

Information for the Suppliers of ixetic

Issue No. 2

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ixetic-Supplier Assessment

As already reported in the first issue of our "ixetic news", a new system of assessing suppliers has been in use at ixetic since January 2007.

All active suppliers of production materials have already received the initial assessments of the monthly evaluation including the indices:

Indices	Content	Monthly goal	Annual goal
PSQ – Quality of problematic suppliers	Weighted summary listing of all inconveniences caused by suppliers at ixetic – independent of the quantity supplied and the frequency of delivery.	4 points	20 points
LSQ –Supplier quality from the logistics standpoint	Weighted summary listing of all logistic mishaps caused by suppliers at ixetic – independent of the quantity supplied and the frequency of delivery.	4 points	20 points
ISQ – Initial sampling quality	Weighted summary listing of all deviations in initial sampling – independent of the number of initial samples.	2 points	10 points
ppm failure rate	Comparison of supplied and defective and/or reworked material quantity.	Zero-error-principle (see also Quality Assurance Agreement)	
Certification status	Information on the current state of certification of the individual supplier	In compliance with QAA	

We are delighted that several suppliers confirm that we have introduced a very detailed, informative and timely assessment based on the monthly evaluation. The feedback received from our suppliers has been positive across the board despite initial questions regarding content, structure and procedures.

At this point we would again like to point out that, as soon as a target value is exceeded, a corresponding action plan on the improvements to product and process quality must be submitted to ixetic within 5 working days. Even if written statements were sent to other departments or parties, we request that you cite such statements briefly.

Kindly address all queries and statements regarding the monthly supplier assessment to the following e-mail address: Lieferantenbewertung@ixetic.com

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Potential analysis – what does ixetic use this tool for and how does it work?

The potential analysis offers ixetic a complete assessment/documentation of a supplier as proof and documentation for further decision-making in the allocation of contracts. Using the potential analysis, new suppliers and/or new and improved processes are analysed in detail as to their potential. This serves as the basis for decision-making in the selection of suppliers. Similarly, a re-assessment of suppliers, which is to be carried out on an annual basis, can be carried out by means of a potential analysis.

Potential analyses always include commercial, technical, qualitative and logistical as well as analysis of technical cleanliness. The assessment of the potential analysis is done in accordance with the VDA Standard Assessment in the VDA volume 6.2. A complete result must contain a brief description (summary including positive/negative accounts). 100% compliance shall be recorded as ABC-grading.

The potential analysis is always carried out by a specialist team from ixetic comprised of interdisciplinary members from the departments Purchasing, Quality Management, Technical Planning and Logistics. Additional specialist departments can be consulted at any time regarding specific topics.

There are two procedures governing the execution of potential analyses:

Procedure 1: The potential analysis shall be conducted on site at the supplier's premises. Thereby, all areas must be dealt with.

Procedure 2: The potential analysis shall be sent to the supplier, who shall in turn fill it out completely and return it to ixetic within a given period of time. Thereafter, it shall be examined on site during a visit to the supplier (sample inspection possible).

Note: When planning a visit it should be taken into consideration that the proper execution of a potential analysis and/or sample inspection requires at least two days on the supplier's site.

In order to round off the total picture that we would like to have of our suppliers, we request that they submit information on their creditworthiness. We expect them to submit this statement automatically on an annual basis. You will receive a corresponding letter soon in this regard.

Experience with the Assignment of a Resident Engineer

The experience ixetic had with the assignment of a Resident Engineer in 2007 in a bottle-neck situation is positive throughout. With his help, the transparency of action and the speed at which solutions were implemented have improved, thus enabling the supplier, on one hand, to regain our confidence and ixetic, on the other hand, to make risk potential transparent.

The supplier itself has also given us positive feedback on this aspect of supplier development. Although their costs had risen over a short term as a result, overall, one managed to reduce the overall costs of complaints. The supplier has also made a very positive assessment to the effect that a high degree of expertise was made available within short notice, which would not have been possible on a temporary basis with their staff.

ixetic plans to make the assignment of a Resident Engineer in the case of difficult suppliers an integral part of supplier development as the case may be.

Change to „Unleaded Petrol“ creates Materials Bottle-neck

Due to the decree on old cars and the resulting change from leaded to unleaded materials, there can be a bottle-neck in the case of several materials resulting in turn in a disproportionate delay in delivery.

We therefore expect the supplier to cover their material needs in a timely manner and to make due allowances for this changed situation in their materials planning and scheduling.

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Long-term Supplier Statement

Long-term supplier statements are to be renewed each year and must contain the following minimum information: materials number, description, preferential abbreviations and statistical goods number.

Please note that you are obliged to submit this information. Please feel free to contact Mr. Hansen under +49 6172 122-447.

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Standard Form for Tenders

As already introduced at our Supplier's Day in October 2006, we would again expressly like to point out that our standard form for tenders should be used for all tenders.

With immediate effect, an evaluation of tenders and ensuing corresponding consideration in the allocation of orders can no longer be guaranteed without this form. We would hereby like to appeal to the handful of suppliers who still do not use this form regularly.

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ixetic at IAA

This year ixetic will be at the International Automobile Trade Fair in Frankfurt from September 13th to September 23rd. We are looking forward to welcoming you to our booth and to introducing our new developments. We shall send you further information about this event in due course.

The ixetic news are available under www.ixetic.com in English and German.