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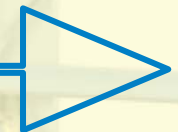
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How to Prepare the Quarterly Report

This webcast helps the owners for processes 1.1.1, 1.1.3, and 1.1.4 and the administrator if applicable, prepare for collecting information and preparing and submitting the SEA Quarterly Report. The Quarterly Performance Review process "QPR" provides valuable feedback and suggestions for suppliers participating in the "Performing Supplier" program. The duration is 1 hour.

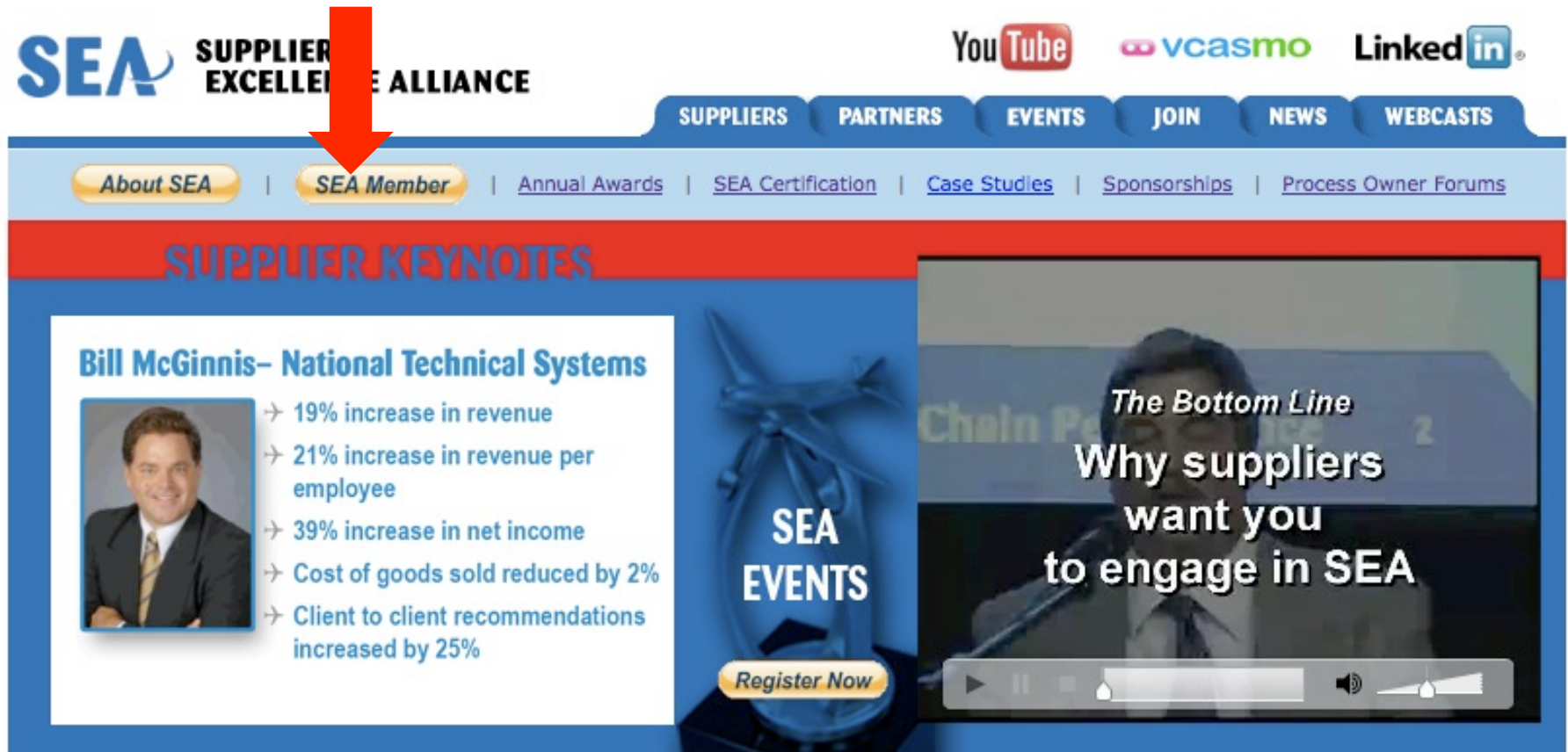
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The screenshot shows the SEA Supplier Excellence Alliance website. At the top, there are logos for YouTube, vcasmo, and LinkedIn. Below these are navigation tabs for SUPPLIERS, PARTNERS, EVENTS, JOIN, NEWS, and WEBCASTS. A secondary navigation bar includes links for About SEA, SEA Member (highlighted with a red arrow), Annual Awards, SEA Certification, Case Studies, Sponsorships, and Process Owner Forums. The main content area features a red banner for 'SUPPLIER KEYNOTES'. On the left, a profile for Bill McGinnis of National Technical Systems is shown with a list of achievements: 19% increase in revenue, 21% increase in revenue per employee, 39% increase in net income, 2% reduction in cost of goods sold, and 25% increase in client-to-client recommendations. To the right of this is a 'SEA EVENTS' section with a 'Register Now' button. On the far right is a video player titled 'The Bottom Line: Why suppliers want you to engage in SEA'.

