

## Project Background:

The American Red Cross has three business divisions: Blood Services, Humanitarian Services and Training Services. Currently, the Red Cross has one defined audit process for their Biomedical group. The American Red Cross desires a 'One Red Cross', audit approach that can be used across the Red Cross.

## Deliverables:

- An "As Is" process flow of the current supplier audit process
- A "To be" 'One Red Cross' audit process
- A "To be" audit template to describe the new process

## Pre-Audit Steps

- ✓ Manage supplier performance and relationships through scorecards and annual performance reviews
- ✓ If supplier demonstrates low scores and/or a negative trend, conduct a performance review meeting
- ✓ Supplier implements a corrective action plan within 30-60 days
- ✓ Failure to make corrective actions and improve performance will result in an audit

## Supplier Audit Segmentation

**Tier 1**  
**On-Site Audit**

- Critical to business operations
- Includes, but is not limited to, suppliers that are FDA regulated
- High risk
- Small number of strategic suppliers
- Sole or single sourced direct product
- Possible strategic relationship

**Tier 2**  
**Desktop Audit**

- Important to the business
- Moderate risk
- Alternative sources of supply however would be inconvenient or difficult to change

**Tier 3**  
**No Audit**

- Routine
- Low risk
- Easy to switch with many options
- Largest category of suppliers

## Biomedical "As Is" Audit Process Flow



## On-Site Audit Risk Management Plan

Severity	Periods
Critical	Resolved within 6 months
Major	Resolved within 3-5 months
Minor	Resolved within 1 month

Risk Categories	Description
Environmental	Waste/water plans, chemical regulation
Regional / socioeconomic	Local restrictions
Human Resource	Talent shortage
Factory Specific	Financial risk
Global Supply Chain Network	Delayed or lost shipments
Political and Uncontrollable	Natural disasters

## How to Approach Your Supplier

- Conduct an initial screening audit before entering into a contract with supplier
- Use as a selling point for the supplier – "we've consecutively passed American Red Cross Audits"
- Audits should be described as "a matter of fact process"
- Audits should benefit both parties



## Recommendations for Next Steps

Consider implementing audit rating system – to score supplier performance

Create a Bronze, Silver, Gold award system

Consider sharing audit costs with suppliers