

PRESS RELEASE

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QP PRICE REDUCTION RATIONALE & APPROACH

General

The team at Quality Pursuit, recognizing the onset of a slow-down in sales during an upturn in the economy, collectively agreed that product price had become a significant sales consideration. It was apparent to the team that a strong analysis of internal cost was needed. We agreed that the framework for the analysis would be the requirements of ISO 9001:2015. The consensus was that we were compliant to the requirements of ISO 9001:2015 except for the timeliness of our own continual improvement activities. Simply said, the root cause was that our continual improvement activities were in need of continual improvement. We agreed that it was not an obvious root cause. Following are the re-sults of the problems identified and actions taken.

1. *Problem – Rising cost of goods (COG)*

*Discussion - QP responded in kind to each price hike made by our supplier of printed materials. A false assumption was made that COG increases resulted from rising economy. A requirement paraphrased from the standard in our ISO 9001:2015 Pocket Guide states: According to ISO 9001:2015 **your organization must communicate the following to its suppliers: supplier performance requirements** (e.g. to sustain supplier approval status) (8.4.3)*

Simultaneously, the supplier was asked to realign its prices with the prevailing economy and a search for a new supplier was initiated.

Resolution – Our search for a new supplier resulted in finding 2 others that were in line with prevailing pricing and had equal or better quality than the original. The original supplier felt that his prices could not be lowered enough to compete. Of the remaining two, the supplier with the slightly higher price but better quality was selected

2. *Problem - Accounting was too time consuming and leaving an insufficient amount of time to conduct thorough continual improvement.*

*Resolution – A continual improvement activity to automate accounting as much as possible was planned and implemented. Once again, we visited the paraphrased requirements in the QP Pocket Guide. **The requirements are calling for the utilization of the following for the cause of progress in continual improvement of the effectiveness suit-ability and adequacy of the quality management system:***

- **outputs of analyses**
- **outputs of evaluations**
- **management review outputs**
- **Identified opportunities for improvement must be acted on.** (10.3)

3. Problem – There was an identified need to improve the thoroughness of the standing continual improvement process.

Resolution – Our standing requirement for such suppliers was modified to include a reapproval event at each price change. Also [\(10.3\)](#)

Best regards,

Quality Pursuit ISO 9001:2015 Team Members