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SUPPLIER KEYNOTES

Bill McGinnis– National Technical Systems

- 19% increase in revenue
- 21% increase in revenue per employee
- 39% increase in net income
- Cost of goods sold reduced by 2%
- Client to client recommendations increased by 25%

SEA EVENTS

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The Bottom Line
Why suppliers want you to engage in SEA

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Quarterly Report Format



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Webcasts

NATIONAL WEBCASTS								
Introduction		Feedback		More Webcasts		More Info		
SEQ	TITLE	SERIES 1	SERIES 2	SERIES 3	SERIES 4	PRESENTATION		TOOLS
0	Getting Started with SEA	10/26/10	11/24/10	01/06/11	TBD	PDF	PPS	ZIP
1	LES for Managers	11/02/10	12/01/10	01/13/11	TBD	PDF	PPT	
2	Annual Improvement Plan	11/09/10	12/08/10	01/20/11	TBD	PDF	PPS	ZIP
3	Assign Process Owners	11/23/10	12/15/10	01/27/11	TBD	PDF	PPS	ZIP
4	Roadmap Process Owner	11/30/10	12/22/10	02/03/11	TBD	PDF	PPS	ZIP
5	Process Owner Forum	SCHEDULE	SCHEDULE	SCHEDULE	SCHEDULE	MORE INFO		
6	How to Prepare the Quarterly Report	12/07/10	01/05/11	02/10/11	TBD	PDF	PPS	ZIP
7	Value Stream Mapping	12/14/10	01/12/11	02/17/11	TBD	PDF	PPS	ZIP
8	Managed Process Owner	12/21/10	01/19/11	02/24/11	TBD	PDF	PPS	ZIP
9	Master Trainer	01/04/11	01/26/11	03/03/11	TBD	PDF	PPS	
10	Kaizen Leader	01/11/11	02/02/11	03/10/11	10/12/10	PDF	PPS	
11	Supply Chain Integration	01/18/11	02/09/11	03/17/11	10/14/10	PDF	PPS	
12	Preparing for the SEA Site Visit	01/25/11	02/16/11	03/24/11	10/19/10	PDF	PPS	ZIP



Objectives

- ➔ Overview of the quarterly report process
- ➔ Who to involve in the quarterly report process
- ➔ How to collect metrics for the quarterly report – importance of metric definitions
- ➔ Developing the Annual Improvement Plan
- ➔ How to write report comments
- ➔ What is the examiner looking for?
- ➔ Things that will cause a rejection
- ➔ What to do if the report is rejected
- ➔ The appeals process

