



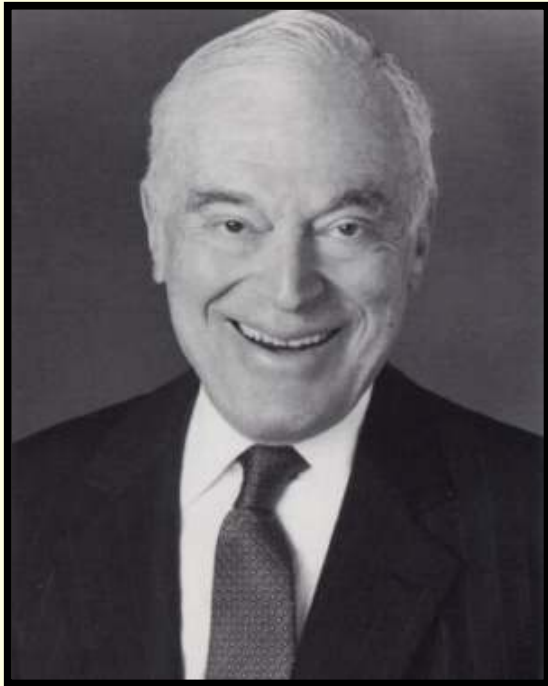
Concern and Corrective Action Report CCAR

Kevin Hill
Executive Director – Quality Assurance
Estée Lauder Companies

Quality Heritage



Quality
Assurance



*“Estee Lauder Companies have pursued Mrs. Lauder’s goal of **quality**, innovation and consumer satisfaction.”*

*“Every step taken from that first year through the one just completed has been guided by the three principles on which she founded the business: **quality**, innovation and a strong connection to our consumers.”*

Supplier Communication



In the Quality conscience and Competitive business we are all engaged in, it has become a necessity to identify issues as they arise and implement irreversible corrective actions to fix them.

K. Hill from CCAR letter to suppliers, July 2005

Agenda



- CCAR Overview
 - What is CCAR?
 - Why utilize CCAR?
 - How does CCAR work?
 - What are the expected outcomes?
- The CCAR Process
- CCAR Reports
- Measuring Compliance
- Current Status
- Continuous Improvement
- Benefits of CCAR
- Summary

What is CCAR?



- A systematic approach to solving a quality concern
- A closed loop process utilizing the Six Sigma DMAICR model
- A Lessons Learned document and database

Why Adopt CCAR?



- To move from a problem notification system to a problem resolution system
- Resolve issues at their source
- Supplier accountability for root cause and corrective actions
- Improve efficiencies and costs
- Improve incoming and outgoing Quality

How Does CCAR Work?



- An issue with a product, component, or raw material is identified via various sources
 - Incoming inspection (AQL violation/Out of specification)
 - Consumer complaint
 - Production issue
- A Non Conformance Report (NCR) is created for financial tracking
- The person affected, the originator, raises a CCAR in the database on the process owner, the supplier, and tracks the progress
- There is one CCAR raised for every NCR or group of similar NCR's

What are the Expected Outcomes?



- Identification of supplier controlled material and source containment within 24 hours of being notified
- Understanding of the issue by the supplier and definitive root cause and corrective action within 5 days of being notified
- Implementation plan to address corrective action within 20 days of being notified
- Closure of the issue within the timeframe identified
- Replication of the corrective action across similar products or processes

The Process

Define the Issue



The screenshot shows a web-based form titled "PRODUCT/PROCESS CONCERN and CORRECTIVE ACTION REPORT". The form is annotated with callouts pointing to specific fields:

- The facility raising the issue:** Points to the "Facility" dropdown menu, which is set to "ASR".
- The NCR number:** Points to the "NCR No." input field.
- The CCAR number:** Points to the "CCAR No." input field, which contains the value "114".
- Supplier tracking information:** Points to the "Supplier" dropdown menu.
- Response review dates:** Points to the "Review Dates" section, which includes options for "24 hr", "5 day", and "20 Day", with corresponding dates (10/06/2005, 10/12/2005, 11/02/2005) and a "Final" checkbox.
- Concern Owner:** Points to the "Contact Name and Number" dropdown menu.
- Concern title/description:** Points to the "Concern Title" and "Product/Process Code" fields.
- Supplier name and number:** Points to the "Supplier" dropdown menu.
- Reason for concern and defect code:** Points to the "Reason for Raising Concerns" dropdown menu, which is set to "OTHER REASONS".
- Component code and description:** Points to the "Product/Process Description" field.
- Originator information:** Points to the "Originator Title and Address" field, which contains "71 Maxess Rd Melville, NY 11747-3135".

