



SPECIALTY PRODUCTS COMPANY

SUPPLIER QUALITY ASSURANCE REQUIREMENTS

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SUPPLIER QUALITY ASSURANCE REQUIREMENTS

INTRODUCTION

As Specialty Products Company strives to provide our customers with the highest quality products, we recognize the need to form partnerships with our suppliers. This Supplier Quality Assurance Document describes the philosophy that Specialty Products Company takes toward Supplier Quality Assurance and defines our responsibilities and those of our suppliers.

To maintain an effective quality assurance program requires a commitment and ability from our suppliers to control material and process variations preventing the possibility of manufacturing nonconformances. We encourage suppliers to adopt their own Total Quality Control (TQC) programs, in which they can incorporate concepts such as Statistical Process Control (SPC), Just-In-Time (JIT) deliveries, etc. It is not our intent to add to our suppliers cost of doing business since these TQC concepts may require an investment, but rather to realize a cost savings from improvements in manufacturing efficiencies, and lower scrap and reject rates. The most important benefit of an improved quality assurance program is the increased awareness and emphasis placed on delivering quality products to our customers and realizing the long term mutual benefits of increased customer satisfaction.

Specialty Products Company requires that our suppliers become acquainted with all requirements outlined in this document and insist that it be strictly adhered to when dealing with Specialty Products Company.

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➤ **Definition of Quality**

Quality has been defined by the American Society for Quality (ASQ) as “The totality of features and characteristics of a product or service that bear on its ability to satisfy a given need.” As it relates to the supplier/customer relationship, Quality is conformance to requirements.

➤ **Quality is obtained by:**

- * Accurately specifying the requirements
- * Selecting the suppliers that have the appropriate capabilities and know-how
- * A mutual understanding of the requirements
- * Adequate quality assurance in the supplier’s operations

➤ **Mutual Benefits**

- * Improved quality
- * Reduced inspection costs
- * Lower inventory and overhead costs
- * Reduced problems associated with expediting shortages
- * Shortened lead times
- * Continuous flow of frequently delivered materials
- * Reduced rejects, scrap, and rework

➤ **Quality requirements may include but are not limited to:**

- * Dimensions
- * Physical properties
- * Finish
- * Appearance
- * Specific materials
- * Specific processes
- * Performance characteristics
- * Reliability

➤ **Quality Assurance Responsibilities**

Specialty Products Company’s Purchasing Department has the responsibility for assuring that the quality requirements are adequately and accurately communicated to the supplier. In turn, suppliers shall be responsible for satisfying the specified quality requirements along with the mutually agreed upon price and time schedule.

Any supplier that uses subcontractors shall assume full responsibility for the product quality from those subcontractors and ensure that the finished product(s) delivered to Specialty Products Company meets all specified requirements.

Suppliers shall be required to perform, or have performed, all the necessary inspections and tests required substantiating product conformance to drawings, specifications, and contracting requirements. All testing and inspection records must be documented and made available for

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review by Specialty Products Company representatives for a period of one year from the date of occurrence.

It is the responsibility of suppliers to fully understand the specification requirements, to question any apparent inconsistencies or omissions, and to communicate requirements they feel may be too restrictive and/or costly.

➤ **Applicable Specifications**

Quality specifications cannot be written in detail in every purchase order, but a basic quality specification is a necessary part of every purchase agreement. This will be accomplished by reference to:

- * Blueprints and drawings
- * Pre-established specifications (MSS Documents)
- * Requirements for statistical proof of process capability
- * Engineering association specifications
- * Industry association standards
- * Government specifications

➤ **Order of Precedence**

When specifications and requirements are incorporated into a purchase order they shall be adhered to in this stated precedence (from top to bottom):

- * Purchase Order change notices
- * Confirming purchase order
- * Drawing and associated specifications specified on the drawing
- * Referenced industry and government specifications.

➤ **Supplier Manufacturing Capabilities**

Suppliers that desire to do business with Specialty Products Company shall have:

- * Equipment/processes capable of producing the required product/services
- * Trained personnel showing sufficient knowledge of equipment/process
- * An understanding of all Specialty Products Company requirements herein and agree to meet them.

