

# Supplier Assessment Supplement

## 1.0 Scope

1.1 This Work Instruction applies to Strategic Sourcing activities at all sites and facilities of GHSP.

## 2.0 Purpose

2.1 To provide guidance in the use of the Supplier Assessment including criteria for the scoring of assessment.

## 3.0 Definitions

**TAKT:** Time required producing product to meet customer demand.  $TAKT = \text{net available time} / \text{customer demand}$ .

**Value add work:** The work that is actually valuable and results in a finished product (not including dwell / idle time, watching machine run, etc.)

**Equipment availability:** Equipment availability is the percentage of time during normal operation that the system will respond to operational demands, i.e., it has not failed. It is also the chance at a random point in time that the system has not failed.

**Labor utilization:** Direct labor is that expended which adds value to the product. Indirect labor is simply defined as labor, which does not add any value to the product.  $\text{Labor utilization} = \text{added value time} / \text{total processing time}$ .

**Deviations:** Departure from a standard of any contractual obligation such as engineering drawings, material specification, performance specification, customer supplier manual, purchase order requirements, control plan, shipping schedules, etc.

**Recalled:** To ask for finished goods to be sent back after that product has left the last point of your direct control (change of owner deed) such as the shipping dock.

**Laboratory scope:** Includes all equipment and testing methods that are used to qualify product i.e. make accept or reject decision. Lab scope can include the entire enterprise or individual facility, but this must be clearly stated within the lab scope or associated to the business certification (ISO or TS).

**VAVE:** Value Add Value Engineering.

## 4.0 General Guidelines for Supplier Evaluation

4.1 The objective of the questionnaire is to gain an overview of the supplier. Do not spend hours on any particular question.

4.2 Scores can only be 1,2,3,4 or 5. Zero or half scores are not an option.

4.3 Supply the Supplier Assessment to the supplier prior to the visit.

- 4.4 Look for demonstration of improvement and achievement as well as for good performance.
- 4.5 Use the observation / score justification columns. If no justification is available say so.
- 4.6 In all measures look for data over a one-year period. If this is unavailable, detail that in the comments field.
- 4.7 Suppliers should be provided with verbal feedback after the visit (1 to 2 weeks)
- 4.8 Take note of the offices as well as the manufacturing areas.

**5.0 Supplier Facility/Plant List/Equipment Summary – Guidelines**

5.1 The available capacity should be demonstrated not perceived and should include capacity in terms of people and plant potential future capacity

5.2 Facility/equipment overview should include:

- Type of buildings
- Type of machines
- Inspection equipment
- Internal processing
- Age profile of plant
- Condition of plant
- Preventative maintenance
- Jigs/fixtures (change over times)
- Environmental Management
- WIP containers
- Does the plant demonstrate technological advantage

5.3 Part manufacturing suitability: Similar products for similar customers/suppliers

**6.0 “Image” Scores**

**Section 1 – Quality**

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
1.1 Process Capability	1.67 Cpk or above.	Cpk measured and improving	Cpk is not measured
1.2 Delivered quality	Less than 250PPM delivered defects.	Between 500 and 1000PPM delivered defects.	Above 1500PPM delivered defects.
1.3 Deviations	There will have been no instances of deviations in the previous 12 months or instances where not properly requested and approved?	Deviation has been isolated on recognized specials manufacturing, are limited to 5% of production and have been budgeted.	Deviations are evident throughout the product range.
1.4 Rejection response / 8-D Response	There will be a system in place to provide a full, detailed, acceptable pro-active response to customer. Initial response submitted within 24 hrs Tracked and reported.	Rejection responses are prioritized according to customer and planned corrective actions are discussed with the customer. Little or no pro-active response to customer	Rejection responses are handled only in response to pressure from customers. There is no formal documented control of rejection responses, or corrective actions.

