



SOURCING ASSESSMENT



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- I Objectives
- II Benchmark Approach
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I OBJECTIVES



THE OBJECTIVES OF THE STUDY ARE THREEFOLD

Benchmark Study Objectives

- Make visible an indication of the relative positioning of purchasing within Company X and within the “best-in-class”
- Get an insight into and formulate recommendations on “where” and “what” have to be improved
- Build a data base in order to measure future performance against the actual situation

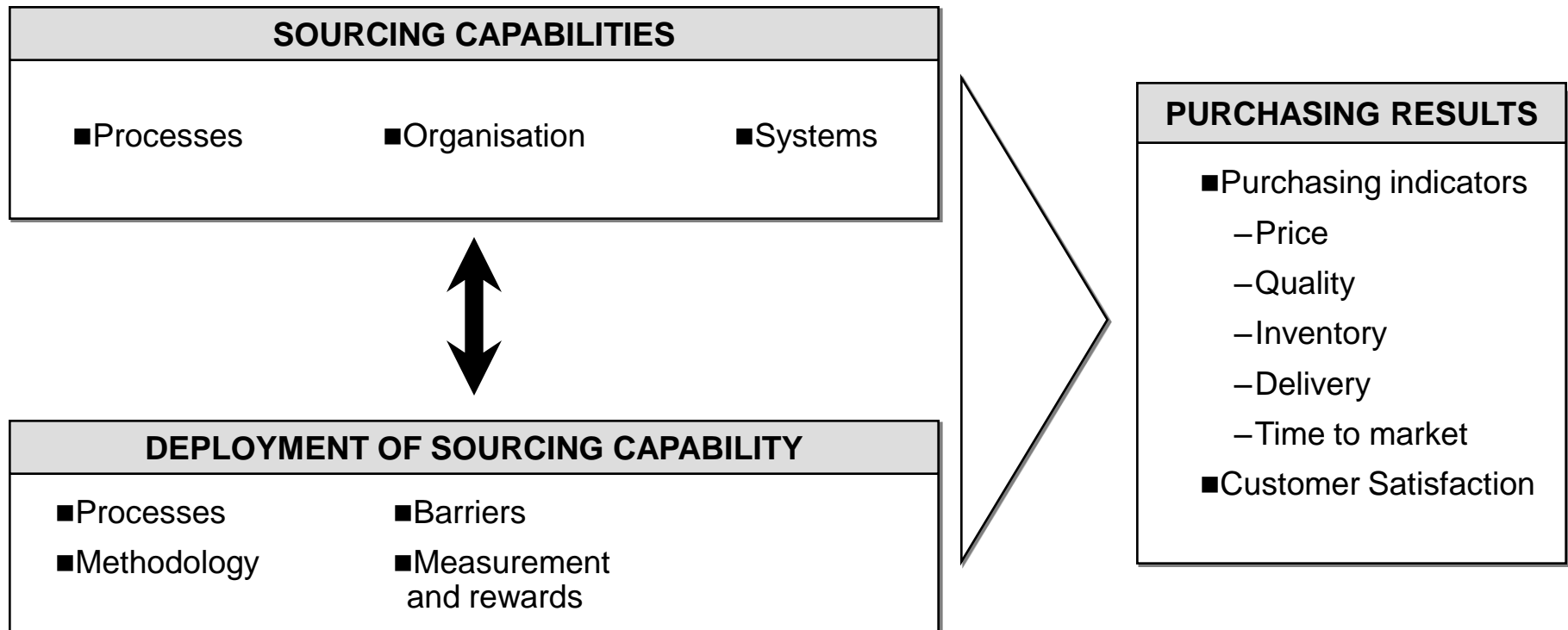


II BENCHMARK APPROACH



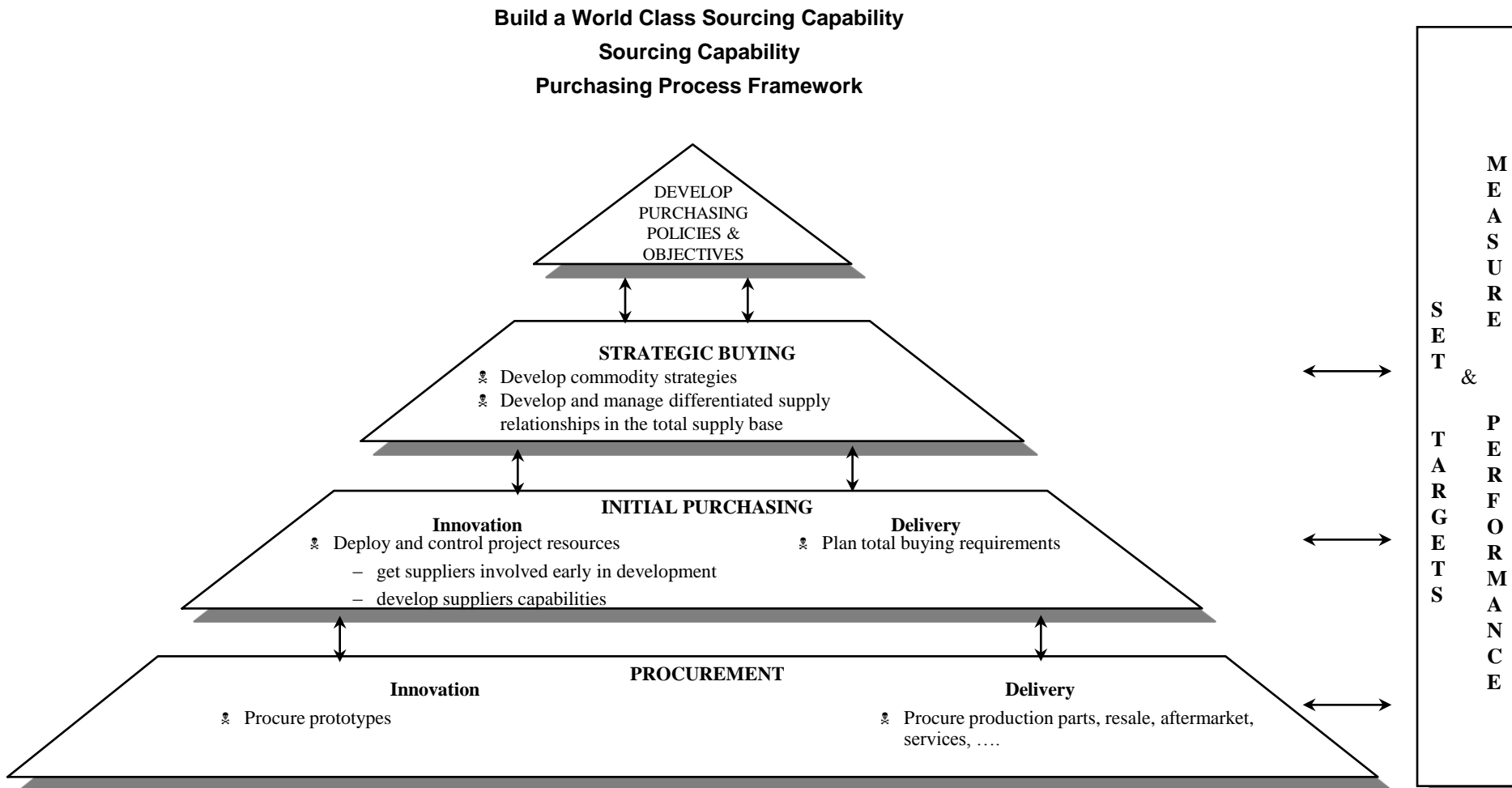
SOURCING PROCESSES BENCHMARKS ARE BASED ON AN ASSESSMENT OF CAPABILITIES AND GENERATED RESULTS

OVERALL QUESTIONNAIRE FRAMEWORK





THE BENCHMARKING ADDRESSES SOURCING PROCESSES AT THE STRATEGIC TACTICAL AND EXECUTIONAL LEVELS





Description ...

AND ALSO IN TERMS OF QUALITY AND DEPLOYMENT OF PROCESSES

- Quality of the process:
 - an evaluation of the **approach** taken by the organisation to perform the process and of the **formal documentation** that exists to provide evidence that the approach is truly implemented
- Deployment of the process:
 - An evaluation of the degree to which that sub-process has been **deployed** in the organisation



Benchmark Approach ...

FOR EACH OF THE SUB-PROCESSES, WE WILL CALIBRATE BOTH QUALITY AND DEPLOYMENT

BENCHMARK OUTPUT: SUMMARY PROCESS RESULTS AND FINAL FACTORY INDEX

Product Division:

Site:

Processes		Score			
1	Develop Purchasing policies and objectives	1	2	3	4
2	Develop article group/commodity strategies	1	2	3	4
3	Develop and manage differentiated set of supply relationships	1	2	3	4
4	Involve partners and preferred suppliers early in product creation process	1	2	3	4
5	Develop suppliers' capabilities	1	2	3	4
6	Plan materials requirements	1	2	3	4
7/8	Procure project and production materials	1	2	3	4
9	Set targets and monitor performance	1	2	3	4
SUMMARY PLANT INDEX					



Benchmark Approach ...

