



Raytheon

An **RTX** Business

Sub-tier Supplier Management – Best Practices

SCM Best Practices

The following are Supply Chain Management Best Practices / Guidelines to consider in execution of Purchase Orders:

Sub-tier Source Selection (Pre-award):

- Ensure supplier financial stability is reviewed before source selection
- Engage commodity subject matter experts (SMEs) in the source selection process
- Ensure source selection process includes a cross-functional review / approval
- Develop action plans to address the highest risk and worst performing suppliers
- Conduct a cross-functional, on-site assessment of potential suppliers before selecting a source
- Verify supplier capacity, operating plans and lead times align with purchase order needs prior to source selection
- Conduct a pre-award engagement with suppliers to discuss the scope of work being placed (review technical data package (TDP) requirements, purchase order, Statement of Work (SOW), Terms and Conditions and Quality clauses)
- If required by contract, ensure supplier is aware of AS9145 Advanced Product Quality Planning (APQP)

SCM Best Practices (continued)

Sub-tier Supplier Management Execution (Post-award):

- Upon award, request that the supplier provide an Integrated Master Schedule (IMS) with key milestone events identified that aligns with purchase order need (request supplier provide objective evidence as each milestone is achieved)
- Conduct a post-award engagement with suppliers to confirm the scope of work being placed is fully comprehended (review technical data package requirements, purchase order, Statement of Work (SOW), Terms and Conditions and Quality clauses)
- Perform manufacturing knowledge and sharing of lessons learned with supplier, as available
- Request that the supplier and sub-tiers complete a compliance matrix that maps to each TDP requirement showing the verification method to be used
- Ensure commodity SMEs are engaged during initial production builds and discuss implementation of Mandatory Inspection Points (MIPS) by commodity SMEs with the supplier and sub-tiers (useful for real-time identification of production issues which will then allow for early implantation of corrections)
- Review Supplier First Article Inspection (FAI) verification plans and ensure that supplier will submit a full FAI in accordance with contractual requirements
- Ensure supplier certifications align with scope of work (for example, J-STD-001 solder certifications)

SCM Best Practices (continued)

Sub-tier Supplier Management (Execution Phase):

- Ensure supplier provides timely notification of issues that may potentially impact their ability to perform your purchase order requirements
- Develop plans to immediately address any issues disclosed by the supplier and sub tiers that may impact your ability to deliver against your PO requirements (inform / escalate to the customer immediately)
- Monitor supplier performance using appropriate key performance indicators
- Implement supplier metrics that include on-time-delivery &/or an index that includes rejected and/or returned material
- Meet with suppliers on a regular basis, annually or more often as needed, to review supplier performance and help develop continual improvement plans
- Verify suppliers can meet quality requirements at the quoted capacity prior to launch
- Ensure the supplier understands problem-solving processes with root cause analysis and corrective actions (RCCA)
- Develop and implement collaborative improvement plans that addresses “systemic” delivery delays
- Request supplier perform bill of material (BOM) lead time analysis quarterly and provide results; incorporate significant changes into your lead time database