

## Know Your Suppliers

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*May 25th, 2009*

Cost reduction can be tough in engineering dominated environments where the intangibles of electrons, pixels and band width can render seemingly workable devices incompatible. New suppliers often face the barrier of a qualification process involving their processes, quality (ISO) and environmental (RoHS/EPA) standards. A Sourcing Professional must work especially hard to bring value to purchases made for technical products.

An often neglected supply management task is tracking your existing suppliers' changing technical capabilities. Suppliers often qualify for one, or a single class of products. As their market basket grows, and your needs change, potential matches of strength to need can easily go undiscovered.

A client of ours had qualified an Asian source for LCD POS displays used in their vending machine products. They were delighted with the technical, quality, and cost aspects of the delivered product. While working a project to source electronic components like keyboards, I discovered (on the Internet) that this same Asian supplier made custom keyboards. If they can make custom keyboards, why not make keyboards for my client? The incumbent supplier had a ten year, rising price cost history for the keyboard they produced providing motivation for a change.

I initiated an e-mail dialog with the supplier's engineers in Asia. "What do you need to know to determine whether you can make this keyboard?" I asked. I found myself serving as the information conduit between engineers located a world apart on such details as voltages, keystroke signals, type of keycap and base, etc. Soon a prototype arrived that easily matched the performance of the existing keyboard at less than half the price! Since this supplier was already "qualified", there was no lengthy process to extend cycle times to production! Therefore, the cost savings was realized immediately!

Discovering that our client had also added LED POS displays as an option, the e-mail discussions with the Asian engineering team began again. “If you can make an LCD POS display, are you able to make LED POS displays?” The answer was affirmative, and soon our client had a new but fully-qualified source for this component at a 33% savings!

Technical products are changing at an ever increasing pace. A sourcing professional must stay abreast of the related engineering and manufacturing changes. When new requirements arise, a review of existing suppliers can often lead to the fastest, and most economical solution.

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