

Our monthly newsletter filled with the latest news and updates in the quality assurance industry.



QC INSIGHTS

Help for your supply chain



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FEATURE ARTICLE

Games Suppliers Play

Among the frustrations that come with sourcing goods in Asia, one of the most intractable are the “games suppliers play”. As a regular feature of our monthly newsletter, we will include an article on various tricks factories and suppliers engage in to maximize their profit while maintaining promised delivery dates.

1 “Ready or Not”

An Acceptable Quality Level inspection requires the correct percentage of goods to be completed and ready for shipment. Since the selection of goods to check is random, having the correct number is the only accurate way to ensure accurate results.

There are times when the inspector arrives, and a sufficient quantity has not been completed. This usually results in a cancelled inspection and re-inspection order that will be paid by the factory. To avoid this, a factory may try to trick the inspector into believing the

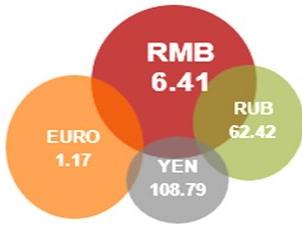
Many of you have stories, from the amusing to nightmares, and we would love to hear them. Beginning with our June edition, we will include a link where you will be able to contribute your own stories. The best of which can be included in future newsletters with your permission. Those selected will have an opportunity to earn service credits for the contribution. We hope you enjoy!

correct number are packaged and ready for shipment. In our article this month, we will give two examples of how this may be done.

WHERE ARE THE GOODS?

When our inspector arrived at a factory, the supervisor was exceedingly hospitable. For example, he carried the inspector’s bags into the factory without being asked. He also called upon numerous factory employees to assist the inspector with his work. The Inspector sensed something strange about the situation, so was unusually vigilant. (cont’d page 4)

Currency to Dollar



MAY CLOSING

The main narrative changed to the dollar moving to higher yields due to the risk-off sentiment. The dollar did weaken against the Japanese yen. Worries about trade relations between China and the US weighed on markets and weak PMI data weighed on the euro while the pound suffered from slower inflation.

4 TIPS FOR SOURCING LEADERS

"Tell me and I'll forget. Show me and I may remember. Involve me and I'll understand. — Chinese Proverb

CHINA MANUFACTURING TRENDS

Just released official figures showed growth in China's manufacturing sector exceeding expectations in May, as output and new orders jumped. China's manufacturing sector beat the analysts forecasts and rose to an 8-month high in May. Some economists say this points to a rebound in growth.

The official manufacturing purchasing managers' index rose to 51.9 in May from 51.4. This significantly beat Reuter's median forecast of 51.3. A senior China economist said this portends continued steady growth in Q2 and beyond.

Others economists believe it is not sustainable, and in fact may be a temporary boost of industrial output due to the easing of pollution controls rather than a rise in underlying demand.

1

Use a Proven Model

Do not reinvent the wheel. While not every model fits every sourcing effort, the key is to analyze several proven models and select one that will best fit your needs.

2

Know Your Supplier

Knowing your supplier's strengths and weaknesses is key. Making the effort to properly evaluate your supplier, either yourself or with a third party, will eliminate future problems.

3

Plan for Failure

Even with the best of suppliers, critical issues can, and will poison a relationship. Never stop sourcing. Never put all your eggs in one basket.

4

Start Smaller

Smaller suppliers are hungrier, and more open to trying new things. While the supplier must be able to meet your expectations on production, many small suppliers have grown up with buyers to become trusted partners.

TRENDS IN ASEAN ECONOMY

Asia economic sentiment appears positive, with a mostly rosy economic output forecast for 2018. Although a relatively bullish outlook is common among forecasters, high confidence is only for the short to medium term, especially in view of the possibility of protectionist moves by the USA.

Another issue facing the regions involves China's debt crisis. Cheap credit has allowed debt accounts to reach an unsustainable level of 250% of the gross domestic product.

Due to the size of China's economy, this negative monetary

situation can put pressure on the global outlook.

Some Asia experts believe that recent proliferation of trade agreements will help mitigate trends towards economic isolation and temper the effects of any USA trade barriers. While this may be a bit optimistic, it will have a positive effect.

"Run your business as if it's in trouble. If you don't one day it will be." — Jack Miles

SNEAK PEAK at UPCOMING ARTICLES

 Games
Suppliers Play

 Partner with Key
Accounts

 HQTS and
Alibaba Join Forces

 Advantages
of Monitoring KPI

UPCOMING EVENTS

NONE



QC Dog's Corner

Commendation for our Customer Service

As a leading global service provider in quality assurance, HQTS team focuses on all aspects of providing quality service.

