



COLLINS AEROSPACE | PRATT & WHITNEY | RAYTHEON

SRS Ratings System User Guide

Supplier Rating System

- This guide provides an overview of the Raytheon Supplier Rating System (SRS)
 - It is designed to describe the system, its elements, and how performance ratings are determined
- All ratings are based on a rolling 12-month window of data
 - Ratings are based on data provided every two weeks. Reports are available on approximately the beginning and middle of each month
- A key feature of SRS is the Supplier Performance Relationship Report (SPRR)
 - The SPRR represents the Quality and Delivery performance of Raytheon suppliers
 - Reports are posted internally at Raytheon and on the external SRS website for access by suppliers
 - Suppliers only have access to their reports and data regarding their company's performance
 - Reports are refreshed twice a month (generally available by the 6th and 20th of each month)
- The rating algorithms are the same across all RTX businesses
- On Time Delivery is based on Raytheon business days
- If you require further assistance, contact your Raytheon SRS Business POC

Raytheon Supplier Rating System

- **What is the Supplier Rating System (SRS)?**

- SRS is Raytheon's company wide system integrating procurement, receiving, quality, inspection and qualitative information across Raytheon
- SRS provides Raytheon with a consistent method of rating suppliers to determine supplier performance and support the supplier selection process
- SRS provides Raytheon and suppliers visibility into critical performance data and presents one Raytheon face to our supplier base

- **Why is SRS Important?**

- SRS provides a consistent method of rating suppliers and allows Raytheon to present one face to our suppliers
- Sharing SRS performance ratings with our suppliers opens lines of communication, leading to improved relationships and healthy competitive supplier behavior
- Use of SRS supports the supplier selection process, which can reduce program risks and operating costs

Supplier Rating Elements

There are three types of ratings a supplier may receive as part of the Supplier Rating System (SRS)

- Raytheon Performance
 - Performance rating based on combination of Quality and Delivery
 - Quality portion of rating is based on volume of supplier deliveries
- Qualitative (QDI) Rating
 - Described on the next chart

Qualitative (QDI) Rating

Qualitative Rating QDI (Qualitative Data Input)	Completed As Required by each Business or Program	Price/Cost	Weightings Assigned by Lead Evaluator with Key Criteria Weightings Totaling 100%
		Schedule/Delivery	
		Technical	
		Quality/Mission Assurance	
		Business/Management	

Qualitative Data Input (QDI) Ratings

Exceptional	≥ 3.61
Very Good	3.21 - 3.6
Satisfactory	2.81 - 3.2
Marginal	2.41 - 2.8
Unsatisfactory	0 - 2.4

Quality Rating

- Suppliers will be evaluated based on number of parts delivered and may change over time
 - High Volume Suppliers: $\geq 100,000$ pieces delivered over a 12-month period
 - Low Volume Suppliers: $< 100,000$ pieces delivered over a 12-month period
- High Volume Supplier performance is based on PPM (parts per million)
 - **PPM:** $(\text{Total Failures (sum of incoming and floor failures)} / \text{Parts Received}) \times 1,000,000$
 - Source Inspection failures and weighting have been removed from PPM calculation
- Low Volume Supplier performance is based on escapes
 - **Escapes:** Count of QNs issued in a rolling 12-month period. QNs issued in the Same Month, with the Same Part Number, Same Supplier and Same Defect Code, rolled into 1, isolated by plant location.

Lot Acceptance Rate (LAR) and SCAR Impact are no longer included in the quality rating calculation

Quality Rating

The identification of a supplier's evaluation method and data used to calculate the performance rating is included in the SPRR Summary report.

SPRR Summary

Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
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Quality Evaluation Method → High Volume - PPM

Quality Rating 1 Month	Performing - GREEN
Quality Rating 3 Month	Performing - GREEN
Quality Rating 6 Month	Performing - GREEN
Quality Rating 12 Months	Performing - GREEN
# of Source Inspection Failures	13,396
# of Incoming Failures	0
# of Floor Failures	0
Total Failures (incoming + floor)	0.0
Number of Escapes	0
Escapes Rolling 12 Months	25
Quality Parts Received	211,018
PPM Rolling 12 Months	0
Quality Lots Accepted	53
Quality Lots Received	53
LAR 12 Months	100.0%

Qualitative:
Not Available

History Graphs:
Not Available Mid-Month

- Reports:
- [Summary Report](#)
 - [PO Detail Report](#)
 - [Receipt Detail Report](#)
 - [Failure Detail Report](#)
 - [SCAR Detail Report](#)
 - [Ideal Shipment Detail Report](#)

Evaluation method will reflect # of parts received for high and low volume suppliers

Performance level aligns with established thresholds per evaluation method

Data used to calculate performance level is available.

