

To: Telamon International and Telamon Europe Suppliers
From: Pamela Hopper
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Subject: Supplier Scorecard Performance

The new Supplier Scorecard enables us to manage, measure and communicate supplier performance relative to our expectations. There is one scorecard for each Supplier Parent Company with the individual plants listed on separate lines by vendor code and the Ship to Location.

The scorecard contains 6 metrics with ratings and weights to determine a monthly score, as outlined below. The current month score is located across the top of the Supplier Scorecard for each metric and a total at the end of the row. The monthly goal is 90+ points, a green rating. The prior monthly scores are shown above the respective monthly columns. The Trailing Twelve Month total in last column of Scorecard is the average of last 12 months.

1. Number of Quality Incidents – The incidents will be classified as A-Major, B-Medium, C-Minor and are rated as follows. Points will be based on lowest value. For example, 2 incidents occur in one month, 1 is C-Minor (green), 1 is A-Major (red). The rating will be red and points allocated 0.
 - a. Green - ≤2 minor incidents, 40 points max
 - b. Yellow – 3 minor incidents or 1 medium incident, 15 points max
 - c. Red - >3 minors, ≥1 medium or ≥1 major incident, 0 points
2. Defective Parts per Million (DPPM) – This is based on the number of pieces “rejected” on site, for instance one box of 5,000 pieces. This may be lowered based on actual “defects” found after sorting is completed, typically by supplier. It is the supplier’s responsibility to notify Telamon of the actual rejects found.
 - a. Green - <25 DPPM, 10 points max
 - b. Yellow – 25-100 DPPM, 5 points max
 - c. Red - >100 DPPM, 0 points
3. OTD – Based on the number of shipments delivered on-time (and early, this may change in the future).
 - a. Green - >98%, 30 points max
 - b. Yellow – 95-98%, 15 points max
 - c. Red - <95%, 0 points
4. Lead Time – This is a bit different than the traditional Lead Time calculation. It represents the number of “frozen” weeks on the 20 week material releases. If no frozen weeks exist, the value is 1 week. If 2 weeks are frozen, the value is 2. If 3+ weeks are frozen, the value is 3.
 - a. Green- 1 week, 5 points max
 - b. Yellow – 2 weeks, 3 points max
 - c. Red - >2 weeks frozen on material release requirements, 0 points

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5. Productivity – The amount of total savings divided by the total spend.
 - a. Green - >3%, 10 max points
 - b. Yellow – 1-3%, 5 max points
 - c. Red - <1%, 0 points
6. Customer Service – Grades the responsiveness to requests and due dates such as RFQs, NCR Corrective Actions, PPAP and any Commercial Issues.
 - a. Green - ≤1 issue, 5 max points
 - b. Yellow – 2 issues, 3 max points
 - c. Red - ≥3 issues, 0 points

Monthly Criteria					Max Points	Monthly Score			Score Card KPI's			Criteria Definition		
# of Quality Incidents	A-Major	n/a	n/a	≥1	40	40	15	0	# of Quality Incidents	A-Major	Customer Disruption, Internal Line Shutdown, Repeat "B" Occurrence			
	B-Medium	n/a	1	>1						B-Medium	SC/CC Violation, Supplier Sort at Plant, Repeat "C" Occurrence			
	C-Minor	≤2	3	>3						C-Minor	Disruption, Incoming Insp Violation			
DPPM	<25	25-100	>100	10	10	5	0	DPPM	Total Pcs Rejects / Total Pcs Received x 1M					
OTD	≥98%	95-97%	<95%	30	30	15	0	OTD	# of On-Time Shipments / # of Total Shipments					
Lead Time (in wks)	1 Week	2 Weeks	3+ Weeks	5	5	3	0	Lead Time	Based on Material Release LT (frozen window LT)					
Productivity	>3%	1-3%	<1%	10	10	5	0	Productivity	Total Savings / Total Spend					
Customer Support	≤1	2	≥3	5	5	3	0	Customer Support	RFQ, PPAP, Quality &/or Comm'l Corr Act Resp (repetitive issues auto RED)					

The Supplier Scorecard Total SCORE is used to define the suppliers overall rating category.

1. **Preferred / Growth Supplier** - Score ≥90 is GREEN. Supplier performance meets or exceeds Telamon’s expectations. These suppliers are given preference on new (and current) business opportunities.
2. **Provisional / Maintain Supplier** - Score ≥80-89 is YELLOW. Supplier performance is below Telamon’s expectations but still within an acceptable range. A Supplier Corrective Action may be required if three consecutive months are rated as Provisional in order to bring performance levels to a Preferred status.
3. **Probationary / Phase Out** - Score <80 is RED. Supplier performance is below Telamon’s expectations and is adversely impacting our business. The following initiatives will be started with Probationary suppliers.
 - a. The supplier will be placed in a Probationary status until the corrective actions are completed and resolved. This will occur by the end of the current month.
 - b. A Supplier Corrective Action is required outlining detailed actions to improve performance to an acceptable level. This will be due by the end of the following month.
 - c. If an improved rating is not achieved within 2 months following the response to the Supplier Corrective Action, an exit strategy will be discussed and the supplier will be removed from the Approved Supplier List.

If you have any questions regarding the Supplier Scorecard, please feel free to contact your Site Planner or Buyer. Thank you for your support!