



Chartered Quality Institute

# **Quality and the “Crunch” Supply Chain Management (Subsea 7)**

Colin Campbell

Ian Rattray

10<sup>th</sup> February 2009

subsea 7

# Agenda

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- ▶ Introduction and Welcome
- ▶ North of Scotland Remaining Programme
- ▶ Quality and the “Crunch”  
Colin Campbell – UK Quality Manager (Subsea 7)
- ▶ Quality and Procurement...  
Ian Rattray – UK Commercial and Procurement Manager (Subsea 7)
- ▶ Questions
- ▶ AOB

# North of Scotland Programme

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- ▶ Tuesday 14<sup>th</sup> October 2008  
Knowledge Management – The Foyer, Aberdeen
- ▶ Thursday 13<sup>th</sup> November 2008  
Lessons Learnt from Six Sigma – Expro, Lion House, Dyce, Aberdeen
- ▶ **Tuesday 10<sup>th</sup> February 2009**  
**Quality and the “Crunch”**  
**Joint meeting with the Welding and Joining Society**
- ▶ Tuesday 10<sup>th</sup> March 2009  
Another in our successful series of Deming Talks  
FPAL Offices, Altens, Aberdeen
- ▶ Tuesday 14<sup>th</sup> April 2009  
Quality and the Health Service – FPAL Offices, Altens, Aberdeen
- ▶ Tuesday 12<sup>th</sup> May 2009  
AGM and Topical Talk (to be advised)  
FPAL Offices, Altens, Aberdeen
- ▶ **Programme Summary**  
Meetings start at 6:30pm unless noted



Chartered Quality Institute



# Quality and the “Crunch”

Colin Campbell

# The Crunch



Fears over inflation

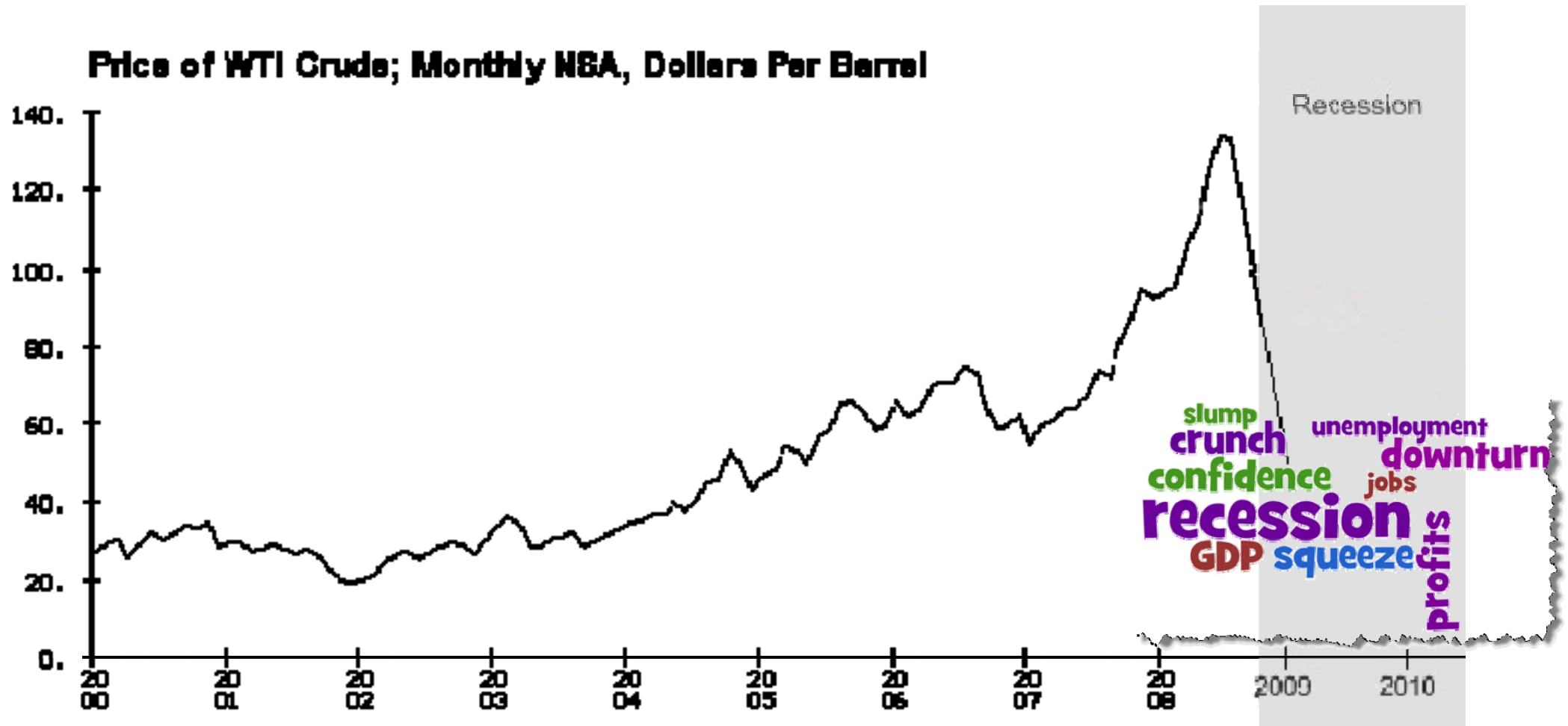
**CRUNCH TIME**

Rate cut demanded as property prices slide

Standard of living will fall, CITY FEAR AS SHARES SLIDE



# The Crunch



# Effect on Businesses

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- ▶ Reduced Margins
- ▶ Less work
- ▶ Recruitment Freezes
- ▶ Cash flow concerns
- ▶ Customers wanting cost reductions
- ▶ Overtime Bans
- ▶ Companies going bust
- ▶ Possible surplus of people
- ▶ Negative energy

