Solving 6 Supplier Quality Issues with ChainLink SRM

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In a blog post titled [Top 6 Supplier Quality Issues](#), we looked at the cause of these issues. In each of these scenarios, you can trace the source of the problem to sending mission-critical business documents via email instead of using an electronic trading integration such as EDI. We designed ChainLink SRM to solve these issues and more. Let's look at each of these scenarios to see how ChainLink SRM would benefit you and your business.

1. Damaged Parts

We've been through the scenario. You emailed a Purchase Order to your supplier for those digital screens which fit on an electronic control panel. After responding to the Purchase Order with the appropriate documentation, you receive those screens on your loading dock, and you already know by now where this is going. They're cracked. The fault in this scenario might be the supplier's, but it's more likely the shipper/carrier's, and that's something for them to work out between themselves. Regardless, it's not your fault, and you shouldn't pay for that shipment. You need to conduct the RCCA necessary to make sure the parts are replaced quickly and that you only pay for the acceptable materials and not the damaged ones. There is nothing you can do to prevent the damage. You can, however, avoid the scenario where your supplier tries to take advantage of the situation and "loses" your Reject Notice. Unfortunately, this kind of neglect of incoming corrective action requests constantly happens. Yes, it's unethical, but that doesn't stop people from trying to take advantage of the situation. So, what can you do about it? As a hub managing your supply chain, you need to increase supplier transparency by transforming the manual portion of your supply chain into fully compliant, electronic trading partners. "How do I convert the majority of my supply chain to electronic trading partners?" you might be wondering. I'm glad you asked. ChainLink SRM is designed for this very purpose. Using ChainLink SRM, a web-based B2B collaboration portal for EDI and other data types, your suppliers would receive and respond to business documents created in your back-office system. Then you simply treat these suppliers identically to your other suppliers that already use EDI. As far as these suppliers are concerned, the investment barrier that has kept them from enjoying the benefits of electronic trading is no longer an issue. Of course, by giving you the ability to check the delivery and opening time stamps, which is a standard feature of ChainLink SRM, you remove the supplier's ability to ignore your Reject Notices altogether.

2. Out of Specification Parts

In the article mentioned in the last section, you sent a Purchase Order for some mounting brackets. When they arrived and passed through inspection, the tech discovered that they were out of specification. What's the cause of their being out of specification? You sent the specification requirements months ago for the mounting brackets that fit this model year's devices, and the supplier forgot to update them in their system. The parts have the same name and size requirement, but the bolt pattern is different. Your supplier received the email with the

specifications and even responded to it, but they didn't update their specifications immediately and forgot about it. This is an issue. You can't put a mounting bracket with the wrong bolt pattern in your product. When this situation happens, you have to issue a Reject Notice. Your supplier honestly does not recall receiving the part specification, and when they search their inbox for the email you claim you sent containing the update, they can't find it. Eventually, you will get the right parts according to specification, but if neither of you can find the update you know you sent, you will likely have to pay for the out-of-specification batch even though it's not your fault. How do you avoid this? Convert your manual suppliers to electronic trading partners. ChainLink SRM does two things to help you avoid paying for out-of-spec parts that aren't your fault. First, moving the conversation out of email and into a structured, process-oriented solution for sending and receiving business documents eliminates the possibility that those updated specifications can be lost. Even if your supplier forgets to input the new specifications, you can easily show when, what, and to whom you sent those specifications. Second, by using an integration tool such as ChainLink SRM, you send the specifications between companies, not just between people. That is to say, you increase supplier transparency on your end, and you create visibility between your point of contact and their managers.

3. Late Parts

Just because your point of contact for your supplier is out of the office does not mean that your business ceases operations until they return. When you rely on quick supplier turnaround for a mission-critical part to keep inventory low, the last thing you need is for that supplier not to respond to a Purchase Order for a week. When you're sending vital business documents manually via email, you have no process-oriented structure to ensure that your Purchase Order arrives and your supplier takes the appropriate action regardless of whether someone is out of the office. Enabling a supplier to receive electronic B2B communication through ChainLink SRM gives you that infrastructure. Because you're sending business documents between business entities and not individual people, your Purchase Order will arrive in the Purchase Order queue for processing whether Bob is at work this week or not. The result is that you don't run into situations where you must stop production because your supplier didn't receive and process your Purchase Order on time.

