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| Authorized By: **Purchasing Supervisor** | |

**DRAFT**

**SUPPLIER SELECTION**

1. Purpose and Scope

**PURPOSE**

To define the practices for review and selection of suppliers.

**SCOPE**

This procedure applies to suppliers of:

a. Materials

b. Production parts

c. Tooling

d. Production services

e. Calibration services

f. Test services

Note: The Purchasing Supervisor may also include suppliers of indirect materials, maintenance and repair supplies and other services.

1. Definitions

**Corrective Action Plan:** A plan for correcting a process or part quality issue.

**Product Driven Supply:** A purchased item that becomes part of the finished product.

**Supplier**: Company or individual that provides E.C. Styberg Engineering Co. with parts,

materials or services. Major suppliers are designated by management as having an

impact which is potentially significant on quality.

1. Process Owners

**Purchasing Supervisor**

**Process Designee: Project Engineer**

**Quality Manager**

**Quality Supervisor**

**4. Procedures**

**4.1 Project Engineer**

**Details New Part Requirements**

During the new part launch process, the Project Engineer identifies raw materials, components and production services needed for production of the new part. During this time, drawings, specification, and an initial “Bill of Material” is developed to specify requirements for purchased items and any sources specified by the customer are identified. All information is forwarded to the Purchasing Supervisor.

**4.2 Purchasing Supervisor**

**Identifies Potential Suppliers**

With input from the Engineering Dept., the Purchasing Supervisor identifies potential sources for purchased items. Engineering shall define the sources that supply product driven supplies. The Purchasing Supervisor reviews available performance information, including quality and delivery performance for current sources and by the customer material approved sources list, then compiles an initial “Short List” of potential suppliers based on expected performance and pricing.

**Issues RFQ**

The Purchasing Supervisor issues a Request for Quotation (RFQ) to potential suppliers, which includes a volume forecast and technical data on requirements and specifications. A due date to meet overall program timing is then set. Note: Quotes may be initiated verbally, via fax or email as well.

**Reviews Quotations and Selects a Supplier**

Once RFQ replies are received they are reviewed by the Purchasing Supervisor who selects the supplier that best meets the requirements outlined in the RFQ. The Engineering, Quality and Production departments may be called upon to give input on the experience and reputation of suppliers.

**Reviews New Supplier Capabilities**

Prior to final approval to (Approved Suppliers List) and awarding business to new supplier, ~~If a new supplier, not on the current “Approved Suppliers List”, is awarded business,~~ the Purchasing Supervisor conducts a review of the supplier’s capability and performance. The review must include the following:

1. an assessment of the suppliers risk to product conformity and uninterrupted supply of Styberg product for our customer;
2. relevant quality and delivery performance;
3. an evaluation of the supplier’s quality management system;
4. multidisciplinary decision making;

Additional areas that may be considered include:

1. volume of automotive business;
2. financial stability;
3. purchased product, material, or service complexity;
4. required technology (product or process);
5. adequacy of available resources (e.g., people, infrastructure);
6. design and development capabilities;
7. manufacturing capability;
8. change management process;
9. business continuity planning (e.g., disaster preparedness, contingency planning);
10. logistics process; and
11. customer service.

**New supplier Quality Management System**

Unless otherwise specified by our customer, the automotive supplier’s QMS are required or shall be in development as specified below:

1. supplier self-certification to ISO 9001/ IATF 16949
2. compliance to ISO 9001 through second-party audits;
3. certification to ISO 9001 through third-party audits and working toward certification to IATF 16949
4. certification to ISO/ IECC17025 (calibration services)

Styberg may conduct onsite audits of new suppliers as part of the approval process.

~~a. ISO 9001:2015 Certification~~

~~b. ISO9001:2015 /IATF16949:2016 Certification~~

c~~. Supplier Self Assessment to ISO 9001:2015/IATF 16949:2016~~

~~d. Supplier furnished technical data, certifications and warranty~~

~~e. Onsite Review of supplier capabilities, based on key SQSA criteria~~

~~f. Certification to ISO/IEC17025 Guide~~

NOTE: When one or more of the above are completed, the supplier is added

**Adds New Supplier to Approved List**

The Purchasing Supervisor places new suppliers on the Approved Supplier List, identifying their status as one of the following:

a. Preferred Supplier (P): excellent capability

b. Acceptable Supplier (AC): satisfactory capability

c. Probationary Supplier (PB): acceptable on a short-term basis if needed

d. Not Applicable (NA): all engineering services

Corrective actions required to achieve satisfactory capability levels must be documented. If the supplier does not comply with a “P” rating, but was previously at a “P” rating, they will be dropped down to an “AC” or “PB” rating and/or replaced.

