



Supplier Performance Report

Supplier Tutorial

July 2011

The ultimate goal of any effective Supply Chain Management System is to optimize the deployment of assets to maximize fulfillment of demand (or customer service).

Objective:

- Upon review of these materials Suppliers should have an understanding of:
 - Supplier Performance Report
 - Performance Categories
 - Contested Rating Process
 - Supplier Rating Appeal Form

Supplier Performance Report



Overview

Supplier Performance Report

- AMT's growth and the reliance we place on our supply base necessitates improved performance in support of the demands of our shared customers
- The SPR is a single source of information containing important data to track supplier performance and significant trends
- Used to recognize Top Performers and identify suppliers requiring improvement

Supplier Performance Report

- Why Measure Supplier Performance?
 - In 2007 the AMT Purchasing department spend represented 45% of our total sales dollars
 - Supplier performance impacts AMT's ability to support cost and delivery expectations of our customers, as well as our ability to retain and garner new work opportunities
 - Expectations of continuous improvement

Supplier Performance Report

- What is the SPR?
 - The SPR is the format AMT has developed to collect, compare and share supplier performance both internally and externally
 - Supplier Ratings are categorized as:
 - Gold, Silver, Green, Yellow and Red
 - All suppliers are required to sustain a minimum Supplier Rating of Green

Supplier Performance Report

- Suppliers are provided Performance Reports on a monthly basis
- Face to face meetings will be established on a monthly, quarterly or annual basis, as required
- The Supplier Performance Report Measures Three (3) Main Components:
 - Quality
 - Delivery
 - Customer Service

Supplier Performance Report

- **Quality Performance**

Scope: The scope of this measurement encompasses acceptance results of parts from source/receiving inspection activities, through the customers manufacturing process, including only non-conformances that have been determined to be the responsibility of the supplier.

- **Method/Criteria:**

- Quality acceptance is calculated by part count acceptance divided by part count received in the specified time frame
- Escapes are the percentage of parts rejected as a result of discovery by AMT Quality personnel
- Supplier Corrective Action Requests are measured and reported but not currently calculated in the Supplier Rating

- **Measurement Period:**

- Measures all receiving inspections performed from the 1st to the last day of the month

Supplier Performance Report

- **Delivery Performance**

Scope: The scope of this measurement is from delivery of material from the supplier to AMT's receiving dock, against purchase orders.

- **Method/Criteria:**

- Delivery performance is based upon the receipt date vs. the supplier promise/commitment date on the purchase order.
- All deliveries measured to no more than “7 days early to 0 days late” – unless specified otherwise on the AMT purchase order

- **Measurement Period:**

- All deliveries received from the 1st to the last day of the month

Supplier Performance Report

- **Customer Service**

Scope: The scope of this measurement encompasses the quality of interaction and results between the AMT Buyer and all supplier representatives from initial bid through receipt of product

- **Method/Criteria:**

- Customer Service is measured using the following scale

- 0 – Poor
- 1 – Needs Improvement
- 2 – Good
- 3 – Excellent

- Items critiqued include; Shipment, Contract/PO Review and Acknowledgement, Prior/Proactive notification of issues, Responsiveness and Pricing

- **Measurement Period:**

- Measures all interactions between the supplier and AMT from the 1st to the the last day of the month

**Monthly Customer Service Review
Rev B**

Rating Scale:

- 0 - Poor
- 1 - Needs Improvement
- 2 - Good
- 3 - Excellent

Month in Review

Commodity

Buyer

Supplier

Delivery Issues

Order/Acknowledgement Review

Prior Notification to Issues

Responsiveness

Pricing

Total

Rating

Comments:

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

Additional Comments/Concerns:

