Perspectives on BEST (QA/Compliance) PRACTICES

Global Supply Chain Management
Meet Your Expert Panelists

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Vice President
General Counsel
ETS Express

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Director
Global Supply Chain
Vantage Apparel

Joe Cade
Vice President
General Counsel
Bic/Norwood

Rick Brenner
CEO, Prime Line
Moderator
Welcome to Trustworthy Backpack Company
Trustworthy Backpack Company

Global Supply Chain Teams

Product Development
- Concept Develop
- Market Testing
- Risk Assessment
- Market & Advert

Supply Chain
- Factory Selection & Vetting
  - Price/Produce
  - Factory Eval
  - Social Comply
  - Score Card
  - C-TPAT
  - Mfg Agreement
  - Purchase Order
  - QA/Monitor
  - Exped & Import

US Plant and Ops
- Rec, WH, Pick
- Dec, Pack, Ship

QA/Compliance
- SOPs
- Document Rev
- Storage & Acc
- Recall Ready
Trustworthy Backpack Company

Proposed New Backpack 132
## Today’s Session

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<th>Task</th>
<th>Time Allowed</th>
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<tr>
<td>Introduction</td>
<td>Up to 10 minutes</td>
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<tr>
<td>Teams work on assignments</td>
<td>Up to 15 minutes</td>
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<td>Team presentations, Q&amp;A and feedback</td>
<td>Up to 45 minutes</td>
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<td>Contest vote</td>
<td>5 minutes</td>
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### Team Advisors

- **Leeton Lee**
  - U.S Plant and Operations
- **Linda Levine**
  - Supply Chain
- **Joe Cade**
  - Product Development
- **Rick Brenner**
  - QA/Compliance
Departmental Functions

Typical U.S. Importer/Supplier/Decorator

• Product Development
• Supply Chain
• U.S. Plant and Operations
• QA/Compliance
Product Development

- Concept Development
- Market Testing
- Risk Assessment
- Marketing and Advertising
Product Development / Concept Development

• **Product Description:**
  – Name, item number, colors, catalog placement, target market, etc.

• **Components:**
  – Bill of Materials (BOM) including labels, tags, accessories.
  – Bill of Ingredients (BOI) for liquids, putties, pastes, gels and powders.

• **Specifications:**
  – Raw material origins - product, accessories, trims, decoration.
  – Design, construction, labeling, performance requirements.
  – Packaging and packing specifications.

• **Drawings:**
  – Technical drawings with dimensions.
  – Color Photos

• **Samples:**
  – Initial prototype/sample/design approvals
Product Development / Market Testing

• **Production Data**
  – Production Lead Time
  – Minimum Order Quantity (MOQ)

• **Import Data**
  – Country of Origin
  – Tariff Code/Rate
  – Freight Method, Carrier, Cost & Time

• **Total Landed Cost**

• **Market Price**
  – Decoration Method(s)
  – MOQ
  – GP

• **Competitive Analysis**
  – Review Against Comparable Products on the Market

• **Customer Feedback**
Product Development / Risk Assessment

- **Product Safety Assessment:**
  - Design & manufacturing hazards and defects such as sharp edges & points, pinch hazards, etc.

- **Performance Testing:**
  - Does it perform according to its intended and advertised purpose? Strength/Weight Capacity, Balance/Stability, Fit/Form/Function, etc.
  - Use and Abuse/ASTM F963 Testing

- **Compliance Testing:**
  - CPSC/CPSIA, FDA, Prop 65, BPA, TRA (Art Materials), etc.

- **Intellectual Property Review:**
  - Patent, Trademark, Trade Dress or Copyright Infringement?

- **Social Issues - Conflict Minerals:**
  - Does the product contain any Tantalum, Tin, Tungsten or Gold from the Democratic Republic of the Congo or adjoining countries? (Dodd-Frank Act – 2013 is the first reporting year)
Product Development / Marketing & Advertising

- **Product Claims**
  - Made in USA
  - Eco Claims
  - Health Benefit
  - Performance/Capacity/Strength
  - Endorsements – Celebrity, Governmental Agency, Company or Organization.

- **Warnings/Instruction Manual/Product Inserts**
  - Product Hazards
  - Age Grade – Child Products
  - Prop 65 Warning
  - Polybag Warning
  - Safety & Care Instructions/Warnings
  - Assembly and Operation

- **Uses Portrayed in Photos**
  - Implied Child Product?
  - Implied Claim (Made in USA, Eco, Health Benefit, Compliance – “BPA Free”, etc.)?
  - Improper Use of Product Creating Risk of Injury?
  - Implied Endorsement by FDA, EPA, CPSC, TSA, celebrity, company or organization?
Supply Chain

- Factory Vetting and Selection
- Purchasing
- Production Monitoring
- Expediting and Importation
Supply Chain/ Factory Selection & Vetting

Pricing and Production Capabilities

- Production capability
- FOB pricing
- Order turn time
Supply Chain/ Factory Selection & Vetting

