

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

Six Reasons Why Quality Control is Important

In a perfect world, where a factory will effectively manage its own quality, and every worker takes ownership of the outcome, the need for outside quality control would certainly be mitigated.

But this is not a perfect world, and nobody does a perfect job. Even countries that enjoy a reputation for excellence production processes and manufacturing,

1 Minimize Risk

When sourcing products in Asia, certain well-known risks must be factored into your supply chain planning. For example, the ubiquitous red envelope, short cuts on production, substitution with lower cost materials and components, outsourcing to unknown factories and suppliers, excellent samples not matching poor quality production samples, and defective merchandise. The importance of quality control

quality control plays an important internal role. Considering the lack of controls and standards in developing countries, the importance of quality control in the supply chain becomes obvious.

Consider the following six reasons that demonstrate the importance of quality control, and why it should be part of your supply chain planning.

inspections cannot be underestimated because it helps you minimize these risks. Through a quality control inspection, you have a direct, real-time, look at the product before it is shipped. Thereby making sure what you will receive matches your expectations. The cost benefit analysis is unequivocal – the benefit outweighs the cost. (cont'd PG 2)

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



Why Quality Control is Important

2 Save Money

Outsourcing quality control saves money. Many chaff at the idea of paying for quality control services. However, it has been found to save considerably in long-term resources. Any who have experience a product recall, being forced to scrap or rework products, taking returns, and losing good-will and business, have come to see the importance of quality control. In fact, 3rd party quality control may be the more cost-effective alternative to managing quality in your supply chain. The costs incurred emotionally, physically, and monetarily can be much higher, than paying for inspections or product testing.

3 Save Time

Time is an important resource in every business, and lost time equals lost money and opportunity. Many of the issues mentioned in the preceding section result in a significant amount of time being dedicated to resolution. In addition, travel to and from suppliers to resolve issues is very time consuming. Outsourcing quality control services can allow you to reduce your internal resource load at a reasonable cost.

4 Process Control

Having inspectors in your factory allows you greater control over your supplier. Factory owners are often more conscientious when aware inspections could take place at any time. This helps reduce the incidence of quality defects and fraudulent work. This gives you more control over the entire production process as a key benefit, along with the opportunity to intervene whenever necessary – and early enough to avoid losing valuable time and money when issues arise.



5 Bargaining Power

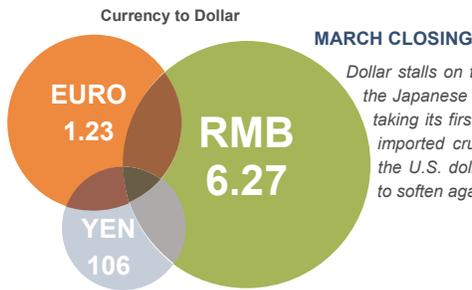
In some cases, when a supplier exceeds the accepted defect level, a buyer will negotiate the terms of resolution. Sometimes it is a rework and piece by piece re-inspection; other times it may be a reduced price for the shipment. Whatever the case may be, having a comprehensive view into the quality situation of your products before shipment, will give you greater leverage in resolving the matter before additional costs are incurred. This speaks forcefully to the importance of quality control in your supply chain.

6 Brand Protection

An old saying states, “trust is hard to earn, but easy to lose.” Providing good quality products increases customer satisfaction, loyalty and trust. Satisfied customers are willing to buy from you again and again, as well as spread the word to others by recommending your products. To maintain this requires your products meet, or exceed, customers’ expectations. There have been many cases of business ruined by failing to remember this. The importance of quality control is obvious. Quality is key to maintaining and enhancing your brand.

HQTS

your #1 choice for
quality assurance
throughout Asia.



Dollar stalls on trade news headwinds, as the Japanese Yen strengthens. China is taking its first steps towards paying for imported crude oil in yuan instead of the U.S. dollar, while RMB continues to soften against the US dollar.

4 LESSONS FOR VENDOR MANAGEMENT LEADERS

Definition of an Understatement

"The supply chain stuff is really tricky." — Elon Musk

SURVIVING THE "TRADE WAR"

Don't Overreact

New tariffs on aluminum and steel are set to take effect next week. The USA has also announced another \$50 billion in new tariffs on China technology, aerospace, and machinery. The response? As China stated, it is polite to reciprocate. Is this the start of a trade war? It's too early to tell.