etc

The Woolworths logo, featuring the word "WOOLWORTHS" in white, uppercase letters inside a red rounded rectangle.The mfi logo, featuring the lowercase letters "mfi" in a blue, sans-serif font.The Waterford Wedgwood logo, featuring the words "WATERFORD" and "WEDGWOOD" stacked vertically in a serif font. "WATERFORD" is in black on a light grey background, and "WEDGWOOD" is in blue on a blue background.

# Dangers

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- ▶ Focus solely on cost
- ▶ Cheaper options preferred
  - Not always the best
- ▶ Leavers not replaced
  - Lose experience and knowledge
  - Stretches existing resource
- ▶ Temptation quicker ways to do things
  - corners to be cut
- ▶ Tasks left unfinished
- ▶ Low morale



# What can be Done?

- ▶ Opportunity to promote the positive aspects of Quality.
- ▶ Improve efficiencies and effectiveness
- ▶ Reducing
  - Waste
  - Rework / scrap
  - Bureaucracy
  - Variation

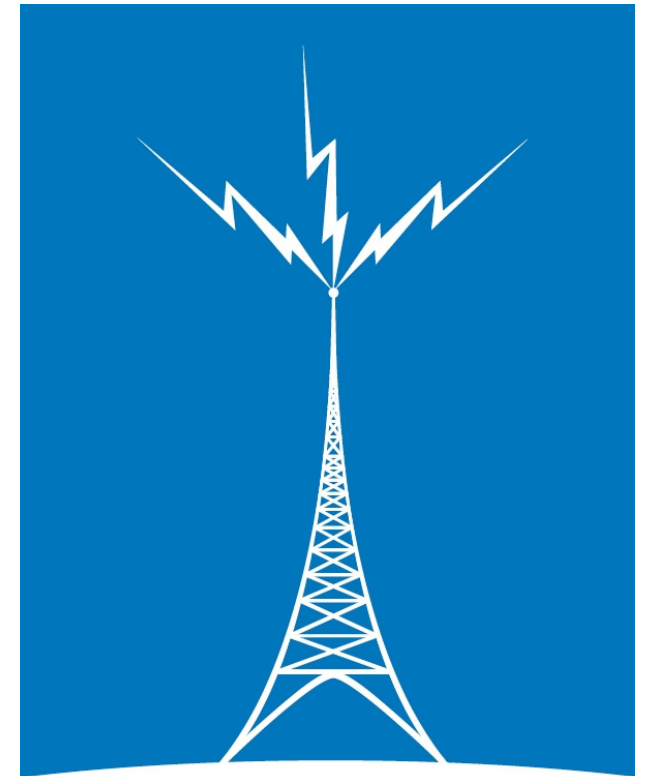
*Waste is like a fog all around us – concealing the truth*

Anon

# How can it be Done?

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- ▶ Customers – Relationship and Communication
  - Keep a proactive attitude
  - Respond as quick as possible to queries/ concerns
  - Don't burden them with unnecessary work paperwork
- ▶ Use Cost of Quality for Improvement
  - Review Trend
  - Ensure Corrective Action
  - Drive Prevention



# How can it be Done?

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## ▶ Drive Quality Assurance

- Ensure gate reviews happen.
- Ensure effective planning.
- Break down any “silo” barriers
- Protect against “corner cutting” attitudes
- Learn from mistakes
  - Understand any scrap / rework and prevent from re-occurring
- Actively use Knowledge Management

**Drive prevention culture**



# How can it be Done?

- ▶ Effective Auditing
  - “Test” management of cost based decisions
  - Are risks being effectively managed
  - Process Audit focus
    - Look for negative trending KPIs
  - Compliance
  - Test competency
- ▶ Variation
  - Reduce FMEA RPN's
  - Look for Variations that could cause cost (SPC)



# How can it be Done?

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## ▶ Supplier Relationships & Communications

- Work with as close as is necessary
- Be mindful of their situation
  - Where needed Quick payments
  - Look for signs of trouble
    - Use site inspection / visits to look for indicators
      - Failures
      - Redundancies
      - Etc.
- Cheapest not necessarily the best





# Some Tips

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- ▶ Avoid negative mindsets. Keep a positive Outlook – *It can be done.*
- ▶ Is there a better way?
- ▶ Challenge why tasks need to be done. If not “value add” why do it?
- ▶ Keep it simple.
- ▶ Ownership – everyone is responsible for quality (don’t lose sight)
- ▶ Mindset of prevention



# Subsea 7's Approach in UK

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- ▶ Take early effective action
- ▶ Senior Management Team weekly meeting.
  - Teams Reviewing our
    - Effectiveness
    - Efficiencies
    - Costs and spend
  - Keeping an equal focus on
    - Customers
    - Suppliers



# Final thought

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- ▶ The ones who get their Quality, Costs, Delivery and Safety right will be the ones who come out of this downturn stronger.

Andy Pitt (Schlumberger) 2008



# Questions ?