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
1.5 In-process rejects (cannot be reworked)	Less than 100 PPM in process reject rate and all are reconciled.	Improvement trends are positives	There is no improvement evident in recent history.
1.6 In-process rework	Customer approved, tightened controls and isolated to a unique lot traceability number (not mixed in normal lot id numbers)	Customer approved and tightened controls.	No approvals in place and no system documented to review with customer.
1.7 Scrap costs	Cost of scrap is less than 1% of sales.	Improvement trends are positives	There is no improvement evident in recent history.
1.8 Quality philosophy	A Quality assurance culture is evident in all aspects of the business, with proactive preventative action taken to minimize the potential costs of quality failure i.e. visual measurements of quality on the shop floor.	The supplier is in the developing stages of a quality organization, with plans to improve quality management in all areas of the business. They have a plan to achieve formal accreditation. They measure and communicate quality performance at a high level e.g. factory output.	There is no evidence of a Quality assurance culture, no visible measurement of quality in production areas and little evidence of preventative action e.g. cell-based quality circles, improvement programs etc.
1.9 Quality systems / procedures	The company should have policies and systems relating to quality which are appropriate and relevant to the business, well defined and documented, and which are communicated, understood and displayed i.e. posters outlining quality responsibilities in production areas, communications to staff outlining key quality policy areas e.g. waste mgt.	The company has an outline Quality approach with detailed systems and procedures in a limited number of areas e.g. production, inspection and test. There are plans to review each major area of the business to implant quality systems within a defined time span. Responsibility has been allocated centrally and within each department to deliver the systems.	The company has no formally documented Quality system or procedures. Any procedures in existence are at a departmental level and do not contribute to a Company-wide approach or philosophy.

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
1.10 Adherence to systems & procedures	Documentary evidence exists to show that all quality systems and procedures are in-line with policy, adhered to and up-to-date. The quality manual, policy and revisions are approved, and all quality assurance / control charts are complete and up-to-date. Evidence exists to show all employees have been trained in the company quality policy.	There is evidence of an approval process for revisions to procedures, manuals and the quality policy. There is however evidence that this review system is not fully implemented or that certain policies have not been reviewed in-line with expected timing requirements. There is evidence of limited training of staff throughout the organization, with concentration in particular departments.	There is no audit trail to demonstrate that the quality policy, manual or procedures are regularly reviewed either internally or externally.  There is no evidence of training other than in high-level quality principles in very limited areas of the business.
1.11 Non-conformance handling system (escapes)	There is a defined course of action to be used in the event of non-conformance, and all affected employees have defined roles and responsibilities. All non-conformance systems are adhered to and all documentation is complete and up-to-date. There is a segregated hold area with disposition procedure.	There is a non-conformance system, which is defined, documented and up-to-date.  There is evidence of non-conformance not being managed through the required process.  Responsibilities are not allocated across affected employees.	There is no clearly defined non-conformance handling system. Responsibility rests with the Production manager. There is no documented system for managing non-conformance.
1.12 Tools & techniques	The company should utilize the appropriate quality tools and techniques to ensure cost of quality is minimized. Management review completed monthly with key metrics tracked and action plans with single point of accountability present.	The company has a broad portfolio of tools and techniques, which it trains internally or an accredited basis as appropriate.  They are largely traditional in their approach to selection of tools i.e. failure to model and assess suitability of different techniques e.g. PC data modelling, 'what.if' analysis.	The company utilizes a very limited number, or no quality tools and techniques.  The tools that they use are not appropriately communicated or formally trained in all relevant staff.
	The company holds the appropriate accreditations,	The company can show evidence of application for	The company holds no 3 <sup>rd</sup> party accreditation.

1.13 3 <sup>rd</sup> party accreditation	industry, national or customer specific. The company holds TS 16949.	ISO with an action plan to achieve full accreditation in acceptable time period.	No plans to achieve 3 <sup>rd</sup> party accreditation.
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
1.14 Recalls	There should have been no instances of recall from customers over the previous 12 months.	Plans have been drafted, isolating the key causes of the recalls, and introducing improvements over a realistic time period and some of the recalls were proactive.	There are high levels of recalls across all product groups. There is little / no evidence of adequate plans to recover the cause of the recalls.
1.15 Cost of quality	The company is aware of the effect of all aspects of quality costs, including inspection, quality management & engineering, scrap, rework, concessions and consequential losses etc. Information is monitored and used to generate improvement activity, targets are set and there is evidence of historic improvements in performance. Key inputs are identified and monitored.	The company has identified key areas of Quality cost improvement.  They have developed performance indicators and improvement activities against realistic time scales.  They have implanted the improvement targets into their quality performance targets for the business.	The company does not adequately measure or fully understand cost of quality.  There is little or no evidence of monitoring of costs and historic improvements in performance.
1.16 Quality improvement plans	The company has a well-developed and resourced structure to promote and facilitate quality improvement activity.  Improvement activities are used to address and record quality concerns with results of previous successful activities are available.	The company has a high-level improvement plan, with detail improvement opportunities.  It has a defined resourcing plan in place, but there is evidence of a gap between required and actual resource.  Records of previous activities are available.	Quality improvement programs are piecemeal or reactive.  They are resourced from available staff. They are used to address urgent quality problems e.g. machine failure, raw material investigation, recalls.
1.17 Quality audit system	The company has an established quality audit system, which is used to regularly check adherence to all quality systems and procedures. Audit sheets are complete and up-to-date and the results of the audit are used to generate improvement activity.	The company has a quality audit system which is regularly reviewed.  Emphasis on review is immediately prior to external inspection or periodic audit rather than as an on-going activity.	The company does not have a detailed formal quality audit system.  There is evidence of Quality procedures / systems being out of date and not reviewed for unacceptable periods of time.

