

BEST PRACTICE PROCESS FOR MANAGING RISK IN THE SUB-TIER SUPPLY BASE

(cqi-19)

SOLUTION

The Sub-Tier Supplier Development Work Group's goal was to find a common process that all AIAG Tier One suppliers and sub-tier suppliers could follow. The focus of the resulting Sub-Tier Supplier Management Process Guideline (CQI-19) is on defining common elements of a supplier management process such as:

- Selecting suppliers
- Determining supplier capability
- Collecting data and metrics
- Deciding the necessary frequency of on-site supplier visits
- Recognizing what conditions drive a supplier visit
- Taking specific actions in response to a supplier problem
- Analyzing how suppliers plan and execute a new part (e.g. APQP)

SITUATION

OEM and supplier leaders indicated that supply chain management of Tier Two suppliers and below is challenging in the current business environment. In addition, OEMs and Tier One suppliers have fewer internal resources for proper supplier development.

BENEFIT

Using a common supplier management process across the industry results in more effective supplier evaluation, selection, and development and optimizes current resources. By harmonizing the process, organizations and sub-tier suppliers are more efficient at collectively managing supply chain quality with existing resources. Using a common process makes training additional supplier development resources more successful.

PARTICIPATING COMPANIES

American Axle & Manufacturing
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