

## GSQA Benefits

- Reduced Disruptions
- Improved Productivity
- Single Knowledgebase
- Improved Supplier Negotiations
- Reduced Material Costs
- Reduced Compliance Costs
- Continuous Improvement
- Reduced Costs of Poor Quality

## How Understanding Material Quality Can Reduce Waste and Improve Efficiency

### Issue

A consumer durables manufacturer was having a difficult time understanding how their raw materials were affecting their manufacturing processes. Even though the materials that they were receiving met the specifications, results of their finished goods testing indicated significant inconsistency in their products, which resulted in increased scrap and rework. Since they only had one production line, raw material variability seemed to be the problem.

This had the following effects on their operations:

- **Increased testing** – All incoming materials had to be tested in order to determine conformance to specifications.
- **Increased waste** – WIP and raw material inventory levels were increased in order to accommodate the additional time needed to qualify the materials. Inventory turns were reduced by a significant amount.
- **Reduced productivity** – Overall productivity was lower as more resources were needed to produce the same amount of material.

### Resolution

After GSQA was implemented, the manufacturer realized the following benefits:

- **Reduced testing** – GSQA tracks and trends supplier COA test results for each lot shipped. By knowing which vendors provided them with consistently low raw material variability, they were able to reduce testing to only those vendors that had high levels of variability. The manufacturer then worked with these vendors to help them reduce this variability.
- **Reduced waste** – GSQA's online shipment validation allows only in specification materials from shipping, as well as allowing the identification of known out of specification materials. By knowing that their raw materials were more consistent, the manufacturing results were more consistent, leading to higher quality and reduced waste.
- **Lower COGS** – GSQA can help root cause analysis by helping to understand which suppliers better conform to specifications. By knowing which suppliers provided raw materials that better met their needs, the manufacturer was able to rationalize its supplier base, having fewer suppliers with higher quality at a lower price.
- **Supplier certification** – GSQA provides a material quality dimension to supplier rating and ranking. This allowed the manufacturer to reduce their supplier maintenance costs, and implement a strong supplier certification program.