1.18 Sub Supplier Performance	Sub supplier is audited. Ensures ISO 9000 compliance. APQP reviews are documented, available with completion of PPAP.	Supplier self audit. Certificates of conformance are delivered with each shipment.	No documented sub supplier activity present.  Informal in nature.
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
1.19 PPAP Deliverables. (Review Recent PPAP Submission)	100 % first time acceptance with in depth training evident.	90 – 99% first time acceptance with some training evident.	Below 90% first time acceptance with very little knowledge of AIAG PPAP process.
1.20 Key Characteristics	100% over 1.67 Cpk / Ppk	100% over 1.0, 80% over 1.3	Less than 60% over 1.0
1.21 Measurement Equipment Recall	The company has an established measurement equipment recall system, which is used regularly.  Automatic notification of recall or monthly reviews is conducted.  All equipment is tagged with calibration due and all equipment audited is within calibration recall due date.	The company has an established measurement equipment recall system, which is used regularly.  All equipment is tagged with due dates of next calibration and all equipment audited is within calibration recall due date.	The company does not have a measurement equipment recall system.  There is evidence of measurement equipment being out of date and not reviewed for unacceptable periods of time.
1.22 Lab Scope/ A2LA	The company has an established lab scope, which is used and up to date with all equipment in house.	The company has an established lab scope, which is used and up to date with all equipment in house.  Not all equipment included or scope is not current.	The company does not have a lab scope.  There is evidence of measurement equipment being used without evidence of capabilities in the lab scope.
1.23 WIP (Work In Process) review	All WIP products are properly tagged and are stored in separate location from finished goods.  Work instructions are properly documented and are currently being followed.	All WIP products are properly tagged and are stored in separate location from finished goods.  Work instructions not documented or in place.	The company does not have WIP product identified and properly segregated from finished goods.

## Section 2 - Delivery

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
2.1 Age/occurrence of past due orders	The company should have had no past due orders Vs customer requirement in the previous 6 months.	The company can demonstrate between 95 - 99% RFT and plans for improvement, and any slippages are around isolated programs.	The company has a track record of late deliveries Vs customer requirements i.e. below 90% RFT (Right First Time).
2.2 Accuracy of quantity delivered	The company should achieve better than 99% accuracy against customer required order quantities. Pack slip verifications are implemented.	The company can demonstrate between 95-99% accuracy.	The company has a track record of consistent performance below 90% RFT.
2.3 Accuracy of delivery timing	The company should achieve better than 98% on-time deliveries against customer expected delivery slot.	The company can demonstrate between 95-98% accuracy.	The company has a track record of consistent performance below 90% RFT.
2.4 Documentation	There should have been no instances within the previous 12 months of any inaccuracies such as mislabelling, incorrect FAI documentation, Certificate of Conformance or Delivery notes.	There are isolated instances (less than 2%) of inaccuracies in delivery documentation. These have been logged and corrective actions have been taken.	There is a track record of poor documentation i.e. missing or incomplete delivery notes.
2.5 Lead-time reduction	The company can demonstrate evidence of ongoing lead-time reduction programs	The company understands the significance of lead-times and monitors them.	No mechanisms exist for the monitoring and control of lead-times
2.6 Production control procedures	The company should have clearly defined production control procedures, which allow effective ordering, processing and delivery of materials / products. The procedure should be documented, communicated	The company can demonstrate a range of procedures to control the ordering and processing of deliveries.  There are no indicators to demonstrate the	The company has no control procedure for the picking, packing and distribution of product.