FROM AN IT SYSTEM'S PERSPECTIVE, WE WILL MEASURE COVERAGE, FUNCTIONALITY AND EASE OF UPGRADE

Product Division/BG:

BENCHMARK OUTPUT: IT SYSTEMS

Site:

System Name	PC/MF ⁽¹⁾ (A/B)	Brief Description	Coverage* (which sub-process does it support)	TYPE ⁽²⁾ (A/B/C)	User Name	DB/Functionality (User satisfaction index)				East of Upgrade				
						0	1	2	3	0	1	2	3	
			% of sub-processes covered											

* Please correlate to list of 9 sub-processes

Functionality:
 0 : Unsatisfactory 2 : Meets expectations
 1 : Below expectations 3 : Above expectations

Notes (1): A = PC based - B = Mainframe (MF)
 (2) BOM = A, Non-BOM = B, Resale = C



Benchmark Approach ...

IN ORGANISATION, WE WILL EVALUATE - AMONGST OTHER ISSUES - PEOPLE'S SKILLS LEVEL

Product Division:

Site:

ORGANISATION - People Skills - (Buyers only)

Name:

Title:

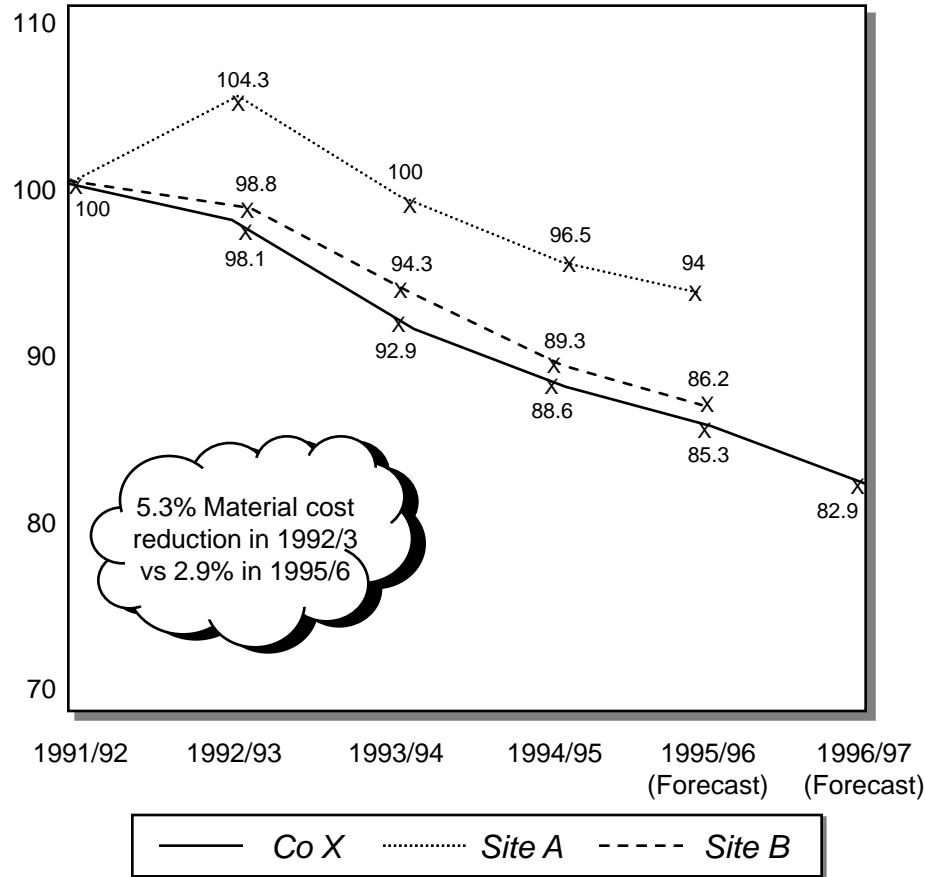
EDUCATION		EXPERIENCE (Years)				SKILLS			TIME	
Level ⁽²⁾	Type ⁽³⁾	Total	Total Phillips	Phillips Purchasing	With Other Disciplines ⁽⁵⁾	# Languages Spoken ^{(4)s}	Years in Expatriate Assignments	Days Training (in 94)	% Time Spent ⁽⁶⁾	
									On Strategic Buying	On Procurement/ Administrative Activities

- Notes:
- (1): Buyers only (exclude expeditors)
 - (2): (a): High school - (b): College - (c) University - (d): Post-graduate (eg.: MBA, ...)
 - (3): (a): High school - (b): Engineering/Technical - (c): Economics/Business - (d): Other
 - (4): (a): Spoken: capable of holding working meeting in the language
 - (5): (a): Manufacturing - (b): Engineering/Development - (c): Marketing/Sales - (d): Others
 - (6): Please provide best evaluation of your time spent on strategic/initial buying activities versus procurement type activities (expediting, solving short term issues, ...)

