

## Metric – Quality

**Measure:** Quantity of parts logged into the MDR(Material Discrepancy Report) system versus the quantity of parts received during a given time period. Metric to be published based on a three(3) month rolling tally of DPPM. Benchmarks of commodity peers and entire supply base may be provided for comparison.

**Goal:** Promote a defect-free culture that pro-actively develops process controls that contains rejected materials, corrects process deviations immediately, and fosters a zero tolerance for mistakes.

Metric Performance:	Rating Points:
DPPM $\leq$ 500 (4.79 Process Sigma)	-25-
DPPM $\leq$ 1,000 (4.59 Process Sigma)	15
DPPM $\leq$ 1,500 (4.47 Process Sigma)	10
DPPM $\leq$ 2,000 (4.38 Process Sigma)	5
DPPM $\leq$ 2,500 (4.31 Process Sigma)	0

- Points are calculated based on rounding, using one(1) decimal point.
- Ratings calculated monthly, beginning Q2, 2008.
- Quality Review Board: Director Strategic Procurement and Quality Manager

## Metric – On Time Delivery

**Measure:** Actual delivery date of a partial or complete line item quantity versus the PO Due Date. On time delivery is defined as a receipt that is delivered on the due date or up to 5 business days prior. Metric to be published based on a rolling three month tally.

**Goal:** Receive materials exactly on the PO date to accommodate production schedules and satisfy our customers delivery expectations.

Metric Performance:	Rating Points:
100 % Deliveries On Time	-25-
98 % Deliveries On Time	15
95 % Deliveries On Time	10
90 % Deliveries On Time	5
≤ 90% Deliveries On Time	0

- Points are calculated based on rounding, using one(1) decimal point.
- Ratings calculated monthly, beginning Q2, 2008.
- On Time Delivery Review Board: Director Strategic Procurement and Director Logistics

## Metric – Asset Management, Turns

**Measure:** The standard cost of all issues, by part number, during the last twelve(12) months divided by the standard cost of on hand quantity, by part number, of all assigned items. Turns detail is published by individual part number and by supplier total.

**Goal:** Reduce working capital investment and accelerate manufacturing velocity by increasing the turns of assigned items.

Metric Performance:	Rating Points:
Total turns $\geq 10$	20
Total turns $\geq 8 - < 10$	-15-
Total turns $\geq 4 < 8$	10
Total turns $\geq 1 < 4$	5
Total turns $< 1$	0

- Points are calculated based on rounding, using one(1) decimal point.
- Ratings calculated monthly, beginning Q2, 2008.
- Turns Review Board: Director Strategic Procurement and Director Operations Technology

## Metric – PPV, Purchased Price Variance

**Measure:** Price invoiced versus the standard cost established. PPV impact is published for a rolling three months tally, using the difference between invoice cost and standard cost times the quantity received.

**Goal:** To develop a favorable PPV, reflecting supplier efforts to lower costs through continuous improvements in manufacturing processes, purchasing practices, and business management.

Metric Performance:	Rating Points
PPV $\geq$ (7%) Favorable	-30-
PPV of $\geq$ (4%) to $<$ (7%) Favorable	25
PPV of $\geq$ (1%) to $<$ (4%) Favorable	20
PPV of $\geq$ 0% to $<$ (1%) Favorable	10
PPV Unfavorable	0

- Points are calculated based on rounding, using one(1) decimal point.
- Ratings calculated monthly, beginning Q2, 2008.
- PPV Review Board: Director Strategic Procurement and Controller

## Metric – INNOVATION

**Measure:** Implementable cost reduction concepts, focused on innovative applications of new technology, material substitutions, specification changes, and alternate cost effective methodologies. Published measurement is accumulated YTD costs savings submitted and approved by Blackmer Procurement.

**Goal:** To develop an innovative alliance, bringing together industry technological advancements, efficiency, and reliability for our customer.

Metric Performance:	Rating Points
Savings $\geq$ 7%	-15-
Savings $\geq$ 4 to $<$ 7%	10
Savings $\geq$ 1 to $<$ 4%	5
Savings $<$ 1%	0

- Points are calculated based on rounding, using one(1) decimal point.
- Innovation Review Board: Director Strategic Procurement and Director of Engineering

## Summary – All Metrics

### Quality Performance:

DPPM $\leq$ 500	-25-	Target
DPPM $\leq$ 1,000	15	
DPPM $\leq$ 1,500	10	
DPPM $\leq$ 2,000	5	
DPPM $\leq$ 2,500	0	

### Delivery Performance:

100 % Deliveries On Time	-25-	Target
98 % Deliveries On Time	15	
95 % Deliveries On Time	10	
90 % Deliveries On Time	5	
$\leq$ 90% Deliveries On Time	0	

### Asset Management-Turns:

Total turns $\geq$ 10	20	Bonus
Total turns $\geq$ 8 < 10	-15-	Target
Total turns $\geq$ 4 < 8	10	
Total turns $\geq$ 1 < 4	5	
Total turns < 1	0	

### PPV Performance:

PPV $\geq$ (7%) Favorable	-30-	Target
PPV of $\geq$ (4%) to < (7%) Favorable	25	
PPV of $\geq$ (1%) to <(4%) Favorable	20	
PPV of $\geq$ 0%	10	
PPV Unfavorable	0	

### Innovation:

Savings $\geq$ 7%	-15-	Target
Savings $\geq$ 4% to <7%	10	
Savings $\geq$ 1% to <4%	5	
Savings <1%	0	

### Total Supplier Performance Rating:

Preferred Supplier	$\geq$ 100	Target
Recommended Supplier	$\geq$ 90	
Active Supplier – Needs corrective action	$\geq$ 80	
Corrective Action Required	<80	