	and adhered to.	effectiveness of the system.	
2.7 Production control system	There is a production management system in place which optimizes production throughput and output, minimizes stock levels, which can effectively control manufacturing of all generic products and which maximizes facility and resource utilization. Kanban and Lean Manufacturing practices present. Pull system	The company can demonstrate a co-ordinated approach to capacity planning and management, lead time and stock control but cannot demonstrate its effectiveness. Some pull practices and make to use procedures evident.	There is no evidence of an integrated approach to capacity planning and management. Batch processing mentality.
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
2.8 Flexibility	The supplier should exhibit a positive and enthusiastic attitude towards satisfying customer requirements. Evidence exists of a flexible and responsive approach when dealing with changing customer demands.	The company can demonstrate a customer / job-level approach to allocation of capacity, and the management of changes. Changes are made as an exception rather than a rule.	The company cannot demonstrate adequate spare capacity in its planning to take account of any changes to customer requirements e.g. overtime.
2.9 Logistics / supply chain	The Company can demonstrate a track record of innovation in the logistical relationship with its customer's e.g. kitting, direct line feed.	The company can demonstrate isolated examples of tailored delivery and lead time management e.g. consignment stocking, Electronic Data Interchange (E.D.I.)	The company offers a standard delivered product service with standard lead times.
2.10 Returnable Totes	<i>The company is currently using returnable totes with multiple customers.</i>  <i>Evidence of a documented work instruction outlining the process of receiving, proper segregation of customer totes, inspection, and handling.</i>	<i>The company can demonstrate the use of returnable totes but is not properly documented in a work instruction.</i>	<i>The company does not currently use returnable totes with any of their customers.</i>
2.11 Geographic Location	<i>Within State of planned consumption</i>	<i>Within Country of planned consumption</i>	<i>Outside Country of planned consumption</i>

### Section 3 - Total Cost

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
3.1 Price reduction performance, VA/VE	The company should have been able to offer customers price reductions over the previous year while still achieving acceptable margins.	The company can demonstrate price reductions on specific product ranges / programs. They can demonstrate margin control in certain areas only.	The company is unable to demonstrate on-going price reductions. Margins have been inconsistent over a 2-3 year period.
3.2 TAKT performance	The company should have structures, systems and contacts in place to ensure that customer indirect purchase costs are minimized. There is a detailed understanding of how customer TAKT is	The company has understanding of TAKT and systems to measure and monitor performance, but cannot adequately demonstrate control of costs.	There is no evidence of customer TAKT and supplier performance being linked. There is little evidence of indirect purchase costs being pro-actively minimized.

	affected through supplier performance.		
3.3 Cost breakdown awareness	The company should be able to show that it has a full and detailed understanding of its own internal cost position, including a detailed breakdown of how machine rates and labour rates are set, and how overheads are formulated and apportioned.	The company can demonstrate some understanding of its internal cost position, through blanket overhead allocation, but cannot demonstrate evidence of a process of how machine and labor rates are set (i.e. costings developed on a 'jobbing' basis).	There is little or no evidence of direct apportionment of overheads, and little evidence of detailed breakdown of distributed costing in machine and labour rates (e.g. floor space, energy consumption etc.).
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
3.4 Cost breakdown availability	The company should make a full cost breakdown available to its customers, including detailed breakdown of material costs, cycle times and processing costs, labor costs, overheads and profits and logistics / packaging costs.	The company regularly makes available cost information in the following areas: material costs, labor costs, machining costs, overheads, packaging and delivery.	The company makes available only delivered cost details, including item costs, packaging and delivery costs.
3.5 Internal cost control	Any increases in internally controllable costs should have been offset by efficiency/productivity improvements, and no price increases will have been passed onto the customer.	The company can demonstrate the partial offsetting of price increases in each of the main elements in total cost i.e. labor, material, and overheads.	All or most price increases are passed directly to the customer in full.
3.6 Material cost control	Any increases in internally controllable material purchase costs should have been offset by efficiency / productivity improvements, and no price increases will have been passed onto the customer.	The company can demonstrate the partial or total offsetting of some or all of price increases in different material types or for different customers.	All or most price increases have been passed directly to the customer in full.
3.7 2 <sup>nd</sup> tier cost control	Any increases in 2 <sup>nd</sup> tier costs should have been offset by productivity improvements, and no price increases will have been passed onto the customer.	The company can demonstrate the partial of total off-setting of some or all of price increases in different material types or for different customers through active 2 <sup>nd</sup> tier supplier management	All or most price increases have been passed directly to the customer in full.
3.8 Currency Risk	Foreign currency is monitored and there is a documented plan on how large fluctuations are handled.  Minor fluctuations (less than 10%) are absorbed.	There are examples of negotiations with major fluctuations in currency.  There are examples of where the potential supplier has absorbed minor fluctuations.	Foreign currency is not monitored.  All negative changes are passed on to customer with positive changes not shared.