Other visible fields include "Batch No.", "Issue Date" (10/05/2005), "PO No.", "Lot No.", "Originator Title and Address", "Originator Phone No.", and "Defect Code/s:". On the right side, there are buttons for "Find Record", "Next Record", "Previous Rec", and "Refresh".

The Process

Define the Issue



Drawings and/or photo attached?	Samples Sent?	Date Sent:	Courier Tracking Number:	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
Comments				Provide samples, photos, and drawings. Identify tracking information.
What is the concern? <i>(Problem Specifications)</i>				Describe in precise detail what the issue is and why it is a concern. Utilize drawings and photographs as necessary.
Where on the Product/Process is the concern?				Describe precisely where the concern is, the position relative to the product itself.
Where was the concern first observed?				Describe specifically where the concern was noted, geographically and at what process stage.
When was the concern first observed?				Give full details as to when the concern was observed with regard to date, time, and operation.
What is the magnitude of the concern? <i>(% Defect and/or Issues Cost)</i>				State the magnitude of the concern as a %, PPM ratio, and cost if available.

The Process

Measure the Issue



Lauder Containment Actions:

	Qty	Action	Costs to be incurred?
Component Stock:	0		
WIP Stock:	0		
Finished goods Stock:	0		
Stock at Customer:	0		

Measure the extent of the issue at all possible locations, identify actions taken, and inform of the possibility of costs to be charged.

Source Containment

This section to be completed by the Vendor or Department contact _returned to Originator within 24 hours.

Containment Action	Qty	Action
Stock at Vendor:	0	
Stock in Transit:	0	
Stock in Remote Warehouse:	0	
Next Production Run:	0	

Supplier measures extent of issue at all possible locations, identifies actions taken and responds within 24 hours of being notified.

Record date information is received to measure compliance.

Date Info Received

The Process Analyze the Issue



Root Cause Analysis					
This section to be completed by the Vendor or Department _returned to Originator within 5 working days.					
Fault Analysis			Effect	Why	
Man	Machine	Method			
				Why	
				Why	
				Why	
				Why	
Materials	Environment	Measure			
Direct Cause:			True Root Cause:		Date Info Received

Utilize the 6 M's of the cause and effect diagram to determine the direct cause of the effect.

Utilize 5 Why approach on the direct cause to determine the true root cause of the issue.

Record date information is received in order to measure compliance. Must be received within 5 days of notification.

The Process

Improve and Control



Upon conclusion of the true root cause, the supplier must address the issue with a permanent corrective action. They must decide on a method of verification that will test that the action is robust and agree on this verification with the originator of the CCAR. As each action is completed, the supplier will test to the verification method.

Chosen Permanent Corrective Action:	Actions
Verification Method	Verification Result

The Process Improve and Control



Implementation Plan			
This section to be completed by the Vendor or Department, returned to Originator within 20 working days			
Activity	Responsible	Progress	Implementation Date
		B- <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> - E	
		B- <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> - E	
		B- <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> - E	
		B- <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> - E	
Date Info Received			

The implementation plan must be reported to the CCAR originator within 20 days of notification of the issue. This section becomes a working document and will be re-sent as implementation dates are met. Until all activities are completed, any containment put in place within the supplier's process must be maintained.

Record date information is received to measure compliance.

The Process

Replicate the Learning



Lessons learned - Where else can this corrective action be utilized:		
Team Leader:	Position	Report Closed

This section to be completed by Quality Engineer on close off of concern

Replication: Identify any other Product/Process or process of similar attributes that could be affected by concern

