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1 PURPOSE

The purpose of this procedure is to provide guidelines for changing sources of existing materials used in production at MTS.

2 SCOPE – APPLIES TO WHERE & WHEN THE WORK INSTRUCTION IS USED

This procedure does not include new materials added to the MTS Material Master.

2.1 Materials currently produced at MTS


2.1.1 Considered for moving to an external supplier for capacity concerns or cost reduction opportunity

2.1.1.1 This procedure applies to temporary or permanent changes

2.2 Materials currently produced by external suppliers

2.2.1 Moved to MTS for supplier capacity concerns or as a cost reduction opportunity

2.2.1.1 This procedure applies to temporary or permanent changes

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3 DEFINITIONS AND ACRONYMS (IF NEEDED)

3.1 Evaluation Team

3.1.1 This team includes people from functions with appropriate knowledge of the product, process, materials, design requirements, etc. capable of making and implementing a decision.

3.1.2 Core members of the team should include:

- 3.1.2.1 Affected Product Manager
- 3.1.2.2 Manufacturing Engineer
- 3.1.2.3 Purchasing
- 3.1.2.4 Design Engineering
- 3.1.2.5 Production Planning
- 3.1.2.6 Affected Department Supervisor
- 3.1.2.7 MRB

3.2 MRB

3.2.1 Material Review Board

3.3 Performance requirements

3.3.1 Performance expectations developed during the design phase of the product, project or service.

3.4 SME

3.4.1 Subject Matter Expert is an individual with specific knowledge of the item being studied

3.5 RFQ


3.5.1 Request for Quote

3.6 RFP

3.6.1 Request for Proposal

4 GRAPHIC (IF NEEDED)

Click here for link to Process Flow

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5 RESPONSIBILITIES

5.1 Affected Product Manager

5.1.1 Be aware of this process and refer those with the idea to the Category Leader for the material(s) in question.

5.2 Manufacturing Engineer

5.2.1 Be aware of this process and refer those with the idea to the Category Leader for the material(s) in question.

5.3 Purchasing

5.3.1 Lead the effort to determine feasibility of sourcing suggestion.

5.3.2 Gather the evaluation team.

5.4 MRB

5.4.1 Manages the First Article Inspection Process

5.5 Design Engineering

5.5.1 Be aware of this process and refer those with the idea to the Category Leader for the material(s) in question.

5.5.2 Empowered to speak for Responsible Engineers of the material type

5.6 Production Planning

5.6.1 Be aware of this process and refer those with the idea to the Category Leader for the material(s) in question.

5.7 Director of Supply Chain

5.7.1.1 Process owner


5.7.1.2 In situations where consensus cannot be reached, Director of Supply Chain makes the decision

6 PROCEDURE


6.1 Determine the merits of changing the sourcing method

6.1.1 Category Leader, Production Planner, Product Manager and affected department owner determines the need for changing source for material(s)

6.1.1.1 Valid reasons for consideration

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- 6.1.1.1 Insufficient design capacity
- 6.1.1.2 Insufficient manufacturing Capacity
- 6.1.1.3 Requirement not part of MTS core competency
- 6.1.1.4 Cost reduction
- 6.1.2 Evaluation team reaches consensus on going further or not
- 6.1.3 If the team is unable to reach consensus, the Director of Supply Chain makes the final decision to move forward or not with the evaluation
- 6.2 Identify and engage the evaluation team members**
- 6.3 Perform a Needs**
- 6.4 Identify critical requirements from production start until material moves to its next location including EHS and Product Compliance (part characteristics and other requirements such as packaging, certifications, etc.)**
 - 6.4.1.1 If cost reduction is the primary reason for this activity, cost targets are required of the Materials Director
 - 6.4.1.2 Additional SME's may be required for this step
- 6.5 Perform supplier investigation**
 - 6.5.1 Lead by Category Leader with support from Procurement Engineering and additional team members if necessary
- 6.6 Send RFP**
- 6.7 Review submitted RFP's**
 - 6.7.1 Small Evaluation team narrows the number of candidates if necessary
- 6.8 Meet with potential suppliers and review their presentation**
 - 6.8.1 Entire Evaluation determines next steps
 - 6.8.2 If an engineering sample is not required, skip to step 6.13.1.1
 - 6.8.3 If the team is unable to reach consensus, the Director of Supply Chain makes the final decision
- 6.9 Provide requirements to potential supplier(s)**
 - 6.9.1 Drawing
 - 6.9.2 BOM/AVL

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6.9.3 Test requirements if exist

6.9.4 CTQ

6.9.5 MTS workmanship standards

6.9.6 Other standards not generally available

6.9.7 Others as deemed necessary by Evaluation Team

6.9.8 EHS

6.9.9 Compliance

6.9.10 Packaging

6.10 Receive and evaluate quote

6.10.1 Small evaluation team evaluates quote

6.11 Order a pre-production sample

6.11.1 Decision to place an order is made by the Category Leader and Product Manager and Director of Supply Chain. Additional team members may be required as needed (consider members from 6.4 as candidates for this process step).

6.12 Supplier First Article Inspection of pre-production sample

6.12.1 MRB manages this process step

6.13 Determine if sample passed

6.13.1 Evaluation team must reach consensus

6.13.1.1 If all criteria are met, award contract and enter PO


6.13.1.2 If all criteria are not met, try a new supplier

6.13.1.2.1 Try new supplier

6.13.1.2.2 Try again with same supplier

6.13.1.2.3 Stop the process

6.13.2 If the team is unable to reach consensus, the Director of Supply Chain makes the final decision.

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7 ASSOCIATED QUALITY RECORDS – AS STATED IN THE QUALITY RECORDS LIST

Required Record
Approval
New supplier ID in SAP (when applicable)
Purchase order number when applicable)
RFP
First Article Inspection results

8 REFERENCE FORMS / TEMPLATES / DOCUMENTS (IF NEEDED)


Form / Template / Document Title	Location

9 CURRENT REVISION'S TRAINING REQUIREMENTS

Training requirements are determined by the document owner.

1. Select Awareness **and/or** Formal training requirements.
2. List (below) the functions or groups that require the training.

Select (mark X)	Training Type	Training Definition
X	Awareness	Awareness training is conducted by communication, which is sent/delivered by the approver/author/owner of the document to the affected employees/groups.
	Formal	Formal training requires the approver/author/owner to collect/store evidence that the affected employees/groups were trained.

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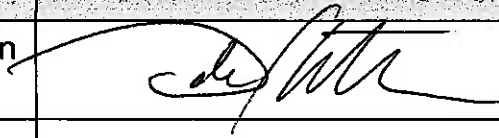
Functions/Groups that require training:

- Awareness: List here the function(s) or groups that require Awareness training.
 - MRB
 - Category sourcing Leaders
 - Supply Manager
 - Manufacturing Engineering Manager
 - Product Managers
 - Engineering Supervisors

- Formal: List here the function(s) or group(s) that requires Formal training.

10 REVISION HISTORY & APPROVAL

Revision History			
Rev	Description of Change	Author	Effective Date
A	Initial Release	P. Schmidt	March 28, 2014

Approval of Current Revision		
Name / Function	Signature	Date
Director of Supply Chain Dale Kersten		3/25/14