## Section 4 – Innovation

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
4.1 Design facilities	The company should have access to the appropriate design facilities to meet all customer project design & development requirements.	The company can demonstrate limited design facilities; either through expertise in key commodity areas of customer types only i.e. can demonstrate design changes managed or initiated by them.	The company cannot demonstrate capability in design (i.e. no in-house design facilities).
4.2 Design input	The company should be able to offer valuable support and input, where appropriate, into the product development cycle. There is tool design capability, which can support all likely requirements	The company can demonstrate limited input into the design cycle of new products with a small number of key customers.	The company cannot demonstrate a track record of involvement in the design cycle of new products with key customers.
4.3 Testing facilities	The company should have access to appropriate test facilities to meet all customer project requirements on site as it relates to the product they produce.	The company can demonstrate adequate test facilities in the desired commodity family i.e. spectroscopy, load testing, water testing. Facilities can be offsite.	The company has very limited test facilities and tends to sub-contract most test work.
4.4 Manufacturing engineering	The company should have sufficient manufacturing engineering capability to meet all customer project requirements.	The company can demonstrate limited internal manufacturing engineering capability i.e. numerical controlled programming expertise, but need to outsource certain elements e.g. fixture design.	The company is limited internally, and needs to outsource numerical-controlled programming and fixture and tool design.
4.5 Improvement / innovation	The supplier is able to offer VA/VE ideas and improve customer designs through the appropriate levels of innovation. There is a recognized system for collection and progression of design improvement ideas. VA/VE > 8% yearly.	The company can demonstrate limited input into the improvement cycle of new products with a small number of key customers. VA/VE > 4% yearly	The company cannot demonstrate any evidence of involvement in the improvement of customer designs. VA/VE < 4% yearly.
4.6 Design change response	The company should be able to show that it is in a	The company can demonstrate an ability to	There is no formal procedure for dealing

	position to respond to design changes in a speedy manner, with zero non-value-added time evident within the response lead-time.	respond, and a process to control changes, but cannot demonstrate zero non-value added or downtime.	with engineering design change.
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## Section 5 – Business Performance – Manufacturing

MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
5.1 Manufacturing strategy	The company should have a clear manufacturing strategy, which is appropriate to the business. This should be devolved from the overall business strategy, and should be broken down into clearly defined procedures and targets with a monitoring system in place.	The company can demonstrate a manufacturing strategy, as part of the overall business strategy, but this is not broken out at a departmental level.  The company has a limited range of procedures and targets and performance monitors e.g. stock control, delivery, machine utilization & manpower.	The company has no discrete manufacturing strategy.  There is no evidence of procedures and targets i.e. manpower and machine utilization.
5.2 Product/process range/capability	The company should have the equipment & capability to manufacture in-house all customer requirements. They will also have a sufficient range of supporting in-house processes to satisfy most customer requirements. Established long-term relationships are in place with suppliers of other required secondary processes.	The company can demonstrate 75% of required capability in-house, and existing long-term relationships to cover the remaining 25%.  They can demonstrate sufficient in-house supporting processes to satisfy all requirements.	The company cannot demonstrate the equipment and capability to manufacture all customer requirements in-house.  The company regularly sub-contract key elements of support processes to support manufacture.
5.3 Maintenance/condition of facilities & equipment	All facilities and equipment are well maintained, with less than 1% unplanned downtime. There is evidence of a planned maintenance schedule, which is adhered to and up to date.	There is evidence of a planned maintenance schedule, which is not adhered to.  There is little evidence of adequate records being maintained.	Maintenance is unplanned and reactive, driven by plant failure.
5.4 Housekeeping	All facilities, equipment and WIP / products have a defined location and are configured correctly. The workplace environment should be clean, well lit and with proper ventilation. Non-	There is evidence of adequate levels of heating and lighting tests. There are clearly segregated WIP areas and methods of handling e.g. suitable WIP containers. General	There is little or no evidence of good housekeeping e.g. rest areas untidy, dirty. There are no clearly designated areas for WIP. Nor formal 5S activity.