Process Overview

- Involve the right people
- Make sure everyone knows why this is important
- Establish data collection and review
- Establish a definite schedule
- Develop the annual improvement plan
- Write the report comments

Examination Policies

- ➔ We want to ensure that suppliers who are engaged are making a significant investment in improvement that shows in their performance
- ➔ We want to ensure that suppliers are actually adopting the SEA LES as a management system
- ➔ We want to distinguish suppliers who are improving from those who are not
- ➔ We want to see some progress in at least 2 out of 4 quarters with no significant backsliding

QR & Roadmap

	Stage One Stabilization	Stage Two Integration	Stage Three Sustaining
Leadership & Culture	1.1.1 Strategic Planning Process 1.1.2 Leadership Communication Process 1.1.3 Organizational Performance Review Process 1.1.4 Continuous Improvement Management Process 1.1.5 Workforce Development Integration Process	1.2.1 Supply Chain Integration Process	1.3.1 New Product Startup Process
Workforce Development	2.1.1 Job Skills & Cross Training Certification Process	2.2.1 Continuous Improvement Process	
Process Excellence	3.1.1 Kaiz 3.1.2 6S V 3.1.3 Quick		
	4.1.1 Inve 4.1.2 Sale 4.1.3 On-T 4.1.4 Part		ss Maturity Ratio

Annual Improvement Plan is an output of 1.1.1

Scorecard and Targets are reviewed as a part of 1.1.3

Process owner status reports (written comments for the QR) are part of 1.1.4

The quarterly report (QR) and the Roadmap are the same process other than preparation of the report itself. A supplier should not be doing additional work to prepare a quarterly report if you are implementing the roadmap. Everything should be standard as a part of the leadership processes indicated above left.

If you are working too hard and too long, it is because these processes are not being done or do not include the requirements needed as outputs for the QR.

Certification Level

Bronze OTD 90-94.9%, PPM<15,000

Silver OTD 95-98.9%, PPM<10,000

Gold OTD 99-100%, PPM<2,500

Who to Involve?

- Champions
- Process Owners
- Administrator

How to Collect Metrics

Supplier Name:		Report Date:	
Contact Name:		Contact Phone Number:	
Email Address:		DUNS Number:	

Reporting Period	<input type="checkbox"/> Q1	<input type="checkbox"/> Q2	<input type="checkbox"/> Q3	<input type="checkbox"/> Q4	Fiscal Year Starting Month:
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SEA Certification Level	<input type="checkbox"/> Pre-Certification	<input type="checkbox"/> Stage1	<input type="checkbox"/> Stage 2	<input type="checkbox"/> Stage 3
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Business Results	Q1	Q2	Q3	Q4
On-Time Delivery "OTD"				
Inventory Turns				
Sales per Employee				
(Defective) Parts Per Million "PPM"				
Quick Ratio				
Processes at Level 3 or above				
Annual Improvement Plan % Complete				

Development Hours *calculations on next page*

Hours completed:	Percent available hours:	Breakdown: L&C	WFD	OE	VS
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Definitions

On-Time Delivery “OTD”

Number of on-time parts delivered divided by total parts delivered expressed as a %. Uses “promise date” defined as the date the supplier agreed to deliver.

Inventory Turns

Annual Cost of Goods Sold (12 month rolling average) divided by
Period-average inventory (average for the most recent month)
Inventory includes raw, WIP, and finished goods.

Sales per Employee

Sales revenue for the quarter divided by total number of employees at the end of the quarter (direct and indirect) expressed in dollars.

Parts Per Million (PPM)

Refers to the number of defective parts shipped divided by the total number of parts shipped in a period normalized to 1,000,000 parts. This will be calculated using validated customer-reported defects.

Quick Ratio

Current Assets minus Inventories divided by Current Liabilities.

Processes at Level 3 or above

Count the absolute number of processes at Level 3 or higher in process maturity, including processes on the SEA Roadmap and other processes that you have designated Managed Processes¹.

