

EFFECTIVE COMPLAINT MANAGEMENT AS A BUSINESS SUCCESS FACTOR

Streamlined and highly integrated value-added chains depend on premium quality and reliability. This involves not just the avoidance of errors, but also their rapid rectification and the effective elimination of their causes in particular. Effective Complaint Management plays a key role here. ZF Friedrichshafen AG employs SupplyOn to handle complaint processes quickly and to eliminate the causes of errors long-term.

ZF Friedrichshafen AG, with a global headcount of 61,000 and annual sales of more than 12 billion in 2008, is one of the world's largest automotive suppliers. The corporation's most important driveline and chassis technology products make it Europe's market leader and also one of the world's leading automotive manufacturers. Premium quality and efficient processes ensure that ZF is able to compete in an increasingly challenging market environment. In this respect the corporation focuses particularly on its chain of suppliers.

"The levels of innovation and efficiency necessary to maintain a strong market position cannot be sustained without a streamlined and highly integrated supply chain," Berthold Schuster, Head of eBusiness Solutions at ZF, explained. "However close integration of suppliers and the

Strategic approach to quality management

"Our objective is therefore continuous and sustained quality improvements at our suppliers. Efficient and effective Complaint Management plays a core role in this context," Schuster explained. "To this end we have laid the foundations by implementing an integrated strategy throughout the corporation." On the one hand this conception is designed to reduce Complaint Management effort and costs at suppliers and at ZF, and on the other to lay the foundations for new quality improvement concepts. This approach is also designed to increase process transparency and ensure full documentation of each stage. The objective was also to standardize as far as possible the heterogeneous set of supplier communication practices that tend to evolve in a major corporation. There was



„The benefit of the system to suppliers is that the complaint process is standardized and transparent. It assists suppliers using proven problem-solving and long-term quality improvement methodology.“

Berthold Schuster, Head of eBusiness Solutions at ZF Friedrichshafen

reduction or even prevention of buffers in the supply chain also pose major process management challenges and are thus not without risk." If quality and delivery commitments to customers cannot be met because of problems with purchased parts, high costs are incurred and these costs also have to be hedged with appropriate reserves.

no question that such a strategy could only be implemented using a powerful, web-based IT solution.

The 8D approach forms the methodological basis of ZF's Complaint Management process, and this approach is also recommended by the German Association of the Automotive Industry (VDA) and has

been specified at ZF for many years in its QR83 Guideline and is standard practice. The 8D-method divides Complaint Management into eight steps, which include problem identification, immediate action and also long-term-effective remedial and preventative measures.

Integrated electronic Complaint Management

The system that ZF put in place provides an integrated infrastructure to manage the complaint process together with customers and suppliers. Electronic complaint handling at ZF is based on SAP's SAP QM solution. Standardized processes in QDX (Quality Data Exchange) data format were established to facilitate data exchange of 8D-reports with suppliers and customers. A unitary XI infrastructure facilitates technical integration of suppliers and customers, as does a technical connection to the SupplyOn Internet platform.

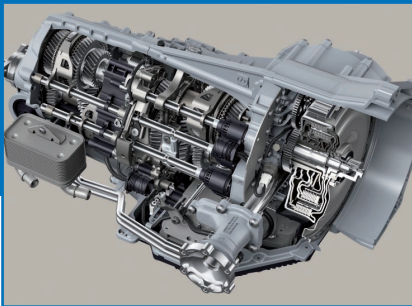
and documents. Suppliers are integrated into the process via SupplyOn. Problem Solver enables suppliers to handle complaints online step-by-step, using the 8D-method, to return interim or final results to ZF, to document, print or download what action they have taken and to follow up in their internal systems. An integrated reminder mechanism reminds suppliers about overdue deadlines.

The ZF staffer responsible is notified on a continuous basis about current handling status via a "cockpit" upstream of the SAP system – in fact until the problem has been completely rectified, remedial measures have been successfully implemented and preventative action has been specified and taken.

The SupplyOn solution, which is currently in use at the ZF plants in Friedrichshafen and Passau and is being gradually adopted

quality improvement methodology," said Schuster. "The supplier's top management obtains a quick and comprehensive overview of ZF's complaints. It can get a specific handle on processes and take effective action quickly. Interaction between us and our supplier also gets easier and therefore more intensive – a prerequisite for fast and proactive quality management."

Furthermore both ZF and its suppliers are able to reduce additional work and expense by automating non-productive and administrative processes. Coordination between the Logistics and Quality functions is improved and process costs significantly reduced.



A complaint process is triggered by a quality message in SAP QM. The quality staffer records essential error description and quantification details, whilst all other data is added automatically. The staffer then decides whether to request an 8D-report from the supplier, and sends the complaint electronically "at the touch of a button" – including full data and if necessary pictures

throughout the corporation, provides both ZF and its suppliers with a range of benefits in relation to costs as well as process and component quality. It guarantees process transparency not only for operational staff but also for management on both sides.

"The benefit of the system to suppliers is that the complaint process is standardized and transparent. It assists suppliers using proven problem-solving and long-term

SupplyOn AG
Ludwigstraße 49
D-85399 Hallbergmoos
Germany

Phone: +800.78775966
Fax: +811.99997110

SupplyOn North America Inc.
7 West Square Lake Rd.
Bloomfield, MI 48302, USA

Phone: +248.758.2300
Fax: +248.758.2301

info@SupplyOn.com
www.SupplyOn.com