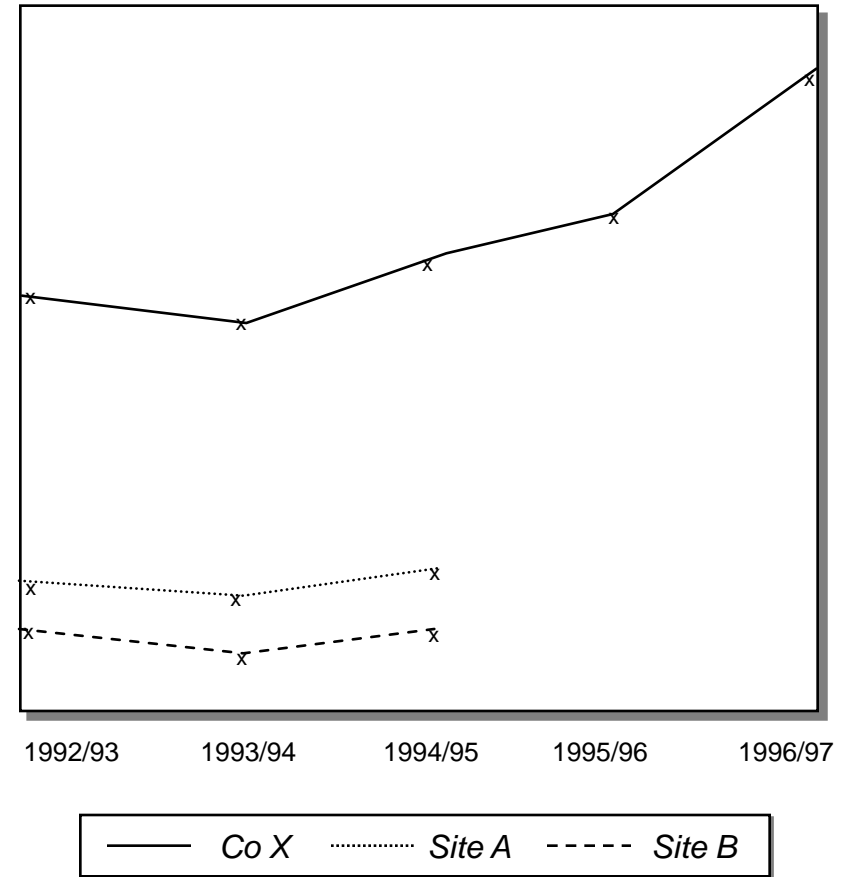


SAMPLE - TREND ANALYSIS

PURCHASE PRICE INDEX 1991/92 = 100

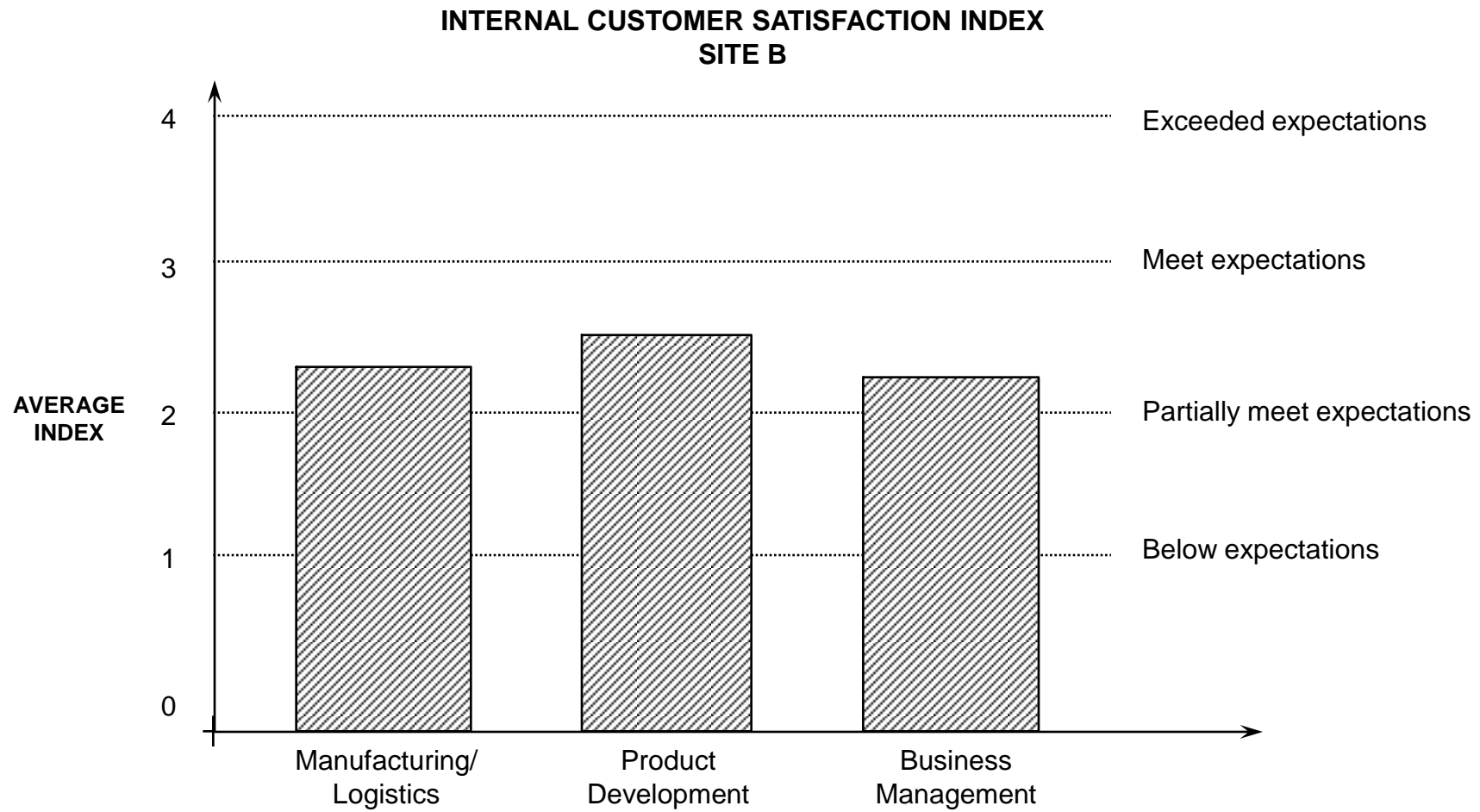


PURCHASING EXPENDITURES





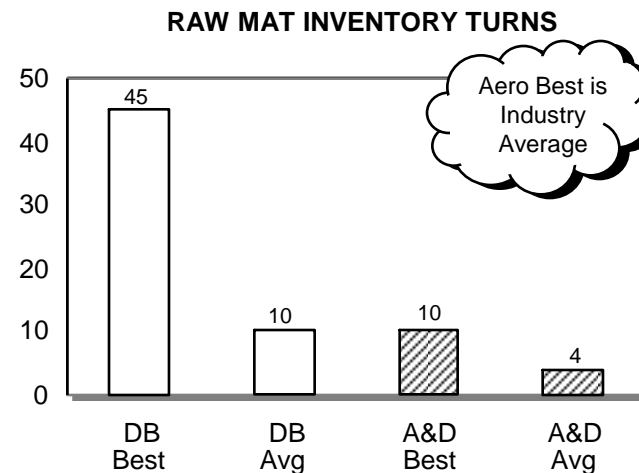
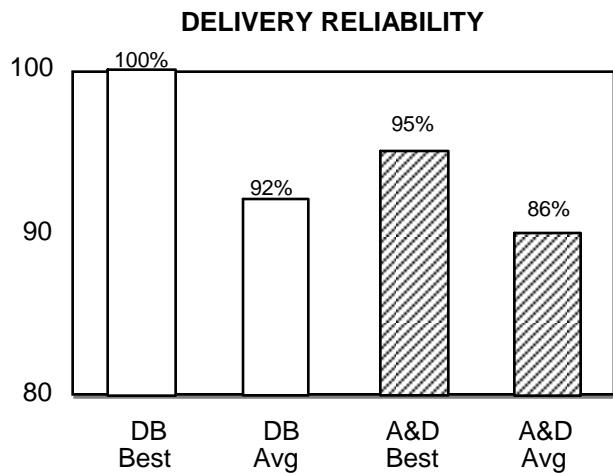
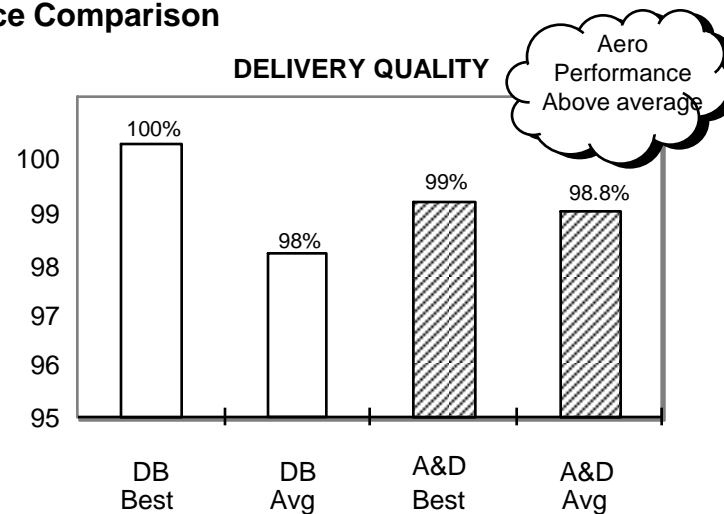
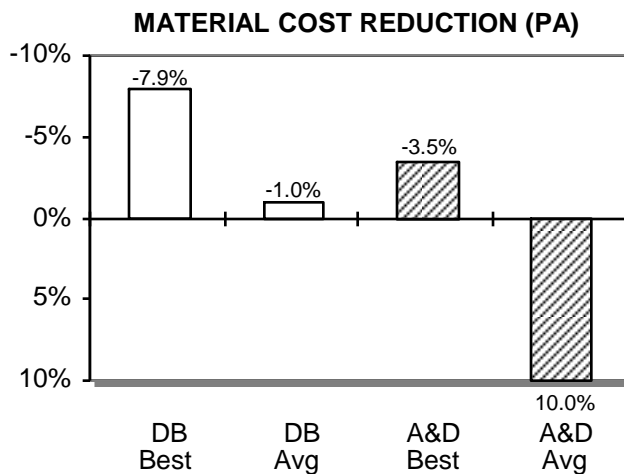
SAMPLE - CUSTOMER SATISFACTION





SAMPLE - BEST PRACTICE COMPARISONS

SOURCING SURVEY RESULTS Vs Aerospace/Defence Comparison



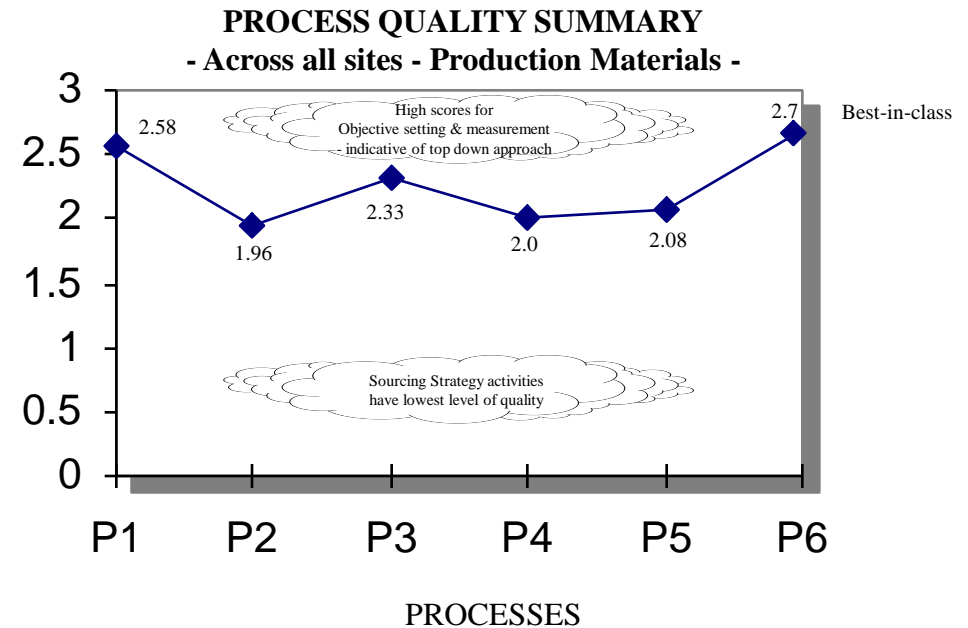
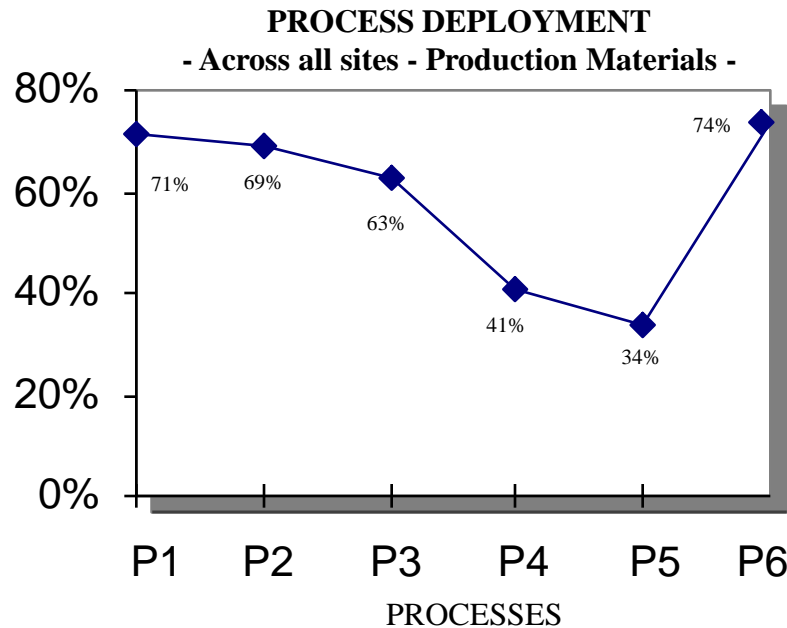
Note: A&D means Aerospace & Defence companies only
PB means Purchasing Benchmarks



Description ...