Improvement Plan % Complete

Divide the total of items complete by the total of items anticipated at completion. Express the result as a percentage.

Development Hours

Total employee hours invested in formal training and/or improvement activities such as workshops, Kaizens, or problem-solving meetings. Hours must be related to implementing and maintaining processes in the SEA Roadmap. Available Labor Hours means all hours both direct and indirect for all employees.

Certification Business Results

4.1.1 Inventory Turns – What is your organization's monthly history in inventory turns?

4.1.2 Sales/Employee – What is your organization's monthly history in sales per employee?

4.1.3 On-Time Delivery – What is your organization's monthly history in on-time delivery?

4.1.4 Parts per Million – What is the organization's monthly history in parts per million defects?

Annual Improvement Plan

Goals

<u>Near-Term</u> (12 mos.)	<u>Medium-Term</u> (12-24 mos.)	<u>Long-Term</u> (24+ mos.)
<ol style="list-style-type: none">1. Achieve 97% on-time delivery for all value streams2. Reduce PPM on all value streams to <20003. Continue lean implementation – achieve inventory turns of 84. Reduce lead time through 2 major suppliers to less than 12 weeks	<ol style="list-style-type: none">1. Achieve 99% on-time delivery for all value streams2. Reduce PPM on all value streams to <5003. Continue lean implementation – achieve inventory turns of 124. Reduce lead time through 4 major suppliers to less than four weeks	<ol style="list-style-type: none">1. Achieve 100% on-time delivery for all value streams2. Reduce PPM on all value streams to <1003. Continue lean implementation and achieve 15 inventory turns4. Reduce lead time through all major value streams to less than two weeks

Annual Improvement Plan

Improvements in SEA Measures - Targets

Measures	Q1	Q2	Q3	Q4
On-time Delivery	96%	97%	98%	99%
Inventory Turns	4.2	5.5	6.5	7.5
Sales per Employee	88000	90000	95000	102000
Defective Parts Per Million	20,000	15,000	12,000	10,000
Quick Ratio	.9	1.0	1.1	1.2
Processes at Level 3 or above	11	20	30	40
Improvement Plan % Complete	15%	45%	85%	100%

Annual Improvement Plan

Roadmap Process Group Objectives

Leadership and Culture (L&C)

Achieve Level 3 Process Maturity on all Stage One leadership processes
Provide 24 hours of training to upgrade process owner skills
Value stream champions set 2008 goals and metrics for each value stream
Establish profit sharing plan to support improvement effort

Workforce Development (WFD)

Create 10 new master trainers
Provide 32 hours of training per employee
Achieve 100 job skills certifications

Operational Excellence (OE)

Conduct 2 kaizens per month
Achieve Level 3 Process Maturity on all Stage One OE processes
Reconfigure ABC cell to reduce lead time

Value Streams (VS)

Conduct 2 Kaizens per month
Achieve Level 3 Process Maturity on managed processes (6)
Reconfigure XYZ cell to reduce lead time
Reduce setup time on ABC station
98% on-time delivery
<200 DPMO

Writing Report Comments

Leadership and Culture (L&C) Processes

Please describe activities completed during this reporting period

Champion for Leadership Track: James Smith

1.1.1 Strategic Planning Process – PMM Level: 3 Process Owner Mary Smith Master Trainer Dave Smith Comments - Strategic Planning Process – The strategic planning process begins in April. No tasks were scheduled this month.

1.1.2 Leadership Communication Process – PMM Level: 3 Process Owner Jerry Blank Master Trainer Tim Timmons Comments - Three all-employee meetings were held this period and 16 executive breakfasts were held. Survey feedback from these activities scored a 8.2 on a 10 point satisfaction scale. Development on the intranet website to provide visibility to company plans and progress is almost complete. We plan to do testing in the next quarter.