	production and rest areas should be tidy and clean. All 5s's are evident	housekeeping is of an acceptable standard. 5S program exists though not 100% implemented.	
5.5 Layout	Production facilities should be organized to optimize the production flow, with minimal non-value-added activity within the process.	The company can demonstrate a plan to re-organize the shop floor to maximize flow.	The company has not optimized shop-floor physical flow of materials through layout design e.g. no plans are available to audit.
	<b>Measure</b>	<b>Score 5 Image</b>	<b>Score 3 Image</b>
5.6 Data management & communication	Historical, current and target level data for key performance measures is collected, analyzed, reported and used to generate improvement activity. Data is displayed at the workplace in a concise and understandable manner.	Data is gathered and displayed in production areas, but there is sporadic evidence of its link to improvement activity.	No data is gathered or displayed in production areas.
5.7 Performance measurement	Evidence exists to show the use of appropriate measures of manufacturing performance (MOPs) to support effective management of the business. Targets for key MOPs should be set, with regular monitoring in place to generate improvement activity.	There is evidence of key MOP definition and monitoring, but little evidence of links to improvement activity.	The company cannot demonstrate a consistent approach to the definition and measurement of key MOPs e.g. 12 months' records.
5.8 Value add work	All employees should be engaged in value-added activities and working in an organized manner at the required pace.	There is evidence of controlled working and of accounting for non-value added work. There are control mechanisms for absenteeism and punctuality.	There is no evidence of work standards and the control of non-value added (NVA) on a per-job basis. Set-up times are not monitored.
5.9 Equipment availability	Facilities and equipment should be available for use at levels near 85% of available time. Planned and unplanned maintenance and down time should therefore not exceed 15%.	Planned and unplanned downtime is up to 25% of available time.	Planned and unplanned downtime is not measured.
5.10 Labor utilization	The company should be practicing multiple machines manning, and all employees should be engaged in value added work for at least 85% of their available working time. Cellular concept utilized.	The company practices multiple machines manning in a limited number of areas, and targets above 75% value added per available time. Some modular manufacturing is present.	The company does not practice multiple machines manning, and does not record value added per person. Batch processing mentality.
5.11 Warehouse condition / methods	All stocks, raw materials and other products held in the warehouse are configured	There is evidence of restricted access to the warehouse, with adequate	The warehouse is open with inadequate stock records.

	properly, and are kept in a clean and orderly manner. There is a system to identify location and quantity of all warehouse contents; and for stock control e.g. FIFO. Lean/Pull moves present.	records being kept.  There is evidence of stock rotation on certain commodities and of an appropriate information system for tracking goods in and out.	There is little evidence of stock rotation or housekeeping, with no clearly demarcated areas for materials.
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
5.12 Improvement activity	The company should have a well-developed and resourced structure in place to promote and facilitate improvement activity. Evidence exists to show that improvement activities are used to address production and manufacturing concerns and are targeted at supporting company cost down activities. Reports, approach and results of previous successful activities are recorded and available.	There is evidence of an approach to continuous improvement within the last 6 months, including training plans.  There are adequate records of initiatives undertaken, and of results achieved.  There is no formal resource plan on going.	The company cannot demonstrate a structured approach to Kaizen / continuous improvement activities.  There is no evidence of a training plan or of previous reports or completed training activities.
5.13 Standardized Work	Operator performs job same every time. Visual manufacturing is evident. Standardized work charts at each location. Control Plan at each station. Quality checks performed at each station.	Work Instructions are located at a central location. Control Plan at central location. Quality is checked via batch/lot control.	No standardized work present.  Quality is either end of line of prior to shipment check/audit.
5.14 Business & finance planning / performance	The company can show that it is operating profitably and that it has been able to use profits generated to reinvest in the business. The financial position is stable and funds for further business development are available if required. There is funding available for tooling investment.	The company can demonstrate a track record of acceptable performance (above the industry average) over a sustained period e.g. 2-3 years.  There is a combination of reserve capital and bank capital available for investment.	The company cannot demonstrate a stable performance over the last 2-3 years (e.g. average returns for the industry).  There is little or no money available for investment.

