Quality Expectations to Supply Chain

Every day we purchase over 300 million parts for our Bosch plants around the world. We therefore expect our suppliers to operate a Quality Management System that guarantees defect free deliveries, right from the start of production.

To support our suppliers in fulfilling this target, we run a worldwide standardized improvement program including phases of cooperation and escalation. Here we give an overview and some details about the basic approach of this program.

Our aim is to work jointly with our suppliers to continuously improve the Quality of purchased parts within the whole supply chain. When our expectations are not being fulfilled we expect that our suppliers work sustainably on improving their Quality performance. We support these activities with our new supplier cooperation and escalation program.

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Invented for life

BOSCH

Supplier Cooperation and Escalation Program

Bosch Mobility Solutions (BBM)

Escalation

SQIP: Supplier Quality Improvement Program

- Incident driven escalation program to improve Quality performance and needed structures at suppliers.
- SQIP is divided in four escalation stages depending on the severity of upcoming problems and the success of implementing actions for improvement.

Cooperation

EQC: Extended Quality Cooperation

- Preventive support to increase the maturity level of a supplier.

SQC: Standard Quality Cooperation

- Work on upcoming single Quality topics (daily business).

The supplier cooperation and escalation program is divided in two elements:

The cooperation element is separated into the Standard Quality Cooperation which means daily business with upcoming single quality topics and into the Extended Qualtiy Cooperation which means a preventive support to increase the maturity level of a supplier. Both cooperation stages have no impact on the Bosch Dynamic Supplier Classification regarding the awarding of new business.

The escalation element is named Supplier Quality Improvement Program and separated into 4 stages (escalation 1-4). The escalation stages rise step by step, are connected to the rating in the Dynamic Supplier Classification and have also impact on awarding decisions (see table). Also the de-escalation is stepwise if the commited targets are reached. In the escalation stages E3 and E4 cost charging elements are included, based on individual agreements with the suppliers.

	Cooperation EQC	Escalation SQIP Four Escalation Stages			
		E1	E2	E3	E4
Application and Scope	Strategic supplier development. Preventive support. Not incident driven.	Incident driven. Dis-satisfying Quality performance.	E1 failed.	E2 failed.	E3 failed.
Target	Increase maturity level in a selected Quality topic.	Improve complaint management performance or specific Quality incident driver.	Set up Quality strategy and needed structures at supplier to achieve expected performance.	Enhanced management attention to implement needed structures to achieve target.	Action plan as decided in risk management. Assure Quality with supplier paid firewall.
Basic Activities	Defined in Quality project.	Defined in target agreement.	Additional to SQIP E1: 14 Quality Basics Assessment.	Additional to SQIP E2: Quality Value Stream Mapping. Tracking of actions with Top Management of supplier.	Tracking of defined action plan. Monitor effectiveness of firewall.
Cost Charging Elements	No	No	No	Yes	Yes
Dynamic Supplier Classification Quality Performance Points	100	75	50	25	1
Awarding	No restriction	No restriction	Restriction	No awarding	No awarding
Exit Criteria	Project finished. Back to SQC.	Commited Quality targets reached. Back to SQC.	Commited Quality targets reached and stable over 3 month. Back to E1.	Commited Quality targets reached and stable over 3 month. Back to E2.	Only with BBM Top Management approval. Back to E3.