

Section 5

C o u p l e d P r o d u c t s S u p p l i e r B a l a n c e d S c o r e c a r d

Note: Four performance drivers (Quality, Delivery, Supplier Process Improvement, and Commercial) are used to rate our strategic suppliers. The remaining suppliers will be judged only according to Quality and delivery.

Section 5 List

- 5.1 General
- 5.2 Overall Rating
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5.1 General

Coupled Products has recognized the fact that our suppliers must meet fundamental requirements and expectations in order to become an approved Coupled Products supplier. Coupled Products has also recognized the fact, in order for suppliers to meet our requirements and expectations, we must present these, but also provide feedback to the supplier, as to how the supplier is performing according to these requirements and expectations.

The purpose of this section of the manual is to define the measurables and calculation, but it will be the responsibility of each facility/division to administer the supplier rating and also help the supplier in determining the areas of required improvement.

The supplier will receive their Balanced Scorecard Report, as a minimum, on a quarterly basis. If there are any questions regarding the system or factual information of the report, the supplier is to contact the appropriate facility-purchasing representative.

5.2 Overall Rating

Supplier Performance Rating Drivers/ Metrics

Standards Definition

A. Reporting frequency

The report will be generated and printed monthly and distributed to the supply base on a quarterly basis.

B. Rating Scale

	<i>Points</i>
Excellent	4.5-5.0
Acceptable	4.0-4.49
Needs Improvement	≤ 3.99

C. Rating Criteria

1. Plant Level – Objective data

Quality (25% of Total)

PPM (70%)

CAR Count (30%)

Delivery (25% of Total)

2. Parent Level – Subjective data

Supplier Process Improvement (25% of Total)

Dollars Approved (50%)

Minority Sourcing (40%)

Proposals Submitted (10%)

Commercial (25% of Total)

Over shipments (35%)
Late shipments (65%)

Economics (100%)

5.3 Supplier Quality Rating

OEM Rating Metrics

1. **PPM (*Quality*)**—based on accumulation of parts per million and reflects the defect rate we have experienced with out supplier’s product. The rating scale below is used to assign points based on parts per million defective.

Rating	Parts Per Million Defective
5.0	Equal to 0 PPM
4.9	Greater than 0 PPM and ≤ 27 PPM
4.8	Greater than 27 PPM and ≤ 54 PPM
4.7	Greater than 54 PPM and ≤ 81 PPM
4.6	Greater than 81 PPM and ≤ 108 PPM
4.5	Greater than 108 PPM and ≤ 135 PPM
4.4	Greater than 135 PPM and ≤ 162 PPM
4.3	Greater than 162 PPM and ≤ 189 PPM
4.2	Greater than 189 PPM and ≤ 216 PPM
4.1	Greater than 216 PPM and ≤ 243 PPM
4.0	Greater than 243 PPM and ≤ 270 PPM
3.9	Greater than 270 PPM and ≤ 306 PPM
3.8	Greater than 306 PPM and ≤ 342 PPM
3.7	Greater than 342 PPM and ≤ 378 PPM
3.6	Greater than 378 PPM and ≤ 414 PPM
3.5	Greater than 414 PPM and ≤ 450 PPM
3.0	Greater than 450 PPM and ≤ 900 PPM
2.0	Greater than 900 PPM and $\leq 4,500$ PPM
1.0	Greater than 4,500 PPM and $\leq 9,000$ PPM
0.1	Greater than 9,000 PPM

2. **Number of Reject Occurrences (CARs, DMRs, etc.) (*Quality*)**—based on number of Reject Occurrences in a twelve month period.

Rating	Number of Reject Occurrences
5.0	0
4.5	1 - 5
4.0	6 - 10
3.5	11-15
3.0	16 - 20
2.5	21 - 25
2.0	26 - 30
1.5	31 - 35

1.0
0.1

36 - 40
Greater than 40

5.4 Supplier Delivery Rating

3. **Over shipments** (*Delivery*)—is the number of parts received in excess of scheduled receipts relative to the accumulated number of parts received.

Point Value	>	to	<=
5.0	Equal	to	0 %
4.9	0 %	to	1 %
4.8	1 %	to	2 %
4.7	2 %	to	3 %
4.6	3 %	to	4 %
4.5	4 %	to	5 %
4.4	5 %	to	6 %
4.3	6 %	to	7 %
4.2	7 %	to	8 %
4.1	8 %	to	9 %
4.0	9 %	to	10 %
3.9	10 %	to	11 %
3.8	11 %	to	12 %
3.7	12 %	to	13 %
3.6	13 %	to	14 %
3.5	14 %	to	15 %
3.4	15 %	to	16 %
3.3	16 %	to	17 %
3.2	17 %	to	18 %
3.1	18 %	to	19 %
3.0	19 %	to	20 %