5.15 Project management	The company has a project management structure / approach in place that is able to satisfy all customer cost, quality, timing and technical requirements. There is a structured approach to management of 2nd tier suppliers. Minimal input/support is required from customers, and the company ensures there is no need for order review following awarding of business.	The company has a limited project management capability versus the size of the customer requirement e.g. identified personnel dedicated to project - small team of 2-3 managers.  The company can demonstrate detailed Gantt chart-style planning of activities.	The company has no formal project management structure in place.  Customers are required to continuously monitor performance and progress against required milestones.
MEASURE	SCORE 5 IMAGE	SCORE 3 IMAGE	SCORE 1 IMAGE
5.16 Customer support / responsiveness	The company has a structure and systems in place to effectively manage all aspects of the customer/supplier relationship. There are clearly defined roles and responsibilities; these are communicated to all customers. There is a policy of total customer satisfaction in place.	The company can demonstrate an approach to Customer Satisfaction, with key responsibilities outlined and allocated. There is no formal procedure for total customer satisfaction.  There is a plan to achieve improved customer support and responsiveness.	There is no evidence of Customer Satisfaction systems with clearly defined roles and responsibilities.
5.17 Procurement	Suppliers are chosen by use of a structured evaluation system, and there are established, long-term, open relationships with key suppliers of materials, procedures and other 2nd tier products & processes. There are mutually agreed improvement plans in place. They can demonstrate evidence of international sourcing and supply.	The company can demonstrate the use of selection criteria in supplier evaluation and has some long-term contracts in place around key commodities.  There is limited evidence of international sourcing and supply.	There is little or no evidence of a procurement strategy.  Most commodities are purchased on an ad-hoc basis.  There is little evidence of international sourcing.

5.18 Safety	The company has a clear safety policy, and can show that it adheres to all local health, safety, and environmental requirements. There will have been less than 0.005% of available man-hours lost due to accidents in the preceding 12 months.	The company maintains adequate local health, safety, and environmental requirements records.  Lost Time Accidents - measured in man-days are less than 0.1% of available time.	The company does not have an acceptable Safety Policy. Lost Time Accidents (measured in man-days) are greater than 1%. The company does not maintain adequate local health, safety, and environmental requirements records.
5.19 Industrial relations	There will have been no available man-hours lost due to industrial disputes within the preceding 12 months.	The company can demonstrate only isolated, short-term occurrences of industrial dispute, and have an active plan in place to manage staff relations.	The company has a track record of industrial disputes and lost time.
5.20 Absenteeism	The average absentee rate over the preceding 6 months will be less than 2%, exclusive of holidays and maternity leave.	The average absenteeism rate for the last 6 months was better than 3%.	The average absenteeism rate for the last 6 months was greater than 5%.
5.21 Development & training of employees	The company will have a structured training and development plan for all employees, and skill levels are measured and targets generated. All monitors are complete and up to date. Cross training in cell/manufacturing area.	The company trains employees as required to specific job roles, but does not train to enhance flexibility.  Skills are measured and developed on a long-term basis.	The company has no structured training and development plans.
<b>MEASURE</b>	<b>SCORE 5 IMAGE</b>	<b>SCORE 3 IMAGE</b>	<b>SCORE 1 IMAGE</b>
5.22 Vision, strategy implementation	The company has a defined vision and supporting strategy, which is communicated to all levels, and all employees have objectives relating to it.	The company has a defined vision and supporting strategy. The company can demonstrate a Mission Statement and plans to achieve this. Employee objectives are not linked to the high-level strategy of the business.	The company does not have a clearly defined, well-communicated vision and supporting strategy.
5.23 Organization	The company has a clearly defined organizational structure with clear roles and responsibilities for all members of the organization. The management structure is lean and dynamic in its approach.	The company has a clear organization structure, with broadly defined roles and responsibilities. Levels of management are kept to a minimum. The company has a plan to re-structure to optimize further.	The company has no up-to-date, documented organizational structure. There is evidence of multiple layers of management with unclear responsibilities.
5.24 Stability / Turnover	The management team is stable, with an average length of service of more than 10 years and there is no likelihood of change in the foreseeable future.	The management team is stable with adequate succession plans in place.	The management team is new. The management team is inexperienced i.e. below 5 years in this industry. The management is at a retirement age, with uncertain succession plans.

5.25 Openness / honesty	The management team should have an open and honest attitude, and should exhibit an enthusiastic and positive approach to managing the customer / supplier relationship.	The management team has a record of working with customers on improvement programs.  They have a record of contributing business development ideas to the relationship.	The management team appears suspicious of customer motivations in cost reduction. They restrict access to the senior management team.
5.26 Information Technology	100 % EDI capacity, able to send receive IGES and CAD files.	Some EDI capability.	No EDI capability
5.27 Customer Tooling	Tooling source selection process with feasibility reviews. A system to own and track customer tooling. A predictive maintenance program and tracked tool breakdown program with metrics exists	Tool source selection process, feasibility review, a system to track customer owned tooling exists. A preventative maintenance program exists.	Tool source selection process. Feasibility reviews. A system to track customer owned tooling exists. Informal Preventative maintenance program.

