



## VENDOR SCORING GUIDE

## Overview

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Platt & LaBonia holds vendors responsible to meet expectations and the requirements of Platt and LaBonia's manufacturing process. Platt & LaBonia will work with vendors to address opportunities for improvement and meet goals. This Standard Operating Procedure outlines the factors we track to monitor a vendor's performance and quality.

All Vendors are evaluated on the following metrics:

- Quality
- Lead Time & Delivery
- Order Fulfillment
- Invoicing

Additional Factors are measured on a rating scale:

- Service

A vendor's evaluation is then averaged to give the vendor a complete rating. Any vendor whose vendor rating falls to 75% or below is subject to review by Platt & LaBonia

### Vendor Rating Example:

Quality	80%
Lead Time & Delivery	95%
Order Fulfillment	90%
Invoicing	92%
<b>Vendor Rating</b>	<b>89.3%</b>

## Quality

Quality is a factor measured by a vendor's ability to deliver a product that meets fit, form, and function requirements. Platt & LaBonia evaluates material for defects such as damage, incorrect dimensions, appearance, incorrect paper work, and inadequate packaging/palletizing. The evaluation is scored in two ways: *major non-conformities* and *minor non-conformities*. Major non-conformities represent defects that impair the manufacturability of the product and the ability of Platt & LaBonia to ship on-time. Minor non-conformities represent defects that do not delay production or impair the manufacturability of the product. Both minor and major non-conformities will result in a vendor corrective action.

Example Scenario: A purchase order is issued for 500 lbs. of paint. Of the 500 lbs. received, 50 lbs. are unusable.

*Minor non-conformity:* Platt LaBonia is still able to complete the manufacturing work order despite the 50 lbs. of defective paint.

*Major non-conformity:* Platt LaBonia is unable to complete the manufacturing work order because 50 lbs. of paint is unusable.

### Quality Score Example:

Minors	2
Majors	1
<b>Quality Score</b>	<b>50%</b>

**Note:** 5 or more minors in a year will result in the issue of a major. Minor non-conformities deduct 10% from a Quality Score. Major non-conformities deduct 30% from a Quality Score.

## Invoice Accuracy

Invoice Accuracy is scored based on the amount of purchase order invoices received to the number received with errors. Invoices are checked for correct piece price, quantity received, part number, purchase order number, unit of measure, and payment terms.

### Example:

Invoices received	10
Invoices with errors	2
<b>Invoice Accuracy</b>	<b>80%</b>

**Order Fulfillment**

Platt & LaBonia must maintain optimum inventory levels in order to meet production schedules and maintain manufacturability. Order Fulfillment monitors the quantity specified on a purchase order versus actual quantity received. **Platt & LaBonia does not accept under-shipments without prior authorization.** An order that is under-shipped will result in a minor or major non-conformity depending on its severity and impact of production.

<b>Order Fulfillment Score Example</b>	
PO Quantity Ordered	100,000
PO Quantity Received	90,000
Minor Non-Conformity (10%)	1
Major Non-Conformity (30%)	0
PO Fulfillment Score	90%

**Note:** 5 or more minors in a year will result in the issue of a major. Minor non-conformities deduct 10% from an Order Fulfillment Score. Major non-conformities deduct 30% from an Order Fulfillment Score.

**On-Time Delivery**

Platt & LaBonia’s delivery window is the due date listed on the purchase order and up to 5 calendar days before the requested delivery date. Late deliveries will result in a minor or major non-conformity being issued depending on the severity and impact of production.

6 Days Early	5 Days Early	4 Days Early	3 Days Early	2 Days Early	1 Day Early	Due Date	1 Day Late
Early	<b>ON TIME WINDOW</b>						Late

**Example:**

<b>On-Time Delivery Example</b>	
Number of shipments received	22
Number of On-Time shipments	20
Number of Late/Early shipments	
Minor Non-Conformity (10%)	2
Major Non-Conformity (30%)	0
<b>On-Time Percent (20/22) =</b>	<b>80%</b>

**Note:** 5 or more minors in a year will result in the issue of a major. Minor non-conformities deduct 10% from an On-Time Delivery Score. Major non-conformities deduct 30% from an On-Time Delivery Score.

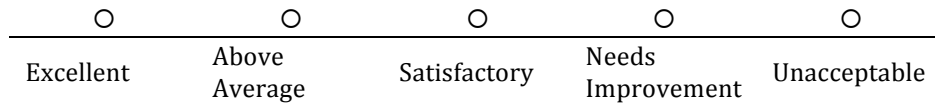
## Service Rating

Service rating refers to the factors important to Platt & LaBonia that help maintain good communication with its vendors. Service Rating contains the following elements.

*%* Customer Service Support/ Product Development Support

- Responsiveness
- Sales Representation
- Ordering / Scheduling Flexibility
- Continuous Improvement
- Lowest Total Cost / Pricing (Honor quoted prices and provide no less than 30-day notification of price increases)

Each factor is rated on the following scale:



These qualities are determined and evaluated on a general perception of the communication process with a vendor. These evaluations will be used to outline opportunities for improvement with Platt & LaBonia's vendors.