

L-3 Communications Telemetry-East

SUPPLIER PERFORMANCE INDEX

1.0 PURPOSE

The purpose of this procedure is to define the measurement system that is used in the benchmarking of individual suppliers. This measurement will allow L-3 Telemetry-East, (TE) to ascertain the true cost of doing business with a specific supplier.

2.0 SCOPE

This procedure defines a rating system based on a set of criteria, which are intended to create a level, unbiased measurement of a supplier's performance. This will allow L-3 TE to accurately measure supplier performance.

This procedure is applicable to the L-3 (TE) facility.

3.0 RESPONSIBILITY

The Purchasing Department has the prime responsibility for the integrity of the Supplier Performance Index and to provide feedback to the supplier. Participation from the Quality Assurance Department is required to ascertain an accurate measurement of the quality performance of the supplier.

4.0 DEFINITIONS

Key Suppliers: Approved Suppliers whose technology or value added services provide a competitive advantage to L-3 TE.

Approved Suppliers: Suppliers who have been approved for use by L-3 TE but are not identified as "Key" IAW QWI-106.

Conditional Suppliers: Suppliers who have not completed the necessary qualification to become approved or Un-Approved IAW QWI-106.

Un-Approved suppliers. Not to be used for any L-3 TE requirements unless approved by manufacturing, engineering, and quality IAW QWI-106.

5.0 PROCEDURE

Suppliers will be measured in the following category set.

5.1 Supplier Performance Index (SPI)

Monthly reporting system of Suppliers' total performance.

Performance index includes:

<u>INDEX</u>	<u>RATING</u>
Quality	70 points
Delivery	20 points
Responsiveness	10 points

--	--	--

L-3 Communications Telemetry-East

SUPPLIER PERFORMANCE INDEX

Bonus	5 points
TOTAL	105 POINTS

5.2 Rating(S)

- Excellent 100-105 Points
 - Good 95-99 Points
 - Needs Improvement 90-94 Points
 - Unacceptable < 90 Points
- Suppliers that have an unacceptable rating for more than 2 months out of a six-month period will be issued a corrective action request.

5.3 Quality Maximum 70 Points

The Data comes from the quality software system

- **Incoming Inspection**
 - o Supplier is measured upon the number of parts received.
 - o Two (2) points are deducted for each percentage (%) rating below 100%.
 - Example, 99% piece acceptance would be 68 quality points.
 - o If part percentage drops below 96%, then supplier is ineligible to receive any Bonus Points.
- **Defects for Key Suppliers who do not go through incoming inspection.**
 - o Supplier shall lose 3 points for each Defect occurrence that is designated to be supplier responsibility.
- **Defects for all other Suppliers.**
 - o Defects that are not captured at incoming inspection shall be added to the piece % approval data.

5.4 Delivery Maximum 20 Points

Data comes from Manufacturing Software System.

- On time tolerance shall be defined as **zero days late** and no more **than 5 days early**. Allowances will be made if L-3 TE shipping carrier exceeds standard delivery time or if L-3 TE receiving does not receive goods on the day received.
- Rating will be measured on lots and not by number of parts.
 - o 100% on time 20 Points
 - o Each lot early - ½ point
 - o Each lot Late - 1 points
 - o < 85% on time -20 points

--	--	--

L-3 Communications Telemetry-East

SUPPLIER PERFORMANCE INDEX

5.5 Responsiveness Maximum 10 Points

- o Support on reschedule requests.
- o ECN support
- o Cost reduction support
- o CAR response
 - o Reduction of 1 point for each CAR that is overdue by more than one week from the requested return date. Suppliers may request extensions on submittal dates at the discretion of the Supplier Quality Engineer.

5.6 Bonus Maximum 5 Points

Just in time inventory, Kanban, supplier consignment, or other value added services.

5.7 Key suppliers will be sent a copy of their rating monthly. All other suppliers may be sent copies of their rating at the discretion of the Purchasing or Quality Assurance Manager.

5.8 Results will be kept in Purchasing for one year, after which time they may be discarded.

6.0 APPENDIX

N/A

--	--	--