



**EPOWER CORP**  
CONTRACT MANUFACTURING

# CONCERNED ABOUT YOUR SUPPLIER?

## How To Efficiently Switch Contract Manufacturers



## BACKGROUND

- Successful products are built on the collaboration of multiple parties.
- The party that usually fails to pull their own weight is the manufacturing partner
- If you are dealing with a supplier that isn't pulling their own weight then these steps will educate you on how to make the necessary changes to strategically switch your manufacturing partner.
- These steps provide have helped many companies to switch manufacturer's without jeopardizing quality, output, their customer loyalty and more.

# SWITCHING MANUFACTURERS - THE PROCESS

## STEP 1: COMPANY NEEDS

Company Addresses Current Issues With Their Supply Chain

## STEP 2: DUE DILIGENCE

Company Gathers Information About Other Contract Manufacturers

## STEP 3: TESTING

Company Tests The Ability Of The New Supplier With A Current Problem They Are Facing

## STEP 4: TRANSFER OF DOCUMENTS

Both Parties Agree To Transfer Documents And Contracts That Build Knowledge And Understanding Of The Product

## STEP 5: PRE PRODUCTION

All The Contracts, Documents And Instructions Are Finalized For Production

## STEP 6: LAUNCH, SUSTAIN & REPEAT

Launch And Sustain A High Level Of Quality For Each Order And Repeat The Process With Other Products And Projects

## STEP 1: COMPANY NEEDS - DETAILS

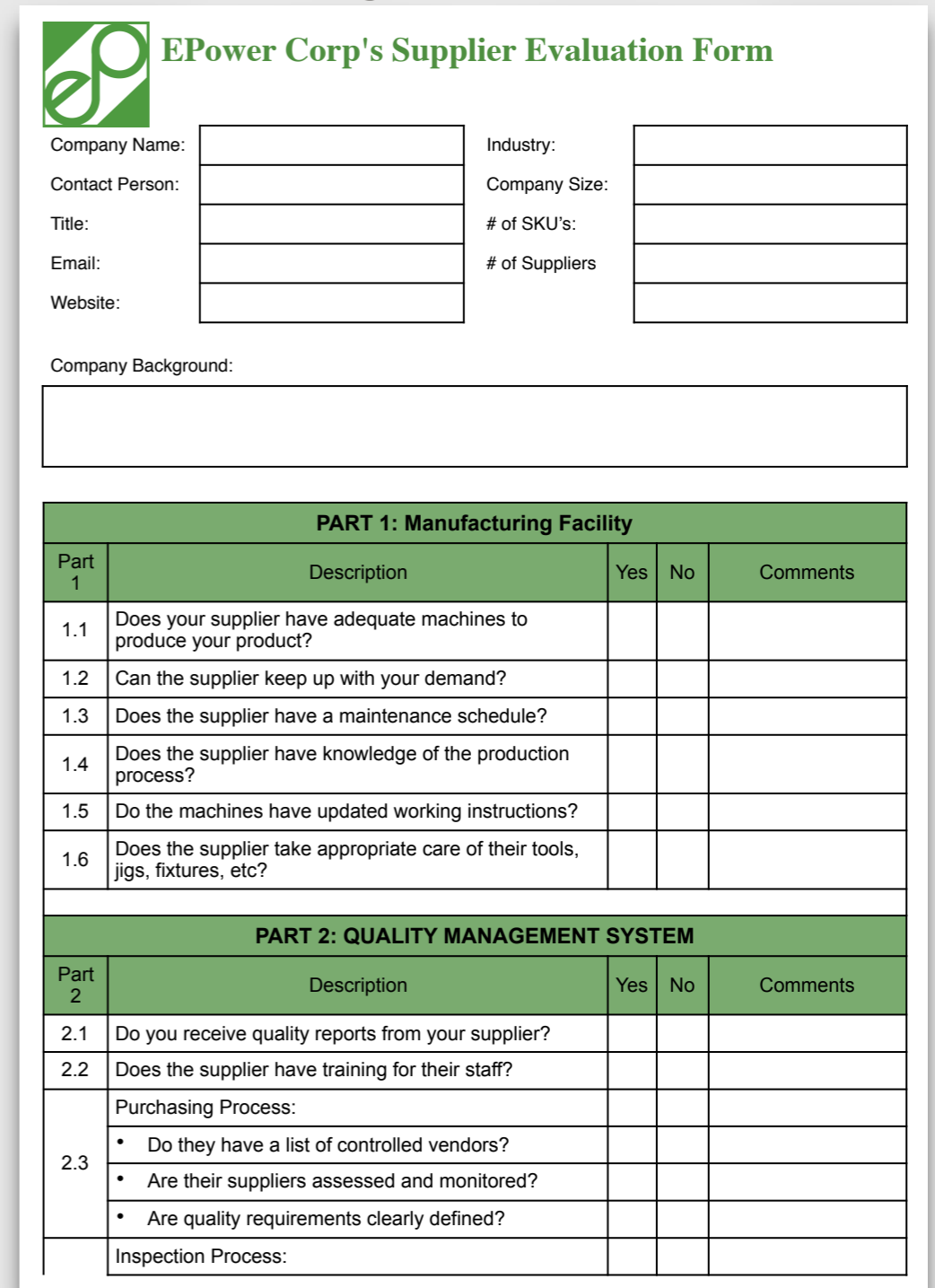
- Goal: To see whether or not your supplier provides you with the solutions and services that are needed in order to maximize your products potential.
- The company needs to fully understand what they expect from a supplier and compare that with what they are currently receiving from their current manufacturer.
- Nowadays, suppliers are expected to offer support in the following stages:
  - Pre Production Stage
  - Production Stage
  - Post Production Stage

