied AI for its quality processes, enabling it to reduce the average lead time of quality events **by over 50 percent** because of its supplier management system's transparency and visibility.

Your organization can also reap the benefits of effective SQM.

By addressing the pain points outlined in this eBook and adopting strategies to improve supplier quality, organizations can enhance operations, reduce risks, meet compliance and ensure patient safety.

**REQUEST A DEMO TO LEARN MORE**  
about TrackWise Digital SQM



Sparta Systems, a Honeywell Company, is the world's premier provider of cloud and on-premises quality management software. For nearly three decades, companies in the life sciences have relied on Sparta for the innovative tools, analytics and expertise that speed up quality and compliance.

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