

Production Control Requirements – Section 12

Powers and Sons, LLC - Material Requirements

Suppliers shall have a process in place to ensure material is available for on time deliveries. Key elements of this process are:

- Understanding Powers and Sons' material requirements and authorities
- Confirm production capacity as required
- Review of short-term and long-term material requirements as related to raw material availability and manufacturing schedules
- Timely integration of Powers and Sons' material requirements into your system
- Immediate communications to Powers and Sons when a problem is identified
- Training new and back-up personnel for these tasks, as needed

Material requirements and authorities

Release Suppliers:

Release suppliers receive discrete purchase orders and/or releases against a blanket purchase order with specific due dates/quantities by part number. These orders, unless otherwise noted on the purchase order or release, are authority to purchase raw material and manufacture finished parts.

The date for each requirement is the delivery date at Powers and Sons LLC. Quantities specified by due date are expected to arrive no more than five days early or one day late.

Release Suppliers shall:

- Review all new/revised releases and notify the Materials Planner immediately if you cannot fulfill the requirements.
- Review all open orders weekly for any potential manufacturing/materials issues that could impact the due dates. Notify your Materials Planner immediately, if you will not meet your scheduled due date.
- If your lead-time needs to be revised, and current releases do not cover the new lead-time, notify your Materials Planner immediately, so that future releases will consider your lead-time as issued/revised.
- Remember that Powers and Sons release due dates are the in-house date at our facility. It is your responsibility to input requirements in your scheduling system to ensure planned shipment date allows for normal transit time.

Blanket Order Supply System (B.O.S.S.) Suppliers:

B.O.S.S. suppliers use the web-based replenishment system. Authority to purchase raw material and manufacture finished parts is found in the Fabrication Authority View. The most recent date is the current authority to purchase raw material and manufacture finished parts. This is a total authorization that includes all material at the supplier (for example, raw steel + WIP + your finished goods = total authorized). However, an exact shipment date is more flexible. The supplier can see the next required date and quantity by viewing the weekly forecast.

The supplier may ship as available if the following two conditions exist:

The shipment quantity is no more than the current authorized fabrication

AND

The shipment quantity will not put our on-hand inventory over the maximum level as shown on the inventory screen.

Suppliers *must ship* available authorized material in time to prevent the inventory from going below the minimum level.

B.O.S.S supplier shall:

- Review your parts in B.O.S.S at least twice daily, first thing each day and once again at the end of the day.
- Contact your Materials Planner as to your plans to cover requirements for all items in the "red," each occurrence for each part number.
- Review your forecast for all parts and notify your Material Planner if you foresee any problems meeting the forecast.
- Notify your Material Planner if you need additional material authority in order to meet forecasted requirements. You need to consider your raw material and processing lead time, to know when you need to request additional authority so that you will still meet the required due date.

Confirm Capacity

All suppliers shall supply capacity information, as requested.

Capacity information is always required:

- For all new parts
- When a change to an existing part impacts your manufacturing process

Production Control will request this information during the APQP process or upon review of a change. Suppliers will receive a Supplier Capacity Worksheet to complete by the "due date" on the request. A sample of this form, for your reference, is included in this manual. [07-55-07-02 Supplier Capacity Worksheet](#)

Powers and Sons LLC – Shipping Requirements

Suppliers shall have a process in place to ensure that shipments meet Powers and Sons' requirements. Key elements of this process are:

- Use of correct packaging and labeling, as specified in the Packaging and Labeling Requirements sections, for all shipments.
- Provide a system to ensure compliance with routing instructions.
- Timely notification if a shipment will not arrive on time.
- Schedule shipments only for parts required per the material requirements method specified for each part number (spot buy purchase orders, releases against blanket purchase order or B.O.S.S).
- Ability to arrange for expedited transportation as necessary.

Shipping method

Normal shipping method

- Powers and Sons LLC will provide a Shipping and Routing Instruction to each supplier. A sample form is included in this manual for reference. [07-55-07-01](#)
- Suppliers shall review the latest copy of the instruction and return a signed copy on time. Ensure updates are provided to your shipping personnel in a timely manner to meet the specified effective date.
- Suppliers are responsible to plan shipments that meet the routing requirements and still ensure parts deliver on time.
- To avoid any cost-penalties for routing violations, follow these guidelines:
 - Use the approved carrier, per your routing instruction, for all shipments (*Routing*).
 - Complete shipping documentation with the class code specified (*Class*)
 - Follow the shipment specifics under *Weight Breaks*. Examples of shipment specifics are:
 - Release and B.O.S.S. suppliers:
 - A specified minimum weight in pounds. Ship only when you have at least this weight for any given shipment. Material shipped to meet minimum weight must be based on requirements. Ship date must meet delivery date requirements. Do not overship to make minimum weight.
 - A specified shipping frequency. Shipments are made at the specified interval
 - Release suppliers:
 - Ship all requirements per same due date in one shipment. Ship complete quantity of all parts, with the same due date, to meet your release requirements.

