

Changes to monthly supplier scorecard & Red Flag process

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Job Title: Purchase Executive
Business Unit: Aerospace Supply Chain

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For the attention of the Managing Director and Operations Manager.

Dear Sir or Madam,

Scope/Applicability:

All suppliers supplying parts to Rolls-Royce Aerospace (Civil & Defence) new-build contracts. Maintenance, repair and overhaul (MRO) contracts are excluded from the scope of this NTS.

Introduction:

The current monthly supplier scorecard was introduced in March 2013 and has helped to provide clear visibility of supplier performance, inclusive of impact to Rolls-Royce. As these new measures have matured, a further revision to the monthly supplier scorecard has been developed to support the requirements of our Quality and Planning & Control functions. Our suppliers are a key asset to our business and as we work together these developments will provide a better reflection of your performance.

The key changes are as follows:

- “Delivery on time” metric (D1) changed to incorporate “delivery Rate”.
- All metrics, apart from arrears, have been changed to include data from across 3 APs.
- Disruption Index (DI) measure now includes all supplier-liable and pending DI and uses the Supply Chain Unit (SCU) multiplier.
- Red Flag and SABRe Self-Assessment status now included.

The release of this revised scorecard will occur in September 2014. A brief presentation is available in the downloads section of the Global Supplier Portal associated with this NTS which serves as an introduction to the revised scorecard and gives an overview of the measures.

To improve alignment to the modified scorecard and incorporating feedback from the wider supply chain, the Red Flag process has also been revised. Red Flag is a focused escalation process to address unacceptable supplier performance, with formal entry through a specific communication from your Supply Chain Management Team.

The modified Red Flag process is designed to rapidly deploy actions that protect the customer and fix underlying root causes, while demanding senior level engagement within both the supplier and Rolls-Royce.

The process has two main stages. The Red Flag Warning stage is aimed at driving rapid improvement such that further escalation is not required. The second stage, Red Flag Full, is designed to address systemic failures within the organisation, using senior level engagement and chartered improvement plans. The specific reasons why Red Flag is required and the improvement needed will be clearly communicated at each stage. A brief presentation is available in the downloads section of the Global Supplier Portal associated with this NTS.

Action Required:

In order to make the transition as smooth as possible, we request that you:

- Communicate the changes to your organisation.
- Review the revised scorecard, when received.
- Actively address performance gaps such that Red Flag is not required.

For more information, please speak to your usual Supplier Management Team Manager in Rolls-Royce.

NTS Category:

General

Authorised by:

Rosie Toogood
Executive Vice President – Purchasing