For example, the HQTS Customer Service Department is tasked with servicing our customers. In the process their goal is also to build and preserve positive relationships. Considering the diversity of our client base, CS staff must be flexible according to the needs of individual customers.

We were recently contacted by a customer in Brazil who shared high commendation for Anne, a customer service rep. They commended her strong work ethic and attention to detail. They also mentioned her ability to coordinate so well with suppliers, factories, tech managers and inspectors in the implementation of their quality plans, even during the weekend when necessary.

Another customer commended Anne for her proactive attitude in resolving issues. They also praised her solid understanding of their business and good communication with others at HQTS to help avoid misunderstandings.

We are pleased to have Anne on our team as she exemplifies the best of HQTS.

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Regulatory Updates

HQTS NEWS

HQTS and ALIBABA JOIN FORCES

Alibaba recently introduced its new Tmall clothing platform, "Excellent Products Selection", and cloud quality assurance service.

HQTS is the first service provider selected for the new Cloud Quality Assurance program. It was also announced that HQTS will collaborate with Tmall's new concept and support their "Excellent Product Selection" through upgraded cloud quality assurance services.

The new model covers the entire quality control process, including third-party quality inspection, warehouse logistics, and consumer feedback. HQTS is pleased to participate in this groundbreaking merchant to consumer QA initiative.

Canada Lead

May 2, 2018, Health Canada has published SOR/2018-83 Consumer Products Containing Lead Regulations, which shall repeal SOR/2010-273 Consumer Products Containing Lead (Contact with Mouth) Regulations.

[CLICK FOR ARTICLE](#)

Canada Jewelry

On 2nd May 2018, Canada's Department of Health has published SOR/2018-82 Children's Jewelry Regulations, which shall repeal SOR/2016-168 Children's Jewelry Regulations.

[CLICK FOR ARTICLE](#)

EU Amends REACH

May 4, 2018, the Official Journal of European Union releases Directive 2018/675, amending the entries of CMRs in Annex XVII of REACH Regulation. This regulation shall enter into force on the twentieth day following that of its...

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Product Recalls

Our monthly recall report identifies unsafe product issues. These may be helpful to you in clearly understanding what product conditions or defects are being singled out for attention by regulatory bodies.

[CLICK FOR REPORT](#)



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“The definition of insanity is doing the same thing over and over again and expecting different results.” – Albert Einstein



FEATURE ARTICLE - Games Suppliers Play

(cont'd from page 1)

When he broke down the stack of shipping cartons to randomly select the appropriate number to inspect, he was careful to open the stack all the way into the corner and also select a few of those cartons. He found many those to be empty. So, he went through the entire stack and counted approximately 30% of the stack as empty boxes.

The supervisor was forced to admit the factory only finished about 70% of production. We emphasized to the supervisor the importance of ensuring specifications were met and made a report of non-compliance to the client.

Having the correct percentage of goods ready for an AQL inspections is vital for accurate results. This client required 100%, but only 70% were available. So, if the inspection had been done, the AQL results would have been completely skewed, and the client may have received goods that should not have shipped.

The factory had to pay for a re-inspection after production was complete, and the client was happy our inspector had been so thorough with the inspection.

WHERE ARE THE BOXES?

Upon receipt of an order, our team calls the factory and confirms requirements for the inspection as well as the inspection date.

The supplier confirmed the customer inspection requirements and our inspector went to the factory the next day. He was immediately shown the completed goods in the stack of shipping cartons in the warehouse. He was able to count them in the stack and confirmed



HQTS

See your inspections
live while they take
place!

the correct number that matched the packing list.

However, when inspector began removing cartons from the first rows, he noticed a table was under some cartons in the middle. It was clear that some cartons were stacked on top of a table, and surrounded by other cartons, giving the illusion that all goods were completed and packed in cartons.

So inspector broke down the entire stack and found only 37% of the goods were completed and packed for shipping. Our client required 80% minimum completed for the inspection. The factory had confirmed 80% completion the day before and reconfirmed during the kick-off meeting the inspector held with the factory manager and staff upon arrival.

It was clear the factory did not expect our inspector to be thorough. Perhaps based on previous experience with substandard QC companies, or other reasons. Either way, the factory was embarrassed that they were caught in a lie and was forced to pay for a reinspection. The client was pleased that the professionalism of our inspector averted what would have been a costly problem.