AND ALSO IN TERMS OF QUALITY AND DEPLOYMENT OF PROCESSES

AVERAGE
DEPLOYMENT



- P1: Develop policies & objectives
- P2: Develop sourcing strategies
- P3: Develop differentiated relationships
- P4: Involve suppliers early in Product Development Process**
- P5: Develop suppliers capabilities**
- P9: Set targets and measure performance

⚠ Processes with low deployment scores

- P1: Develop policies & objectives
- P2: Develop sourcing strategies**
- P3: Develop differentiated relationships
- P4: Involve suppliers early in Product Development Process**
- P5: Develop suppliers capabilities**
- P9: Set targets and measure performance

⚠ Processes with low quality scores

RPUK-KOL-09 211 1

Source: Benchmark database



Approach and Scope....

AND IS BASED ON A COMBINATION OF INTERVIEWS AND ANALYSES

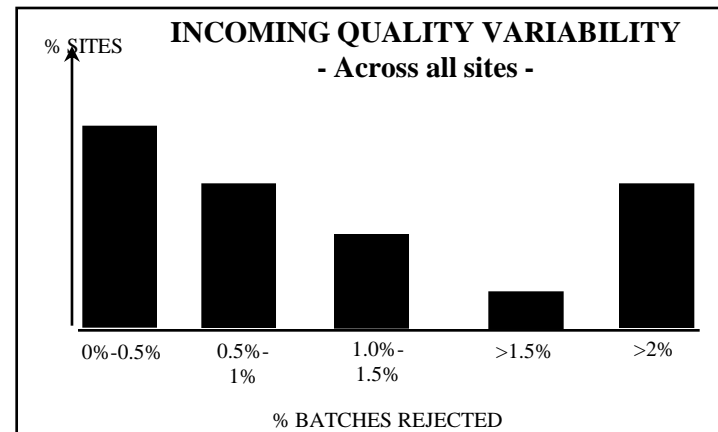
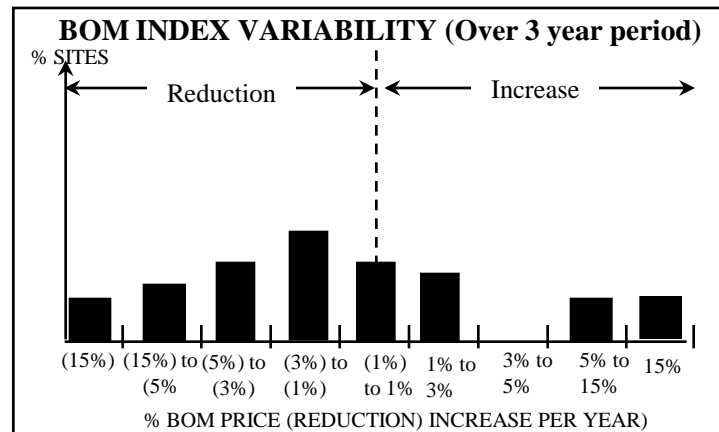
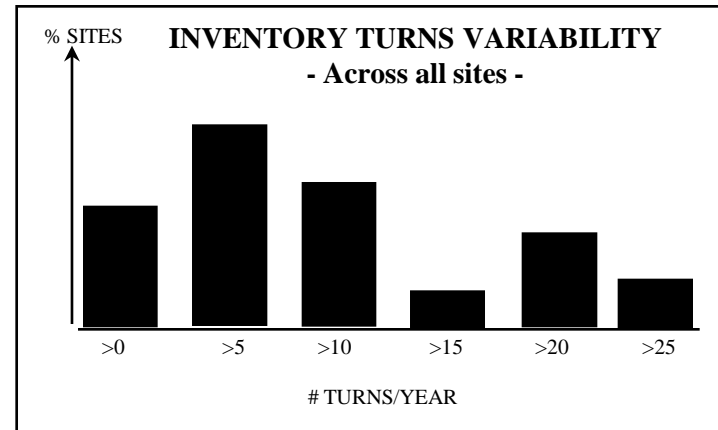
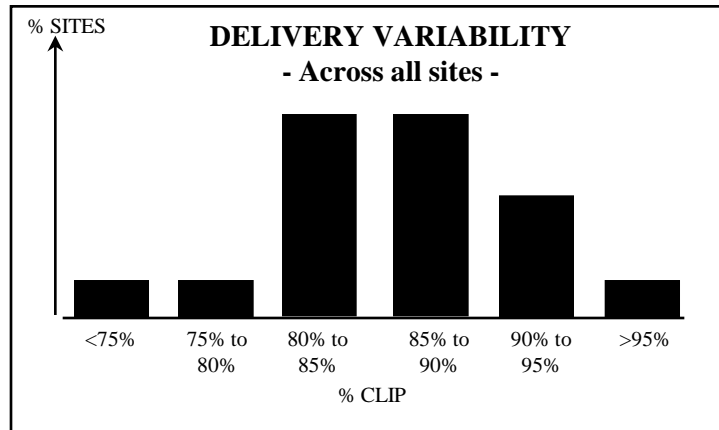
METHOD	SOURCE	
	SITE A	SITE B
<ul style="list-style-type: none"> ■ Site interviews 	<ul style="list-style-type: none"> Material Manager Sourcing Manager Sourcing Manager Sourcing Manager Indirects Buyer 	<ul style="list-style-type: none"> Managing Director Manufacturing Manager Program Manager Strategic Purchasing Manager Module Manager Finance Manager Procurement Manager Technical Manager Sourcing/Supplier Development Manager
<ul style="list-style-type: none"> ■ Supplier interviews 	<ul style="list-style-type: none"> ■ Supplier A ■ Supplier B ■ Supplier C 	
<ul style="list-style-type: none"> ■ Intensive site-based data collection and analyses 	<ul style="list-style-type: none"> ■ Site A ■ Site B 	
<ul style="list-style-type: none"> ■ Comparative analyses vs benchmarks 	<ul style="list-style-type: none"> ■ Industry data 	
<ul style="list-style-type: none"> ■ Performance review 	<ul style="list-style-type: none"> ■ Competitive Achievement Plans ■ Site/Division Saving Plans 	




Description ...

INTERNAL VARIABILITY IN PERFORMANCE FOR MULTI-SITE TARGET CLIENTS...

VARIABILITY ACROSS SITES

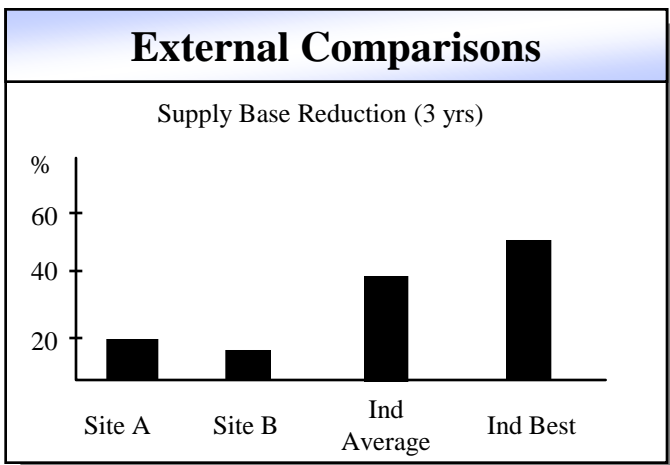
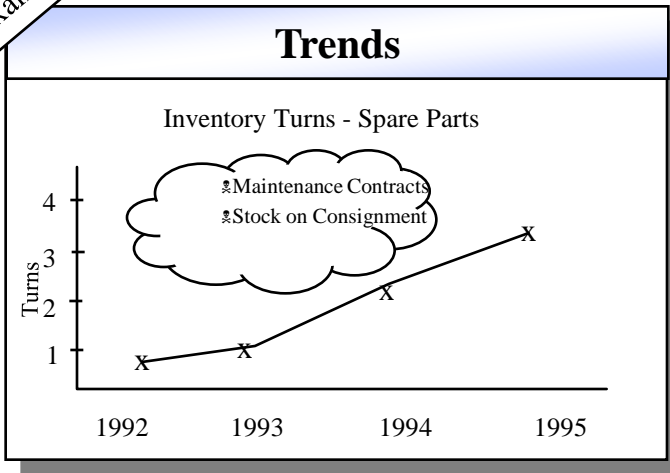


