



Supplier non-conformance reports (NCRs) often cause chronic headaches for capital projects in energy and other sectors. By managing NCRs correctly and efficiently, smart projects save money and time recurringly – every day. This fact sheet summarizes the challenges and solutions of processing NCRs.

| No. | Topic | Challenge | Solution |
|-----|-------------------------------------|--|--|
| 1. | Typical Projects | The fiction and misperception that a project with a well-established NCR processes is automatically efficient is dispelled by the extensive time it takes to close out NCRs. | A smart project reviews work processes and learns from failures and successes. It uses continuous improvement to lower costs and risks, maximize efficiencies, maintain quality standards, and reduce timelines. |
| 2. | Hidden Knowledge Gaps | Hidden knowledge gaps exist. Industry has little and varying detailed documented guidelines for how to process NCRs. | A smart project proactively provides resources that support the processing of NCRs. For example, it will assign an NCR coordinator, establish clear requirements, and provide coaching-training. |
| 3. | Tribal Knowledge | The knowledge gap and a dearth of resources cause personnel to rely on ever-changing and undocumented tribal knowledge. | A smart project supports knowledge transfer by documenting tribal knowledge so processes become more formalized and systematic while simultaneously making tribal knowledge less prevalent. |
| 4. | Email and Electronic Infrastructure | Inefficient email applications, Microsoft (MS) Excel spreadsheets, and shared folders demand unproductive effort be managed. | A smart project employs the inexpensive solution of using MS SharePoint or similar software to efficiently acquire and analyze data, and effectively share documents. |
| 5. | Supply Chain Complications | NCRs complicate supply chains by inopportune timing during production and the need to use the supplier's quality management system (QMS). | A smart project does not wait for the supplier to act and instead designates a dedicated, experienced, professional NCR coordinator as a go-to resource and NCR champion. |
| 6. | Supply Chain Stressors | The discovery of a non-conformance during production can severely impact the schedule and other stakeholders. | A smart project provides personnel and suppliers with go-to resources to assist with decision making and navigating NCR work processes. |
| 7. | Document Management Stressors | NCR approval and record keeping become document management stressors when only some personnel can access NCR-related files. For expedience, a project will use informal processes, at least initially, to manage NCRs (e.g., emails or phone calls). | A smart project identifies which NCRs require project approval (i.e., <i>either</i> all NCRs or only specific types) and how, and when NCRs shall be recorded in the document management system (DMS). Then, key personnel can independently verify the status of an existing NCR (e.g., before making a payment). |
| 8. | Frustrations with NCR Completion | <i>Not learning</i> from lessons learned while processing and closing-out NCRs to eliminate, manage, or mitigate future non-conformances. | A smart project obtains, analyzes, and uses data about past failures and successes to be applied as lessons learned for continuous improvement in current and future projects. |
| 9. | Problematic Suppliers | Problematic suppliers consistently make too many mistakes and deliver products late. If industry demands their products, they need not rely on an efficient organization for success. | A smart project enforces strict expediting protocols (close and frequent monitoring) and covertly pads the delivery schedule for problematic suppliers. |

[Processing Supplier Non-conformance Reports - Are you Leaving Money on the Table?](#) expands on this fact sheet.