# STEP 1: COMPANY NEEDS - CHECKLIST

• The company should be satisfied with the following:

- The price of the product
- The quality of the final product
- Engineering and Technical Support
- The lead time is appropriate and shipments are on time
- The supplier provides you with product development services
- The supplier has a legitimate IP protection policy

▶ Click the picture to the right to see our Supplier Evaluation Form



**EPower Corp's Supplier Evaluation Form**

Company Name:  Industry:

Contact Person:  Company Size:

Title:  # of SKU's:

Email:  # of Suppliers:

Website:

Company Background:

PART 1: Manufacturing Facility				
Part 1	Description	Yes	No	Comments
1.1	Does your supplier have adequate machines to produce your product?	<input type="checkbox"/>	<input type="checkbox"/>	
1.2	Can the supplier keep up with your demand?	<input type="checkbox"/>	<input type="checkbox"/>	
1.3	Does the supplier have a maintenance schedule?	<input type="checkbox"/>	<input type="checkbox"/>	
1.4	Does the supplier have knowledge of the production process?	<input type="checkbox"/>	<input type="checkbox"/>	
1.5	Do the machines have updated working instructions?	<input type="checkbox"/>	<input type="checkbox"/>	
1.6	Does the supplier take appropriate care of their tools, jigs, fixtures, etc?	<input type="checkbox"/>	<input type="checkbox"/>	

PART 2: QUALITY MANAGEMENT SYSTEM				
Part 2	Description	Yes	No	Comments
2.1	Do you receive quality reports from your supplier?	<input type="checkbox"/>	<input type="checkbox"/>	
2.2	Does the supplier have training for their staff?	<input type="checkbox"/>	<input type="checkbox"/>	
2.3	Purchasing Process:	<input type="checkbox"/>	<input type="checkbox"/>	
	• Do they have a list of controlled vendors?	<input type="checkbox"/>	<input type="checkbox"/>	
	• Are their suppliers assessed and monitored?	<input type="checkbox"/>	<input type="checkbox"/>	
	• Are quality requirements clearly defined?	<input type="checkbox"/>	<input type="checkbox"/>	
	Inspection Process:	<input type="checkbox"/>	<input type="checkbox"/>	

