

CASE STUDY

BIZPHYX Supplier Development Program

“Using Quality Management Certification To Source and Develop Qualified Diverse Suppliers”

(1) telco



Today, nearly all Fortune 500 companies are faced with the challenge of sourcing and developing diverse suppliers. Whether the need is based on an organizational mandate (such as a defined spending goal) or is driven by an overall corporate philosophy framed in corporate sustainability (CSR), the task is difficult. This study summarizes one corporation's success in meeting their diversity objectives through quality certifications.

The Challenge

In 2006, a major service provider's supplier diversity organization was faced with the problem of increasing their diversity spend, by finding qualified diverse suppliers that could participate in this company's supply chain and compete with larger suppliers in the chain. As a benchmark, they looked for quality certifications such as ISO 9001, the global quality standard and TL 9000, the telecommunications industry quality standard (based on ISO 9001), as an integral part of the qualifications required to participate in their supply chain.

First, they found that diverse suppliers *did not understand the value* of certifying to either ISO 9001 and TL 9000 for their own companies or for their own customers. Once these diverse suppliers understood the benefits of certification, they then found implementing and certifying to the standards to be very cost prohibitive. This service provider knew that their supply chain risk was reduced by working with quality certified suppliers. *How were they going to require that their diverse suppliers achieve these quality certifications given the barriers of education, cost and implementation?*

The Approach

This service provider contacted BIZPHYX, Inc., a leading TL 9000 and ISO 9001 quality management consulting firm to provide a solution that would enable the suppliers to first be educated on the benefits of certification and then provide a cost effective solution that would allow these suppliers to implement and certify to their required standards. BIZPHYX was selected in part, because they too are a diverse supplier (WBE).

BIZPHYX is also certified to both ISO 9001 and TL 9000. Few quality management consulting firms are certified to the standards they implement. BIZPHYX is global QuEST Forum training provider with the distinction of two TL 9000 Master Trainers on staff and a 100% client certification rate.

The Solution

BIZPHYX developed a program whereby these suppliers are given an overview presentation on the benefits of quality certifications, by either face to face meetings or webinar. This education is provided at no cost to either the suppliers or the service provider.

BIZPHYX also developed a web based solution to provide training and tools for the diverse suppliers to implement the standards within their companies. The training includes 8-12 webinars depending on the standards to which the companies chooses to certify. Included in the program are the training and templates for developing the company's quality documentation and how to customize the documentation to the supplier's processes.

Also included in the program are additional tools that enable the diverse suppliers to set a project plan towards certification, look at their key performance indicators and set quality objective targets for the supplier's own business.

Finally, to help ensure the diverse supplier achieves certification, BIZPHYX provides an internal audit of the quality system, prior to their certification audit. Companies going through certification are required by the standards to have an internal audit prior to the certification audit. At the end of the webinars, training and the internal audit, the diverse suppliers are prepared to go through certification. The process can take between 8-12 months.

CASE STUDY

BIZPHYX Supplier Development Program

“Using Quality Management Certification To Source and Develop Qualified Diverse Suppliers”

(2) telco



The entire web based program is offered at one-fourth to one-third the cost of hiring a traditional consulting firm to implement the standards for these diverse suppliers. By developing a program that utilizes a web based technology within this cost structure, there is a high-level of supplier participation and success.

The Success

BIZPHYX has a **100% success rate with all the suppliers** that have gone through the program and applied for certification. Since the program began, **44 companies have achieved certification**. The program has been so successful that BIZPHYX CEO, Sue Clancy has been asked to speak to numerous supplier diversity advocacy groups across the USA, on the benefits of certifying to quality standards. These quality overview and supplier education sessions have been given to over 1,000 small businesses and diverse suppliers.

Most of the program participation has been in California and as a result of a 2008 study from the *Center of Women's Business Research*, one of the first diversity “groups” selected were women owned MBEs. This “*Woman of Color Businesses*” initiative was so successful, it was replicated and BIZPHYX is currently working with another diversity segment of suppliers. The *service provider* plans to increase program participation to include all of North America in 2012.

The Benefits

The benefits for corporations that chose to implement this type of supplier development program have proven to be:

- More qualified diverse suppliers
- Reduction in supplier audits
- Reduction in the cost of poor quality
- Minimizes risk in the supply chain
- Increased customer satisfaction

This provider often requires TL 9000 certification to enter their supply chain as a new or diverse supplier and their own supplier scorecard measurements incorporate TL 9000 performance data (proprietary).

In addition to successful certifications, we have **proprietary knowledge of the contract awards** that many of these diverse suppliers have gone on to achieve, as the result of their quality certifications. A **well known WBE** achieved their TL 9000 certification and since then has experienced growth within this **service provider's** supply chain.

Conclusion

Although this case study is related to the telecom industry, many of the diverse suppliers who participated in the program also supply **other vertical markets** and industries. Because TL 9000 is an ISO 9001 based standard, BIZPHYX helps clients achieve certification to ISO 9001, TL 9000 and ISO 14001 (the environmental standard) and works in other sectors such as transportation and energy, with clients that include BNSF and PG&E.

The relevance? There are multiple research studies that **document the benefits of certifying to a quality management system**, for both the supplier and the corporation, that are *cross sector* and *cross standard*.

QuEST forum, the governing body that manages the TL 9000 quality standard reported in their 2009 paper on “*Quality Improvement Trends In Companies Using The TL 9000 Quality Management System*”: “...while many certified organizations that faithfully use TL 9000 attest to the improvements in quality derived from utilizing TL 9000, this study confirms these statements.” A recent research study conducted by the *Journal of Operations Management* concluded that a company's shareholder value often increases after certifying to ISO 14001, regardless of a particular market segment. The **qualitative and quantitative benefits of a QMS certification** are clear for both suppliers and corporations.