

Getting the Most of **SUPPLIER AUDITS AND INSPECTIONS**

Reducing Costs, Driving Improvements, and Preventing
Disasters with Mobile Technology





How do you find ways to address potential supply chain problems before they become disasters on your end?

One of the biggest challenges to working with a vast global supply chain is a lack of visibility into supplier quality, safety, and sustainability. If a product issue arises on your end that stems from anything you've received from a supplier, or if a supplier is violating workplace safety regulations in their facilities that affect the workforce, you know your costs are going to be significant - especially if you face recalls, regulatory fines, lawsuits, and brand damage.

That's why supplier audits are so important, and that's why you know you should approach them with the same thoroughness and dedication that you do with your organization.

But how do you manage it all, especially when you're working with dozens, even hundreds of suppliers? How do you ensure they're all meeting the same high quality that you demand from your employees? How do you find ways to address potential supply chain problems before they become disasters on your end? Most importantly, how do you confirm that the working conditions at your suppliers' facilities are safe and up to code?

In this white paper, we'll discuss



The real cost of bottlenecks, nonconformances, and poor supplier quality and safety

The difficulty in managing several different suppliers - all with unique variables and dependencies

How mobile technology and data analytics can help you save money, save time, and make better decisions

The Cost of Supplier Quality and Safety

Traditionally, the larger your supply chain, the more likely you are to encounter multimillion-dollar recalls, production holds, bottlenecks, regulatory fines, and lawsuits. After all, when you're working with hundreds of suppliers, slip-ups are bound to happen somewhere along the line.

According to recent studies, the numbers are more dramatic than most would think. Fifty-two percent of recalls are due to supplier and contract manufacturing issues. With recalls costing companies up to \$90 million apiece, a more rigorous approach to supplier audits is paramount.

When done correctly, supplier audits can drive value for your business by strengthening overall product quality and safety, enhancing your company's reputation and credibility, and lowering costs. In fact, companies can save up to 63% on supplier auditing expenses by simply addressing supply chain bottlenecks and nonconformances.

The problem is, most of today's audit programs are designed merely to ensure suppliers have adequate quality and safety measures in place and that they're meeting the criteria outlined in the procurement contract. Sure, everyone wants to improve, but it can be challenging to drive improvements and prevent supply chain disasters through traditional audit processes. That's especially true if you're gathering data using paper, spreadsheets, or outdated mobile apps.

If you're going to cut costs by reducing supplier-related incidents, you know you need a better way to find, fix, and prevent quality problems before they spread. When your suppliers fail, so can your product, your brand image, and even your entire business.



of recalls are due to supplier and contract manufacturing issues



of auditing expenses can be cut by addressing supply chain bottlenecks



How mobile technology and software can help

Mobile software can help you capture and integrate data into various systems when performing any of the following QC checks:

- *Supplier Facility Checks*
- *Assembly Inspections*
- *Production Line Checks*
- *Finished Quality Control*
- *Final Check*
- *Post-Sale*

Many Suppliers Means Many Variables

When working with a myriad of suppliers, you're going to run into several variables that make it nearly impossible to standardize your audit forms. After all, each product from each supplier is different, with different regional and federal laws to consider. You also have preexisting SLAs to account for, which also vary from supplier to supplier.

In these situations, you usually have a few options, none of which is ideal. You're either:

- Stuck with a simplified template with generic fields that don't tell you much outside of the basics
- Working with a complex series of paper and spreadsheets that are nearly impossible to maintain.
- Using an outdated mobile app that doesn't work without steady internet access, which is a rarity on the floor of today's vast factories with hundreds of different routers and dead spots.