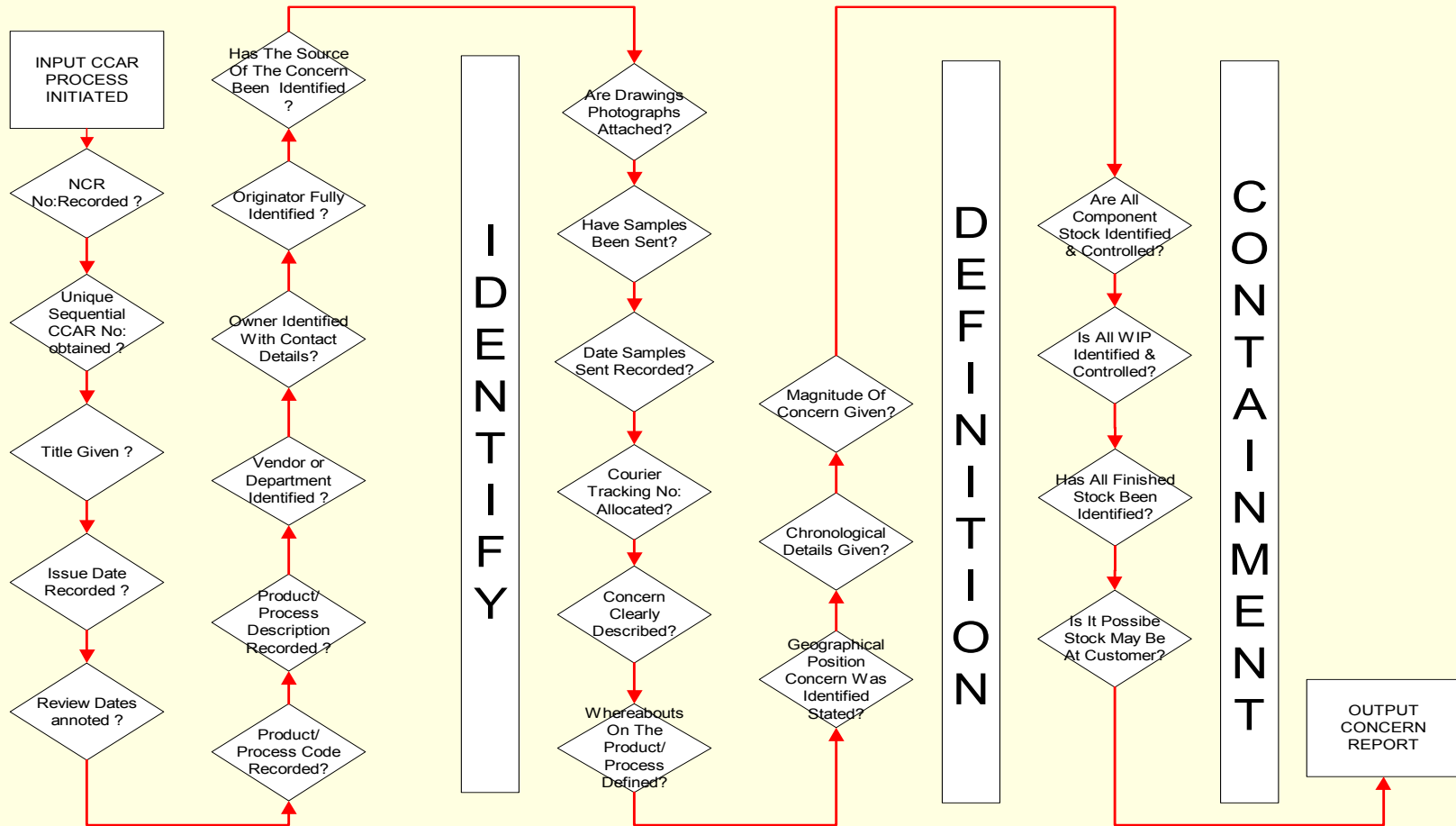
Concern Signed Off:

Closed Out:

