



SUPPLIER PERFORMANCE RATING (SPR) SCORING METHOD

INTRODUCTION

Telephonics Corporation’s (TC) SPR is a weighted (%), composite score of a supplier’s performance in three (3) key strategic categories:

1. Quality = 60%
2. Delivery = 30%
3. Business Management = 10%

Each category is rated separately using a point-system with 100 being the maximum points attainable.

The composite score is simply the weighted sum of the 3 category scores, Quality Rating (QR), Delivery Rating (DR) and Business Management Rating (BMR) as follows:

$$SPR = (QR \times .6) + (DR \times .3) + (BMR \times .1)$$

The individual category ratings are determined by earning points for specific elements within each category as follows:

QUALITY – The Quality Rating (QR) is determined by assessing the quality performance across several elements and applying the points for each element as follows:

Element	Description	Max. Points Earned														
Quality Management System (QMS)	Third-Party QMS Certification status assessed by TC <u>within last 12 months</u> (rolling) per the following: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">QMS Status:</th> <th style="text-align: right;">Points</th> </tr> </thead> <tbody> <tr> <td>AS9100 Certified</td> <td style="text-align: right;">10</td> </tr> <tr> <td>ISO9000 Certified with Enhancements*</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Basic ISO Certified (or equivalent)</td> <td style="text-align: right;">5</td> </tr> <tr> <td>ISO “compliant” system with Enhancements</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Basic ISO compliant without Enhancements</td> <td style="text-align: right;">0</td> </tr> <tr> <td>No QMS to consensus standard</td> <td style="text-align: right;">0</td> </tr> </tbody> </table> *Enhancements include First Article Inspection Reports to AS9102; Counterfeit Parts Control program and FRACAS.	QMS Status:	Points	AS9100 Certified	10	ISO9000 Certified with Enhancements*	10	Basic ISO Certified (or equivalent)	5	ISO “compliant” system with Enhancements	5	Basic ISO compliant without Enhancements	0	No QMS to consensus standard	0	10
QMS Status:	Points															
AS9100 Certified	10															
ISO9000 Certified with Enhancements*	10															
Basic ISO Certified (or equivalent)	5															
ISO “compliant” system with Enhancements	5															
Basic ISO compliant without Enhancements	0															
No QMS to consensus standard	0															
Received Quality	Combined results from <u>Source and Receiving Inspection</u> to calculate an Acceptance Rate <u>each month</u> using the following formula: $(Lots\ Accepted/Lots\ Submitted + Units\ Accepted / Units\ Submitted) / 2 \times 100$ The Acceptance Rate is then used directly to calculate the points earned by applying a weighting factor of 20 to establish the points for Received Quality. For example:	20														



Element	Description	Max. Points Earned										
	<p>Acceptance Rate x Weighting Factor = Points Earned</p> <p>100% accepted: 1.0 x 20 = 20 points 50% accepted: .50 x 20 = 10 points 20% accepted: .20 x 20 = 4 points 5% accepted: .05 x 20 = 1 point 0% accepted: = 0 points</p>											
In-process Quality	<p>The quantity of TC in-process assembly rejects and test failures combined that were determined to be <u>supplier's responsibility</u> for each month.</p> <table border="0"> <thead> <tr> <th>Units Rejected</th> <th>Points</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>30</td> </tr> <tr> <td>1</td> <td>20</td> </tr> <tr> <td>2-3</td> <td>10</td> </tr> <tr> <td>>3</td> <td>0</td> </tr> </tbody> </table>	Units Rejected	Points	0	30	1	20	2-3	10	>3	0	30
Units Rejected	Points											
0	30											
1	20											
2-3	10											
>3	0											
Customer Quality	<p>The quantity of TC customer returns/field failures determined to be supplier's responsibility in the <u>previous six (6) month period</u> (rolling).</p> <table border="0"> <thead> <tr> <th>Units Returned</th> <th>Points</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>30</td> </tr> <tr> <td>1</td> <td>20</td> </tr> <tr> <td>2</td> <td>10</td> </tr> <tr> <td>>2</td> <td>0</td> </tr> </tbody> </table>	Units Returned	Points	0	30	1	20	2	10	>2	0	30
Units Returned	Points											
0	30											
1	20											
2	10											
>2	0											
Corrective Action/ Preventive Action (CAPA) Performance	<p>The number of requests for failure analysis (FARs) or corrective action (CARs) issued <u>each month</u> based on supplier's responsibility.</p> <table border="0"> <thead> <tr> <th># FARs/CARs Issued</th> <th>Points</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>10</td> </tr> <tr> <td>1</td> <td>5</td> </tr> <tr> <td>>2</td> <td>0</td> </tr> </tbody> </table>	# FARs/CARs Issued	Points	0	10	1	5	>2	0	10		
# FARs/CARs Issued	Points											
0	10											
1	5											
>2	0											
TOTAL POINTS EARNED		100										

DELIVERY – The Delivery Rating (DR) is determined by utilizing the on-time delivery performance directly. It is simply the on-time delivery rate comparing actual received date to original due date (ODD). The DR can range from 100 (no late deliveries) to 0 (all deliveries late) for a specified timeframe [e.g., monthly, quarterly, annually (fiscal year)].



BUSINESS MANAGEMENT – The Business Management Rating (BMR) takes into account important aspects of the supplier’s relationship with TC. It assesses performance across several elements, including Dun & Bradstreet (DNBi) risk, and applies points across each element as follows:

Element	Description	Max. Points Earned
Responsiveness	Responsiveness has 3 subparts with the points determined as follows: <ol style="list-style-type: none"> 1. All CAR/FAR responses received on-time (within due date) <u>each month</u>: If Yes = 20; No = 0 2. Timely response to other TC Requests <u>each month</u>: If Yes = 20 points; No = 0 3. Barcode labels used on incoming delivery packages (as applicable): If Yes = 10 points; No = 0 	50
Supplier Improvement Initiative(s)	Beyond typical price reductions, does supplier have any projects/initiatives underway in the last 12 months (rolling) to improve performance including, but not limited to, reducing overall costs to TC. Yes = 25 points; No = 0	25
DNBi Risk Rating	The DNBi Risk Rating is retrieved and factored in monthly from Dun & Bradstreet’s (D&B) Supplier Risk Manager subscription service under the Scorecard Risk Class. “Severe” = 0 points; All Other Ratings = 25 points	25
TOTAL POINTS EARNED		100