



Leather technicians and technologists study an admirable variety of subjects, but no curriculum appears to include a course on how to handle a claim from a customer when something goes wrong.
CREDIT: PREMIERE VISION

Leather claims and remarks (part one)

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The authors of this paper have extensive experience in attending claims. Their aim here is to clarify and organise the procedures to follow when a tannery faces a claim from a customer. Normally, the problems involve commercial, technical and production areas and imply taking rapid action and clear communication with the client. Collecting information, being accessible and interacting with the client are crucial in solving the problem in the fastest possible way and with the least possible material (or emotional) loss.

It is very difficult to find a tannery that has never had a claim or remark made during its lifespan in terms of the leather it produces. So often technicians have to deal with claims and remarks, that when nothing happens for some time, they start to think: "Oh boy, nobody has made a claim for so long; something big must be about to come up."

In preparation for working in a tannery, technicians study a lot of subjects and take several additional courses in different fields in order to increase their knowledge and to manage company matters successfully. However, the authors have never heard of courses on how to manage or deal with leather claims. The intention of this paper is to contribute some ideas and share some of the lessons the authors have learned to help others cope with these situations, elements that can be useful for tannery managers and leather technicians, as well as for leather product manufacturers too.

There are several quality control protocols for handling claims between customers and suppliers but none of them deal with questions like these: Is it a proper claim? Is it properly defined? Are the problems claimed by the manufacturer 100% down to the leather?

In this paper, which *World Leather* will publish in two parts, we propose a procedure for attending to claims. In part one, we will cover the first four sections:

1. Definitions
2. Claim management
3. First reaction
4. Collection of information

Then, in part two, the paper will cover the remaining sections:

5. 'Go and see'
6. Who must 'go and see'?
7. Preparation for the 'go and see'
8. Once on the spot
9. Once back
10. Claim consequences
11. Most common claims



Tanneries must reach agreement with customers on a whole range of quality issues, including substance, aesthetic look, feel, and physical and chemical properties.

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Definitions

We can define a claim as a disagreement or complaint about an issue considered unsatisfactory. More precisely, in the leather industry, a claim is when a client finds that some of the leather received does not match previously agreed specifications. In some cases, production has not kept to the standards and manufacturing procedures the client normally insists on. In general, the outcome is some kind of compensation. However, in severe cases, it can end in a lawsuit.

In contrast, a remark is a comment or warning about a specification. This is a milder situation in which the client is advising the tannery that a certain parameter deviates from the expected value or that the leather is not performing as usual. In these cases, even though it may not imply financial compensation in the short term, it certainly means the customer's confidence is weakened. There is a risk of being more closely scrutinised in the future regarding quality issues, or reinforcing the normal tendency of finding alternative sources. Responding quickly, showing interest in the issue and expressing commitment to turn around any underperformance will minimise these risks.

Traceability is another term worth defining in this discussion. In the leather industry, traceability is the capability of keeping track of the history of a piece of leather, all the way from the source of the raw hide up to the finished leather product, by means of documented recorded identification. Some large tanneries implemented a sort of traceability 50 or 60 years ago, but the majority of their counterparts did not follow them, since this practice was seen as a hassle that produced an unnecessary increase in costs.

It was at the end of the 20th century that with increasing demands from consumers, traceability emerged as a new tool for verifying claims and assuring buyers about the right source of their raw materials and the use of best practice in the leather supply chain.

Traceability has been a requirement in the automotive industry for many years. This industry has always been a

benchmark in terms of good management practice. These practices have been spreading to major brands in the shoe industry and to leathergoods manufacturers. Traceability is one of the most important requirements for a supplier in order to start doing business with a new client. This is reflected in the Leather Working Group protocol, where traceability has a very important chapter⁽¹⁾, for the International Automotive Task Force⁽²⁾, for original equipment manufacturers (OEMs)⁽³⁾ and others.

We can define the term 'quality dimensions' too. Quality of design and quality of conformance are two dimensions or elements of quality structure in Total Quality Management (TQM) theory. Quality of design is defined as a fit between a product's design and a customer's need. Quality of conformance is defined as a fit between the attributes of an actual product and its specifications. In order to satisfy customers, quality should be high on both dimensions.⁽⁴⁾

Claim management

Although it seems obvious, it is important to avoid, by any means, receiving a claim from a customer.

For this reason, from the first contact with the client, it must be clearly determined what they want or expect, and which of the articles will meet their needs. Then, the technical and production departments should ensure that the appropriate raw material is available and that the selected article can be produced in the required time and with the expected design quality.

