

Supplier Non-Conformance Management

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The intent of this Wiki page is to complement the resources from Procurement by communicating guidelines for Supplier Non-Conformance management, capitalizing on experience by sharing good practices between GBUs and helping to highlight potential progress areas for GBUs who are working on improving their supplier quality management process.

We intend to focus on external suppliers who impact product, packaging, labelling and delivery to our customers. This includes: raw material, packaging, label suppliers, trollers, traning, warehouse operators and carriers.

1. Principles, Definitions & Prerequisites

1.1. Principles

Note: The principles highlighted in this Wiki page are recommendations, there is no plan to standardize these at the Solvay level at this time.

The Solvay tool to be used to manage Supplier Corrective Action Requests (SCAR) is SAP - QM. A procedure should be in place at GBU-level (referencing the corporate Procurement Procedure for Supplier Non Conformance) including common requirements, gravity matrix, generic Roles & Responsibilities (R&R), and KPIs; as well as site-level documents which detail which actual site function is covering each generic R&R. Keep in mind to focus resources by tailoring approaches according to gravity levels.

The SCAR coordinator should be clearly defined and is accountable for timely processing of SCARs (typically quality or procurement representative). Importantly, the procedure should also specify who is responsible for following financial compensation claims made to suppliers within SCARs, if different from the SCAR coordinator.

1.2. Definitions

For the purpose of this playbook, we focus on external suppliers who impact product, packaging, labeling and delivery to our customers.

Purchased material : purchased from an external supplier for the production of Solvay goods and services. For our scope this includes :

- Raw Materials
- Finished goods to be resold (trading goods)
- Packaging
- Labels

Purchased service : purchased from an external supplier for the purpose of operations at Solvay. For our scope this includes :

- Warehouse operations
- Transport
- Tolling

Supplier Non-Conformance:

- Purchased material that does not conform to: procurement requirements, customer specifications, Purchase Order or is deemed non-conforming vs. implied requirements (eg contamination); health and safety requirements; product integrity; product performance; etc.
- Purchased services that do not conform to: health and safety requirements; specifications from contracts, instruction books, Purchase Order or transport request; implied requirements (eg driver behavior).

1.3. Glossary

KPI	Key performance indicator
NC	Non Conformance
NCMR	Non Conforming Material Reporting (process to manage non conforming materials)
PO	Purchase order
PRS	Product Requirements Specification (specifications for purchased materials)
RCA	Root Cause Analysis
R&R	Roles & Responsibilities
SCAR	Supplier Corrective Action Request

