



Petoskey Plastics Supplier Performance Report:

Supplier Performance will be assessed through the measurement of the supplier's ability to meet Delivery, Quality, Pricing and Continuous Improvement requirements.

All Suppliers that provide production related products to Petoskey Plastics or any supplier that provides a product that has specific quality requirements dictated by our customer will receive a Supplier Performance Report.

Petoskey Plastics will send out the supplier scorecard on a quarterly basis. It is the responsibility of the supplier to review the scorecard each quarter and ensure that the score reflected is correct. Any discrepancies in the scorecard should be brought to the Petoskey Plastics Buyer attention for review and consideration for correction.

How is each measureable calculated:

- *On-Time Delivery* – On-time delivery will be measured by the due date. The due date listed on the Purchase Order indicates the date that the product is due at our facility.
 - o $\text{Total \# of Order Lines received on or before Due Date} / \text{Total \# of Order Lines} = \text{OTD \%}$
- *Quality* – Quality will be measured by calculating the total PPM for a supplier. PPM is calculated by dividing the total number of defective parts by the total parts received to get a percentage. The PPM percentage is multiplied by 1 million to get the total PPM for a supplier.
 - o $\text{Total Parts Rejected} / \text{Total Parts Received} = \text{PPM\%}$
 - o $\text{PPM \%} \times 1 \text{ million} = \text{Total PPM}$
- *Pricing Accuracy* – Purchase Order price accuracy is a measurement of the invoice matching the Purchase Order price. It is the responsibility of the supplier to confirm the price issued on the PO is accurate and confirmed with the buyer who issued the PO. Accurate invoicing is critical in preventing unnecessary time spent by Accounting, Purchasing and the Supplier verifying the correct piece price after the PO has been issued and an invoice has been submitted for payment.
 - o $\text{Total \# of Order Lines with Variances} / \text{Total \# of Order Lines without Variances} = \text{Pricing Accuracy \%}$
- *Continuous Improvement* – A supplier partnership should foster creativity and innovation that can be implemented through continuous improvement activities. Continuous Improvement will be measured as a percentage. This is calculated by dividing the total number of ideas implemented by the total number of ideas submitted. Suppliers will be required to submit a total of 5 Continuous Improvement Ideas each year to Petoskey Plastics.
 - o $\text{Total Ideas Submitted} / \text{Required Total Ideas (5 Ideas Per Year)} = \text{Continuous Improvement \%}$

How is each measurable calculated:

1. *On-Time Delivery* – Receiving product on time is critical to the manufacturing schedule at Petoskey Plastics. Late product can negatively affect our supply chain and can affect our ability to supply material on-time to our customers. On-time delivery will be weighted at 40% of the total score.
2. *Quality* – Receiving quality product from our supplier is critical to Petoskey Plastics and to our ability to provide exceptional customer service in line with our customers' expectations. Quality will be weighted at 40% of the total rating/score.
3. *Pricing Accuracy* – Maintaining pricing accuracy is an expectation as a supplier to Petoskey Plastics. Petoskey Plastics expects the supplier to verify the price issued on the Purchase Order matches the price that will be invoiced. Purchase Order Price Accuracy will be weighted at 10% of the total rating/score.
4. *Continuous Improvement/Innovation* – Continuous Improvement is designed to increase supplier involvement at Petoskey Plastics. The desired results are innovation and cost reductions driven by ideas or suggestions submitted by the supplier. Continuous Improvement will be weighted at 10% of the total rating/score. Suppliers are required to submit 5 Continuous Improvement Ideas per year. A Continuous Improvement Submission Form is included and can be used for submitting ideas to Petoskey Plastics. Please see examples below of Continuous Improvement Ideas a supplier may submit for credit to the goal of 5 ideas per year. As Petoskey Plastics practices sustainability we are allowing our suppliers to submit any Sustainability Initiatives as a Continuous Improvement Idea. Evidence is required when submitting Sustainability Practices as a Continuous Improvement Idea.

- o ***Discounted Payment Terms***

1. Your organization provides discounted payment terms to Petoskey Plastics example: (2/20 Net 45 Days). Must be new and not a current offering/program.

- o ***Supplier Sustainability Practices*** – Evidence of Initiative/Program Required for Sustainability submission ideas.