<input type="text"/>

AMT- A Division of Senior Operations LLC
Supplier Rating Formula
7/1/2009
Rev C



- RM - Raw Material
- ST - Standards
- PC - Purchase Complete Parts
- OP - Outside Processing
- OV - Outside Vending
- ADL - Average Days Late
- QAR - Quality Acceptance Rate
- OTDP - On Time Delivery Performance
- AR Tags - Advanced Rejection
- CS - Customer Service

$$\text{RM, ST, OP \& PC} \quad \frac{(\text{QAR}) + (\text{OTDP} - \text{ADL})}{2} \quad + \text{CS} > 2.0$$

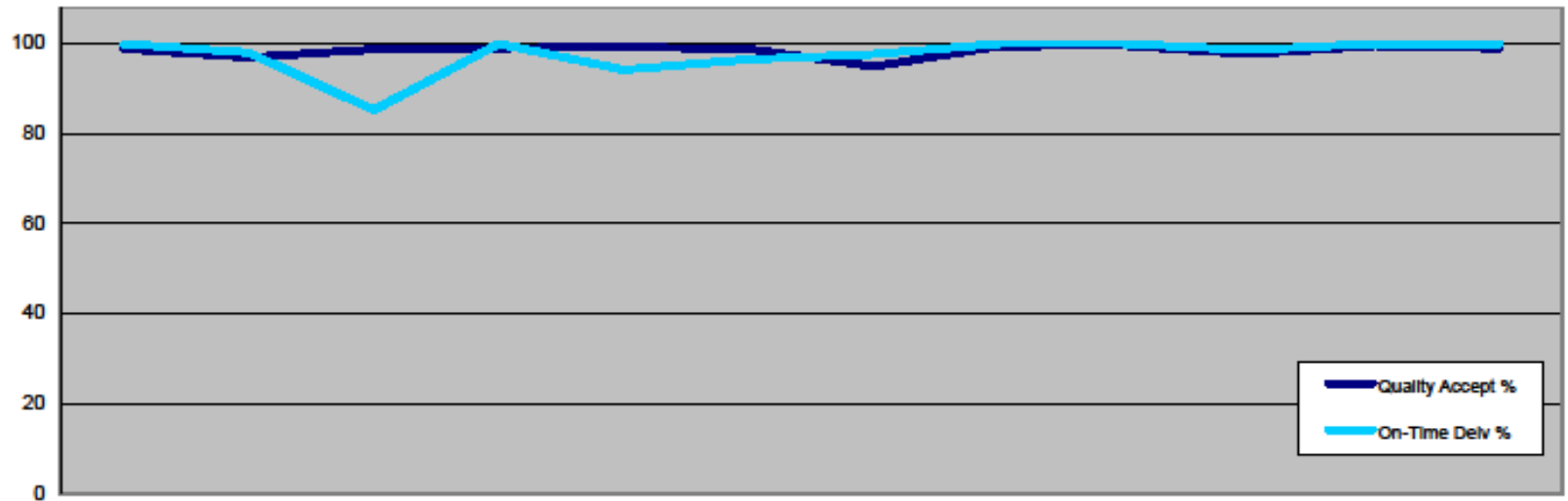
$$\text{OV} \quad \frac{(\text{QAR} + \leq 4\% \text{ AR Tags}) + (\text{OTDP} - \text{ADL})}{2} \quad + \text{CS} > 2.0$$

Classification	Rating
GOLD	99-100
SILVER	96-98
Min Rqmnt	90-95
Unsatisfactory	80-89
Non-Compliant	0 - 79