## STEP 2: DUE DILIGENCE - DETAILS

- Goal: Accumulate information from other contract manufacturer's that help you make an informed decision of whether or not to build a relationship with another supplier.
- In general, the due diligence stage will take 4 weeks which usually consists of multiple stages of questioning which is enough time to build the first layer of trust.
- Questioning revolve around:
  - Manufacturing Services
  - Industries Served
  - Additional Services Provided

## STEP 2: DUE DILIGENCE - CHECKLIST

- Below are a list of questions that every company should ask the new supplier
  - What is the quality procedure your company follows?
  - How do you deal with late shipments?
  - What are the main industries you serve?
  - Which production lines do you have?
  - What are your product development services?
  - What kind of engineering and technical support can you offer?
  - Do you offer final assembly?
  - Do you have sourcing engineers?
  - Does your factory have any certifications?
  - What's your policy of dealing with IP



## STEP 3: TESTING - DETAILS

- Chose a supplier that best fits the goals of your company to test their capabilities with one of issue your company can't solve.
- Provide the supplier with a product that your company or supplier hasn't been able to solve that revolves around engineering or costing
- Goal: To see if the supplier can provide you with a solution for the issue that your company or supplier is having.
- Testing the capabilities of the supplier is risk free as it's just seeing whether or not the supplier can solve an issue that your team or current supplier has been unable to solve.
- Best area's to test:
  - Quotation
  - Engineering & Technical Support



## STEP 4: TRANSFER OF DOCUMENTS - DETAILS

- If the new supplier has provided you with an adequate solution for your issue then the next step is to have both parties transfer documents.
- Goal: Both parties provide all of the necessary documents that the other party needs in order to proceed to pre production and launch.
- Transfer of documents will also test more services from the new supplier that haven't been tested yet.
- Transfer of documents also doesn't mean that you need to purchase from them. If the transfer of documents doesn't go smoothly then you don't need to continue.

## STEP 4: TRANSFER OF DOCUMENTS - DETAILS

There are a number of documents, drawings and specifications that each party need to disclose.

<b>The Company Provides:</b>	<b>The Supplier Provides:</b>
<ul style="list-style-type: none"> <li>• 3D &amp; 2D Drawings</li> <li>• Material Specifications, if Defined</li> <li>• Tolerances, if Defined</li> <li>• Purchasing Volume - Demand</li> <li>• Quality Requirements</li> <li>• Packaging Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Product Price</li> <li>• Engineering &amp; Technical Support</li> <li>• Tooling Price</li> <li>• Lead Time for the Supply</li> <li>• Quality Specifications</li> <li>• Packaging Prices</li> </ul>

## STEP 5: PRE PRODUCTION - DETAILS

- Goal: Have both parties agree on contracts and documents that are created for the production process.
- Both parties need to work together to create and agree on contracts and documents to so the product can be manufactured the same each time.

Topic	Created By:	Agreed By:
Full BOM Quote	Supplier	Company
Lead Time	Supplier	Company
Quality Requirements	Company	Supplier
Work Instruction's (WI's)	Supplier	Company
Golden Sample	Supplier	Company
Production Schedule	Supplier	Company
Manufacturing Contract , Lead Time & Quality)	Supplier	Company

## STEP 5: LAUNCH, SUSTAIN & REPEAT - DETAILS

- Goal: Successfully launch the product with the new supplier.
  - Sustain a high level of quality at a competitive price.
  - Repeat this process for other products as well.
- Since trust has been established, the process is much quicker for new projects and also for transferring production to the new supplier

## CONCLUSION

- Strategically switching manufacturer's can provide the company with a number of benefits that end up launching more products and improving their financial position.
- Remember that it doesn't hurt to get in contact with another supplier if the goal is to improve the competitiveness of your company.
- Also look to gain knowledge from your new supplier as learning is the most effective way to building trust.
- For more information please feel free to reach out to us at [hello@epowercorp.com](mailto:hello@epowercorp.com)