



TEXTRON Systems

INNOVATION THAT WORKS.®

**AAI CORPORATION TEXTRON SYSTEMS
SUPPLIER RATING SYSTEM
QA-SP48 Rev. E**

Objective:

- Provide AAI’s strategic supply base with formal feedback on their overall performance to our expectations.
- Identify and prioritize Supplier development and corrective action needs.
- Serve as a key element of AAI’s strategic sourcing process.

Suppliers are rated for Product Quality and Delivery (if they provide products) and/or Services (if they provide services). Suppliers are encouraged to view their ratings on a monthly basis and submit any discrepancies for investigation by AAI Supplier Quality and Procurement.

Product Quality Performance:

- The quality rating is a 12 month rolling average of the number of parts accepted vs. the number of parts rejected and is calculated as follows:

$$\left[\frac{\text{Quantity of Parts Accepted}}{\text{Total Number of Parts Received}} \right] \times 100$$

Product Delivery Performance:

- The delivery rating is a 12 month rolling average of the number of receipts on time vs. the total number receipts and is calculated as follows:

$$\left[\frac{\text{Number of Receipts on Time}}{\text{Total Number of Receipts}} \right] \times 100$$

On time performance is measured as follows:

“**On Time**” – Product is received not more than five (5) business days after the contracted delivery date.

“**Late**” – Product is received more than five (5) business days after the contracted delivery date.

Performance Level Definition for Product Quality:

- **AAI “Green” Supplier:**

Rating of 98% and above.

Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

- **AAI “Yellow” Supplier:**

Rating between 97.9% and 95%

Suppliers performing at this level need to demonstrate sustained improvement. Supplier may be contacted to discuss current performance. Growth opportunities may be limited based on the severity of the nonconformances.

- **AAI “Red” Supplier:**

Rating below 95%

Suppliers performing at this level will require Supplier Quality Management approval prior to issuing any new purchase orders over \$30,000. Supplier may be contacted to discuss current performance. Visit to the Supplier may be required.

Removal from the AAI Approved Supplier base is possible.

Performance Level Definition for Product Delivery:

- **AAI “Green” Rated Supplier:**

Rating above 80%

Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

- **AAI “Yellow” Supplier:**

Rating between 79.9% and 70%

Suppliers performing at this level need to demonstrate sustained improvement. Supplier may be contacted to discuss current performance. Growth opportunities may be limited based on the severity of non-performance.

- **AAI “Red” Supplier:**

Rating below 70%.

Suppliers performing at this level due to late deliveries each month will be subject to a management review of all current business.

Procurement/Subcontracts Manager must pre-approve all Purchase Order's issued to red rated suppliers over \$30,000. Supplier may be contacted to discuss current performance. Visit to the supplier may be required.

Removal from the AAI Approved Supplier base is possible.

Service Performance:

- The service rating is a 12 month rolling average of survey results from AAI end users and buyers. Surveys are sent to AAI end users after receipt of services, including at the end of each contract period of performance. Service performance includes measures of service quality, on-time delivery, and customer service, and ranges from 1 (does not meet requirements) through 5 (exceeds requirements). The average of all ratings from all surveys for a given supplier is calculated as follows; this becomes the supplier's Service Performance rating.

$$\left[\frac{\text{Sum of Individual Scores}}{\text{Number of Ratings Received}} \right]$$

Performance Level Definition for Services:

Rating 3 or Above

Suppliers performing at this level will be given every opportunity to quote business opportunities that fall within their capabilities.

Rating below 3

Suppliers performing at this level will require Procurement Management approval prior to issuing any new purchase orders over \$30,000. Supplier may be contacted to discuss current performance. Visit to the Supplier may be required.

Change History			
Version	Date	Author	Description
C	04/20/2012	M. Nussbaum	Added Services ratings. Replaced "entered into Supplier CA database" with "documented". Added hardware quality notation.
D	7/27/12	M. Nussbaum	Adjusted product delivery and quality ratings
E	6/29/15	M. Nussbaum	Three-year review. No changes necessary.