S P E C I F I C A T I O N

SUPPLIER SCORECARD

CONFORMITY INDICATORS

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S-102
Supplier Scorecard
Conformity Indicators

Edition 1
Jan 5, 2015
Page 2/6

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S-102
Supplier Scorecard
Conformity Indicators

Edition 1
Jan 5, 2015
Page 3/6

TABLE OF CONTENTS

TEXT

1. Purpose

The purpose of this document is to define the conformity indicators for the supplier/customer scorecard, as well as the rules and principles for calculating these indicators.

Paragraph 2 of this document describes the general provisions and requirements regarding this supplier/customer scorecard. *(Paragraph 2 below is an integral copy of the punctuality scorecard specification's §2. Should there be any inconsistency or difference between this document and the punctuality specification it is the latter that serves as the reference.)*

2. General approach

✓ Define a common scorecard that can be shared by all the stakeholders (customers/suppliers) in the industrial chain.

✓ This scorecard must be complied with by all customers and suppliers, but without limiting any clarifications/discussions that might be necessary between each customer and supplier (information, additional calculations, collaboration, etc.).

✓ Basically this scorecard will make it possible to consolidate the supplier's performance for all of its customers.

✓ The notion of calculation data per site will make it possible to make different consolidations by group of sites: calculations for one customer site or group of customer sites regarding one supplier site or group of supplier sites (sector):

- For a given supplier, the indicators relative to all of its customers,
- For a given sector, for a given customer,
- For a given sector, all customers taken into account.

- If possible the notion of product lines within any given site shall be used when segmenting the calculation data.

- The notion of calculation data per site will eventually make it possible to define and manage sectors, supplier families and customer families.

- The notion of calculation data per site will eventually make it possible to manage changes (eg: change of legal entity to which sites are attached).

✓ This scorecard will not prevent a specific scorecard being established between supplier S and customer Cx, and this specific scorecard will not prevent the consolidation of the all-customer scorecard, or consolidation by group of supplier or customer sites.

✓ This scorecard may be completed at a later time with indicators making it possible to cover the products' complete life cycle (Development, Production, Services, Customer Support).

✓ The documentation structure and configuration management regarding this scorecard shall be based on a list of documents that shall, in turn, be configuration-managed.

✓ For the moment this list of documents consists of:

- the punctuality indicator specification,
- the conformity indicator specification (this document),
- the scorecard format specification (visual representation).

3. Reference documents

SCMH Section 5.1.2 – April 2014 - IAQG

SCMH: Supply Chain Management Handbook
IAQG: International Aerospace Quality Group

4. Conformity indicators

Conformity shall be established on the basis of two indicators

- Item Escape Rate (IER),

- Concession Rate (CR).

✓ The indicators shall be calculated for each individual industrial site. (See paragraph 2 for the calculation assumptions by site or group of sites.)

✓ The indicators shall be based on the production deliveries: new products and spares.

✓ It shall be indicated whether the calculation was made with or without "collaboration" between customer and supplier.

✓ Complex systems may be managed according to specific conditions (example of complex systems: aircraft structures, aircraft engines, etc.).

4.1 Item Escape Rate (IER)

✓ This indicator shall be calculated monthly over a rolling six-month period.

✓ This indicator represents the rate of non-conforming items delivered to the customer. It therefore applies to the non-conformities detected between delivery and the end of the complete production cycle, that is to say the end of the end-product's (aircraft, satellite, etc.) customer/supplier "supply chain".

✓ Before collaboration, when the liability cannot be clearly established, non-conformities are considered to come under the supplier's responsibility.

✓ Collaboration will make it possible to remove non-conformities from the customer's responsibility at a later time.

✓ The IER includes non-conformities detected by the customer and non-conformities detected by the supplier after delivery.

✓ It will be possible to adjust the indicator after collaboration, for example: removal of non-conformities declared by the supplier, that have been the subject of a request for concession accepted by the customer.

QUALIFAS

S-102
Supplier Scorecard
Conformity Indicators

Edition 1
Jan 5, 2015
Page 6/6

✓ The IER indicator does not trace the serial numbers, it is based on the activity for the period only.

$$IER = \frac{\textit{Number of non-conforming items detected during the period}}{\textit{Number of items delivered during the period}}$$

The indicator is expressed in "parts per million" (PPM) by multiplying the above ratio by 1,000,000.
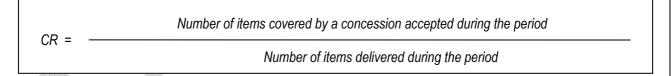
Period : six months by default.

NOTE :
Industrial experimentation with the scorecard will make it possible to draw up application guidelines that may, among others, describe a parameter-setting principle for this IER measurement period.

- *Items: products / components / documentation, and service in the broad sense, as defined in the purchase order.*
- *The units used to calculate the number of items are those used in the purchase order.*
- *Non-conforming items: an item that has one or more characteristics that do not meet the requirements.*

4.2 Concession Rate (CR)

✓ This indicator shall be calculated monthly over a rolling six-month period.
✓ The concessions to be taken into account are those resulting from non-conformities under supplier liability (before delivery only).
✓ A concession is a written authorisation to use or release a product that does not conform to the specified requirements. A concession authorises the internal/external supplier or subcontractor to deliver a product that has specific non-conforming characteristics

$$CR = \frac{\textit{Number of items covered by a concession accepted during the period}}{\textit{Number of items delivered during the period}}$$

The indicator is expressed in "parts per million" (PPM) by multiplying the above ratio by 1,000,000.

Period : six months.

- *Items: products / components / documentation, and service in the broad sense, as defined in the purchase order.*
- *The units used to calculate the number of items are those used in the purchase order.*
- *Items covered by a concession : non-conforming item that has been accepted by the design authority, external regulator or customer.*

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