



**Raytheon**  
Technologies

# Supplier Rating System User Guide

October 14, 2022

# Raytheon 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 by individual Raytheon business units 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 5th and 20th of each month)
- **The rating algorithms are the same across all Raytheon business**
- **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 two types of ratings a supplier may receive as part of the Supplier Rating System (SRS):

Rating Type	Applicability	Criteria	Weight
<b>Quantitative Rating</b> <b>SPRR</b> (Supplier Performance Relationship Report)	All suppliers	Quality	60%
		Delivery	40%
<b>Qualitative Rating</b> <b>QDI</b> (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	

# Roadmap to Excellence

- Stratifying the Supply Base based on supplier performance:

## Supplier Performance Relationship Report (SPRR) Ratings

OTD Thresholds	Quality Thresholds	Category
≥95%	≥95%	Performing
≥90% but less than 95%	≥90% but less than 95%	Progressing
<90%	<90%	Underperforming

## 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

- **The Quality Rating is based on the weighted average of 3 components:**
  1. Parts Per Million (PPM) Score
  2. Lot Acceptance Rate (LAR)
  3. Supplier Corrective Action Requests (SCAR) Impact
- **Quality Rating =  $50\% * (\text{PPM Score}) + 35\% * (\text{LAR}) + (15\% - 0.01 * \text{SCAR Impact})$**

# Quality Rating

- **The PPM Score**

- The PPM score is based on three linear equations and the calculated PPM value.

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$$\text{PPM Score} = \begin{cases} 1 - \frac{3}{668,000} * \text{PPM} & \text{if } 0 \leq \text{PPM} \leq 66,800 \\ 0.783085 - \frac{3}{2,412,000} * \text{PPM} & \text{if } 66,800 < \text{PPM} \leq 500,000 \\ 0 & \text{if } 500,000 < \text{PPM} \end{cases}$$

The PPM value is calculated in accordance with the following two equations.

$$\text{PPM} = \frac{\text{Total Weighted Failures}}{\text{Quality Parts Received}} * 1,000,000$$

$$\text{Total Weighted Failures} = 3 * (\# \text{ of Source Inspection Failures} * 0.1 + \# \text{ of Incoming Inspection Failures} * 0.3 + \# \text{ of Floor Failures} * 0.6)$$

**Quality parts received** is the total number of parts received during the rating period.

**Failures** are applied to SRS when they are **opened**.

# Quality Rating

- The PPM Score - continued

- Where to find this information in the SPRR

$$PPM\ Score = \begin{cases} 1 - \frac{3}{668,000} * PPM & \text{if } 0 \leq PPM \leq 66,800 \\ 0.783085 - \frac{3}{2,412,000} * PPM & \text{if } 66,800 < PPM \leq 500,000 \\ 0 & \text{if } 500,000 < PPM \end{cases}$$

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Quality parts received is the total number of parts received during the rating period.



SPRR Summary						
Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
Quantitative % Range	from 100.0 to 95.0		from 94.9 to 90.0		from 89.9 to 0.0	
Minority Code	121 - SMALL BUSINESS				Qualitative: Not Available	
Qualitative Rating	NO				History Graphs: <a href="#">Quantitative Rating History</a> v <a href="#">Quality Rating History</a> v <a href="#">Delivery Rating History</a> v	
Quantitative Rating 1 Month	93.3%	Progressing - YELLOW				
Quantitative Rating 3 Month	94.5%	Progressing - YELLOW				
Quantitative Rating 12 Months	92.5%	Progressing - YELLOW				
Quantitative RSPIM	1.08	Progressing - YELLOW				
Quality Rating 1 Month	100.0%	Performing - GREEN				
Quality Rating 3 Month	100.0%	Performing - GREEN				
Quality Rating 12 Months	100.0%	Performing - GREEN				
# of Source Inspection Failures	0					
# of Incoming Failures	0					
# of Floor Failures	0					
Total Weighted Failures	0.0					
Quality Parts Received	824					
PPM 12 Months	0					
Quality Lots Accepted	20					
Quality Lots Received	20					
LAR 12 Months	100.0%					
Total SCAR Count 12 Months	0					
SCAR Impact 12 Months	0.0					
# of Level 1 SCARs	0					
# of Level 2 SCARs	0					
# of Level 3 SCARs	0					
Delivery Rating 1 Month	83.3%	Underperforming - RED				
Total Lots Received On-time 1 Mon	10					
Lots Due 1 Mon	12					
Lots Past Due 1 Mon	0					
Delivery Rating 3 Month	86.3%	Underperforming - RED				
Total Lots Received On-time 3 Mon	19					
Lots Due 3 Mon	22					
Lots Past Due 3 Mon	0					
Delivery Rating 12 Month	81.2%	Underperforming - RED				
Total Lots Received On-time 12 Mon	39					
Lots Due 12 Mon	48					
Lots Past Due 12 Mon	0					