 *Best internal benchmark*



BENCHMARK AGAINST BEST PRACTICE TRENDS AND ABSOLUTES

Example

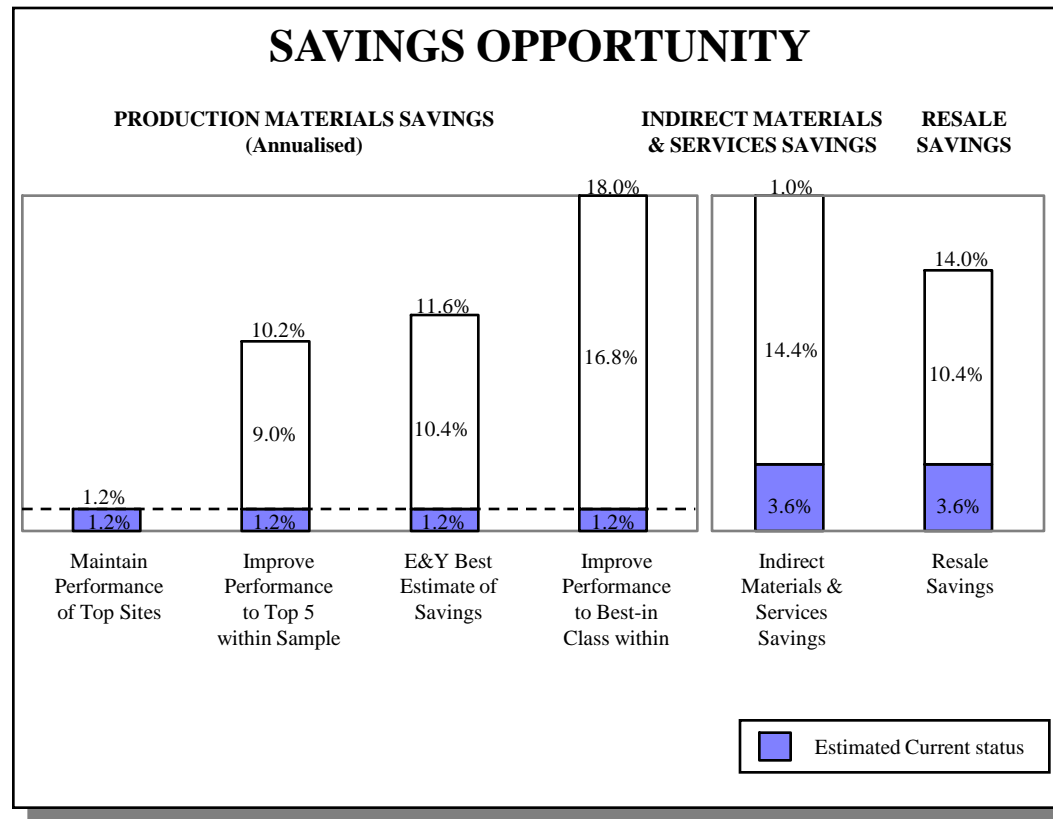
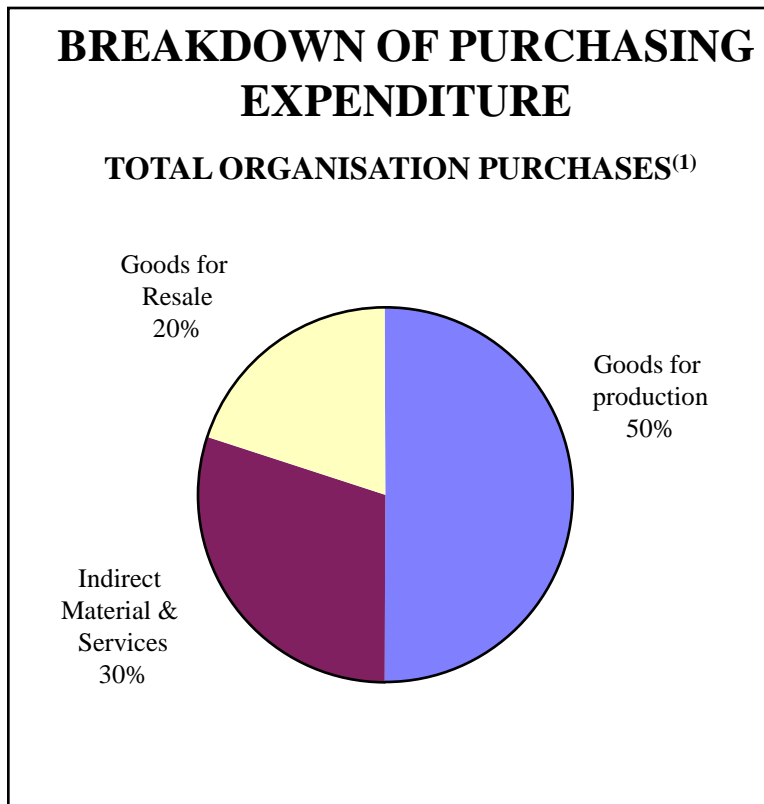


Example Metrics		
Supply Base Management	☒ Spend/supplier	
	☒ Cost reduction <ul style="list-style-type: none"> – repetitive purchases 	
	☒ Budget adherence - project purchases <ul style="list-style-type: none"> – time – cost 	
	☒ Supplier rationalisation <ul style="list-style-type: none"> – supplies – services 	
	☒ Supplier performance <ul style="list-style-type: none"> – delivery – quality 	
	☒ Inventory turns	
	Organisation/ Process	☒ Specification reduction
		☒ P O Throughput
		☒ Supplier/buyer & spend/buyer
		☒ Contract coverage
☒ Relationship type		
☒ Training days/yrs		
☒ Downtime		
Internal Customers	☒ Invoice errors	
	☒ Level of satisfaction <ul style="list-style-type: none"> – operations – management 	



Benchmark Approach ...

BENCHMARKING ALLOWS QUANTIFICATION OF OPPORTUNITY AVAILABLE BY VARIOUS DEGREES OF IMPROVEMENT



Note: (1) Absolute data adjusted for anonymity



III QUALITATIVE DATA



Quantitative Data ...

Division:

Site:

Name:

Title:

1C. MANUFACTURING/LOGISTICS REQUIREMENTS

	Importance	Performance	Rating
1.1 To ensure manufacturability/assemblability of purchased components are taken into account during the Product Development Process ■ Production	1 2 3	1 2 3 4	
1.2 To ensure parts/goods/services are delivered on time and in the required quantities ■ Production ■ Non-Production	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
1.3 To ensure parts/goods/services are delivered to the required released specifications ■ Production ■ Non-Production	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
1.4 To ensure delivery flexibility in terms of the suppliers' ability to respond to changes in volume/mix and/or delivery dates ■ Production ■ Non-Production	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
1.5 To ensure suppliers engage in a process of continuous improvement in terms of cost, quality and service ■ Production ■ Non-Production	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
1.6 Others, please specify			

■ Importance: 1: Not Very Important; 2: Important; 3: Important
 ■ Performance: 0: Below Expectation; 1: Partially Meetings Expectation; 2: Meets Expectation; 3: Exceeds Expectation



Quantitative Data ...

Division:

Name:

Site:

Title:

2C. PRODUCT DEVELOPMENT/ENGINEERING REQUIREMENTS

	Importance	Performance	Rating														
2.1 To ensure partners have been pre-selected and involved in phases 1 or 2 in the PIM <ul style="list-style-type: none"> ■ Production ■ Non-Production 	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 33%;">1</td><td style="width: 33%;">2</td><td style="width: 33%;">3</td></tr> <tr><td>1</td><td>2</td><td>3</td></tr> </table>	1	2	3	1	2	3	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">1</td><td style="width: 25%;">2</td><td style="width: 25%;">3</td><td style="width: 25%;">4</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td></tr> </table>	1	2	3	4	1	2	3	4	
1	2	3															
1	2	3															
1	2	3	4														
1	2	3	4														
2.2 To ensure that there is access to supplier capabilities and that suppliers pro-actively initiate new technologies/new solutions to the PIM team <ul style="list-style-type: none"> ■ Production ■ Non-Production 	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 33%;">1</td><td style="width: 33%;">2</td><td style="width: 33%;">3</td></tr> <tr><td>1</td><td>2</td><td>3</td></tr> </table>	1	2	3	1	2	3	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">1</td><td style="width: 25%;">2</td><td style="width: 25%;">3</td><td style="width: 25%;">4</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td></tr> </table>	1	2	3	4	1	2	3	4	
1	2	3															
1	2	3															
1	2	3	4														
1	2	3	4														
2.3 To ensure suppliers meet their commitments in terms of cost, quality and time to market during the PIM <ul style="list-style-type: none"> ■ Production ■ Non-Production 	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 33%;">1</td><td style="width: 33%;">2</td><td style="width: 33%;">3</td></tr> <tr><td>1</td><td>2</td><td>3</td></tr> </table>	1	2	3	1	2	3	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">1</td><td style="width: 25%;">2</td><td style="width: 25%;">3</td><td style="width: 25%;">4</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td></tr> </table>	1	2	3	4	1	2	3	4	
1	2	3															
1	2	3															
1	2	3	4														
1	2	3	4														
2.4 To ensure that suppliers provide the PIM team visibility into the cost implications of their product design decisions and provide alternative solutions <ul style="list-style-type: none"> ■ Production ■ Non-Production 	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 33%;">1</td><td style="width: 33%;">2</td><td style="width: 33%;">3</td></tr> <tr><td>1</td><td>2</td><td>3</td></tr> </table>	1	2	3	1	2	3	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%;">1</td><td style="width: 25%;">2</td><td style="width: 25%;">3</td><td style="width: 25%;">4</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td></tr> </table>	1	2	3	4	1	2	3	4	
1	2	3															
1	2	3															
1	2	3	4														
1	2	3	4														
2.5 Others, please specify																	

■ Importance: 1: Not Very Important; 2: Important; 3: Important
 ■ Performance: 0: Below Expectation; 1: Partially Meetings Expectation; 2: Meets Expectation; 3: Exceeds Expectation



Quantitative Data ...

