There is Nothing to Fear But Audit Fear Itself: Tricks of the Trade to Survive Vendor Audits

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Topics

► It’s All About Relationships (and Money)
► Swapping Horror Stories!
► Sharing the External Audit Process
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► Putting Cards on the Table vs. Best Foot Forward
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► The First Defense – The Full Kitchen Sink!
► The Last Defense – Baffle Them with !@#$
► Finally - The Dirty Little Secret
It’s All About Relationships (and Money)

▶ What is your relationship with the auditor?
   ■ Current Happy Customer?
   ■ Adversarial (not so happy customer)?
   ■ Future Customer?
     ● Don’t give them a reason to fail you
   ■ Long-Term? Where you’re the customer? (e.g., Registrar)?

▶ Hint: You don’t have to have your act totally together
   ■ With a good bag of tricks…
Swapping Horror Stories

► Same client, 2 very different audits on my watch
  ■ First ISO Audit (Registrar)
    ● First week on the job, 9+ month lapse in their QA Dept.
    ● 2 minor non-conformances, no suggested improvements!!??
  ■ First Vendor Qualification Audit (Potential Customer)
    ● SHARP audit team from Japan, interesting audit dynamics
    ● Occurred 2+ years after the above first audit
    ● Good thing because it took over 200 corrective and improvement actions to get things in shape!
    ● The auditors read every procedure, every word, cross-checked everything, but we had our act together
    ● 1 very minor finding, 1 major strength, 5 suggested improvements

► Yours?
Sharing the External Audit Process

What do you do to “help” your auditor out?

- For the Japanese, we asked for their audit checklist in advance
- We prepared a written response to all questions, showing traceability to our processes and work products
- We prepared a dog and pony show, highlighting many areas of interest

Turn it into a “verification” audit instead of “discovery”
The Power of a Good Dog & Pony Show

► A good summary presentation:
  ■ Introduces the company to the audit team
  ■ Answers some of their audit questions
  ■ Gets top management involved
  ■ Plants seeds that may lead them to conclude you have your act together or draw other positive inferences
  ■ Helps set the tone for a successful audit
  ■ Razzles and Dazzles
Typical Contents

- History and statistics of company
- Organization chart
- Quantitative goals and objectives, including current progress
- QA metrics and actions since last audit
- Results and remediation of last audit
- Customer feedback and related metrics
- Improvements since last audit
- Internal audit schedule
- QA roadmap moving forward
Examples

Identify possible causes

Pick major contributor

Collect data to confirm

Pareto Analysis:
Voting for Major Contributors to PO and Vendor Quote Processing Issues

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Putting Cards on the Table vs. Best Foot Forward

► If there is a major concern, then open the appropriate corrective and improvement actions

► Decide whether to air the dirty laundry or not, depends on appropriateness

■ For registrar audit, probably

■ For vendor qualification, might be good for the relationship, but that’s a tougher call
Audit Checklists – Yours vs. Theirs

Example from Japan
Talk the Talk – Know the ISO 9000 Standard

► Know the difference between “document” and “record”

► Know what they’re looking for when they use specific ISO terminology
  ■ Relationships between processes
    ● Do you have a graphic for this?
  ■ Policy includes commitment to continual improvement and meeting customer requirements
  ■ Etc.
Prepare a binder to ease the process of evidence review and point towards “good” examples:

- Quality Manual
- Quality Policy
- Processes
- Audit reports
- Management Review agendas/minutes
- Previous external audit report/findings
- Listing of open/closed corrective actions since last audit
- Copy of audit summary presentation
- Customer feedback data, etc.
The Last Defense – Baffle Them with !@#$

► The tree that does not bend with the wind may become tomorrow’s stump
► My favorite are process loopholes!
  ■ Know where they are so you can tap them when needed
► Luckily, the ISO standard can be open to some interpretation, too
► Know when to “attack” their weaknesses
► Throw in a pinch of humor – couldn’t hurt
Examples

► See Verizon Business poster
Finally –
The Dirty Little Secret

► <Censored>
Questions and Answers

Huh?
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