# Quality Rating

- **The Lot Acceptance Rate (LAR)**

$$\text{LAR} = \frac{\text{\# of quality lots accepted}}{\text{\# of quality lots received}}$$

Quality lots received are the number of lots that have been inspected in the measurement window. Quality lots accepted are lots that are inspected and were not flagged for any sort of quality issue.

The total number of quality lots received does not always match the number of delivery lots received in a given rating period. The total number of quality lots are the unique number of lots grouped by PO, line item, and receipt ID. There can be multiple delivery lots received per each quality lot received based on scheduled line items.

# Quality Rating

- The Lot Acceptance Rate (LAR) – continued
- Where to find this information in the SPRR

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# Quality Rating

- **The SCAR Impact**

$$\text{SCAR Impact} = \begin{cases} \text{Sum of SCAR Penalties} & \text{if Sum of SCAR Penalties} \leq 15 \\ 15 & \text{if Sum of SCAR Penalties} > 15 \end{cases}$$

SCAR penalties are assessed based on the **SCAR level** as described here:

- Level 1 SCARs: No penalty per SCAR
- Level 2 SCARs: 4.0 penalty per SCAR
- Level 3 SCARs: 15.0 penalty per SCAR

SCAR penalties are **reduced in half** once supplier response is accepted by Raytheon (RCAS Phases of “Verification”, “Validation”, or “Closed”) as follows:

- Level 1 SCARs: No penalty per SCAR
- Level 2 SCARs: Reduced to 2.0 penalty per SCAR
- Level 3 SCARs: Reduced to 7.5 penalty per SCAR

The SCAR penalty impacts the quality rating only during the period in which the SCAR is issued. For example, a SCAR issued in June would impact the 3 month quality rating for the period from June to August, but it would not impact the September 1 month quality rating.

SCARs open longer than 12 months will continue to impact a suppliers 12 month quality rating up to 24 months or until the SCARs are closed (whichever occurs first)

# Quality Rating

- The SCAR Impact – continued
- Where to find this information in the SPRR

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Lots Past Due 3 Mon	0					
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Total Lots Received On-time 12 Mon	39					
Lots Due 12 Mon	48					
Lots Past Due 12 Mon	0					

Totals as of	Quantitative Rating	Quality Rating	Delivery Rating	Failed Parts Source Insp.	Failed Parts Incoming	Failed Parts Floor	Total Parts Failed	% of Parts Rejected	PPM	Lots Accepted	Lots Received	LAR	Total SCAR Count 12 Months	SCAR Impact 12 Months	Qualitative Rating
10/31/2018	87.1%	81.8%	94.9%	14	8	1,650	2981.4	5	53,908	746	746	100.0%	3	6.0	NO

  

Buyer Name	Contract Number	Contract Description	Program Name	Business	SCAR Number	Creation Date	Due Date	Date Closed	SCAR Status	SCAR Level	SCAR Impact	SCAR Comments	PO Number	Schedule Number	Line Item	Prod Dir	Rec Ind	Ratings Inclusion	Site	
Part Number: 704AS4005	Part Description: SPRG CART AY		Commodity Code:																	
	MULTIPLE	MULTIPLE	UNKNOWN	IIS	IIS-000019-SCAR	05/22/2018	08/30/2018		Supplier Response	2	4.0	Units tested and used in production units in violation of instructions in Purchase Order	4201145800			Y	Y	Y	E/L	INDIANAPOLIS