Division:

Name:

Site:

Title:

3B. BUSINESS MANAGERMENTS' REQUIREMENTS

	Importance	Performance	Rating
3.1 To ensure that the purchasing process is contributing to the financial objectives of the Business Entity <ul style="list-style-type: none"> ■ Production ■ Non-Production 	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
3.2 To ensure that the purchasing process is contributing competitive advantage to the Business Entity <ul style="list-style-type: none"> ■ Production ■ Non-Production 	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
3.3 To ensure that the purchasing process is safeguarding continuity of the supply base <ul style="list-style-type: none"> ■ Production ■ Non-Production 	1 2 3 1 2 3	1 2 3 4 1 2 3 4	
3.4 Others, please specify			

■ Importance: 1: Not Very Important; 2: Important; 3: Important
 ■ Performance: 0: Below Expectation; 1: Partially Meetings Expectation; 2: Meets Expectation; 3: Exceeds Expectation



BENCHMARK OUTPUT: SUMMARY PROCESS RESULTS AND SUMMARY INDEX

Division:

Site:

Production

Processes	Weight	Process Quality		Deployment of Process
		Approach	Impact	
1 Develop purchasing policies and objectives	1 2 3	1 2 3 4	1 2 3 4	■ % adherence to policy : 0% — 100%
2 Develop commodity strategies	1 2 3	1 2 3 4	1 2 3 4	■ % of purchasing expenditure covered by a strategy : 0% — 100%
3 Develop and manage differentiated set of supply relationships	1 2 3	1 2 3 4	1 2 3 4	■ % of suppliers “managed” in accordance with requirements of the segmentation : 0% — 100%
4 Involve partners and preferred suppliers early in Product Development Process	1 2 3	1 2 3 4	1 2 3 4	<ul style="list-style-type: none"> ■ % of partners with electronic link : 0% — 100% ■ % of partners involved in phases 1 or 2 of PIM : 0% — 100% ■ % of partners/preferred suppliers involved on the basis of functional specs : 0% — 100%
5 Develop suppliers’ capabilities	1 2 3	1 2 3 4	1 2 3 4	<ul style="list-style-type: none"> ■ % of purchasing expenditure included in suppliers development programme : 0% — 100% ■ % of codes shipped to line or to stock : 0% — 100% ■ % of codes shipped to line : 0% — 100%
6 Plan materials requirements	Not to be included in evaluation. Only include measures of schedule stability and forecast reliability			
7 Procure project materials	1 2 3	1 2 3 4	1 2 3 4	■ % of partners/preferred suppliers on EDI : 0% — 100%
8 Procure production materials	1 2 3	1 2 3 4	1 2 3 4	
9 Set targets and monitor performance	1 2 3	1 2 3 4	1 2 3 4	■ % of commodities which have improvement targets
SUMMARY INDEX		Score: ⁽¹⁾	Score: ⁽¹⁾	Average deployment : 0% — 100%

Note: summary score for approach and impact should be the **weighted** average of individual process scores

(eg. Weights: 2,2,3,1: Process scores = 1,2,3,4; Summary scores =
$$\left[\frac{(2x1) + (2x2) + (3x3) + (1x4)}{(2+2+3+1)} \right]$$
)



	Production
1.1 Classification of suppliers	<input type="checkbox"/>
1.2 Early supplier involvement	<input type="checkbox"/>
1.3 Integral Cost Approach	
■ total cost of ownership	<input type="checkbox"/>
■ supplier development programme	<input type="checkbox"/>
1.4 Cross functional approach	
■ competence teams	<input type="checkbox"/>
■ develop commodity strategies in a multi-functional team	<input type="checkbox"/>
1.5 Supplier assessment	
■ supplier evaluation	<input type="checkbox"/>
■ quality system audit	<input type="checkbox"/>
■ prod/process audit	<input type="checkbox"/>
1.6 Supplier rating	<input type="checkbox"/>
1.7 Spend classification	<input type="checkbox"/>
1.8 Self-assessment/benchmarking	<input type="checkbox"/>
1.9 Leveraging	<input type="checkbox"/>

- *Please tick which of the following elements of the supplier partnership programme you have implemented (show documented evidence)*

1b.1: Quality of purchasing plan

- 1 No purchasing plan exists
- 2 Purchasing plan exists but only describes departmental actions to be implemented, ie:
 - important/purchasing information availability
 - training purchasing human resources
- 3 Purchasing plan exists derived from detailed understanding of supplier market structure and opportunities
- 4 Purchasing plan exists derived from purchasing objectives based upon business objectives and supplier market structure



Quantitative Data ...

PROCESS 1: DEVELOP PURCHASING POLICIES AND OBJECTIVES

(1a) Approach

When developing policies and objectives, to what extent do you adhere to the following principles/guidelines? (please provide documented evidence)

	Production
1a.1: Quality of vision	1 2 3 4
1a.2 Is the vision shared by business management?	1 2 3 4
1a.3 Sequence of events	1 2 3 4
Average score	

(1b) Impact

When developing policies and objectives are the following results achieved and documented? (please provide documented evidence)

	Production
1b.1: Quality of purchasing plan	1 2 3 4
Average score	



Quantitative Data ...

Division:

Name:

Site:

Title:

PROCESS 1: DEVELOP PURCHASING POLICIES AND OBJECTIVES *(Continued)*

LEVEL OF INVOLVEMENT OF PURCHASING DEPT,

Clusters	Total Spend Per Category	% of Total Spend	Level of Involvement of Purchasing Dept. (please indicate H/L)		Achieved Through Regional Leveraging
			Strategic Buying	Procurement	
Production goods					
Factory/office supplies (MRO)					
Site services					
Professional services					
Resale/finished goods					
TOTAL					



CALIBRATION PROCESS 2: DEVELOP COMMODITY STRATEGY

2a.1: Multifunctional project

- 1 No multi-functional team exists
- 2 Teams with resources from limited disciplines, no full time resource, all resources no more than 20% of their time on project, no formal top management committee steering the team
- 3 All key disciplines represented, team leader 50% on team, other resources at 20% on team, top management steering committee in place
- 4 All key discipline represented, team leader 100% on team, other resources at 40%, all resources trained in strategy development approach, top management steering committee in place

2a.2 Understanding of Q, C, T drivers

- 1 Price driven strategy only, no understanding or visibility in cost drivers
- 2 Average broad cost structures are understood, but not insight into drivers, information only used to help in price negotiations
- 3 Cost structures are understood in detail (at the component level) and used to benchmark suppliers and select best-in-class
- 4 Cost structures and drivers are understood in detail, used to drive the essence of the sourcing strategy, benchmark suppliers and set targets for improvement in supplier development programmes

2a.3 Strategy takes total cost of ownership into account

- 1 Cost of ownership not taken into account when formulating strategy
- 2 Some internal costs of acquisition are captured but not taken into account in measures of performance
- 3 All internal costs of acquisition are captured, (eg. warranty costs) but not taken into account in measures of performance.
All internal costs of acquisition are captured, taken into account into
- 4 Measures of performance and actively managed either through internal initiatives or through supplier development programmes

2a.4 Global supply market understanding

- 1 No study of supply market is undertaken, only consider current suppliers
- 2 New suppliers are considered opportunistically, no rigorous understanding of supply market (segmentation, emerging countries, new technologies, ...)
- 3 Detailed understanding of supply market structure including segmentation of supplier base, global understanding, strengths, weaknesses of key players
- 4 Continuous updating of knowledge base through building of supplier databases, access to external databases and/or research services

2b.1: Strategy document

- 1 No document/business plan by commodity exists
- 2 Strategy document exists but only describes "transactions" to be implemented
- 3 Strategy document exists, derives strategy from detailed understanding of drivers of value creation and of the supply market structure
- 4 Strategy derives from detailed understanding of drivers of value creation and of the supply market structure. Document describes all elements of the strategy (suppliers' capabilities, type of relationships, location, ...)

2b.2 Targets for improvement

- 1 No targets are set for the commodity
- 2 Price targets only, no targets on total cost ownership of innovation
- 3 Total cost of ownership targets, plus targets on quality and reliability, no innovation targets
- 4 Total cost of ownership targets, targets on quality and reliability, plus innovation targets

2b.3 Competitors' strategies

- 1 No description of key competitors' strategy
- 2 Knowledge about source of supply for key competitors
- 3 Good understanding of key competitors' sourcing strategy
- 4 Capable to describe how strategy creates competitive advantage (evidence of tear down analysis, competitive supplier benchmarking ...)



Quantitative Data ...

Division:

Site:

Name:

Title:

PROCESS 4: INVOLVE PARTNERS/PREFERRED SUPPLIERS EARLY IN PIM

(4a) Approach

When involving suppliers in the PIM, what is your degree of application of the following principles
(please provide documented evidence)

	Production
4a.1 Supplier role in PIM is differentiated on the basis of the purchasing expenditure portfolio segmentation (partner, preferred supplier, other supplier)	1 2 3 4
4a.2 Supplier understands expectations and agrees to playing required role in the PIM	1 2 3 4
AVERAGE SCORE	

(4b) Impact

When involving supplier in PIM, do you have the following support documents?
(please provide *documented* evidence)

	Production
4b.1 Policy "book" describing roles and responsibilities of suppliers in the PIM differentiated by relationship type	1 2 3 4
AVERAGE SCORE	



PROCESS 5: DEVELOP SUPPLIERS' CAPABILITIES

5a.1: Enhance attention

- 1 No involvement in suppliers' cost reduction programmes
- 2 Common meetings about improvement in quality and/or logistics
- 3 Execution of supplier quick scans to jointly identify improvement opportunities
- 4 Continuous improvement in supplier performance improvement programme

5a.2 Enhance supplier involvement in PIM

- 1 No involvement in improving suppliers role in PIM
- 2 Ad hoc contacts with a few key suppliers, mainly about specifications and manufacturability
- 3 Regular supplier involvement in the early phases of the PIM
- 4 Continuous early supplier involvement including structured joint efforts to improve all kinds of quality aspect (eg.: using quality tools such as QFD, ...)