The right mobile software will not only streamline your complex forms, but these forms will also become dynamic, and be able to change based on who you are, where you are, and what you're doing. Also, look for true offline capabilities, so you can complete your audits without internet access and then sync the data and set tasks and notifications when a connection is available. This offline capability will save you the frustration of switching to different Wi-Fi networks throughout your



Data aggregation

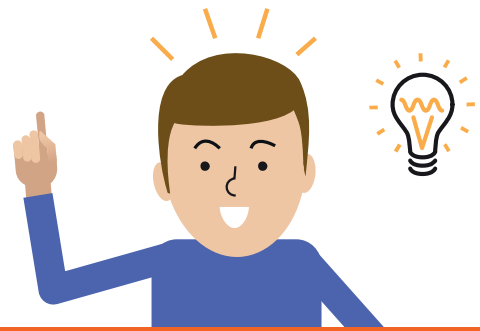
Not all companies are performing supplier audits with paper and spreadsheets. Today, many paper-based processes and procedures have been replaced by intelligent platforms and programs, including Enterprise Resource Planning (ERP), Work Order Management (WMS), Quality Management Systems, (QMS), and Environmental, Health and Safety (EHS).

The problem is that those responsible for analyzing all the data gathered from these systems are pulling it from several different tools and sources. None of it really interacts or works together. The process can be arduous and clunky, making it extremely time-consuming to get a high-level look at everything. Without the seamless integration of all your data, you're not working with all the information.

Not only can mobile software help you collect better data, but it can also give you better access. It can serve as an aggregating hub for data to flow in and out of these systems. This access allows for better and faster data collection while providing leadership with a comprehensive look at how each supplier is performing, and how their performance is impacting your company.

Tip: Rather than using audits to patrol and penalize suppliers, create a positive experience to help them understand the importance of the audit. Give them time to respond to questions and work with them to address corrective and preventative actions.

SUCCESSFUL VENDOR AUDITS TAKE MORE THAN A SUPERFICIAL GLANCE



Did you know?

Your solution:

New teams of auditors are unfamiliar with a factory find more violations?



Regularly rotate auditors to view suppliers with fresh eyes.

Substantial supplier improvements come after an announced audit?



Avoid surprising managers to help them adopt your best practices

Auditors cite fewer issues when paid by the factory they visit?



Employ your own auditors and track them using a mobile platform

Unblocking supplier bottlenecks reduces auditing costs by up to 63%?



Analyze audits to make data-driven decisions and to refine SLAs

CHECKLIST FOR SUPPLIER AUDIT EXECUTION



FACILITY REVIEW

Document production conditions. How organized is the facility? Is it clean? Is it safe? Are products properly handled and stored?



TOOLS AND MACHINES

Inspect the condition of machinery. Are service plans and regulations for process parameters in force?



COMMUNICATION PROCESSES

How is information shared and distributed? Are there security measures in place to protect data?



PRODUCT QUALITY

Are products standing up to established expectations? Are there documented processes in place to ensure product quality?



EMPLOYEE SKILLS:

Are employees properly trained, motivated to succeed, and kept abreast of expectations for safety and quality?



INSPECTION

Is there a quality management plan in place? Are defective parts detected, noted, and excluded from the manufacturing process?

THE BENEFITS OF MOBILE TECHNOLOGY

in Supplier Audits

In order to get ahead of their massive supplier quality management initiatives, more and more companies are turning to mobile devices and applications to perform supplier quality audits.

Companies are doing this because mobile devices and apps simplify and improve the act of performing ongoing and consistent supplier audits. The data they capture is easy to analyze and review on business intelligence dashboards, helping them get ahead of any problems that might arise before an industry or governmental auditor hits them with a hefty fine.

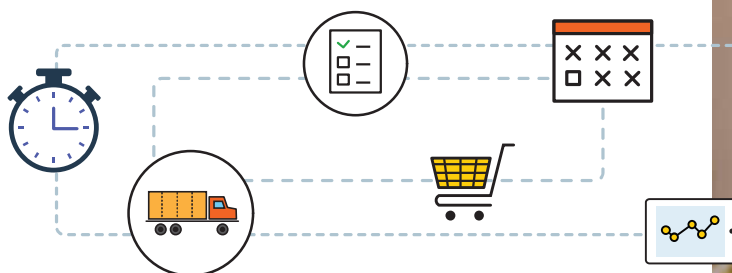
Supplier audits also ensure staff and management are consistently aligned and aware of what must be done to maintain constant adherence to regulatory statutes.

