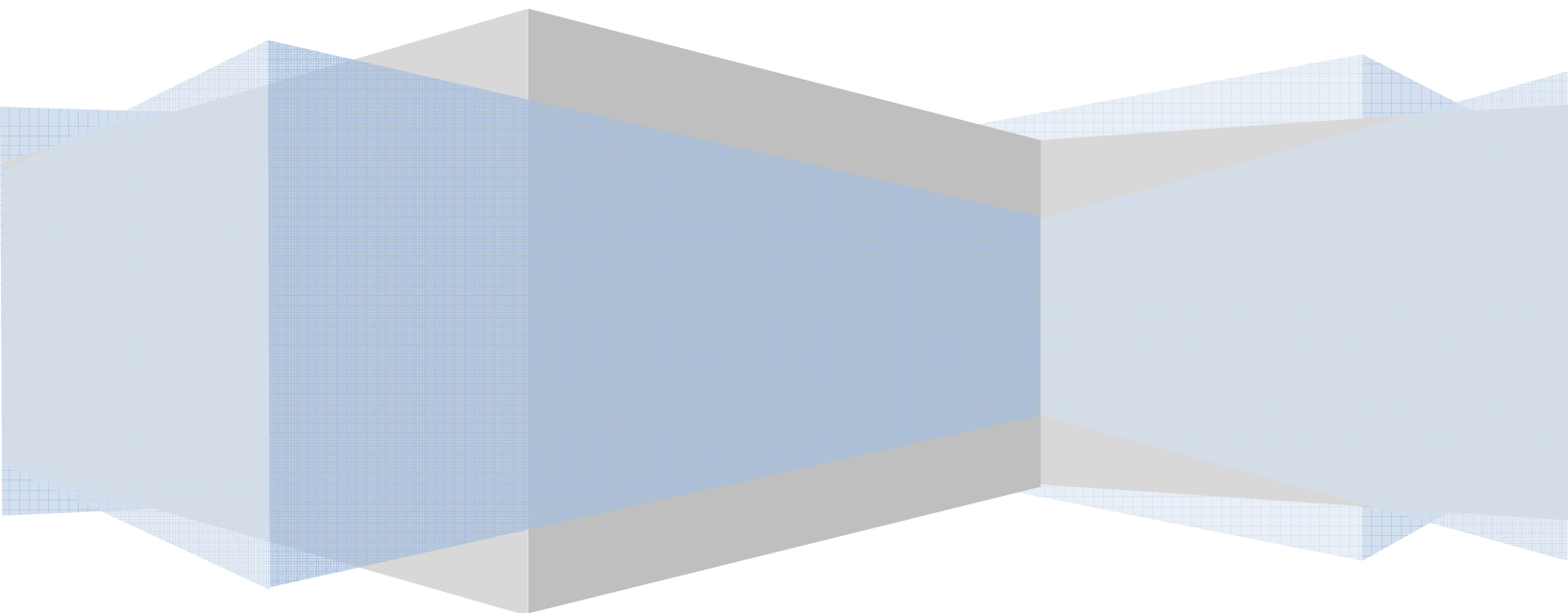


Chinese Manufacturing

Six Keys to Improving Quality and Avoiding Defectives

By: Bill Quarless



CHINESE MANUFACTURING: SIX KEYS TO IMPROVING QUALITY AND AVOIDING DEFECTIVES

You can't turn on the TV today without hearing about some major scare, recall or ban of products "Made in China." From toothpaste to televisions, suddenly every product Americans use seems vulnerable. Naturally, this includes DRTV products. Nothing can destroy a company faster than a major defective return or product recall.

In fact, DRTV products are *more* susceptible to defectives than your average consumer products company. Why? There are four reasons. First, most DRTV products are unique. Either the whole product, or some key feature of the product, has never been manufactured before—it's a learning process for everyone involved. Many potential issues aren't even discovered until after production has started. Second, the speed required to roll out before competitors and knock-offs enter the market simply does not allow for perfection. Oftentimes, DRTV products enter production with several "running changes" to be made—and for good reason. If an item has tested successfully, its creator would be foolish to spend too much time fiddling and lose the first-mover advantage. Third, the four- to five-time markup required on DRTV goods puts huge pressures on the manufacturer. Corners are cut—both openly and behind the scenes—and this, predictably, leads to problems. Ten cents saved today ends up costing 10 dollars down the road. Finally, few DRTV companies have a steady presence in China. The point: Factory owners don't cut corners when you are standing over their shoulder.

The following tips can save you from a defective nightmare and keep your DRTV product from becoming yet another scary headline:

CHOOSE A QUALITY-CONSCIOUS SUPPLIER

Selecting the right supplier is the first and most critical step. Your Chinese factory must demonstrate that they are very concerned about quality. Some simple questions, followed by a quick factory tour, should help determine if you have the right factory:

- What quality assurance process do you employ?
- Is there a QA/QC (Quality Assurance/Quality Control) department?
- How many workers are in that department?
- (And my favorite question) How important is quality control—and *why*?

