

SUPPLIER EVALUATION

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# 1 Supplier evaluation

The evaluation of the supplier performance represents a major part of GEZE’s improvement process. The supplier performance is frequently evaluated by GEZE on the basis of the following key figures:

Sub Key figures	Weighting
Delivery	30%
Quantity variance	10%
Product Quality	60%

Table 1: Sub Key figures

The total evaluation key figure comprises the three sub key figures.

$$\text{Total key figure} = \text{Delivery} \times 0,3 + \text{Quantity variance} \times 0,1 + \text{Product Quality} \times 0,6$$

Based on the result of the calculated total key figure, the suppliers are classified according to the following table:

Classification	Points	Meaning
A	100 - 95	The supplier fulfils the requirements for a long-term cooperation with GEZE.
B	< 95 - 85	The supplier only conditionally fulfils the requirements.
C	< 85	The supplier does not fulfil the requirements.

Table 2: Classification

## 2 Key figures

### 2.1 Delivery

Points	Days off target day of delivery
100	± 3 days
80	± 6 days
40	± 8 days
1	More than ± 8

Table 3: Delivery

#### Definition:

- Days off target day of delivery means the difference between the request date on the PO and the actual day of delivery.
- Each delivery is evaluated with points – at the end of the month the average points of all deliveries are calculated.

## 2.2 Quantity variance

Points	Quantity variance
100	± 0 %
98	± 5 %
90	± 15 %
80	± 20 %
75	± 25 %
70	± 30 %
60	± 35 %
55	± 40 %
50	± 45 %
45	± 50 %
40	± 55 %
35	± 60 %
30	± 65 %
25	± 70 %
20	± 75 %
15	± 80 %
5	± 90 %

Table 4: Quantity variance

### Definition:

- Analog to delivery

## 2.3 Product Quality (Quality key figure QKZ)

The main criteria of the product quality figure (QKZ) are:

- Series delivery (incoming inspection Q2, ongoing production/assembly Q4)
- Customer-/field complaints
- Sample Quality

The calculation of the quality key figure considers all complaints occurred within the defined evaluation period and the number of delivered batches.

The following usage decisions are considered for the quality key figure:

Usage decision (VE)	Points
Release	100
Conditionally release (c.a.)	50
Rejected	1

Table 5: Usage decision

The calculation formula for QKZ is:

$$\text{QKZ} = \frac{(\sum \text{batch VE}_{\text{release}} \times 100) + (\sum \text{batch VE}_{\text{c.a.}} \times 50) + (\sum \text{batch VE}_{\text{rejected}} \times 1)}{\sum \text{all incoming batches}}$$

The usage decision and consequentially the QKZ can be adjusted in case that the usage decision is rejected by the supplier in a justified and comprehensible written form.

### 3 Action from supplier evaluation

GEZE will regularly evaluate the quality performance (quality, delivery and quantity) of suppliers. The evaluation is communicated quarterly in written form to the supplier. Depending on the result, the supplier is classified as "A", "B" or "C" supplier and is assigned the following requirements.

#### ***A-supplier***

The supplier fulfils the essential prerequisites for a long-term cooperation with GEZE. No measures are required. The supplier is requested to further sustain and continuously improve its quality performance in the sense of the zero-fault target. The A-classification is a condition to be able to become active as a development supplier for new projects.

#### ***B-supplier***

The supplier fulfils the essential requirements only conditionally. He/she is invited to identify, introduce and make lasting assessments of corresponding improvement measures so that the measures taken result in an "A" classification.

#### ***C-supplier***

The supplier does not fulfil the essential requirements. The supplier is invited to initiate appropriate measures and to present the proof of implementation and effectiveness in writing to GEZE within a period to be agreed upon. GEZE reserves the right to invite the supplier to a supplier discussion in accordance with this classification and to carry out an unscheduled audit for the assessment of the production capacity.

A permanent C-classification means a phasing out of suppliers.

## 4 Imprint

GEZE GmbH  
Supplier Quality Management

Reinhold-Vörster-Strasse 21 - 29  
71229 Leonberg/ Germany

[info.de@geze.com](mailto:info.de@geze.com)

Phone: +49 7152 203 6984  
Fax: +49 7152 203 76984

[www.geze.de](http://www.geze.de)

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