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➤ **Supplier Quality Program Requirements**

The supplier is required to maintain a Quality Assurance system that assures compliance with all drawing and specification requirements of Specialty Products Company's purchase orders or procurement agreements. The supplier's Quality Assurance system may be based on written procedures of their own, or to those of Specialty Products Company, but must include as a minimum the ability to readily provide:

- * Material Certificate of Conformance
- * Inspection and test records.
- * Statistical Process Control (SPC) data.
- * Lot/Batch Traceability Records.
- * Measurement & testing control including calibration records.
- * Quality Plans

➤ **Potential-Supplier Evaluation**

Potential suppliers may be evaluated in the following areas:

- * Quality
- * Delivery
- * Price

Specifically, new suppliers will be subject to:

- * Qualification testing and acceptance of the supplier's product by Specialty Products Company.
- * Specialty Products Company's approval of the supplier's facilities and/or quality assurance program.
- * Acceptance of the cost proposal.
- * Approval of the delivery schedule.

➤ **Supplier Assessment, Risk Assessment and Approved Supplier List**

Supplier assessments shall be made, in person or by mail for all new suppliers (FM010, FM066 and FM067). Assessments may also be used for suppliers who have demonstrated an unsatisfactory quality record. The supplier assessments include but are not limited to:

- * Scope of Business
- * Office and Manufacturing Environments
- * Manufacturing Capabilities
- * Manufacturing Controls
- * Manufacturing Training
- * Quality Controls

When conducting an assessment, Forms FM010, FM066 and FM067 will be completed per Supplier Evaluation and Development procedure PR12, and kept as a permanent record in the supplier's file.

Suppliers that are approved per the survey will be added to Specialty Product's Approved Supplier List (ASL).

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➤ **Supplier Evaluation**

Specialty Products Company will continually evaluate suppliers based on delivered quality, on time delivery and occurrences of expedited shipments. Each line item on a purchase order represents a shipment, for rating purposes. A supplier will be evaluated on its ability to successfully ship each line item on a purchase order in accordance with the specified quality and delivery specifications documented on the purchase order.

Failures to meet Specialty Products Quality or Delivery requirements may result in the supplier being issued a corrective action and removal of the supplier from the Approved Supplier List (ASL).

Specialty Products expects continuous improvement regardless of the supplier's present performance and will work with suppliers to develop processes and procedures to ensure suppliers are able to meet Specialty Products requirements.

➤ **First Article Approval**

First article approval is required prior to shipment of any production quantities of parts to Specialty Products Company in the following circumstances:

- * New designs
- * New supplier of existing designs
- * Changes to sub suppliers
- * New tooling for an existing design.
- * Revised parts requiring tooling or process change
- * Revised parts of a significant level as determined by Specialty Products Company

The supplier will give appropriate priority to ensure that the required quantity of samples is delivered in time to avoid delays in production.

First article samples are to be made from production tooling and processes from which production volumes will be made. A minimum of 11 samples will be submitted for First Article Approval, assemblies will be submitted as an assembly and as individual broken components.

Parts from multi-cavity mold or dies will be approved individually. Multi cavity tooling must be marked with a unique cavity identifier (i.e. A, B, 1, 2, etc). Cavity IDs should be placed directly on the core or cavity, ejector pins or other removable components should be avoided if possible. Cavity ID location is subject to Specialty Products engineering approval.

It is the responsibility of the supplier to inspect the parts to the specifications called for on the purchase order and all applicable engineering drawings and specifications. This includes supplier specifications given to Specialty Products Company to describe the part in the case of proprietary design.

The inspection required by the supplier will include the following:

- * Dimension verification
- * Material verification
- * Functional verification, if applicable
- * Others as required by Specialty Products Company

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Nonconforming First-Article Parts.

All nonconforming first-article parts received by Specialty Products Company shall be rejected. The affected supplier will be provided a copy of the Specialty Products Company's first-article inspection report that will outline the cause for rejection. Upon concurrence as to the cause for rejection, the supplier will expedite the resubmission of first-article parts.