Most economists recognize the dangers of a trade war between the world's two largest economies. This could also be nothing more than a bargaining chip in negotiations already under way. Trump is well known for backtracking on statements when the realities become clear. Regardless, it is our view that calmer heads will prevail. It may be as simple as China throwing a symbolic "bone" to the Trump administration allowing the president to claim an important election promise win.

1

Scrutinize Prospects

They will pull out all the stops to get your business, but do your homework. Stick to your requirements, and do not compromise on proof.

2

Evaluate, Monitor, Measure

Key performance data must be monitored continually. This data will give you actionable intelligence on a vendor's strengths and weaknesses.

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

Communicate

It is vital to communicate all project expectations in clear simple terms including, but not limited to, pictures drawings, samples and timelines.

"You don't get what you want, you get what you negotiate."

— Harvey Mackay

TRENDS IN MANUFACTURING



China is making significant strides in the sophistication and scope of its manufacturing sector. As China continues to transition to a more skilled manufacturing economy, low to medium skilled production opportunities are being transitioned to neighboring countries in S E Asia.

Many of these are well positioned to benefit from this shift. For example, Vietnam exports have risen by over 80% in the period between 2011 and 2017. India has also benefitted

from, becoming the fastest growing major emerging market, with a goal to increase manufacturing output to 25% of GDP by 2025. However, overcoming issues related to productivity, corruption, and infrastructure deficits, are playing a significant role in tempering this growth. For all you old China hands, does this situation sound familiar? Stay tuned!

APRIL SNEAK PEAK

-  **The Games Vendors Play**
-  **Partner with Key Accounts**
-  **HQTS and Alibaba Join Forces**
-  **Advantages of Monitoring KPI**

UPCOMING EVENTS

Hong Kong Electronics
Apr 13 - 16, 2018
Hong Kong Convention
Centre
Booth 3CON-131

The 123rd Canton Fair
Apr 15 - May 5, 2018
China Import Export Fair
Booth 4-4

Hong Kong Houseware
Apr 20 - 23, 2018
Hong Kong Convention
Centre
Booth 5C-G07

Fashion World Tokyo
Apr 4 - 6, 2018
Tokyo Big Sight, Japan
Booth F11-30

HK Int'l Lighting Fair
Apr 6 - 9, 2018
Hong Kong Convention
Centre
Booth 3B-A15

AFF Osaka
Apr 10 - 12, 2018
MYDOME Osaka Japan
Booth A009

Regulatory Updates

HQTS NEWS

HQTS Expands USA Footprint

Richard Fan, CEO of HQTS Group Ltd., is pleased to announce a formal joint operating agreement has been signed with Chicago based QA International Services Co Ltd. The agreement effectively moves all QAI Asia operations to HQTS, and QAI becomes the sole representative for HQTS in the USA.

“We are happy for the opportunity to work more closely with QAI” Mr. Fan said, “and we expect to benefit immensely from their experience and reach in the USA market”.

Tim Corrigan, President of QA International, agreed saying, “HQTS has been a solid partner for many years, and we are pleased to join them in providing the best service and coverage that our customers deserve.”



QC Dog's Corner

Occasionally our team must deal with difficult production issues. Recently in Quanzhou, our team uncovered mold on a few shoes that had been packaged for shipment. Due to a tight timeline, the supplier and customer were inclined to ship the goods. However, when our team educated them on the danger of mold proliferation over time, it was agreed that shipment should be held for mold abatement and remediation prior to shipping.

The client and supplier were pleased with the overall results of our technical staff in discovering the problem, and finding a solution that would save time, money, and protect their brand.

EU Food Contact Materials

On 19 January 2018, the Official Journal of EU issues the EU 2018/79, amending Regulation (EU) No 10/2011 on plastic materials and articles intended to come into contact with food.

[CLICK FOR ARTICLE](#)

Polyester Clothing Labels

In California, a new bill has recently been introduced by the California State Assembly that will require all clothing made of fabric containing more than 50% polyester to bear a conspicuous warning label.

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EN71-8 Toys Update

The Technical Committee CEN/TC 52 “Safety of Toys” published the updated standard EN 71-8:2018 Safety of toys - Part 8: Activity toys for domestic use. It supersedes EN71-8:2011.

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New EU REACH Proposal

European Commission proposes to restrict apparel, textile and footwear containing CRM exceeding concentrations listed in Appendix 12. and which come into contact with the skin under normal use.

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