RTX Performance Criteria

OTD	Quality (High Volume)	Quality (Low Volume)	Category
≥ 95%	<100 PPM	≤ 1 Escape	Performing
≥ 90% but < 95%	≤ 250 PPM	≤ 6 Escapes	Progressing
< 90%	> 250 PPM	> 6 Escapes	Underperforming

Delivery Rating

The SRS Delivery Rating is based on 3 components

- Lots Received on Time
- Lots Due
- Lots Past Due

$$\text{Delivery Rating} = \frac{\text{Lots Received on Time}}{\text{Lots Due} + \text{Lots Past Due}}$$

Delivery Rating

- **Lots Received on Time**

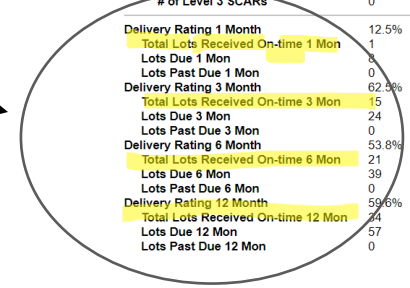
Lots Received on Time = Number of lots delivered on time according to their statistical delivery date (contractual date) within the measurement window (e.g., 1, 3, 6, and 12 months), including allowed received early deliveries.

Delivery Rating

- Lots Received on Time - continued
- Where to find this information in the SPRR
- The “Receipt Detail” report indicates lots delivered on time within the 1, 3, 6, and 12 month measurement windows.

SPRR Summary

Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
Quality Evaluation Method	High Volume - PPM					Qualitative: Not Available
Quality Rating 1 Month	Performing - GREEN					History Graphs: Not Available Mid-Month
Quality Rating 3 Month	Performing - GREEN					
Quality Rating 6 Month	Performing - GREEN					
Quality Rating 12 Months	Performing - GREEN					
# of Source Inspection Failures	13,306					Reports: Summary Report EO Detail Report Receipt Detail Report Failure Detail Report SCAR Detail Report Ideal Shipment Detail Report
# of Incoming Failures	0					
# of Floor Failures	0					
Total Failures (Incoming + floor)	0.0					
Number of Escapes	0					
Escapes Rolling 12 Months	25					
Quality Parts Received	211,018					
PPM Rolling 12 Months	0					
Quality Lots Accepted	53					
Quality Lots Received	53					
LAR 12 Months	100.0%					
Total SCAR Count 12 Months	0					
# of Level 1 SCARs	0					
# of Level 2 SCARs	0					
# of Level 3 SCARs	0					
Delivery Rating 1 Month	12.5%					Underperforming - RED
Total Lots Received On-time 1 Mon	1					
Lots Due 1 Mon	8					
Lots Past Due 1 Mon	0					
Delivery Rating 3 Month	62.5%					Underperforming - RED
Total Lots Received On-time 3 Mon	15					
Lots Due 3 Mon	24					
Lots Past Due 3 Mon	0					
Delivery Rating 6 Month	53.8%					Underperforming - RED
Total Lots Received On-time 6 Mon	21					
Lots Due 6 Mon	39					
Lots Past Due 6 Mon	0					
Delivery Rating 12 Month	59.6%					Underperforming - RED
Total Lots Received On-time 12 Mon	24					
Lots Due 12 Mon	57					
Lots Past Due 12 Mon	0					



Site	12 Month Lots Rcvd On Time	3 Month Lots Rcvd On Time	1 Month Lots Rcvd On Time	12 Mo Lots
FOREST	0	0	0	1
FOREST	1	0	0	1
FOREST	1	1	0	1
FOREST	1	1	0	1
FOREST	0	0	0	1
FOREST	1	0	0	1
TUCSON	1	1	0	1
MCKINNEY	1	0	0	1

Delivery Rating

- **Lots Due**

Lots Due = Number of lots with statistical delivery dates (contractual dates) within the measurement window (e.g., 1, 3, 6, and 12 months) that have been delivered (includes allowed received early deliveries), including those that have not yet been delivered.