The answer to the last question often surprises me, and it quickly weeds out those who don't understand the long-term benefits of a strong quality-assurance program. Of course, factories will tell you what you want to hear, so the tour is an essential follow-up. Some key things to look for:

- Is the factory neat and orderly?
- Is the staff uniformed, or are they wearing street clothes?
- Does each production station have written instructions with drawings posted?
- Are there QC checkpoints throughout the line? Are QC managers walking the line?
- Is every unit checked—visually and physically—before packaging?

CLEARLY DEFINE YOUR CRITERIA

Defective goods shouldn't be discovered for the first time on the retail shelf, or even at the final inspection and container loading. You should go through every possible defective scenario and address it before production. Your product should be subjected to a battery of tests where you actually *try to create a defective*. Written criteria are also helpful. They will make clear what is acceptable and what is not before production is even started. What you consider critical, major and minor defects should be spelled out, and both you and the factory should sign the "golden samples." Along with the written criteria, this will engender commitment to product standards. I have seen many disagreements erupt that could have been avoided by establishing these criteria in advance.

I also advise you to affirm the importance of good quality products in your early meetings with the factory. Many factories don't understand the DRTV business and don't think enough about long-term success and repeat orders. You must teach them and explain to them that it's in their best interest to spend the time and money needed to get the product quality right.

START WITH HIGH EXPECTATIONS

Although the first DRTV goods off the line are usually the most rushed (because they need to ship ASAP to avoid a dry test), these are the goods you must use to set expectations. When you allow substandard product to ship—even a small amount—it's all the more difficult to sell the factory on improving their quality later. These first few containers are the ones that set the standards and determine what you will accept, despite everything you've said in the past. Once the factory becomes programmed, it is hard to break that programming. Whenever possible, assuming our clients have the time, we intentionally fail the first few containers. This forces the factory to re-work the goods and lets them know that without a doubt, we are serious about quality. Once the standard is raised, we are less likely to face problems down the road. (Hopefully none of our factories are reading this article!)

MAINTAIN A PRESENCE AT THE FACTORY

An important key to getting quality products out of a factory—and to maintaining that quality throughout the lifecycle of the project—is to have a constant presence in the factory. Our informal research has shown we can improve quality by 20 percent just by drinking tea in the factory! All of the shortcuts and money-saving changes the factories make occur when you are 7,000 miles away. After all, it's difficult to set and maintain quality standards by e-mail from the other side of the planet. To give just one example, this is when recycled plastic usually makes its way into the production line. When you are in a factory on a weekly (and sometimes daily) basis, the factory has little opportunity to exploit your absence. Everyone is too busy trying to impress the customer, including the factory QC staff, which can often be found running around rejecting products off the line. When you are in the factory, the last thing anyone wants is for you to pick up a defective unit they missed.

CONDUCT QC THROUGHOUT PRODUCTION

Many companies wait for the final production to concern themselves with QC and to conduct pre-shipment inspections. This is a big mistake. At that point, it's usually too late to make corrections because the choices are: scrap the entire shipment (and kill the project), or ship garbage to customers (and kill the project). Final production inspections should be the *last* phase of QC, not the first. In fact, physical quality control begins with the raw materials that will be used to make your product. You should be sure your factory has strong IQC (Incoming Quality Control) procedures for these materials, as well as any parts needed to manufacture your product. QC points should then be set up throughout the production line. A team of factory workers should literally be pulling substandard products off the line at every stage. Finally, each product should again be 100-percent inspected before being packed into its box or blister.

UTILIZE A PROFESSIONAL QUALITY-CONTROL COMPANY

Despite having our own QC team, we often use third-party companies to conduct the Final Random Inspections (FRI) of our goods. This is generally the last layer of QC we use, and it ensures that quality control has been properly executed throughout the production process. These companies use procedures based on Acceptable Quality Levels (AQL) to obtain random samples that represent the entire production lot. The samples are thoroughly checked and tested, and a final report is issued.

Corruption is one of China's biggest challenges and a real concern when it comes to quality control. A good inspection company will have built-in systems that minimize the likelihood of their inspectors being bribed to approve goods. Some companies change inspectors with each shipment, never allowing one inspector to stay long enough to develop a relationship with the factory. Other companies withhold most of the inspector's compensation for up to three months at a time, which ensures they won't make stupid mistakes that could jeopardize their income.

All DRTV companies dream of getting a lot of attention for their products, but nobody wants a major defective issue to be the reason. Following the tips above will help keep your product on TV, on the shelf—and off the news.



ABOUT THE AUTHOR

Bill Quarless is president and CEO of Impact Products Ltd. (www.impactproducts.com), a Hong Kong-based China manufacturing and production management firm. He can be reached at (852) 2139-3961 or by e-mail at bill@impactproducts.com.