



Case Study

The Verizon Experience

Verizon Corporate Sourcing and TL 9000

Verizon's Corporate Sourcing Group's goal is to be a customer-valued, world class, strategic sourcing organization that continually enhances Verizon's competitive position. This group is responsible for purchase of \$14 billion in products and service annually, and provides a competitive advantage through its initiatives.



Background

From 1992 through 1996 Verizon utilized Telcordia (formally Bellcore), a third-party supplier, to manage its supplier quality processes. Telcordia was contracted to help Verizon manage its supply chain, quality assurance and procurement processes. Services included:

- Administration of customer-funded, supplier development process called Customer Supplier Quality Process (CSQP)
- Audit of suppliers' quality management systems and products
- Test and acceptance of product prior to shipping
- Software quality and reliability process surveillance and inspection service
- Creation and maintenance of telecommunications quality metrics required by Reliability and Quality Measurement System (RQMS) and In Process Quality Measurements (IPQM) standards.
- Creation of quality technical documents
- Customized supplier quality analyses

The costs of hardware, software and service quality services averaged \$7 million annually for these five years.

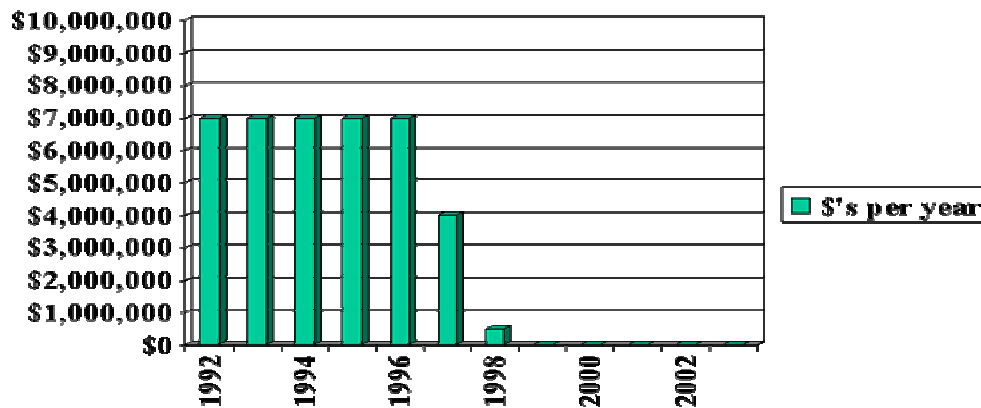
The TL 9000 Implementation

In 1996, QuEST Forum was launched and with it, the creation of the telecom industry's quality management and measurement system, the TL 9000. The TL 9000 allowed Verizon to introduce a new strategy for quality management in the industry. This was a major shift in strategy and it moved the responsibility and accountability for supply chain quality management and continuous improvement to the **suppliers** of these products and services. Prior quality management system requirements were removed and all suppliers were migrated to the TL 9000 and having the supply chain accountable for the third-party audit process to foster continuous improvement of contracted products and services.

Verizon has accomplished great improvements in quality of products produced by using TL 9000 as its network supplier QMS. Holding its suppliers accountable for quality, maintenance and development of their QMS, and relying on verification by third-party registrars has proven to be a dynamic process for Verizon.

As a direct result of the TL 9000 quality management system (QMS) application at Verizon Corporate Sourcing, the supplier management costs for third-party services dropped from \$7 million annually (1992- 1996) to a budget of zero dollars for 2000-2003 and beyond.

Benefits of Eliminating Supply Chain Quality Management Costs



In addition to requiring its suppliers to conform to the TL 9000 QMS, Verizon Corporate Sourcing has also registered its own Quality Management System to TL 9000 for Services effective November 2002. It is the only sourcing organization worldwide to achieve this certification.

Mission for Verizon's Corporate Sourcing Group

- Professionally and ethically manage the acquisition of products/services and supplier relationships to facilitate the achievement of customer objectives through the use of leading edge technologies and processes.
- Optimize the corporation's purchasing dollars by leading a competitive procurement process that focuses on continuous improvement in service, quality, technology, process and total costs.
- Provide equal opportunity to all suppliers while developing and advocating a diversified Supplier base.
- Foster an open and trusting environment conducive to attracting, maintaining and recognizing highly energized, ethical, valued, skilled and diverse employees while continuously enhancing their professional growth.

Author P. Brendan Pelan is TL 9000 Project Leader - Corporate Sourcing at Verizon and 2004 Chair of QuEST Forum Oversight Work Group. He is also a RAB Quality Auditor.