Supplier Performance Analysis Report  
Delivery (45%)  Quality (45%)  Business Factors (10%)

**Delivery** - Number of purchase order receipts that were received up to **five (5) business days before or one (1) day after** the Purchase order line item due date divided by total receipts and open orders. **45% of total score**

\[
\text{Delivery Score} = \left( \frac{\# \text{ On Time Deliveries}}{\# \text{ Total PO Line Item Receipts} + \# \text{ Open Orders}} \right) \times 100
\]

Purchase Order (PO) Line Item Due Date is defined as:
- Supplier confirmed date when order is placed or per contract
- May be revised:
  - NORDAM request to postpone delivery
  - NORDAM request and Supplier confirmation of earlier delivery date
  - Supplier notification and NORDAM agreement to revise committed delivery date

**Delivery Classifications** – Goods received at NORDAM dock:
- **Early** – 6 or more business days prior to PO line item due date
- **On Time** – up to 5 business days before or 1 business day after PO line item due date
- **Late** – 2 or more business days after PO Line item due date
- **Open** – materials scheduled to be received, but not received during the reporting period

**Quality** – Metrics are weighted based on their impact to the business. Defects in reporting period. **45% of total score**

\[
\text{Quality Score} = \left( \frac{\text{Quality Factor}}{\# \text{ Total PO Line Item Receipts}} \right) \times 100
\]

Quality Metrics:
- Notice of Escape (NOE) – 5% score reduction
- Failed Corrective Action (C/A) – 5% score reduction
- MRB Major – Product Quality Nonconformance - 1
- MRB Minor – Paperwork or other non-product-related issue – 1/3
- Audit Finding Major - On-site Audit Finding determined to directly impact quality system – 1/2
- Audit Finding Minor – On-site Audit Finding determined to indirectly impact quality system – 1/4

**Score Scoring example based on 1,198 receipts with 1 NOE and 1 Failed C/A:**

<table>
<thead>
<tr>
<th>Defects in Period:</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRB Major</td>
<td>28.0</td>
</tr>
<tr>
<td>MRB Minor</td>
<td>6 x 1/3 = 2.0</td>
</tr>
<tr>
<td>Audit Major</td>
<td>3 x 1/2 = 1.5</td>
</tr>
<tr>
<td>Audit Minor</td>
<td>4 x 1/4 = 1.0</td>
</tr>
<tr>
<td><strong>Quality Factor</strong></td>
<td><strong>32.5</strong></td>
</tr>
</tbody>
</table>

\[
\text{QA Score:} = \left( \frac{100\% - 5\% - 5\%}{1,198} \right) \times 100 = 87.3\%
\]

**NOTE:** Supplier notification of impending late delivery does not constitute NORDAM agreement to revise committed delivery date for performance. This metric is revised effective January 1, 2019. Metric weight changed from 40% to 45% for “Critical” suppliers.

**NOTE:** This metric is revised effective January 1, 2019. The metric weight changed from 40% to 45% for “Critical” suppliers. Quality notifications determined to be responsibility of supplier corrective action will impact supplier score. Thus quality notifications are reflected in supplier score after root cause has been determined and quality notification closed.

It is important to remember there may be a lag time in receipt of nonconforming product or paperwork issue and the month reported on supplier performance.
**Business Factors** – Analysis of price changes, contracts (LTAs, Price Agreements, etc.), and payment terms. Analysis is performed on an annual basis and updated throughout the year as needed. Analysis period is for the changes that have occurred during the past thirty-six (36) months.

10% of total score

\[
\text{Price Changes (50\%) + LTA (35\%) + Payment Terms (15\%) = Business Factors Score – Responsiveness (if applicable)}
\]

- **Price Changes during the past 36 months** - (50%)
  - Decrease/Savings - 100%
  - Flat - 50%
  - Increase - 0%
- **Long Term Agreement/Price Agreement/General Agreement** - (35%)
  - Agreement in place – 100%
  - No agreement loaded in SAP – 0%
- **Payment Terms** – (15%)
  - Payment Terms > 60 days – 100%
  - Payment Terms = 60 Days – 66.7%
  - Payment Terms < 60 Days – 0%
- **Responsiveness (deduction only)** – 50% reduction of BF Score
  - If a Responsiveness Issue is listed on the scorecard, a 50% reduction in the total Business Factors Score will occur. This deduction will remain effective until the issue is resolved.

**NOTE**: The Business Factors element of the report applies only to “Critical Suppliers”. For all scorecards generated for “Non-Critical” suppliers, the Business Factors category would not apply and the weighting to determine the Total Score would be 50% Delivery and 50% Quality.

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**Overall Supplier Scorecard Rating:**

- **Gold** 100%
- **Performing** 95% - 99.9%
- **Progressing** 90% - 94.9%
- **Underperforming** <90%

Supplier scorecards are issued upon completion and review of performance to NORDAM identified critical suppliers. Contact your respective NORDAM buyer if you have questions regarding your performance score.