The tannery must reach agreement with the customer on substance, trimming, aesthetic look, feel, and physical and chemical properties. It must agree what degree of variability will be acceptable and clarify as much as possible the limits on leather size, reference sample, area measurement, area discrepancy and cutting yield discrepancy, if applicable. In part two, there will be a section dealing with the most common claims tanners face.

When the product arrives at the client's premises and, after initial assessment, a fault in the quality is detected, which is



to say the product does not match what he or she expected, apart from the frustration of having failed at some point in the chain, the tannery will be staring at the possibility of a claim.

If the lack of conformance arises during the inspection of a delivery by the client, the problem, although potentially serious, is more commercially manageable since the leather in many cases will not have been cut yet.

If non-conformance arises during the manufacture of the client's finished products, the problem is more serious since:

- a) clients will feel more let down because they have passed on in good faith material that they thought would conform to expectations;
- b) the client will feel hard done by because they know that in one way or another, they will face costs from the non-compliant leather;
- c) if the leather has still to be cut, clients will be extremely demanding in their inspection of the remaining leather. Demands will be much higher than normal, since they will want to make sure that the finished product factory will have no further problems during manufacture. It is most likely that these greater demands will be transferred to future transactions.

Quality is not static; customer expectations can change and internal procedures can change, too, often driving towards lower costs, continuous improvement or due to new demands from final customers. This last situation is typical in the evaluation of natural marks. Again, the section on most common claims in part two of this article will give more information.

First reaction

In the first place, do not panic if a claim arrives, but it is very important to act fast and efficiently. Give an immediate response to the client saying that you are taking the claim on board and ask for as much information as possible about the problem. Mention that the investigation into what might have happened has already started. From the very beginning, make the customer feel that both of you have a problem, that you are partners in solving it as soon as possible, and that you will be learning from this situation so that it will not happen again.

Collection of information

Everything listed here must be done at once, with the premise of promptly serving the client.

Information from the customer

The information needed to start to examine the claim is:

- To make sure that the leather was and is being used for the product it was meant for.
- The quantity involved (pieces, whole hides, sides, square-metres or square-feet, and so on).
- Quantity of shipments, batch numbers and dates.
- Pictures showing the problem with the leather or the finished product.
- Traceability codes.
- Methods the customer has used to detect and evaluate the problem (methods of inspection, physical and chemical analysis, and so on).
- Samples by courier with the problem, as big as possible, A4 size, half hide, whole hide, depending on the type of defect.
- Samples by courier of defective goods, if possible.

With this information, the problem must be defined as precisely as possible. Take into account that many times clients know they have a problem, but they do not know how to define it or the definition is not correct. That is another reason to consider going and seeing the situation on the spot, depending on the magnitude of the issue.

Another point to bear in mind is that the communication may be in two or more languages. In translations, misunderstandings can happen. The same operation, machine, part of a hide, process, and so on can be called differently between two countries speaking the same language or different factories in the same country but in different locations.

In-house information:

- Quantity of leather articles in transit to the customer.
- Volume of the same article in the tannery's pipeline.
- Internal quality control inspection reports, selection grades delivered.
- Analysis of reports on physical and chemical data.
- Communication exchanges with the client, to find out if there were previous remarks.
- Are there current batches of the article being processed by other customers for similar finished products? Have they reported any inconvenience?

Once the information is collected, it should be possible to estimate the amount of defective leather with the customer and in the tannery pipeline.

Also, it should be of help to determine if the claim is acceptable or not.

At this point, depending on the magnitude of the problem, it may be wise to try to reach a reasonable commercial settlement.

If the customer claims that the leather received does not comply with the previously agreed requirements, it is necessary to compare laboratory results from the tannery and from the customer to see if there is a difference in quality, in procedures, in equipment, calibrations and so on.

With the above information and depending on the severity of the claim, management must establish a quarantine of the products involved (Quality Wall) by means of a reference number for the recorded traceability of hides (Breaking Point). It should also be decided if the production of the article must be stopped and a new lot, with changes, produced and tracked in order to evaluate how well it meets customer requirements on arrival.

Part two of this paper will appear in *World Leather* December 2019-January 2020. 🌐

Notes

- 1) www.leatherworkinggroup.com/how-we-work/traceability
- 2) <https://16949store.com/iatf-16949-requirements/section-08-quality-management-system-operations/identification-and-traceability/>
- 3) www.us_tech.com/RelId/1098789/ISvars/default/Traceability_All_Important_for_OEMs.htm
- 4) Meirovich, G. www.researchgate.net/publication/240235697_Quality_of_design_and_quality_of_conformance_Continuity_and_synergistic_approaches