1.1.3 Organizational Performance Review Process – PMM Level 2 Process Owner Amber Williams Master Trainer Jim Kiley Comments – one performance review was completed. Work instructions are complete and training for participants has begun.

1.1.4 Continuous Improvement Management Process – PMM Level: 2 Process Owner Sara Marshall Master Trainer Sara Marshall Comments - three meetings of executive staff review were held and 12 process owner progress show progress to level 3.

1.1.5 Workforce Development Integration Process – PMM Level: 3 Process Owner Jane Taylor Master Trainer Jane Taylor Comments – calls for a review of the strategic plan and development of training plan priorities for next year.

Workforce Development (WFD) Processes

Please describe activities completed during this reporting period

Champion for Workforce Development Track: Fred Ward

2.1.1 Jobs Skills & Cross-Training Process – PMM Level: 3 Process Owner Jim James Master Trainer Laura Smith Comments - we have 15 master trainers and they conducted 18 training sessions and 3 certifications for this period.

Writing Report Comments

Operational Excellence (OE) Processes

Please describe activities completed during this reporting period

Champion for Operational Track: Sidney Pollack

3.1.1 Kaizen Process – PMM Level: 3 Process Owner Jim Jones Master Trainer Jim Jones Comments - 4 kaizen events were conducted this period with a total savings projected of \$1.2M. Management has requested this process be level 4 by the end of the next period.

3.1.2 6S Visual Workplace Process – PMM Level: 4 Process Owner Sandi Muir Master Trainer Sandi Muir Comments - 6S Visual Workplace Process – 14 audits were conducted on cells with a 96% pass rate. 16 audits are scheduled next period.

3.1.3 Quick Changeover/SMED Process – PMM Level: 3 Process Owner Janie Camp Master Trainer Jim Wary Comments – 3 work areas were reviewed for quick changeover opportunities. Training was conducted for 16 employees on quick changeover techniques. Three master trainers are now certified to teach quick changeover.

3.1.4 Material Management Process – PMM Level: 2 Process Owner Jim Raines Master Trainer Julie Chow Comments – no progress

3.1.5 Production Planning Process – PMM Level: 1 Process Owner Jim Raines Master Trainer Julie Chow Comments – no progress

Value Stream (VS) Processes

Please describe activities completed during this reporting period

Value Stream: SBC Fastener Champion for Value Stream: Jane Champion

Process: Stamping PMM Level: 3 Process Owner: Jim Tuttle Master Trainer: Dave Masters Comments – We have a goal to reduce setup time on this station – we conducted a setup time kaizen and reduced setup from 6 hours to 2 hours

Process: Deburring PMM Level: 2 Process Owner: Jane Doe Master Trainer: Jelly Bean Comments – We have a goal to improve flow on deburring cell – batch size reduced from 20 to 2 and on-time delivery increased to 100% - maturity increased from 1 to level 2 during this quarter.

What is the Examiner Looking For?

- Roadmap Related
- Data vs. Anecdote
- Plan vs. Results
- Incremental Improvement vs. Massive Attacks
- Improvement as S.O.P.

What Causes a Report Rejection

- ➔ Incompletion
- ➔ No linkage to improvement plan
- ➔ Disorganized - hard to interpret
- ➔ Lack of progress on metrics

What Happens on Rejections

- ➔ If the report is submitted past the deadline, then it will be rejected and your only choice is to review the feedback and correct your procedures for next report -you can submit the following month
- ➔ If you submit before the deadline, and you get feedback that something is wrong, contact SEA and commit to a corrected report before the deadline
- ➔ If you believe the decision is incorrect, file an intention to appeal with SEA

Supplier Quarterly Report Appeal Process

- ➔ Supplier notifies SEA of intent to appeal
- ➔ SEA notifies SAC and provides examination notes
- ➔ Supplier provides written appeal
- ➔ SAC decides on whether to grant appeal or confirm rejection

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Thank You



<http://seaonline.org/ContactSEA/contactus-form.htm>