*Factory Evaluation*

- **Supplier Profile** (Name, Contact Info, Products made, Markets served, Major Customers/References/Certifications/Audits passed)
- **Processes** - Materials requisition, receiving, testing, etc.
- **Production capability** - # machines, assembly lines, workers
- **Vertical production** (raw materials fabrication, painting, plating, dyeing, weaving, sewing, decorating, packaging)
- **Subcontracting**
- **Facilities Description** (Building, Equipment, Workforce)
- **Safety and Quality Control** (Processes & Records)
- **Storage & Shipping** (Organization, Cleanliness & Security)
- **Working Conditions** (Safety & Labor Practices)
- **Corrective actions and re-evaluation**
Supply Chain/ Factory Selection & Vetting

Social Compliance

- Child labor
- Forced labor
- Health and safety
- Freedom of association
- Discrimination
- Discipline
- Working hours and wages
- Environmental protection
Supply Chain/ Factory Selection & Vetting

Supplier Score Card

• Manufacturing Capabilities
• Social compliance
• Security
• Price & Payment terms
• Product Lead Time & Delivery Date
• Quality & Claims
• Product Safety & Regulatory Compliance
Supply Chain/ Factory Selection & Vetting

Supply Chain Security – C/TPAT

• Screening of Employees
• Employee identification
• Building security
• Physical Access Controls
• Computer system security
• Security training
• Container and Shipping Security
Supply Chain/ Purchasing
*Manufacturing Agreement*

- Compliance guarantee
- Terms - Deposit and credit
- Specifications guarantee
- Indemnification
- Intellectual Property
- Confidentiality
- Any other terms specific to your company or requirements
Supply Chain/ Purchasing

*Purchase Order*

- Price and payment
- MOQ and/or Quantities
- Delivery date requirement
- Packaging, shipping and all other special instructions
- Reference to Mfg. Agreement, if any, and/or purchasing terms related to this order
- Compliance and testing requirements, documentation and guarantee
- QA requirements
Supply Chain/ Purchasing

Production Monitoring

• Quality inspections – DuPro Inspection/Pre-Shipment Inspections
• Corrective actions - Periodic re-inspection
• Compliance testing - Reasonable testing program, representative samples
• Material Changes Policy
Supply Chain/ Purchasing

Expediting and Importation

- Documentation
- Certif. of Origin (req’d for exports)
- Bill of Lading
- GCC/CPC
U.S. Plant and Operations

- Receiving
- Warehousing
- Picking
- Decoration
- QA Inspection
- Shipping
U.S. Plant and Operations

Receiving, Warehousing and Picking

- Logging-in process for product
- QA Inspection and documentation
- Compliance testing (XRF) or Audit Testing
- Lot/batch locations, Order picking process
- Inspection quarantine area
- Non compliant product quarantine area
U.S. Plant and Operations

*Decoration, QA Inspection, and Shipping*

- Procurement and storage of inks, solvents, glues, chemicals – MSDS, testing documentation
- Safety processes, PPE for factory - OSHA, etc.
- In-line imprint quality checks; inspections
- Final inspection and release
- Packing
- Shipping documentation and tracking
QA / Compliance

- Quality Manual – SOPs/Policies
- Document review
- Document storage
- Document Access Control
QA/Compliance

Company Policies and Procedures Manual - SOPs

- **Product Development**
  - Concept Development
  - Market Testing
  - Risk Assessment
  - Marketing and Advertising

- **Supply Chain**
  - Factory Selection and Vetting
  - Purchasing
  - Production Monitoring
  - Expediting and Importation

- **U.S. Plant and Operations**
  - Receiving, Warehousing and Picking
  - Decoration, QA Inspection and Shipping

- **QA/Compliance**
  - Compliance evaluation
  - Testing, Inspection, Documentation and Review
  - Document storage and Access Control
QA/Compliance

**Documentation and Review**

- Risk assessments
- GCC/CPC (for EU: REACH/RoHS docs)
- Corrective Actions; Proof of Corrections
- Test reports
- MSDS; Restricted Substances List (RSL)
- Audits
QA/Compliance

*Document Storage and Access Control*

- **Product Lists** - status and results of testing
- **Imprint Ink Lists** - status and results of testing
- **Corrective Action List** - status and results; written proof of corrections
- **Product Spec Sheets** - BOMs, BOIs, Raw Material Certs & MSDS Sheets
- **Design Reviews, QA/Performance/Compliance Specs**
- **Test reports, TRA’s, Risk Assessments**
- **Toxicological Risk Assessments (TRA)** on substances that may go on or in the human body (liquids, gels, putties, powders, etc.)
- **Audit Reports**
- **Audit Corrective Actions** and documented proof of corrections
Recall Readiness

- Recall Team, Description of Duties and Calling Tree
- Central repository of customer complaints, claims, factory defects, etc.
- Training in Section 15(b) reporting
- SOPs for Recall Plan
- Recall Checklist
- Pre-made templates and scripts
- Mock recall and corrective actions to prepare for the "Real One"