

GM enforces QS-9000 mandate, Purchasing Nov 5, 1998

Abstract:

Although no one knows which suppliers they are, General Motors reports that there are GM first-tier suppliers on business hold with GM because they have not met a December 31, 1997, mandate to earn QS-9000 certification. QS-9000 is the Big Three automakers' common quality program. QS-9000 combines an ISO 9000 quality assurance base with industry-specific guidelines drawn from the former auto industry quality programs. GM and Chrysler Corp. have kept up a steady public posture of serious intent to back up their QS-9000 mandate with action. Historically, Ford and GM have been at odds about whether to require QS-9000 certification. Ford opted out of mandating certification.

Although no one knows which suppliers they are, General Motors reports that there are GM first-tier suppliers on "business hold" with the behemoth auto manufacturer because they have not met a Dec. 31, 1997, mandate to earn QS9000 certification.

But the percentage of first-tier suppliers in compliance is "pretty high," according to GM spokesperson Dan Jankowski. By pretty high, he means "70% to 80%" of first-tier suppliers have earned QS-9000 certification.

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For the last several years the big question in quality circles has been whether the Big Three-especially General Motors and Chrysler-would stick to their December, 1997, deadline for first-tier suppliers to earn QS9000 certification.

There have been many automotive industry observers who voiced doubts about the seriousness of the mandate, especially when in the early days of QS-9000, there didn't seem to be enough auditors to meet supplier needs. Moreover, Ford Motor Co. has insisted on compliance to QS-9000, but has not gone along with the certification mandate.

In a recent interview, Jankowski said GM was "holding to our previously announced strategy of wanting independent certification. There are some who haven't yet achieved that status. Those who aren't in compliance know what their situation is. If they don't get certified, they won't do business with us."

According to Jankowski, GM will not release the names-or numbersof suppliers that are currently on "business hold" because they have not earned QS-9000 certification. Moreover, despite repeated requests, GM has not provided information on the exact numbers of first-tier suppliers.

Jankowski answers that GM considers the numbers of its suppliers to be

"proprietary," and not for release. What he will say is that no company will do business with GM as a first-tier supplier without earning a QS-9000 certificate. "They must be certified to do business with GM, not just be in the process (of earning QS-9000 certification)," he explains.

According to an Auto Industry Action Group (AG) survey released in the summer of 1997, reportedly 2,791 supplier locations were QS-9000 certified at that time. How many of those involved first-tier suppliers was not available, nor were figures of total auto industry suppliers.

AIAG also reported that the average cost to a supplier to register to QS9000 is \$118,000, with the cost broken down as follows: preparation, \$36,900; consultants, \$26,000; registrar, \$18,300; and software, \$5,100.

Deafening silence

Try to bring up the issue of GM suppliers being on business hold and the silence is deafening out there in Dearborn and Southfield, Mich., where auto executives gather. Some officials at AIAG say they can't glean anything from the Big Three on the matter.

Rad Smith, a former Ford executive who now heads up Peat Marwick's QS-9000 efforts, could not be reached for comment despite repeated phone queries. In off-the-record attempts to glean information with first-tier suppliers, the reply has been "no knowledge" of any suppliers actually on business hold with GM.

Rich Steinhelper, executive director of the Michigan Tooling Association, offers one very plausible explanation: No supplier wants to release that sort of information. He only has a handful of first-tier suppliers among his membership, and he says none of them have breathed a word on the subject of the QS-9000 mandate.

Chrysler also serious

Whatever is truly taking place behind-the-scenes, GM and Chrysler have kept up a steady public posture of serious intent to back up their QS9000 mandate with action.

For example, at a special QS-9000 Town Hall meeting on Tuesday, Aug. 26, 1997, Warren Norrid of Chrysler, Stephen Walsh of Ford, and Dan Reid of GM issued the following warnings to recalcitrant auto suppliers: Get certified or basically cease doing business with us.

That town meeting was the last time the Big Three came together in such a public way to advertise their intent regarding QS-9000, so the details bear some repeating. These are the major highlights from that session:

Chrysler suppliers who are late registering but have moved into the QS9000 process will not be eligible for quality awards and may be subject to re-sourcing.

A supplier without a plan will be placed on "business hold".

GM's Jankowski reported at the time that suppliers who "are not QS9000 certified will not be able to bid on new business, whether you are a current supplier or not. If you are a current supplier, your contract will be reviewed."

Ford executives announced that Ford suppliers would be subject to corporate, or second-party audits, to ensure they were in compliance with QS-9000. Those who were not in compliance could lose preferential Q1 status.

QS-9000 task force members-representatives from the Big Three that set QS-9000 direction-indicated that the "next steps" involved continued efforts to harmonize QS-9000 practices among the Big Three, creation of additional company-specific requirements, and work on pushing QS-9000 into Europe where the joint quality program has not been particularly popular.

News blackout continues

How much of this program is currently being implemented is not known. Task-force members have refused to talk to the media since the spring of 1997 except through spokesmen like Jankowski and except for staged events like those in Detroit. On occasion, they have issued joint press releases. Jankowski has explained that there is "an agreement between the players not to talk. Whatever they're doing as a group, they're not stating publicly until they hash out their differences."

What exactly are those differences? Historically, Ford and GM have been at odds about whether to require QS9000 certification. Ford opted out of mandating certification, arguing that the registration program was too green to impose on its suppliers. Whether this is still the case is a matter of speculation, given the taskforce news blackout.

And there have been numerous behind-the-scenes efforts to get more official recognition of QS-9000 within the International Organization for Standardization (ISO), creator of the ISO 9000 international quality standards series.

Moreover, not all auto manufacturers worldwide have adopted QS-9000. Presumably, integration of ISO 9000 and QS-9000 means that the Big Three model becomes the world auto industry model.

To keep the Big Three in the international fold and avoid further splintering of the ISO 9000 standard, ISO last year announced it was creating a new liaison category to its Technical Management Board. This category has been opened to the International Automotive Task Force to allow their input directly into ISO. In the meantime, ISO officials report that the Big Three is negotiating to create a special pilot program that would explore harmonizing ISO 9000 and QS-9000. -Amy Zuckerman