4. In the Field Failures

Occasionally, we don't discover quality issues until after the customer uses our products. We all have experienced the joy of an automotive recall, for example. When we must recall a product or do infield servicing if the product is not portable, it's usually because of a quality issue in a supplier part. When there is a quality issue with a supplier part, you have three chief concerns. First, you need to know how widespread the problem is, that is to say, how many units contain the part with a quality failure. Second, you want to avoid being the one who must pay to resolve the problem. After all, it's not your quality issue. Third, you don't want your company to develop a reputation for poor quality products, especially when the quality issue belongs to your supplier, not you. All these concerns mean that you need the ability to track and trace batch data and the corresponding serial numbers of supplier parts to your unit serial numbers and show who owns the unit. In other words, you should collect data that allows you to see how many units are affected by a bad batch of supplier parts and who owns those units. Paper trading does not give you the capacity for this kind of tracking.

ChainLink SRM converts your manual, paper-based suppliers to electronic trading partners. By leveraging that electronic connection with your back-office system, you can quickly contain and remediate supplier quality issues while simultaneously providing all the necessary documentation to force your supplier to take ownership of the problem.

5. Changing and Updating Orders

There is a reason that our tag line at TTP Solutions LLC is Information at the Speed of Business. Today's business requires exchanging information at an astounding speed, which is true for supply chain management. Demand fluctuates, prices fluctuate, and suppliers have production limitations that can interfere with your ability to meet your production goals. When the need to modify a Purchase Order arises, there is an extreme opportunity for error with your non-electronic trading partners. If they were electronic, you could just issue an EDI 860 Purchase Order Change Request. However, your manual suppliers innately can't receive that business document. Therefore, you must convert them to electronic trading partners. Treating all your suppliers as fully compliant electronic trading partners is the only way to ensure that you can send and receive

information at the speed of business with your entire supply chain. Suppose a supplier uses ChainLink SRM to send and receive business documents. In that case, you interact with them the same way as any other EDI trading partner because it integrates with your back-office system. You don't have to go to a new location to send and receive electronic business documents; you're just moving communication with your non-EDI trading partners to where you already communicate with your EDI trading partners. Those suppliers can then log in to ChainLink SRM to send and receive those business documents rather than unsecured email, which inherently slows business communication. Check out our blog article [Problematic PDF Purchase Orders and Other Business Documents](#) for a longer explanation of why you shouldn't use email for supplier communications.

6. Supplier of Your Supplier Quality Issues

Finally, how do you manage supplier quality issues when your supplier's supplier is responsible for creating the problem? This is a logistical nightmare for purchasing and quality professionals alike. When you add the time-sensitive nature of resolving these issues, it makes the life of everyone involved more difficult. Nobody wins when you compound that difficulty by managing the trading relationship with emails and phone calls instead of electronic business documents. That's why we created the three-dimensional trading relationship in ChainLink SRM. You can convert your suppliers and their suppliers to electronic trading partners and send and receive business documents to all parties involved in fulfilling a Purchase Order. Give first, second, and third-tier suppliers the ability to communicate with each other in a way that is explicitly related and trackable to the Reject Notice while extending to you complete visibility into the discussion, all within a structured, process-oriented application. This ensures that you do not have to pay for the issue and that you can resolve the problem without the headache.

Conclusion

The bottom line of converting your manual suppliers to fully compliant electronic trading partners with ChainLink SRM is not only improvements in efficiency and effectiveness within your supply chain, but it's a better quality of life for you and your team. Dealing with damaged parts, out-of-specification parts, late parts, in-the-field quality issues, changing and updating Purchase Orders,

and your supplier's supplier quality issues is exhausting. Not having the proper technology infrastructure to send and receive business documents electronically compounds the stress for everyone involved. Put the money you lose from each of these scenarios back into your business and enjoy the benefits of sending and receiving information at the speed of business. Want to see ChainLink SRM in action? Let's chat. Send me an email at david.erwin@ttpsolutions.com. We will learn about your business use case and build a custom solution demo that addresses your specific pain points. Thanks for reading. I hope you enjoyed this free resource.