Delivery Rating

- Lots due – continued

Lots Due = Number of lots with statistical delivery dates (contractual dates) within the measurement window (e.g., 1, 3, 6, and 12 months) that have been delivered (includes allowed received early deliveries), including those that have not yet been delivered.

- Where to find this information in the SPRR

- The “Receipt Detail” report indicates lots due that were received, the “PO Details” report indicates lots due not yet received.
- “Receipt Detail” report

Statistical Date (Contractual)	Date Received	On-Time Ind	Qty Days	Delivery Early Class	Ship Class	Line Rev #	Sched Number	Quantity Ordered	Quantity Received	Receipt ID	Program Name	Contract Number	Prod	Dir	Rec	Rating's Inclusion	Lot # Asplg
1926/2016	12/14/2016	N	33	0	Y	1926	2	53	14	500395028	PREM GROUP PROJECT SPS	MULTIPLE	Y	Y	Y	DL	Y
1926/2016	12/01/2016	N	38	0	Y	1926	2	53	4	500377101	PREM GROUP PROJECT SPS	MULTIPLE	Y	Y	Y	DL	Y
1926/2016	19/25/2016	Y	-1	1	Y	1926	2	53	35	500242562	PREM GROUP PROJECT SPS	MULTIPLE	Y	Y	Y	DL	Y

Buyer Name	Date Opened	PO Number	Line Item	Schedule Num	Contract Number	Program Name	Quantity Ordered	Statistical Date (Contractual)	Prod	Dir	Rec	Business	Source System	Site	Open	12 Month Due	3 Month Due	1 Month Due	12 Month Past Due	3 Month Past Due	1 Month Past Due
Con McLaughlin	08/11/2015	420034216	0020	1	MULTIPLE	RMS PCT	140	12/01/2016	Y	Y	Y	MS	SAP	ROL LK - CLERK-4ES	Yes	1	0	0	0	1	1
Con McLaughlin	08/11/2015	420034216	0020	5	MULTIPLE	RMS PCT	195	12/01/2016	Y	Y	Y	MS	SAP	ROL LK - CLERK-4ES	Yes	1	0	0	0	1	1
Con McLaughlin	08/11/2015	420034216	0020	9	MULTIPLE	RMS PCT	120	01/01/2017	Y	Y	Y	MS	SAP	ROL LK - CLERK-4ES	Yes	1	0	0	0	1	1

SPRR Summary

Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
Quality Evaluation Method	High Volume - PPM					
Quality Rating 1 Month	Performing - GREEN					
Quality Rating 3 Month	Performing - GREEN					
Quality Rating 6 Month	Performing - GREEN					
Quality Rating 12 Months	Performing - GREEN					
# of Source Inspection Failures	13,306					
# of Incoming Failures	0					
# of Floor Failures	0					
Total Failures (Incoming + floor)	0.0					
Number of Escapes	0					
Escapes Rolling 12 Months	25					
Quality Parts Received	211,018					
PPM Rolling 12 Months	0					
Quality Lots Accepted	53					
Quality Lots Received	53					
LAR 12 Months	100.0%					
Total SCAR Count 12 Months	0					
# of Level 1 SCARs	0					
# of Level 2 SCARs	0					
# of Level 3 SCARs	0					
Delivery Rating 1 Month	12.5% Underperforming - RED					
Total Lots Received On-time 1 Mon	1					
Lots Due 1 Mon	8					
Lots Past Due 1 Mon	0					
Delivery Rating 3 Month	62.5% Underperforming - RED					
Total Lots Received On-time 3 Mon	15					
Lots Due 3 Mon	24					
Lots Past Due 3 Mon	0					
Delivery Rating 6 Month	53.8% Underperforming - RED					
Total Lots Received On-time 6 Mon	7					
Lots Due 6 Mon	39					
Lots Past Due 6 Mon	0					
Delivery Rating 12 Month	59.6% Underperforming - RED					
Total Lots Received On-time 12 Mon	24					
Lots Due 12 Mon	57					
Lots Past Due 12 Mon	0					

← “PO Details” report



Delivery Rating

- **Lots Past Due**

Lots Past Due = Number of lots with statistical delivery dates (contractual dates) prior to the measurement window (e.g., 1, 3, 6, and 12 months) that have not yet been delivered.