Point Value	>	to	<=
2.9	20 %	to	21 %
2.8	21 %	to	22 %
2.7	22 %	to	23 %
2.6	23 %	to	24 %
2.5	24 %	to	25 %
2.4	25 %	to	26 %
2.3	26 %	to	27 %
2.2	27 %	to	28 %
2.1	28 %	to	29 %
2.0	29 %	to	30 %
1.9	30 %	to	31 %
1.8	31 %	to	32 %
1.7	32 %	to	33 %
1.6	33 %	to	34 %
1.5	34 %	to	35 %
1.4	35 %	to	36 %
1.3	36 %	to	37 %
1.2	37 %	to	38 %
1.1	38 %	to	39 %
1.0	39 %	to	40 %
0.1	40 %	or	more

Overship Quantity—Quantity received in excess of quantity ordered for the rating month.

Quantity Due—Quantity ordered for the rating month.

Overshipments—The *Overship Quantity* divided by the *Quantity Due*, expressed as a percent.

5.4 Supplier Delivery Rating

4. **Late shipment** (*Delivery*)—is the number of parts received in excess of scheduled receipts relative to the accumulated number of parts received. The receiving Coupled Products determines the specific definition for “late”.

Point Value	>	to	<=
5.0	Equal	to	0 %
4.9	0 %	to	1 %
4.8	1 %	to	2 %
4.7	2 %	to	3 %
4.6	3 %	to	4 %
4.5	4 %	to	5 %
4.4	5 %	to	6 %
4.3	6 %	to	7 %
4.2	7 %	to	8 %
4.1	8 %	to	9 %
4.0	9 %	to	10 %
3.9	10 %	to	11 %
3.8	11 %	to	12 %
3.7	12 %	to	13 %
3.6	13 %	to	14 %
3.5	14 %	to	15 %
3.4	15 %	to	16 %
3.3	16 %	to	17 %
3.2	17 %	to	18 %
3.1	18 %	to	19 %
3.0	19 %	to	20 %

1.2	37 %	to	38 %
1.1	38 %	to	39 %
1.0	39 %	to	40 %
0.1	40 %	or	more

Point Value	>	to	<=
2.9	20 %	to	21 %
2.8	21 %	to	22 %
2.7	22 %	to	23 %
2.6	23 %	to	24 %
2.5	24 %	to	25 %
2.4	25 %	to	26 %
2.3	26 %	to	27 %
2.2	27 %	to	28 %
2.1	28 %	to	29 %
2.0	29 %	to	30 %
1.9	30 %	to	31 %
1.8	31 %	to	32 %
1.7	32 %	to	33 %
1.6	33 %	to	34 %
1.5	34 %	to	35 %
1.4	35 %	to	36 %
1.3	36 %	to	37 %

Quantity Late—Quantity received after the due date for the rating month.

Quantity Due—Quantity ordered for the rating month.

Late Shipments—The *Quantity Late* divided by the *Quantity Due*, expressed as a percent.

5.5 Supplier Process Improvement Rating

5. Percent of Annual Dollar Purchases Approved (*Supplier Process Improvement*)—the rating reflects the annualized dollar value of approved cost reductions compared to the total annual spend with the supplier, expressed as a percent.

Rating	% of Proposals Submitted
5.0	$\geq 3\%$
4.0	$\geq 2.5\%$ and less than 3%
3.0	$\geq 2\%$ and less than 2.5%
2.0	$\geq 1.5\%$ and less than 2%
1.0	$\geq .1\%$ and less than 1.5%
0.1	$\geq 0\%$ and less than .1%

6. Proposals Submitted (*Supplier Process Improvement*)—this rating is based on the number of SPI proposals submitted.

Rating	Submittals/month
5.0	2 or more
3.0	1
0.1	0

7. Minority Sourcing (*Supplier Process Improvement*)—The rating is based on the annualized dollar value of purchases from minority suppliers, compared to the supplier's annual sales dollars to Coupled Products. The minority supplier must be certified by an affiliate of the National Minority Supplier Development Council. This metric may not be applicable outside of the U.S.A.

Rating	Description of Qualification
5.0	Greater than or equal to 5%
4.0	Less than 5%, but greater than or equal to 4%
3.0	Less than 4%, but greater than or equal to 3%
2.0	Less than 3%, but greater than or equal to 2%

1.0	Less than 2%, but greater than or equal to 1%
0.1	Less than 1%

5.6 Supplier Commercial Rating

- 8. Economics (*Commercial*)**—this rating reflects the supplier’s commitment to offset cost increases through improved productivity and efficiency. Each division sets its own specific cost down target.

	Rating	Description of Qualification
Products)	5.0	Meets 100 % of Cost Down objective (set by the Coupled
	4.0	Greater than 90 % and less than or equal to 100 %
	3.5	Greater than 80 % and less than or equal to 90 %
	3.0	Greater than 70 % and less than or equal to 80 %
	0.1	Less than 70 %