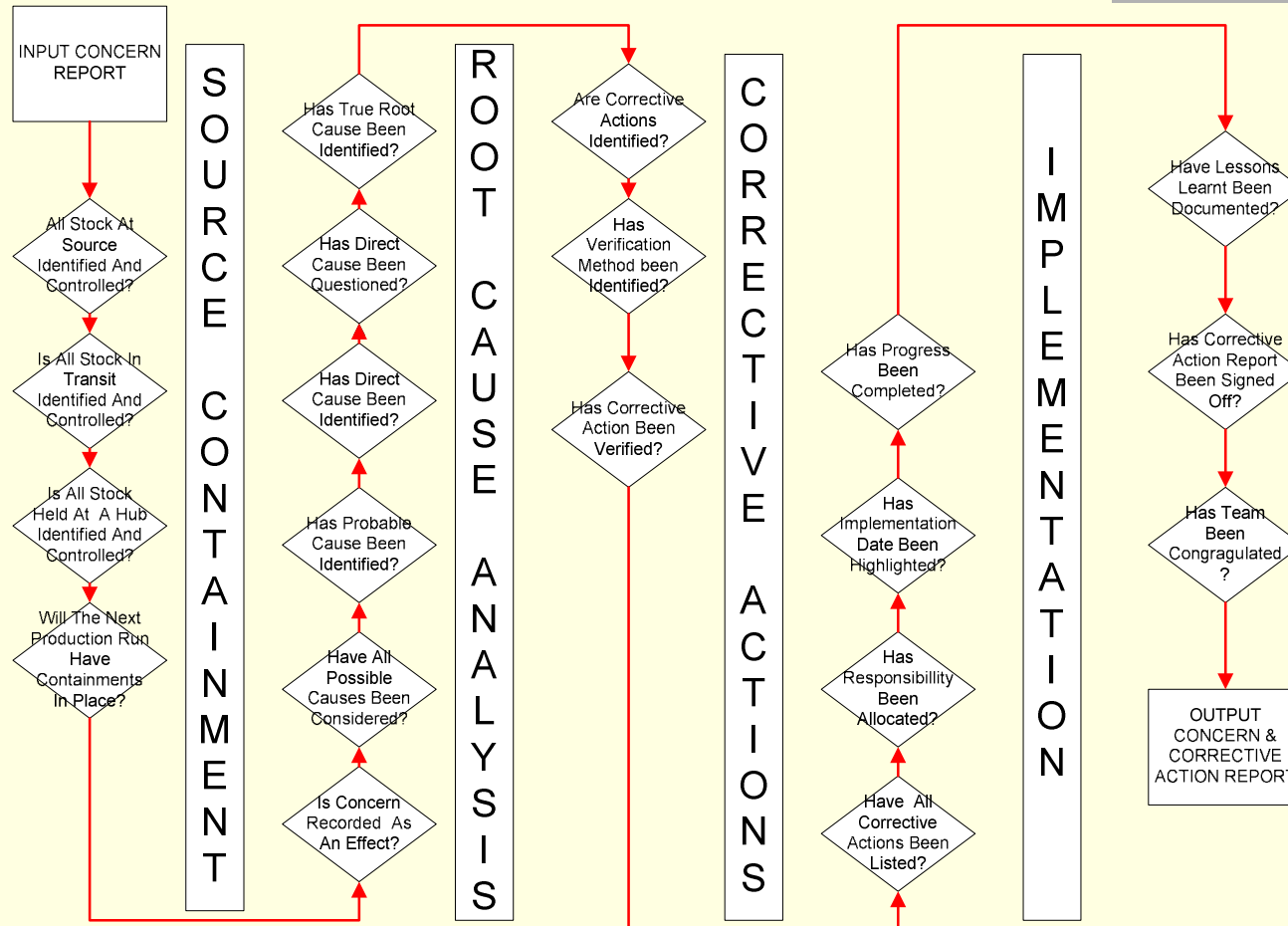
Report Closed Date:

Replication/lessons learned are provided by the supplier and the originator. Only the originator can sign off on CCAR and officially close it out.

Process Flow



Process Flow



CCAR Report Generation



- To facilitate tracking compliance to the CCAR review dates, reports are generated for:
 - Open CCAR's by site, supplier, and defect code
 - CCAR's that have missed the 24 hr review deadline
 - CCAR's that have missed the 5 day review deadline
 - CCAR's that have missed the 20 day review deadline

Measuring Compliance



- Suppliers will be measured on their compliance to the CCAR review dates on a monthly basis via the Global Quality Measurement System (GQMS)

Global Quality Supplier Measurement - Monthly Supplier Performance Report																													
Raw Material Suppliers	Deliveries	Percent Rejects						Points	Critical Issues/Complaints				Responsiveness				Problem Mgmt Cost					Other Deductions			Total Rating				
		Total Rejects	Highly Critical	Critical	Major	Minor	Weighted % Rejects		External Complaints	Other Quality Issues	OOS Exceptions	Weighted Score	Points	Compliance to CCAR time requirements:			Amount of time and expense associated with resolution					Regulatory Issue	Quality Alert	Total Deductions					
												24 Hrs	5 Days	20 Days	Weighted score	Points	Minimal time or little cost	<\$1,000 or Manager	\$1,000 - \$5,000 or Dir	\$5,000 - \$10,000 or Executive Director	>\$10,000 or VP	Weighted Score	Points						

CCAR

Current Status



- Use of CCAR communicated to suppliers and supported by GSR
- Access database established to track CCAR's
 - Shared database for US facilities
 - Separate shared database for Canadian facilities
 - Site specific database for European facilities
- Originator controlled data entry
- Process accepted by suppliers

CCAR

Continuous Improvement



- Move from Access based system to Web based system
 - Suppliers responsible for data entry
 - Lessons learned capability globally
- Convert current systems to SAP
 - Incorporate CCAR into SAP system

Benefits Seen Utilizing CCAR



- Immediate supplier response
- Resolution of problem vs. strictly containment
- Heightened awareness of quality issues
- Consistent global system
- Facilitation of teamwork
 - QA, SRP, GSR, Mfg.

CCAR Summary



- A systematic approach to problem solving utilizing the Six Sigma DMAICR model
- A closed loop system focusing on problem resolution rather than containment
- A lessons learned database
- A method to measure supplier performance
- A means to facilitate teamwork across functional areas
- A global system that deals with suppliers and issues in a common fashion