- If a shipment is required, but you cannot meet the routing guidelines, contact your Material Planner. If the planner agrees the deviation cannot be avoided, acquire written approval prior to shipment.
- If you are up-to-schedule, but Powers and Sons LLC requires a shipment be made that is not your normal routing, acquire written approval prior to shipment.

Suppliers are responsible to notify Powers and Sons whenever they foresee that a delivery date cannot be met. Suppliers may be on B.O.S.S or receive releases for discrete quantities and specific due dates. Whichever ordering method used, you need to notify your Materials Planner immediately if there will be a delay in delivery date and/or shortage of quantity required.

Supplier responsible freight

When a material shortage is determined to be supplier responsibility, suppliers are to arrange and pay for the appropriate transportation method needed to meet any delivery date specified by Powers and Sons LLC.

Examples of supplier responsible freight include, but are not limited to, shortages resulting from a behind schedule situation, quality reject, or errors in shipping documentation/labeling.

Suppliers are to pre-pay all shipments that are deemed to be supplier responsibility.

Shipping documentation

- Accurate shipping documentation shall include the Powers and Sons LLC part number, purchase order number, correct quantity and lot codes (if applicable).
- Notification of shipment:
 - B.O.S.S. suppliers enter ASNs into the B.O.S.S. system. ASNs are input after the carrier leaves your facility.
 - Release suppliers are to send a fax notification to the attention of your Material Planner at the time of shipment, unless an alternate method is agreed upon with your Material Planner.

Powers and Sons LLC Packaging and Labeling Requirements

Packaging and labeling for all new parts shall be determined and agreed upon prior to supplier's submission of PPAP parts. Suppliers shall contact Production Control when developing a packaging plan for each new part. Label requirements shall also be reviewed at this time for any special notations required for this part.

Suppliers shall review the Production Part Approval Process section of this manual for any specific PPAP requirements for Production Control documentation.

After Production Control has reviewed the packaging plan, submit a completed packaging approval request for all new part numbers on the form provided in this manual.

[07-55-03-01 Production Parts Packaging Data Sheet](#)

After Production Control has reviewed your proposed barcode format, submit a sample barcode label for all new part numbers on the form provided in this manual.

[07-57-02-01 Barcode Approval Form](#)

[07-57-02-02 Powers and Sons Supplier Shipping Label Standard](#)

Packaging Requirements

Criteria to consider when determining packaging for a part:

- Protection of part quality in transit and storage
- All shipments from outside the United States that have wood packaging must conform to Phytosanitary Measures Guidelines for Regulating Wood Packaging Material in International Trade (ISPM 15).
- Effective use of space – is part size appropriate to size and weight limits of container.
- Material handling method used at Powers and Sons LLC.
- Boxes/totes on a pallet shall be less than 30 lbs each
- Ergonomics for operators to remove parts from the container – including possible part orientation requirement
- Environmental considerations
 - Returnables shall always be evaluated for cost effectiveness
 - Review all regulations related to materials used in the container
- Multiple containers per unit load shall have one part number per pallet.
- Multiple containers per unit load shall have one trace / lot code per pallet.

Labeling Requirements

All shipping containers shall have a barcode label. A sample form is included in this manual for reference. [07-57-02-02 Powers and Sons Supplier Shipping Label Standard](#)

At a minimum, the label shall include:

- Powers part number
- Powers' supplier vendor number
- Quantity
- Lot code
- Unique serial number
- Powers' purchase order number.

Note: In addition, parts designated with Customer Critical Characteristics (as defined in this manual under Special Characteristics Customer Critical Characteristics Section 1 of SIM may require special notation on the barcode label.

For parts requiring special notation, the examples also show the three notations that are acceptable to use. Preferred notation is the symbol ∇ preceding the Powers' part number on the label.

Labels required on containers:

- Each shipping container (single shipping unit) shall have at least one barcode label. For cartons or totes on a pallet or in a larger container, this is the master label for the total quantity in this single shipping unit.
- Individual boxes or totes that are shipped on a pallet, or in a larger container, shall have two labels, on adjacent sides of the box/tote. The barcode quantity is for the parts in this box/tote.
- Only the Production Control Manager can approve exceptions to the labeling requirements.

Powers and Sons LLC - Feedback to Suppliers

Delivery Performance Rating

Suppliers receive a Supplier Performance Report each month. Delivery Performance is part of that report. Suppliers need to understand the ratings levels to know when written corrective action is required. You can see an example of that report, with ratings level action items in this manual. See Supplier Requirements and Ratings System Section 8 of SIM.

