



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—Automotive

We have been increasingly aware of issues related to automotive aftermarket parts suppliers.

Our teams have found, upon arrival to the manufacture’s reported address, the location was not the manufacturer at all, but rather an assembly or warehouse facility.

Growing use of consolidators, middlemen, and other intermediaries in this space is creating issues with specifications degradation due to substandard handling of information and assembly, product grading, and facilities out of compliance with requirements.

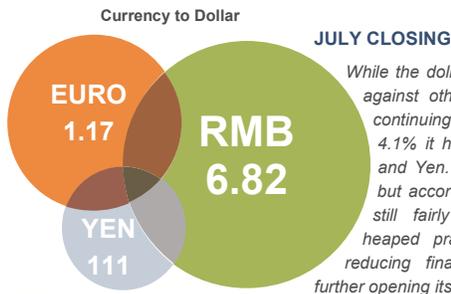
It is necessary for your QA team, whether internal or 3rd party, to be

proactive in alerting you to these supplier issues.

HQTS QA teams have reported many of these issues to clients, resulting in measures to improve the supplier evaluation processes, and verification.

These types of ‘bait and switch’ operations are an ongoing issue in many product categories, where it becomes difficult to really know where your products, materials and components are being sourced.

While this can create a challenge in managing quality, working with a knowledgeable quality assurance provider can help mitigate these issues, increasing transparency throughout this stage in your supply chain.



While the dollar has strengthened broadly against other currencies on news of continuing USA GDP growth in Q2 of 4.1% it has slipped against the Euro and Yen. China RMB has weakened, but according to an IMGf official it is still fairly priced. The IMF further heaped praised China's progress on reducing financial sector risks and in further opening its economy

4 LESSONS FOR SOURCING PROFESSIONALS

Definition of an Understatement

"Perseverance is not a long race; it is many short races, one after the other." — Walter Elliot

HANDLING QUALITY DISAGREEMENTS

At times a QA team will report on quality issues that are challenged by the vendor. A recent example was a major supplier for industrial equipment and machinery to government mining operations.

Our QA engineering team was required to be careful to measure all large items according to the complex set of design specific specifications and engineered drawings. They found many items out of compliance, and provided extensive documentation of the results. The supplier immediately challenged the results, raising issues of our team professionalism.

The client ordered a conflict re-inspection, including both supplier and our team completed together to verify results. The result was the supplier was forced to admit their products were out of compliance. This resulted in significant trust built with our client, and remediation actions by the supplier to resolve all issues.

1

Product Quality

This can have a significant impact on total cost. It should be well-defined, and understood between the buyer and supplier. A 3rd party QA can be indispensable in this process.

2

Location, Location, Location

As more production moves to South Asia, it is important for the buyer to understand the local infrastructure, supply chain, seasonal weather, and trade regulations.

3

Understand Your Vendors

Vendors have to earn a profit just like you. Contribute to their success, and they will be more likely to contribute to yours.

4

Communications

How well does your supplier communicate, and what are his IT capabilities? You can often see indicators of this during initial contact and negotiations.

"Planning is everything. The plan is nothing"

— Dwight D. Eisenhower

TRENDS IN MANUFACTURING

Growing concern over the potential for trade disruptions between China and the USA, along with rising costs, have caused many sourcing professionals to give increasing consideration to South Asia as a source for suppliers.

Some of the key sectors that are benefiting from this movement south and east are automotive parts and accessories, aerospace, footwear, electronics, healthcare and medical devices, paper products and technology.

Of course, the India, Pakistan and Bangladesh have long been gaining market share from China in the apparel and textiles business.

Entering new markets comes with its own challenges, and often times 3rd party quality providers can assist with ensuring uninterrupted quality in your supply chain.



**AUGUST SNEAK
PEAK**

-  **The Games Vendors Play**
-  **Partner with Key Accounts**
-  **HQTS & College develop curriculum**
-  **Advantages of Monitoring KPI**

HQTS Services

Full range of quality control inspections

Chemical and package testing for consumer products

Factory Audits and vendor evaluations

Quality Assurance consulting and production management.

Government and Trade Services

Specialized business services and QA consulting

Regulatory Updates

HQTS NEWS

HQTS Partners with Aikucun

Richard Fan, CEO of HQTS Group Ltd., is pleased to announce a formal agreement to provide comprehensive quality assurance services to Aikacun (www.aikucun.com), a large China based eCommerce platform for major Asian brands.

The agreement was signed in June 2018 for HQTS to provide sampling inspections, sorting inspections, on-site factory audit, and assist in qualified product selection.

This is an expansion of HQTS eComm model to provide domestic quality assurance services with many famous similar platforms, including Taobao, Tmall, V-shop, Juhuasuan, and Mogujie.com. We are pleased to count Aikucun as the latest one of our large eComm partners.



QC Dog's Corner

HQTS was recently invited to visit DaddyLab's Headquarters and deliver two days of quality control lectures and interactive teaching seminars to the company's quality staff.

DaddyLab's QC team focuses on sampling inspections in their own warehouses. However, because the variety of products and SKUs in each batch are limited, the resources required for sampling inspections and processing can be costly.

The HQTS team was called on to assist in jointly developing and deploying the HQTS comprehensive quality management plan for their team.

ECHA Consults on Phthalates

On June 5, 2018, the European Chemicals Agency (ECHA) released a public consultation, preparing to amend the REACH authorization list on the uses of four phthalates.

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New Prop 65 Warnings

The Office of Administrative Law approved the new regulations for improved Prop 65 warnings and that will take full effect from August 2018. When the new regulation takes effect, the old warning system will expire.

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CPSC New Booster Seat Reg

The CPSC approved a new federal rule intended to improve the safety of booster seats for children, including booster seats used at home and in restaurants. The new rule does not include seats for use in cars.

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New EU EN71 Toy Standard

June 2017, the European Committee for Standardization (CEN) published an amended version of European standard EN 71-3:2013+A3:2018, Safety of toys – Part 3: Migration of certain elements.

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