For example, when an issue arises and needs to be corrected, inspectors can leverage their mobile app to create an interactive learning experience for the supplier. The supplier can learn about the relevant recommendations directly on the mobile device and discover the proper actions necessary to ensure the problem doesn't happen again.

Make Smarter Decisions

There are many things that a mobile device gathers that can't be gathered using paper or spreadsheet based-forms. For example, mobile forms take advantage of the device's functionality to help you collect deeper levels of data, such as geo-location, time stamping, and digital photos that can be sketched on or marked up with your finger.

Even better, as data starts to accumulate, you can start making smarter decisions based on historical information gathered from audits and inspections over the years. You can use this information to identify trends, which in turn can help you generate preventative actions before the workday even begins.



Bottom-Line Benefits of Mobile Technology for Supplier Audits



REACT IN REAL TIME



REDUCE ERRORS



DRIVE OPERATIONAL EFFICIENCY



ESTABLISH AND MAINTAIN ACCOUNTABILITY



STAY COMPLIANT (AND PROVE IT)



Save Time

There's no question that mobile software is a time saver when it comes to data collection, particularly when it comes to integrating the information gathered into existing systems. After all, it takes valuable time and resources to enter paper-based notes and photos into a database manually. With the right mobile app, your data is automatically integrated into your systems and processes, eliminating the middleman and the potential for errors.

Taking this approach also means no more frantic digging through binders and file cabinets and no more tracking down whoever took that binder out of the file cabinet and never returned it. While you may miss the adrenaline rush you get while frantically trying to find that one lost file, after a few days of being able to report on any location over any time period, you'll never view an audit the same way again.

Plus, if all your forms are digital, you'll cut out unexpected lag times that can dramatically slow down a job by setting automatic triggers for things like equipment purchase orders when supplies are running low. This level of automation can dramatically reduce delays for parts, tools, and re-inspections, helping you finish jobs on time and within budget.

Save Money

Mobile audit management requires an investment, but it can also be an opportunity to save in the long run. When you consider the savings, you'll realize by improving efficiency, cutting down on lost paperwork, reducing OSHA fines, and limiting accidents, it is truly a no-brainer investment.

Auditing your suppliers for quality and safety is no longer just a best practice – it's a mission-critical undertaking that should get the same attention that you give to your internal operations. But the many variables involved in having a large supply chain can create a level of confusion in the data collection process that can lead to mistakes, missed opportunities, and uninformed decisions.

That's why so many enterprise-level companies are turning to mobile technology and data analytics for the answers. After all, with deaths, injuries, and illnesses on the line (not to mention costs), it makes sense to get ahead of all the potential supplier nonconformances, bottlenecks, and slip-ups before they turn into disasters.

Mobile Data Keeps Supplier Audits on Track



HEALTH AND SAFETY INSPECTIONS



ENVIRONMENTAL COMPLIANCE



EMPLOYEE EVALUATIONS



AUTOMATED CAPA AND WORKFLOWS



INTERNAL AUDITS

FEATURES TO LOOK FOR

- Dynamic Forms and Checklists
- Task Management
- Time and Date Tagging
- Photo Upload and Markup
- Alerts and Notifications
- Automated CAPA
- Prepopulated Fields
- Automated Action Plans



Got questions? WE CAN HELP!

Form.com is a flexible platform designed to take time-consuming procedures done on paper and spreadsheets and turn them into user-friendly forms. Our mobile and offline app allows you to access and complete forms from anywhere, even while offline, and our team of experts will work with you every step of the way to create your ideal solution.

For more information

Call **1-888-708-8118**

or email info@worldapp.com