5a.3 Train resources

- 1 No supplier development manager, no team
- 2 Part-time supplier development manager not fully trained, limited availability of functional specialists from key disciplines as supplier development team members
- 3 Full time supplier development manager fully trained and experienced in consulting and supplier development skills, supplier development team members not fully trained
- 4 Full time supplier development manager fully trained and experienced in consulting and supplier development skills, supplier development team members from all key disciplines fully trained in supplier development process

5a.4 Top management commitment

- 1 Top management not involved/interested in supplier development activity
- 2 Top management aware of the programme but does not see it as a priority
- 3 Top management committed to the process and provides support (allocation of right resources, priority setting, ...)
- 4 Top management fully embraces principles of the extended enterprise and views supplier development programme as cornerstone of total business entity's improvement programme

5b.1: Training documents and tools

- 1 No documents or training manuals exist
- 2 Limited set of training manuals and tools for supplier development team members and for supplier workshops
- 3/4 Full set of training manuals and tools for Supplier Development Teams and supplier workshops

5b.2 Performance targets

- 1 No targets are set with suppliers included in supplier development programme
- 2 Targets are set on delivery only
- 3/4 Targets are set, delivery and innovation

5b.3 Action plans

- 1 No specific action plans are drawn up
- 2 Broad action plan is developed, not linked to actual resources required to achieve results
- 3/4 Detailed action plan, including specific worksteps/analysis to be performed; specific worksteps allocated to identified resource in Supplier Development Teams

5b.4 Track and monitor

- 1 Plans are not monitored
- 2 Plans are monitored, targets compared to actuals
- 3/4 Plans are monitored, targets compared to actuals, variances fully explained and corrective actions identified



Quantitative Data ...

Division:

Site:

Name:

Title:

PROCESS 5: DEVELOP SUPPLIERS' CAPABILITIES

(5a) Approach

When managing the supply base and developing supplier's capabilities to what extent do you adhere to the following principles/guidelines?

		Production			
5a.1	Enhance attention and involvement in the supplier cost reduction and quality improvement process	1	2	3	4
5a.2	Enhance supplier involvement in the PIM	1	2	3	4
5a.3	Train and qualify a resource into becoming a supplier development manager and train resources from all major disciplines into forming supplier development teams	1	2	3	4
5a.4	Get commitment from top management and establish readiness across other disciplines to support supplier development initiatives	1	2	3	4
5a.5	Get commitment from supplier to participate actively in continuous improvement programme	1	2	3	4
AVERAGE SCORE					

(5b) Impact

When developing suppliers, do you achieve the following results and are they documented?

		Production			
5b.1	Supplier development training documents and supplier development tools	1	2	3	4
5b.2	Targets for performance improvement in cost, quality and services by supplier	1	2	3	4
5b.3	Specified actions/plans/resources to achieve them	1	2	3	4
5b.4	Track and monitor improvement actions	1	2	3	4
AVERAGE SCORE					



PROCESS 9: SET TARGETS AND MEASURE PERFORMANCE

9a.1: Differentiated performance measures

- 1 Performance not monitored
- 2 Uniform set of performance measures, delivery only
- 3 Uniform set of performance measures, delivery and innovation
- 4 Differentiated performance measures (partners, preferred suppliers, other suppliers), delivery and innovation

9a.2 Joint targets with partners/preferred suppliers

- 1 No targets set by partner/preferred supplier
- 2 Targets are set for partners/preferred suppliers, delivery only
- 3 Targets are set for partners/preferred supplier, delivery and innovation
- 4 All targets are communicated to partners/preferred suppliers and partners/preferred suppliers are committed to them

9a.3 Targets by commodity

- 1 No targets are set by article group/commodity
- 2 Targets are set, delivery only
- 3 Targets are set, delivery and innovation
- 4 Targets are set, delivery and innovation and correlated to specific supplier development programme targets

9a.4 Targets for the Business Entity

- 1 No purchasing targets set for the Business Entity
- 2 Targets set, delivery only
- 3 Targets set, delivery and innovation
- 4 Targets set, delivery and innovation; reconciled with bottom-up commodity targets to ensure achievability

9a.5 Performance monitoring

- 1 Performance not monitored
- 2 Only supplier and Business Entity performance is monitored, no monitoring of commodity targets
- 3 Supplier, commodity and Business Entity performance is monitored, little insight is revealed into the reason for variances (volume, price, exchange rates for commodity or Business Entity level, specific operating indicators for supplier targets ...)
- 4 Supplier, commodity and Business Entity performance is monitored, good insight is revealed into the reason for variances, (eg. volume, price, exchange rates for commodity or Business Entity level, specific operating indicators for supplier targets)

9b.1: Performance reports

- 1 No documented performance reports on purchasing performance
- 2 Performance reports at supplier and Business Entity level only, delivery only (actual vs target)
- 3 Performance reports at all levels (supplier, commodity and Business Entity), delivery only (actual vs target)
- 4 performance reported at all levels, delivery and innovation (actual vs target)

9b.2 Performance targets

- 1 No variance reports
- 2 Variance reports at supplier and Business Entity level, delivery only; describing reasons to gap (volume, price, exchange rate, ...)
- 3 Variance reports at all levels, delivery only; describing reasons for gap
- 4 Variance reports at all levels, delivery and innovation; describing reasons for gap and leading to actionable corrective plan

5b.3 Corrective action plans

- 1 No corrective action plans exist
- 2 Fragmented/transactional corrective action plans, does not prioritise based on urgency and value to the Business Entity
- 3/4 Comprehensive corrective action plans, linking plans to required overall Business Entity requirements



Quantitative Data ...

Division:

Name:

Site:

Title:

PROCESS 9: SET TARGETS AND MEASURE PERFORMANCE

(9a) Approach

When setting targets and measuring performance do you apply the following principles/follow best practices (see facer)? (please provide *documented evidence*)

		Production			
9a.1	Are performance targets differentiated by type of supply relationship and include both innovation and delivery dimensions	1	2	3	4
9a.2	Are joint targets set by partners/preferred suppliers and communicated to them	1	2	3	4
9a.3	Are targets set by commodity and correlated to corresponding supplier targets	1	2	3	4
9a.4	Are purchasing targets set for the "Business" and correlated to corresponding commodity targets	1	2	3	4
9a.5	Is performance monitored at supplier, commodity and business level and corrective action plans implemented	1	2	3	4
AVERAGE SCORE					

(9b) Impact

When selling targets and measuring performance are the following results achieved and documented? (please provide *documented evidence*)

		Production			
9b.1	Performance reports comparing targets with actuals at: - supplier - commodity/article groups - business level	1	2	3	4
9b.2	Variance reports identifying reasons for non conformance against plan	1	2	3	4
9b.3	Corrective action plans specifying how to bridge the gap	1	2	3	4
AVERAGE SCORE					



Division:

Site:

ORGANISATION - Formal Structure -

Non-Production

Organigrams

Please draw organigram:

Clarifying Non-Production Purchasing Organisation (especially if carried out, outside Purchasing Dept. or outside site)

- Please specify direct reporting line of Purchasing Manager
- To include professional services and site services



Division:

Site:

SYSTEMS: IT FUNCTIONALITY

Features		Functionality/Availability		
		High	Med.	None
1	Supply Base Management			
1a	Makes assessments and analysis of Aerospace sourcing performance vs targets <ul style="list-style-type: none"> ■ savings ■ supplier reduction ■ total acquisition cost ■ delivery quality 			
1b	Facilities sourcing managers during the supplier selection decision			
1c	Assists cross-site co-ordination/consolidation with suppliers. Contains market research and supplier data <ul style="list-style-type: none"> ■ capability ■ technology ■ capacity 			
1d	Contains supplier database <ul style="list-style-type: none"> ■ suppliers ■ volume ■ part number ■ final cost ■ price ■ materials 			
1e	Holds quality rating			
1f	Pareto capability by <ul style="list-style-type: none"> ■ commodity ■ spend ■ quality ■ deliveries 			
1g	Identification of common suppliers and common commodity groups across sites			



Division:

SYSTEMS: IT FUNCTIONALITY *(Continued)*

Site:

Features		Functionality/Availability		
		High	Med.	None
2	Reporting and Control			
2a	Reporting based on: <ul style="list-style-type: none"> ■ volumes ■ prices ■ costs ■ forecast 			
2b	Highlights specific changes since the last update			
2c	Provides standard reports that are common across sites, eg. analysis of spend across commodity sub-segments at selected co-makers			
2d	Analyses currency fluctuations over period, and impact on performance			
2e	Identifies which purchased commodities also are made-in			
2f	Links commodity, supplier and end-product (customers) eg. end product based commodity forecasts			
2g	Provides cost drivers/cost structure profile			
2h	Models supplier/component costs			
2i	Provides analytical tools (sorting, statistics, arithmetic)			



Quantitative Data ...

Division:

SYSTEMS: IT FUNCTIONALITY *(Continued)*

Site:

Features		Functionality/Availability		
		High	Med.	None
3	Reporting and Control			
3a	Captures fundamental information from engineering database and sales forecast			
3b	Visibility at part number level			
3c	Common commodity codings			
3d	Price effective dates			
3e	Standard cost			
3f	Exchange rates defined (fixed or standard)			
3g	Terms of payment			
3h	Terms of delivery			
3i	Forecast information			
3j	Tool capacity/cost			
4	Executorial Capabilities			
4a	Self billing/payment capability			
4b	Interfaces to external data banks, (eg. for current commodity prices)			
4c	Forecast/schedule transmission			
4d	Vendor inventory management support, (eg. automate re-order)			
5	Other			
5a	Multi-site use			
5b	Improved price information/comparison/benchmarking			
5c	Ability to monitor project activity on parts (new supply/replacement)			
5d	Supports the make/buy decision process			



IV QUANTITATIVE DATA



Qualitative Data ...