➤ **Nonconforming Production Parts (not yet delivered)**

Should the supplier determine a nonconformance of production parts that may affect on-time delivery, the following course of action should occur:

- * Supplier should advise Specialty Products Company's Purchasing department of the failure immediately. Specialty Products Company may choose to evaluate the nonconforming parts to determine if they are acceptable for use. If Specialty Products engineering determines the product is acceptable a Temporary Deviation (TDA) will be issued.
- * Supplier shall provide Specialty Products Company with a timely written corrective action plan for the nonconformance.
- * Upon Specialty Products Company's approval of the supplier's corrective action plan and actual correction of the cause for the nonconformance, the supplier may proceed with production of replacement parts, inspection, and shipment.

➤ **Disposition of Delivered Nonconforming Products**

Specialty Products Company's Purchasing department shall notify the supplier of the intent to return the rejected product to the supplier at their expense. The nonconformance report shall accompany the returned shipment. Where applicable, a return authorization number will be obtained as well as the supplier's preferred method of shipment. Specialty Products Company's Accounts Payable department will be notified as to the terms of the return to insure that the proper debit paperwork is initiated. The supplier will be advised as to whether the original purchase order is still considered in force and unfulfilled or whether the transaction is being terminated. Several options are open to Specialty Products Company and its suppliers in respect to nonconforming products.

- Return (or scrap) for replacement:
- Return (or scrap) for credit:

A Non-Conformance Report (NCR) will be issued for all non-conforming product delivered to Specialty Products. NCRs are to be responded to by the supplier by completing the Root Cause, Short Term and Long Term corrective action. Specialty Products will close the NCR once sufficient assurance is gained that the root cause has been resolved.

➤ **Notification of Defective Product Shipped**

Suppliers are to immediately notify Specialty Products Purchasing department if they become aware that they have shipped any defective products to Specialty Products.

➤ **Corrective Action Requests**

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Specialty Products Company's Quality department may initiate a written Corrective Action Request (CAR) anytime a supplier quality or delivery related issue is identified. The request will require a response in writing, and have a deadline for the response. The supplier must attempt to identify the root cause of the discrepancy, as well as provide short term and long-term corrective actions to ensure that the identified nonconformance will not recur.

➤ **Deviation from Specifications.**

Authorization of all deviations from specifications must be obtained in writing from Specialty Products Company's Purchasing department prior to shipment of the deviating material. Approval will be in the form of a Temporary Deviation Approval (TDA).

All deviations must be accompanied by the above written authorization so as to be easily noted by the Specialty Products Company's Receiving Department.

All deviation requests should be accompanied by a corrective action plan to eliminate the need for future deviations and requests.

➤ **Drawing and Engineering Change Control.**

No changes to supplied products, materials, manufacturing processes or subcontractors are authorized without specific *written* approval from Specialty Products Company once first article samples have been approved.

Suppliers are to maintain a Specialty Products Company specification file with legible drawings and specifications maintained to the current revision levels as specified on the latest purchase order.

Specialty Products Company will supply, as requested, additional drawing and specification information.

➤ **Packaging and Identification Requirements**

To reduce the possibility of damage during delivery and to facilitate traceability of product, all suppliers must comply with packaging and identification requirements defined in MSS 5.001.

➤ **Delivery Requirements**

Specialty Products Company's requirement is for all suppliers to achieve and maintain 100% on-time delivery performance. As described in this document a supplier performance rating procedure may be used to monitor and measure the supplier's performance for delivery and other quality-related criteria such as quantity, proper packaging, documentation, and acceptable product.

The "due date" shown for the Purchase Order line item is the date the product is required at Specialty Products Company and should not be confused with a requested *ship* date.

Products received earlier than five days prior to the due date may be subject to return to the supplier at their expense.

For rating purposes deliveries are considered to be on time if received within five days prior or two days after scheduled delivery date.

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The quantity of shipped product for each line item on a purchase order shall be no less than 95% or greater than 110% of the amount specified (i.e., -5%/+10%).

➤ **Communications**

All regular communications or requests for interpretation of this document are to be coordinated through Specialty Products Company's Purchasing department.