The Delivery Performance score is composed of four elements for rating. The elements are “weighted” as a percent of the total score:

70% for On Time Delivery

20% for Conformance to Labeling, Packaging, and Packing Slip Accuracy

10% for Correct Advance Ship Process

N.A. Deduction for Issues listed in the comments area – impacts final score

On Time Delivery

The on time score is based on the supplier’s performance to our expectation of 100% on time. On time delivery is calculated by two methods based on whether the supplier ships to B.O.S.S. requirements or ships to releases.

B.O.S.S. ratings are based on the percent of time the supplier is in the “green” for that month’s rating. This is calculated based on the number of days in the month and the number of part numbers in the green all of those days. Weekends and holidays count. If you go into the blue or the red on a Friday, you will automatically incur 3 days “not green” on that part number. To get all 70 points in a rating month, supplier needs all parts in the “green” for the entire month.

Sample calculation:

Supplier has 10 part numbers, there are 31 days in the month, and, of those 10 parts numbers, two parts were “red” for 1 day, one part was “red” for 8 days and one was “blue” for 1 day.

2 parts X 30 days green = 60

1 part X 23 days green = 23

1 part X 30 days green = 30

6 parts X 31 days green = 186

Total points received = 299 out of total possible 310 (10 parts green 31 days)

$299/310 = 96\%$ on time

Available points for on time is 70, so $.96 \times 70 = 67.2$

On Time score would be 67

Release ratings are based on the percent of shipments received on time. Shipments are “on time” if the entire shipment quantity is received up to 5 days prior to the due date or no more than one day after the due date. Again, weekends and holidays are included in this calculation. When a shipment is received, the system rates if that shipment is on time, or not.

Sample calculation:

Supplier has 5 parts due in the month, and one part arrives 3 days late, one part arrives 3 days early and three parts arrive 1 day early. Four of the five shipments due arrived on time.

4/5 = 80 % on time
 Available points for on time is 70, so .80 X 70 = 56
 On Time score would be 56

We expect our Suppliers to be on time 100%. However, there may be times when a problem arises and you cannot maintain this level. This is where communication becomes the key element. You MUST contact your Materials Planner when you will not be on time. If we can accept a late shipment and not jeopardize our customer or our manufacturing schedule, we may be able to accept your delivery promise timing and/or quantity. *For B.O.S.S. suppliers*, the Material Planner may remove the “red” event at this time. *For Release suppliers*, the Material Planner may change the release amount/due date at this time. This is at the discretion of your Material Planner and requests to make such changes after the fact will not be accepted.

Labeling, packaging, packing slip accuracy

Problems related to labeling (wrong count, wrong part number, missing barcode, etc.); packaging (wrong/damaged container, etc.); and/or shipping documents (packing slip is not the same as actual received in part number and/or quantity per part number) are communicated to suppliers through our Receiving Discrepancy Report (RDR). A sample of our RDR form is found in this manual. [07-55-04-02](#)

Points are deducted from this element based on the number of RDRs received in that ratings month. Available points in the element are 20.

Rating chart	
Number of RDRs	Rating that month
One	10 points
Two	5 points
Three, or more	0 points

Correct Advance Ship Process

We do not rate this by a percentage of ASNs as compared to shipments received, from B.O.S.S. or Release suppliers. Points will be deducted if a supplier's lack of an ASN negatively impacts our ability to plan manufacturing and/or monitor inventory available; or if a supplier routinely omits the ASN process.

Delivery Performance Rating Review and Disputes

Review your Delivery Performance Rating when received each month. If you disagree with the current month rating or the calculation of the three-month average, you may dispute to the Production Control Manager.

Disputes for the current month rating and/or the 3-month average calculation must be submitted no later than 30 days after the date on the performance report.

Routing Conformance

Suppliers' conformance to their Routing Instruction is monitored. This is not included in the Delivery Performance Rating. Suppliers will be debited for any excess costs incurred due to a routing violation.

If suppliers fail to make a shipment "prepaid," as directed, they will be debited the cost of the inbound freight.

In addition to the above-mentioned charges, supplies will be charged an administrative fee of \$50.00 for each debit.

Routing Conformance Review and Disputes

Suppliers should review all freight debits when received and develop action plans to avoid future occurrences.

If you receive a notification of a debit and disagree, you can dispute the charges by sending information to the attention of the Production Control Manager. Reasons that might be disputable:

- Powers and Sons approved a deviation for that shipment/date (provide a copy of the authorization).
- Routing violation specified was not the effective routing at the time of the shipment (provide copy of routing effective at time of shipment).
- Freight that was shipped as Supplier Responsibility was subsequently determined not supplier cause (provide information about the circumstances related to the issue or any documentation received from your Powers' contact).