## 7.0 SAMPLE QUESTIONS

- 1.1 How do you control process capability?
- 1.2 In PPM what is your delivered quality?
- 1.3 How do you monitor product deviations and how are they distributed?
- 1.4 How do you respond to rejections?
- 1.5 In terms of percentage what is your in process reject rate?
- 1.6 In percentage terms how much re-work is there?
- 1.7 As a percentage of sales what is the cost of scrap?
- 1.8 Describe your quality philosophy
- 1.9 Do you have a full set of quality procedures covering all departments and are these fully understood by all personnel?
- 1.10 How do you ensure adherence to quality systems and procedures?
- 1.11 Define the course of action to be used in the event of a non conformance
- 1.12 Do you employ modern manufacturing techniques e.g. TQM, Kaizen, FMEA etc
- 1.13 Which national / international business system accreditation's do you hold?
- 1.14 Have you ever had to recall goods from a customer?
- 1.15 How do you measure the cost of quality?
- 1.16 Can you show us your quality improvement plans
- 1.17 Describe your quality audit system
- 1.18 Can you show us how you monitor supplier performance?
- 1.19 Can you explain the deliverables for a PPAP submission?
- 1.20 How do you monitor key characteristics as defined by customer?
- 1.21 How do you assure all measure devices are recalibrated before expiration date?
- 1.22 How do customers know what measurement devices and test methods you are qualified to use?
- 1.23 Can you show us how WIP is identified and controlled?
  
- 2.1 How do you monitor arrears to customer requirement
- 2.2 How do you measure the accuracy of order quantities delivered to customer requirement
- 2.3 How do you measure the accuracy of date adherence delivered to customer requirement
- 2.4 How do you monitor the accuracy of release paperwork despatched to the customer
- 2.5 Do you have an ongoing lead-time reduction program

- 2.6 Please show us your production control procedure
- 2.7 How do you plan and control your manufacturing operation
- 2.8 What are the strengths / weaknesses of your current customers scheduling / planning process
- 2.9 Give examples of situations where you have worked with a customer in order to streamline your logistical relationship
- 2.10 Do you utilize returnable packaging?
- 2.11 How do you manage customers in different time zones, countries and continents?
  
- 3.1 Demonstrate how you have reduced cost while maintaining margin
- 3.2 What is your understanding of Total Acquisition Cost
- 3.3 How do you set machine rates, labour rates and how do you allocate overheads?
- 3.4 Do you or will you provide detailed cost breakdowns to customers?
- 3.5 How do you absorb internal cost increases
- 3.6 How do you absorb raw material cost increases
- 3.7 How do you absorb bought out cost increases
- 3.8 How do you manage foreign currency fluctuations
  
- 4.1 Do you have any design facilities?
- 4.2 Are you able to offer design input?
- 4.3 What testing facilities do you have?
- 4.4 Describe the range and capability of you manufacturing engineers
- 4.5 Show examples of improvement to customer products instigated by yourselves
- 4.6 How do you control engineering change?
  
- 5.1 Do you have a manufacturing strategy?
- 5.2 What is the range / capability of your in house manufacture
- 5.3 Do you have a planned maintenance schedule?
- 5.4 Are your standards of housekeeping world class?
- 5.5 Describe the rationale behind your facility layout
- 5.6 How do you monitor manufacturing performance and is this displayed on the shop floor
- 5.7 What are your measures of performance and how do they relate to improvement activity
- 5.8 What s the split between value added and non-value added hours worked
- 5.9 What is the percentage plant utilization?
- 5.10 What is the percentage labor utilization?
- 5.11 How do you control stores / warehouses (stock booking, rotation etc?)
- 5.12 Do you operate continuous improvement?
- 5.14 Are you a profitable company
- 5.15 Do you run improvement projects and how are these managed
- 5.16 What is your approach to customer satisfaction
- 5.17 How do you manage procurement?
- 5.18 Have you a good Health & Safety record? What % of time is lost to accidents
- 5.19 How stable are your industrial relations?
- 5.20 What is your rate of absenteeism?
- 5.21 Do you have a training plan?
- 5.22 Do you have a business vision, strategy and implementation plan
- 5.23 What is your organization structure?
- 5.24 How much experience has your management team?
- 5.25 Have you ever had to resort to legal action with a supplier or customer?

## 7.0 Record Retention

7.1 Supplier Assessment stored in pub SQE and linked to Supplier Database.

Paragraph No.	Change Details
All	Release date May 1, 2008