Delivery Rating

- **Lots Past Due – continued**

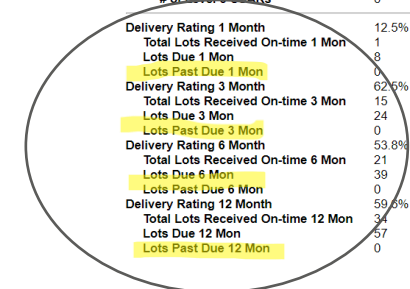
Lots Past Due = Number of lots with statistical delivery dates (contractual dates) prior the measurement window (e.g., 1, 3, 6, and 12 months) that have not yet been delivered.

- **Where to find this information in the SPRR**

- The “PO Details” report indicates lots due that have not yet been received which are prior to the measurement window (Past Due).

SPRR Summary

Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
Quality Evaluation Method		High Volume - PPM				
Quality Rating 1 Month		Performing - GREEN				
Quality Rating 3 Month		Performing - GREEN				
Quality Rating 6 Month		Performing - GREEN				
Quality Rating 12 Months		Performing - GREEN				
# of Source Inspection Failures		13,396				
# of Incoming Failures		0				
# of Floor Failures		0				
Total Failures (Incoming + floor)		0.0				
Number of Escapes		0				
Escapes Rolling 12 Months		25				
Quality Parts Received		211,018				
PPM Rolling 12 Months		0				
Quality Lots Accepted		53				
Quality Lots Received		53				
LAR 12 Months		100.0%				
Total SCAR Count 12 Months		0				
# of Level 1 SCARs		0				
# of Level 2 SCARs		0				
# of Level 3 SCARs		0				
Delivery Rating 1 Month		12.5% Underperforming - RED				
Total Lots Received On-time 1 Mon		1				
Lots Due 1 Mon		8				
Lots Past Due 1 Mon		0				
Delivery Rating 3 Month		62.6% Underperforming - RED				
Total Lots Received On-time 3 Mon		15				
Lots Due 3 Mon		24				
Lots Past Due 3 Mon		0				
Delivery Rating 6 Month		53.8% Underperforming - RED				
Total Lots Received On-time 6 Mon		21				
Lots Due 6 Mon		39				
Lots Past Due 6 Mon		0				
Delivery Rating 12 Month		59.6% Underperforming - RED				
Total Lots Received On-time 12 Mon		34				
Lots Due 12 Mon		57				
Lots Past Due 12 Mon		0				



	12 Month Due	3 Month Due	1 Month Due	12 Month Past Due	3 Month Past Due	1 Month Past Due
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0

Delivery Rating

Tips for Determining if Lot is “Received on Time” or “Due” on “Receipt Detail” Report

- Activities listed on the “Receipt Detail Report” are all lots received in the last 12 months
- Only lots with an “E/L” in the “Ratings Inclusion” column are included in determining ratings. “E/L” means “Rec” (receivable item) = Y & “Dir” (direct charge item) = Y. Lots with blank “Ratings Inclusion” are not included in ratings.
- 1’s in the “Lots Rcvd On Time” or “Lots Due” columns indicate what reporting window (1, 3, 6, or 12 months) the lot is considered “Rcvd On Time” or “Due” (0’s are not included in ratings)
- To determine if a lot is “Rcvd On Time”, compare the Receipt Date to the Statistical Date □ If the Receipt Date is anywhere from 3 days late to 30 days early (business days) of the Statistical Date, it is on time (also considered on time if early deliveries are allowed and delivered earlier than 30 days). Number of days early (-) or late is listed in the “Qty Days” column. Lots on time are indicated by “Y” in the “On Time Ind” column. This example is “Y”.

Tips for Determining if Lot is “Due” or “Past Due” on “PO Detail” Report

- PO activity listed on the “PO Detail Report” are all lots with Statistical Dates on or before the date of the SPRR Report (PO activity with future Statistical Dates will not be shown)
- Lots with “Open Ind” = Yes (deliveries not yet complete) & “Rec” = Y (receivable item) & “Dir” = Y (direct charge item) will be considered “Due” and/or “Past Due”
- 1’s in the “Due” or “Past Due” columns indicate what reporting window (1, 3, 6, or 12 months) the lot is considered “Due” or “Past Due” (0’s indicate a lot is neither Due or Past Due and have no impact on ratings)

Glossary

- **OTD = On Time Delivery**
- **PPM = Parts Per Million**
- **SPRR = Supplier Performance Relationship Report**
- **SRS = Supplier Rating System**