1. Your organization has adopted a corporate sustainability initiative to reduce or minimize its impact on the environment.
2. Your organization has initiated or implemented energy efficiency projects to reduce energy consumption.
3. Your organization has a waste reduction program.
4. Your organization has a water conservation program.
5. Your organization reports greenhouse gas emissions to an outside organization (CDP Carbon Disclosure, Project, Sedex, etc.)

- o ***Process Improvements***

1. Your organization identified opportunities at a Petoskey Plastics Facility that creates a process improvement to lower overall material or production costs.
2. Your organization identifies an opportunity to use automation to improve efficiencies and lower overall production costs.

- o ***Inventory Reduction Programs***

1. Your organization identified opportunities at a Petoskey Plastics Facility that reduced inventory levels and carrying costs of inventory.
2. Your organization identifies an opportunity at a Petoskey Plastics Facility that provided inventory optimization through Just in Time or Kanban programs.

3. Your organization offered warehousing or safety stock programs to reduce inventory space.

o **Rebate Programs/Material Credits**

1. Your organization offers a rebate program or structure based on sales volumes.
2. Your organization provided material credits and samples at no-charge.

These are just some examples of various Continuous Improvement Ideas/Activities that can be submitted for credit as an idea. We encourage our supply base to actively participate as part of an ongoing relationship.

How is each measureable calculated:

The overall score is determined by the weighted performance for Delivery, Quality, Pricing and Continuous Improvement. A supplier will receive a Green, Yellow or Red overall rating.

Preferred Supplier	90%+
Acceptable Supplier	80%-89%
Under Performing Supplier	< 80%

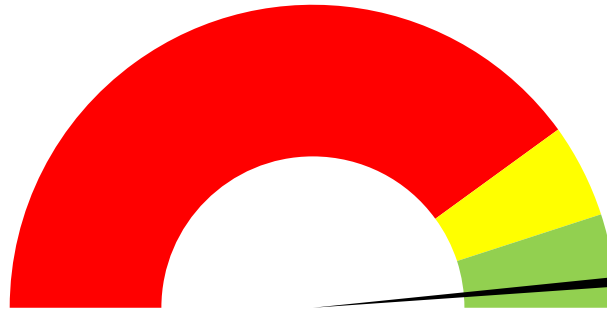
Category	Grade	Weight	Supplier Score
On Time Delivery	98%	40%	91%
Quality PPM Score	91%	40%	
Purchase Price Accuracy	93%	10%	
Continuous Improvement	60%	10%	

- o **Green Rating:** Preferred Supplier (Meeting Requirements)
- o **Yellow Rating:** Acceptable Supplier (Meeting Requirements) - Some areas of opportunity and action plans for improvement may be requested and performance monitored to increase overall rating to green.
- o **Red Rating:** Under Performing Supplier (Not Meeting Requirements) – Supplier is at risk and must be working closely with Purchasing to improve rating for the next quarter. Action plans and site visits will be required to assist supplier with improving overall rating.



YTD 2016 Supplier Performance Scoreboard

Supplier XYZ Company			
Category	Grade	Weight	Supplier Score
On Time Delivery	93%	40%	97%
Quality PPM Score	99%	40%	
Purchase Price Accuracy	98%	10%	
Continuous Improvement	100%	10%	



Under Performing Supplier	< 80%
Acceptable Supplier	80% - 89%
Preferred Supplier	90% +

Total Lines Ordered 1,819
Total Lines On-Time 1,700

93%	
On Time Delivery	Color Rating
97%+	Green
93% - 96%	Yellow
< 93%	Red

Total Pieces Received 1,083,847
Total Pieces Rejected 100

92	
Quality - PPM Score	Color Rating
<1000 (90%+)	Green
1000 - 1999 (80% - 89%)	Yellow
2000 - Above (< 80%)	Red

Total Lines Invoiced 2,018
Total Variances 50

98%	
Purchase Price Variance	Color Rating
95% - 100%	Green
90% - 94%	Yellow
< 90%	Red

Total Ideas Required 5
Total Ideas Submitted 5

100%	
Continuous Improvement	Color Rating
5+ (100%)	Green
2 - 4 (40% - 80%)	Yellow
Less than 2 (< 40%)	Red