

CQI-19

Sub-Tier Supplier Management Process Guideline

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FOREWORD

Leadership of OEM and suppliers indicated that management of Tier 2 and below is insufficient. OEMs and Tier 1 suppliers have insufficient resources internally for supplier development.

The project goal was to find a common process that all AIAG Tier 1 suppliers and sub-tier suppliers, e.g., Tier 2, Tier 3, can follow. Concerns included:

- Little or no resources of experienced Supplier Development/Lean experts
- High costs
- Not enough time available
- No defined metrics/program or training available

Using a common supplier management process across the industry will result in more effective supplier evaluation, selection, and development and make current resources more effective.

The focus of this document is on “what must be done” for supplier management and, to a lesser degree, how to address the resource issue.

Where there are references to requirements in this document, it is intended that alternative tools and methods are acceptable if they meet the intent.

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INTRODUCTION

In 2011, automakers raised a concern over the availability of experienced supplier quality resources to address the Original Equipment Manufacturer (OEM) and Tier 1 supplier quality problems. AIAG formed a Project Team to develop a common process for supplier management of sub-tier suppliers, e.g., T2, T3, Tn, including:

- benchmarking of supplier management to identify “best practice”
- a method for prioritizing which sub-tier suppliers to engage and develop
- addressing “pass-through” characteristics (PTC) of highest impact to the OEMs

A primary team focus was on defining common elements of a supplier management process, e.g.,

- supplier selection
- determining supplier capability
- type of data collected and metrics
- frequency of on-site supplier visits
- conditions that drive a supplier visit
- actions taken in response to a supplier problem
- how suppliers plan and execute a new part, e.g., APQP

By harmonizing the process, it is expected that organizations and sub-tier suppliers will be more effective and efficient at collectively managing supply chain quality with existing resources. Using a common process will also make training additional supplier development resources more effective and efficient.

Appendix A lists the minimum requirements for suppliers to use with sub-tier suppliers. Figure 1 shows how this document should be used going forward.