**Fixed Process Suppliers**

Send fixed process letter to supplier at set up of account and add supplier to fixed process list. Letters are sent out and recorded on the fixed process list yearly.

**Existing Suppliers**

All suppliers have been approved based on quality at receiving, self surveys, on-site surveys, and/or delivery performance. Suppliers on the, “Approved Supplier List” that are viewed as being in question are identified as “probationary”. Probationary suppliers will be informed of their status and requested to respond. Raw materials will be based on, on-time delivery. Production subcontractors will be monitored based on their quality level via receiving inspection. Lab and Calibration subcontractors will be based on OEM, 3rd party certification/accreditation, on-site survey or self-survey.

Subcontractors classified under Engineering, will not be monitored in the above previous manner. Their services are used on an as needed basis, for they are not production service providers. Aerospace suppliers will be audited for a minimum of fixed process document control.

Criteria for Supplier acceptance is defined as:

Delivery Performance:

a. Preferred Supplier > 90% on-time delivery

b. Acceptable Supplier - 50% - 89% on-time delivery

c. Probationary Supplier < 50% on-time delivery

*\* Any supplier that becomes probationary will be advised of this status and given a time period to correct this situation. If the supplier is unable to correct this situation, Purchasing will then set a path for securing a similar supplier for this product when at all possible. Limited use suppliers will be exempt from this process.*

Quality Performance:

a. Preferred Supplier – No rejections

b. Acceptable Supplier < 5% rejections

c. Unacceptable Supplier > 5% rejections

*\* Any rejections 5% or greater on quality rating for a 6 month period must be explained by the supplier in writing. A time period will be established in order for the supplier to make the necessary corrections. The Purchasing and Quality Supervisor/Manager must accept this explanation. If considered unacceptable, Purchasing will then set a path for securing a similar supplier for this product when at all possible.*

**Emergency Source**

A subcontractor can be used that is not approved on an emergency basis. In such cases, there will be an extended statistical sample taken in Receiving Inspection.

**Issue of Purchase Order**

It is the Purchasing Supervisor’s responsibility to issue purchase orders to suppliers selected and placed on the “Approved Supplier List”

**4.3 Quality Manager**

**Review Supplier Self Assessment**

The Quality Manager reviews completed “Supplier Self Assessment” surveys. The surveys are formatted to ISO/IATF16949 requirements and reviewed to verify levels of compliance. Suppliers may send a copy of their ISO/IATF16949 certification in lieu of the self assessment survey, however all suppliers must resubmit a completed survey a minimum of every 24 months. If requested by the Purchasing Supervisor, the Quality Manager will accompany the Purchasing Supervisor in conducting an on-site review of the supplier’s facility using the SQSA designated items for source evaluation.

**Notifies Customer of Any Supplier Concerns**

If a customer-mandated supplier is accepted on a probationary basis or concerns exist, the Quality Manager will notify the customer, if appropriate.

**ISO9001:2015/IATF16949:2016 Regulation Notification**

All subcontractors will receive data from the Quality Manager informing them of elements to review and will return correspondence verifying notification of these elements.

Continued ISO/IATF 16949 information feedback will be given to subcontractors based on their self survey results. Feedback may include the use of the PPAP/FAIR program for which requirements will become more demanding with program development.

**5 References**

**5.1 Related Procedure**

Inspection and Testing QP-122

Purchasing QP-113

Supplier Performance QP-115

**5.2 Reference Documents**

ISO 9001:2015/IATF 16949:2016

**6. Records**

Supplier Quality System Audit AUD-100 Retain 5 years Min.

SQSA Form Letter AUD-104 Retain 5 years Min.

Supplier Q.S. Self Survey AUD-108 Retain 5 years Min.

Approved Vendor List AVL Retain for Not Applicable

Purchase Order NP00279PUR Retain 6 yrs. + current yr.

Request for Quote PUR-101 Retain 1 year Min.

**7. Revisions of QP-114**

Rev. 1 9/28/18 added ‘Fixed Process Suppliers’ under Sec. 4.2