2. How to manage Supplier Non-Conformance

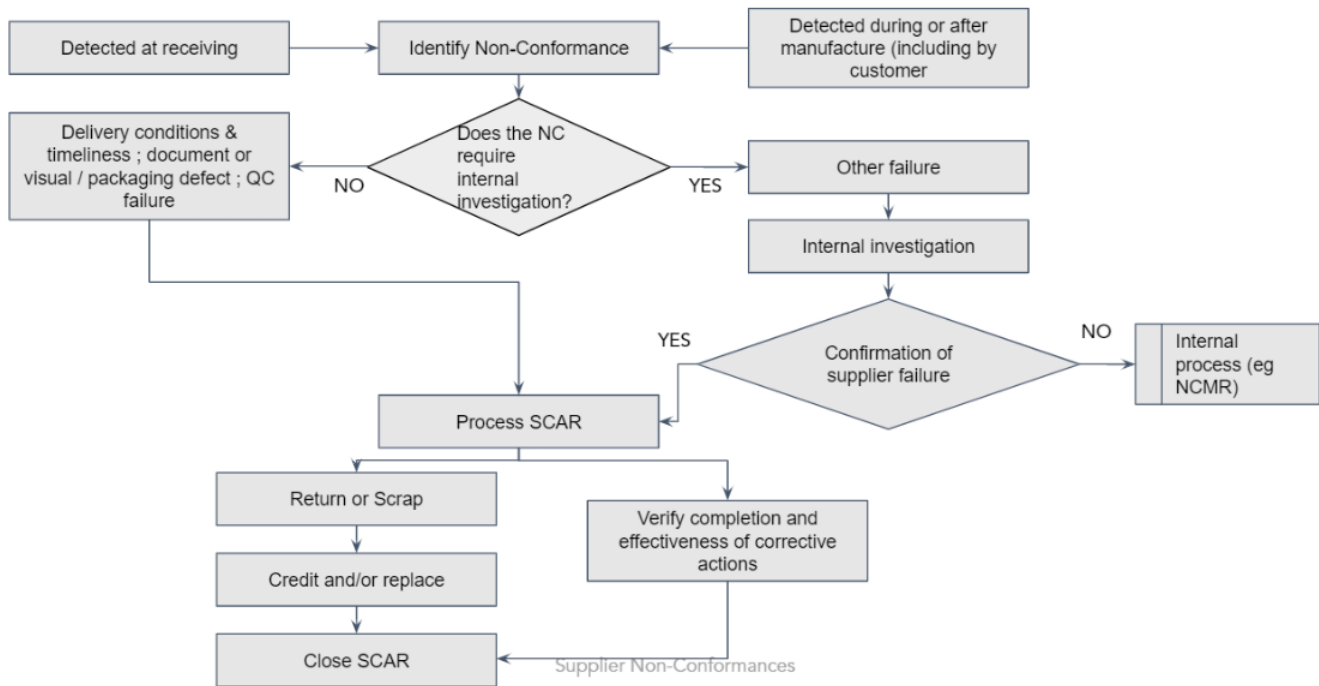
2.1. Roles and responsibilities

The management of Supplier Non-Conformance requires the following list of responsibilities:

Role	Responsibility
Detector	Person who detects the original issue. It could be anyone including the customer.
Author	Person who creates the SCAR in SAP. It can be the detector or another person.
Investigator	Person who confirms that at least one cause of the NC is a non-conformance of the purchased material or service. Potentially the author or a different person.
Coordinator	Person who sends the SCAR to the supplier and manages all activities related to the SCAR including return and credit.
Closer	The SCAR closer is the person who closes the SCAR; for higher gravity levels, after verifying completion and effectiveness of corrective actions.

2.2. Decision tree for Supplier Non-Conformance Management

The following decision tree shows the decision process after detection of a Supplier Non-Conformance management.



The main steps are the following:

- Identify (Author): the Non-Conformance needs to be properly documented with regards to the Solvay system (PO, Material, Transport Order, etc); and to which characteristic is non conforming, against which requirement.
- Carry out internal investigation and confirm at least one root cause of the NC is under the supplier's responsibility (Investigator);
- Specify before a SCAR is sent on which grounds the NC is deemed to be attributable to the supplier, and whether a financial compensation is requested by Solvay (Coordinator);
- Communicate with Supplier on RCA and Corrective Action Plan (Coordinator);
- Check acceptability of RCA, verify that the Corrective Action Plan is completed and that the supplier has checked its effectiveness to avoid future recurrence of this Non-Conformance ; verify that if relevant, material has been returned or scrapped, and/or requested compensation has been received (Closer).

The corporate procedure gravity matrix should be used (check for latest update):

Severity Level	Description
G1	A Non-Conformity without great impact to Solvay or its external client. Usually documentation delays or issues. Informative notification sent to supplier, no Corrective Action response demanded.
G2	Low or medium impact to Solvay or its external clients.
G3	Significant and measurable impact to Solvay or its external clients. Plant stoppage risk, financial impact. Also includes Near Miss Incidents - incidents that could have become accidents.
G4	Issue of Security / Accidents.

Corrective actions and check of effectiveness are required for levels G2-G4, although this can be amended according to GBU specificities to focus on the right priorities.

3. KPIs

The main KPIs related to Supplier Non-conformance are two-fold:

- The lagging KPI measuring the performance of this process is the SCAR rate by supplier (by # of PO line items). This can be added to the scorecard of a supplier.
- Relevant leading KPIs to measure can include:
 - Time to closure
 - Duration of each intermediate step vs GBU requirement (acknowledgment, root cause analysis, corrective action plan, check of effectiveness)
 - # of open SCARs above 3 months
 - Amount of compensation requested / received (see good practice from Coatis in playbook)

The function reviewing these KPIs along with the frequency of these KPI should be specified by the GBU procedure.

Note: separate KPIs can be added by gravity levels.

Navigation tree

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Key Trainings

Key Contacts

- [Helene Vrot - EMEA](#)
- [Wolf Sanner - EMEA](#)

Linked Pages

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- [Customer Complaints \(n.a\)](#)
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