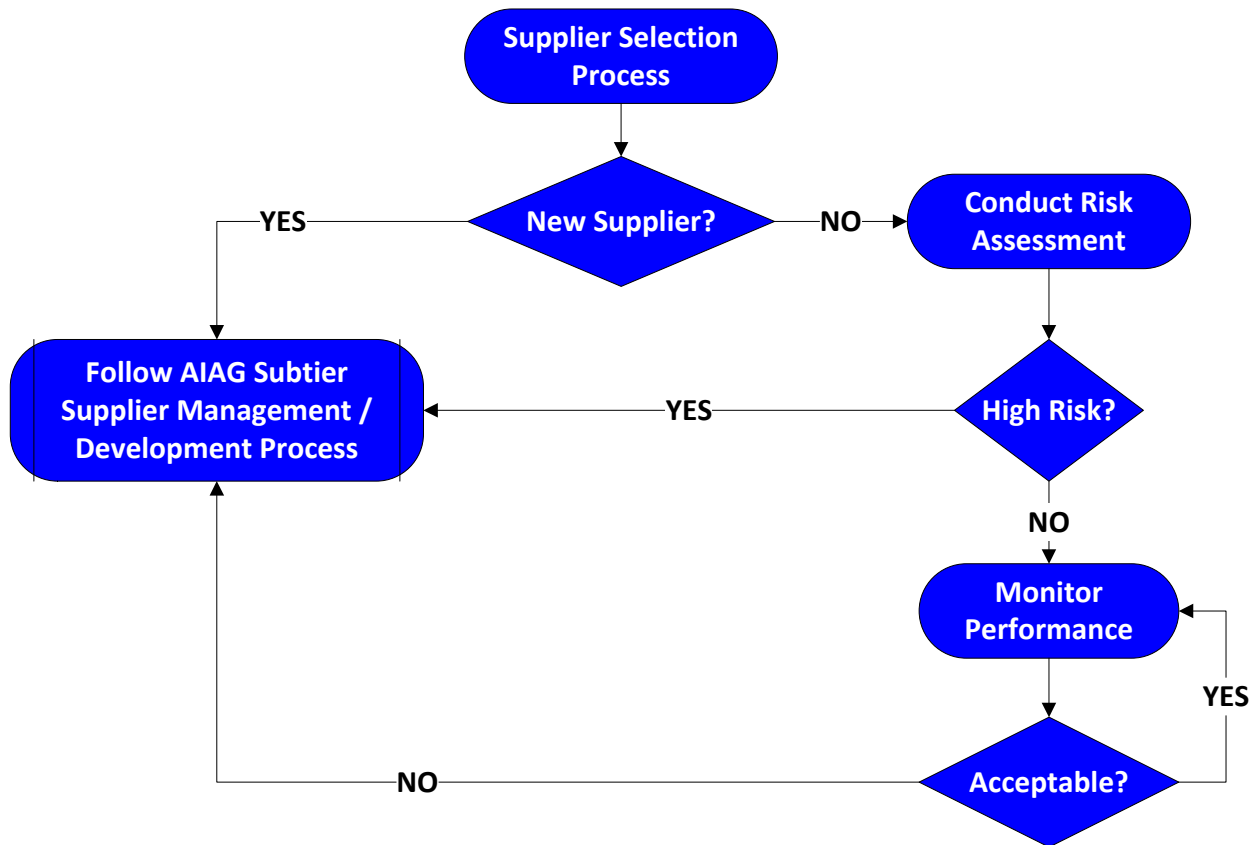
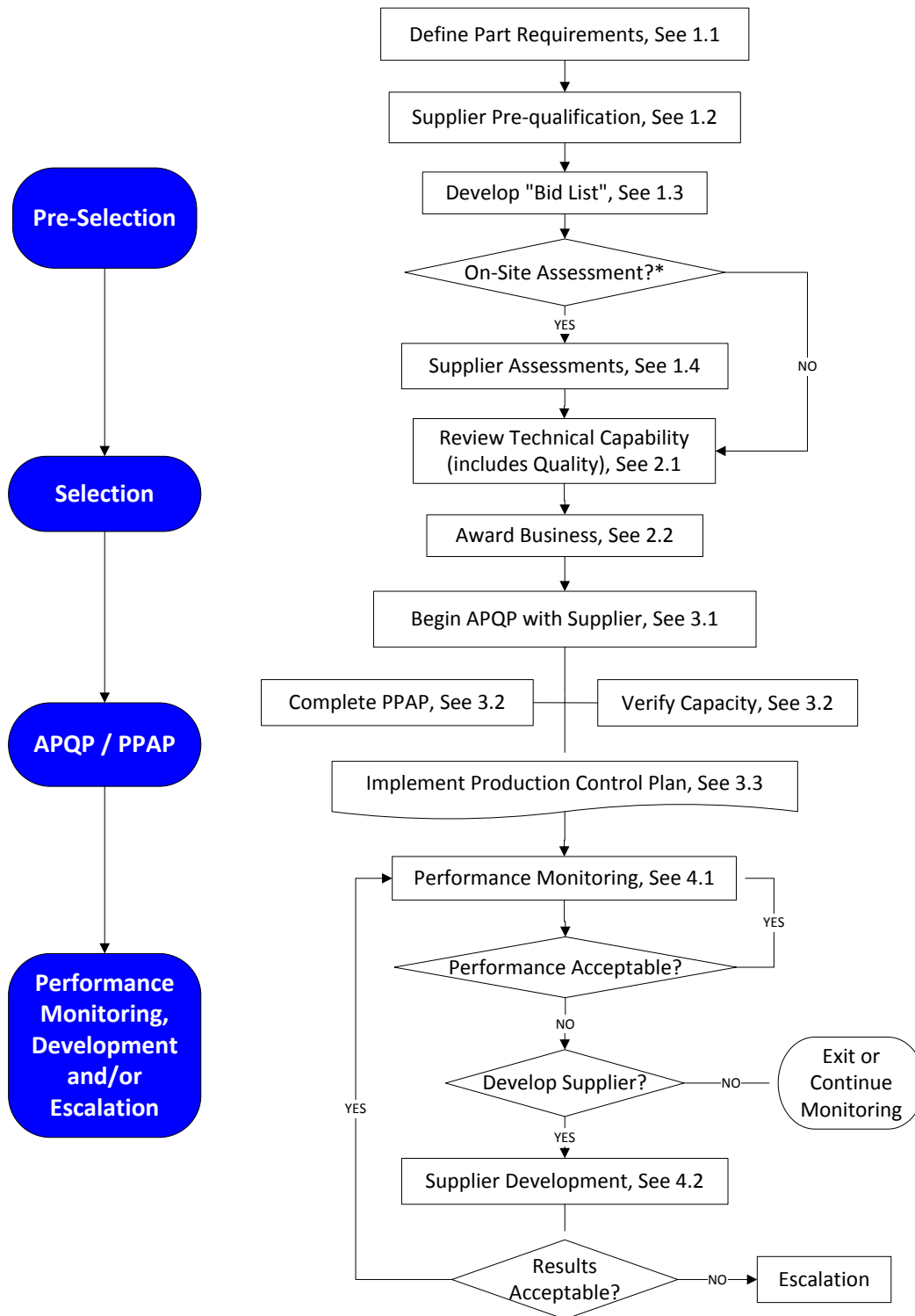


Figure 1: Using the Sub-Tier Supplier Management Process

Figure 2 is the Supplier Management process further described in this Guideline.

Additional sources for supplier management are listed in Appendix F.



* Existing suppliers may not need an onsite assessment.

Figure 2: Sub-tier Supplier Management Process

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