Example Supplier Performance Report



Annual Rating
96



	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
Quality Accept %	98.9	96.9	98.8	99.1	99.3	98.8	95.0	99.5	99.6	97.7	99.6	99.0
Quality Escape %	0.1	2.7	0.0	0.0	0.0	0.8	4.6	0.0	0.0	0.0	0.1	0.8
Corr.Action Requests	3	0	0	0	0	0	0	0	0	0	0	0
Delivery Count	47	51	61	42	52	57	88	79	94	74	62	88
On-Time Delv %	100.0	98.0	85.2	100.0	94.2	96.5	97.7	100.0	100.0	98.8	100.0	100.0
Days Late 1-5	0	0	8	0	2	0	0	0	0	1	0	0
Days Late 6-14	0	1	1	0	1	2	1	0	0	0	0	0
Days Late 15-30	0	0	0	0	0	0	0	0	0	0	0	0
Days Late Over 30	0	0	0	0	0	0	1	0	0	0	0	0
Average Days Late	0	11	3	0	3	6	19	0	0	2	0	0
Customer Service	1.9	2.4	2.6	2.6	2.5	2.2	2.0	2.3	2.4	2.3	2.5	2.6
Monthly Rating	100	93	92	100	96	95	88	100	100	99	100	100

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Supplier Performance Report

Classification	Rating	Description
GOLD	99-100	<p><i>“Preferred Supplier”</i></p> <ul style="list-style-type: none"> • Top Performer Consistently Exceeding Requirements
SILVER	96-98	<p><i>“Preferred Supplier”</i></p> <ul style="list-style-type: none"> • Exceeds Minimum Requirements
Minimum Requirement	90-95	<ul style="list-style-type: none"> • Meets “Current” Minimum Requirements • Allows Bidding of New Work
Unsatisfactory	80-89	<ul style="list-style-type: none"> • Does Not Meet Minimum Requirement • Management Approval to Bid New Work <ul style="list-style-type: none"> • Requires Written Corrective Action • Trending Positive to Avoid Work Loss
Probationary	0-79	<ul style="list-style-type: none"> • Probation <ul style="list-style-type: none"> • <u>No</u> New Bid Opportunities • Present Corrective Action Plan to AMT Management <ul style="list-style-type: none"> • Must be Yellow Within 60 Days • Work <u>Is</u> Being Shopped to “Preferred Suppliers”

Supplier Performance Report

- How is the SPR used within AMT?
 - Used for initial bid opportunities in Estimating and in the selection process for contract award in Purchasing
 - Used to identify top performing and unsatisfactory suppliers for recognition and corrective action
 - Presented for review at monthly Senior Staff Meetings
 - Considered in supplier reduction efforts

Contested Rating Process

- The contested rating process provides a means for suppliers to provide data disputing AMT provided metrics
- Any/all appeals to your supplier metrics can only occur up to the receipt date of the next SPR
- There are no appeals of Customer Service
- Process for Appeal:
 - Supplier requests detail background report from AMT Supply Chain Coordinator
 - If supplier feels a metric is in dispute they must fill out an appeal form and submit to the AMT Supply Chain Coordinator
- Be specific in your assertion and provide documentation
- A downloadable version of the appeal form is available on the supplier page of the AMT website (www.amtnw.com)



AMT Contact Name:

Supplier Contact Email:

Supplier Contact:

Supplier Contact Phone:

Supplier Name <input type="text"/>	Supplier Code <input type="text"/>	Report Category <input type="text"/> <small>(i.e. quality, delivery)</small>	Date Submitted <input type="text"/>
PO Number <input type="text"/>	PO Line Item <input type="text"/>		
	PO Release Item <input type="text"/>		

Supplier Explanation:

AMT Use Only:

Revision History

Rev	Page	Description	Date	Approval
A		Initial Release	05-01-08	J. Opel
B	13	Revised formula to reflect A/R tag adjustment for OV/OP	01-01-09	J. Opel
C	13	Revised formula to reflect increased A/R tag adjustment and incorporate Customer Service into Rating	07-01-09	J. Opel
D	14,18	Updated example SPR and Supplier Appeal Form example	10-09-09	J. Opel
E	17	Revised Contested Rating Process Instructions	12-31-09	J. Opel
F	12, 14	Revised Monthly Customer Service Review, Revised SPR	9-17-10	J. Opel
G	14, 15	Revised rating scale, Silver from 97-98 and Red from 0-75	7-22-11	J. Opel