<i>Category:</i>	PRICE	Sourced Used:	<hr/>
<i>Suggested Sources:</i>	Finance & Accounting Purchasing Department		<hr/>
Please indicate Names, Departments and Documents, where appropriate			

Purchase Price Index:

- Please enter the Overall Purchasing Price Index
- Please enter the Overall target/forecasts price index across ALL manufactured products

Note:

- Indices should refer to 1992 ACTUAL as base 100
- If the site does not have an AGGREGATE price index, the following process should be followed:
 - list price indices across all purchased BOM
 - list turnover figures across all purchased BOM
 - calculate theoretical pre-index total turnover (ie: if there had been no price change)
 - compare theoretical pre-index turnover with actual turnover to get an AGGREGATE index

	1991		1992		1993		1994	
	Forecast Index	Actual Index	Forecast Index	Actual Index	Forecast Index	Actual Index	Forecast Index	Actual Index
Overall Index								

■ Provide a detailed definition of current price index



Quantitative Data ...

Category: SUPPLIERS

Sourced Used: _____

Suggested Sources: Finance & Accounting
Purchasing Department

THIS SHEET NEED TO BE COPIED

Suppliers:

■ Please list *all* suppliers per family of parts with their respective spend and number of different part number (SKU) purchased

FAMILY	NAME OF ALL ACTIVE SUPPLIERS	TYPE OF SUPPLIER (*)	TOTAL SPENT FOR THIS SUPPLIER				# OF PART NUMBER (SKU)				
			1991	1992	1993	1994	1991	1992	1993	1994	
TOTAL											

■ Please list the definition of an ACTIVE Supplier _____

Note(*): Type of supplier: partnership, preferred, ...



Qualitative Data ...

Category: DELIVERY RELIABILITY

Sourced Used: _____

Suggested Sources: Logistics, Purchasing
Department

Please indicate Names, Departments and Documents, where appropriate

Delivery Reliability:

- Please list the average Delivery Reliability figures (% of order lines delivered to site on time)

Note:

- Delivery Reliability is only calculated on a monthly basis then calculate the average over 12 month periods

<i>Delivery Reliability</i>	1991		1992		1993		1994	
	Forecast Index	Actual Index	Forecast Index	Actual Index	Forecast Index	Actual Index	Forecast Index	Actual Index
■ Delivery Reliability								

- Please indicate the PRECISE definition of Delivery Reliability used on site (in particular define the TIME WINDOW allowed, eg.: +3 days, - 3 days)

- Please indicate the TOTAL number of suppliers where Delivery Reliability is measured:

- Please ESTIMATE the % of PURCHASING expenditure for which Delivery Reliability is measured:



Qualitative Data ...

<i>Category:</i>	INVENTORY	Sourced Used: _____
<i>Suggested Sources:</i>	Logistics Department, Finance Department, Purchasing Department	_____

Please indicate Names, Departments and Documents, where appropriate		

Inventory:

- Please detail any targets for inventory levels
- Please list 4 recorded samples of inventory levels from the end of the last 4 quarters
- Use right hand panel to list types of inventory included, (eg. Warehouse stock, line stock)

Note:

- If the site records AVERAGE STOCK DAYS, then please include this information
- Please indicate if inventory level is only recorded at end of year
- Please enter the actual value of inventory, NOT the number of units

Inventory (BOM)	1991	1992	1993	1994
Average inventory level for purchased materials - Target				
Inventory level for purchased materials (End Q1) - Actual				
Inventory level for purchased materials (End Q2) - Actual				
Inventory level for purchased materials (End Q3) - Actual				
Inventory level for purchased materials (End Q4) - Actual				
Average inventory level for purchased materials - Actual				

Inventory included:

■ Please enter the currency referenced above



Qualitative Data ...

Category: STANDARDISATION/SINGLE SOURCING

Sourced Used: _____

Suggested Sources: Purchasing Department

Please indicate Names, Departments and Documents, where appropriate

Standardisation/Single Sourcing

- Please detail the target and actual number of active part numbers (SKU's) used on site
- Please detail the number of part numbers (SKU's) that are ONLY sourced from 1 supplier

Parts Standardisation	1991	1992	1993	1994
Number of active SKU'S - Target				
Number of active SKU's - Actual				
Number of Single Source SKU's - Target				
Number of Single Source SKU's - Actual				

- Please enter the site definition of an "active" component

- Please list the number of part numbers (SKU's) shipped to stock and shipped to line and ESTIMATE the % of purchasing expenditure these codes represent
- Briefly describe the process that each of these types of purchased components follow

Shipping Method	# Part Nos (SKU's)	Estimate % of Spend	Brief Description of what appears to the components:
SHIP TO STOCK (No incoming inspection)			
SHIP TO LINE (No stocking, no incoming inspection)			



Qualitative Data ...

Category:	PROJECTS	Sourced Used:	_____
Suggested Sources:	Product Development Purchasing Department		_____

Please indicate Names, Departments and Documents, where appropriate

Projects are being examined in order to evaluate purchasing results in the innovation chain

Projects:

Note: it will be necessary to set up a brief interview for benchmark team with each of the project contacts listed below

- Please enter project names/brief descriptions and contact names for the last four completed development projects (projects with price reduction, quality improvement or functionality improve objectives should be included)
- Please list the target dates (set at milestone 0) and actual dates of the major milestones for each project
- Please list the initial target prices for Phase BOM (set at Milestone 0) and the actual prices realised at Milestone 2 and Milestone 3

Notes:

- If possible, please list LARGE projects oriented towards NEW products rather than product upgrade projects
- Milestone 0 = Project Inception/Concept Approval/Project Manager Appointed, Milestone 2 = Industrial Release, Milestone 3 = Commercial Release

Project Name	Project Manager/ Contact Name	Brief Description	Actual Date	Target Date	Actual Date	Target Date	Actual Date	Initial Target Price for M.2	Actual Price for M.2	Initial Target Price for M.3	Actual Price for M.3



Qualitative Data ...

<i>Category:</i>	PROCUREMENT (Continued)	Sourced Used: _____
<i>Suggested Sources:</i>	Purchasing Department, Finance & Accounting Logistics, Manufacturing Department	_____

Please indicate Names, Departments and Documents, where appropriate		

Throughput Time

- Please enter the throughput time for each of the following categories:
(Time between an order requisition arriving at the department and the order being TRANSMITTED to the supplier)

- Note:**
- If site systems do not record throughput time then estimate throughput time with interviews and limited sample analysis
 - Time to order transmission should ONLY include the time until a written order is posted/electronic order downloaded, etc. Transport time should not be included

Throughput Time	1991	1992	1993	1994
Average throughput time				

- Please explain briefly how this measure was calculated:

Invoice Handling

- Indicate the TOTAL number of invoices received and number which were correct

		1991		1992		1993		1994	
		Total	Correct	Total	Correct	Total	Correct	Total	Correct
<i>Invoice Handling</i>									
Invoices	BOM								



Qualitative Data ...

<i>Category:</i>	ORGANISATION	Sourced Used: _____
<i>Suggested Sources:</i>	Purchasing Department Personnel Department	_____
Please indicate Names, Departments and Documents, where appropriate		

Organisation:

- Please list the names, educational level, details of work experience, skills and time breakdown of each BOM BUYER (do not include expeditors)
- Please use the key on the right hand panel

Note:

- This pro forma is best completed by the individuals concerned - it may be necessary to distribute a copy
 - (*) Please indicate the nature of other experience: (a) Manufacturing, (b) Engineering/Development, © Marketing/Sales, (d) Others
 - (**) Please enter the number of days training per year
 - (***) Please estimate the % of time spent by each buyer on strategic/initial buying activities and the % of time spent on procurement activities during the year

Index	Education Level		Experience (Years)				Skills			Time Breakdown (***)		
	Name	Level	Type	Total	Total RVI/Mack	RVI/Mack	Other (*) Experience	No. of Languages	Years Expat	(**) Training	Strategic /Initial Buying	Procurement

Education Level
(a) High School (b) College (c) University* (d) Postgraduate
Education Type
(a) High School (b) Engineering/Tech (c) Economics/business (d) Other

Responsibilities

- Please indicate whether the following roles are formally part of the Purchasing Department
- Please enter the number of staff with responsibilities for each category

Responsibilities	Part of Purchasing Department (Indicate Y/N)	No of FTEs
■ Purchasing Manager		
■ Group Manager		
■ Senior/Chief Buyer		
■ Buyer		
■ Expeditors		
■ SQ Manager		
■ Procurement Manager		



Qualitative Data ...

Category: ORGANISATION CHART

Sourced Used: _____

Suggested Sources: Purchasing Department
Personnel Department

Please indicate Names, Departments and Documents, where appropriate

- Please provide a detailed organisation chart of the Purchasing Department



Qualitative Data ...

Category: ORGANISATION CHART

Sourced Used: _____

Suggested Sources: All Departments
Purchasing Department

Please indicate Names, Departments and Documents, where appropriate

- Please list all “teams” and a description of participating departments and key objectives



Qualitative Data ...

<i>Category:</i>	IT SYSTEMS	<i>Sourced Used:</i>	_____
<i>Suggested Sources:</i>	All Departments Especially IT Department		_____
Please indicate Names, Departments and Documents, where appropriate			

IT SYSTEMS

NOTE: It will be necessary to set up a brief interview for the benchmark team with each of the user contacts listed below

- Please enter the names of ALL IT (Computer) systems used in connection with Purchasing, followed by a brief description of what each system does
- Include IT systems to assist Strategic/Initial Buying activities and measurement systems
- Please, indicate whether each system is PC based (PC) or Mainframe based (MF)
- Please enter the name of the main user of EACH system, given that these users will need to be interviewed as part of the Benchmark visit

Name of System	Functionality (Please give a brief description)	PC M/F	Main User	Technical Contact