- The "SCAR Detail" report indicates how many SCARs are impacting the rating and what the impact is for each

# Delivery Rating

- The **SRS Delivery** rating is based on 3 components:
  1. Lots Received on Time
  2. Lots Due
  3. 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

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 and 12 months), including allowed received early deliveries.

- 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
Quantitative % Range	from 100.0 to 95.0		from 94.9 to 90.0		from 89.9 to 0.0	
Minority Code	101 - LARGE BUSINESS					Qualitative: Not Available
Qualitative Rating	NO					History Graphs: Quantitative Rating History, Quality Rating History, Delivery Rating History
Quantitative Rating 1 Month	70.1%		Underperforming		RED	
Quantitative Rating 3 Month	75.0%		Underperforming		RED	
Quantitative Rating 12 Months	75.2%		Underperforming		RED	
Quantitative RSPIM	1.33		Underperforming		RED	
Quality Rating 1 Month	100.0%		Performing		GREEN	
Quality Rating 3 Month	98.9%		Performing		GREEN	
Quality Rating 12 Months	99.3%		Performing		GREEN	
# of Source Inspection Failures	0					
# of Incoming Failures	3,588					
# of Floor Failures	168					
Total Weighted Failures	3531.6					
Quality Parts Received	5,702,754					
PPM 12 Months	619					
Quality Lots Accepted	1,741					
Quality Lots Received	1,769					
LAR 12 Months	98.4%					
Total SCAR Count 12 Months	0					
SCAR Impact 12 Months	0.0					
# of Level 1 SCARs	0					
# of Level 2 SCARs	0					
# of Level 3 SCARs	0					
Delivery Rating 1 Month	25.2%		Underperforming		RED	
Total Lots Received On-time 1 Mon	68					
Lots Due 1 Mon	185					
Lots Past Due 1 Mon	84					
Delivery Rating 3 Month	41.2%		Underperforming		RED	
Total Lots Received On-time 3 Mon	261					
Lots Due 3 Mon	548					
Lots Past Due 3 Mon	84					
Delivery Rating 12 Month	39.2%		Underperforming		RED	
Total Lots Received On-time 12 Mon	904					
Lots Due 12 Mon	2,217					
Lots Past Due 12 Mon	84					

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

## SPRR Summary

Legend	Performing	GREEN	Progressing	YELLOW	Underperforming	RED
Quantitative % Range		from 100.0 to 95.0		from 94.9 to 90.0		from 89.9 to 0.0
Minority Code	101 - LARGE BUSINESS					Qualitative: Not Available
Qualitative Rating	NO					History Graphs: Quantitative Rating History, Quality Rating History, Delivery Rating History
Quantitative Rating 1 Month	70.1%	Underperforming - RED				
Quantitative Rating 3 Month	75.8%	Underperforming - RED				
Quantitative Rating 12 Months	75.2%	Underperforming - RED				
Quantitative RSPIM	1.33	Underperforming - RED				
Quality Rating 1 Month	100.0%	Performing - GREEN				
Quality Rating 3 Month	98.9%	Performing - GREEN				
Quality Rating 12 Months	99.3%	Performing - GREEN				
# of Source Inspection Failures	0					
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# of Floor Failures	169					
Total Weighted Failures	35,316					
Quality Parts Received	5,702,754					
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Total SCAR Count 12 Months	0					
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**“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
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	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

# 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

- **LAR = Lot Acceptance Rate**
- **OTD = On Time Delivery**
- **PPM = Parts Per Million**
- **SCAR = Supplier Corrective Action Request**
- **SPRR = Supplier Performance Relationship Report**
- **SRS = Supplier Rating System**