



**1604 Mueller St., Algoma, WI.**

**Phone: 920-487-5950 Fax: 920-487-2990**

Precision Machine, Inc

Number: SUP 001

Rev: 03

Title: Supplier Handbook

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# Precision Machine Supplier Handbook

## REVISION: 03

8Nov16

### Statement of Purpose

This supplier handbook outlines the expectations of its suppliers and partners to Precision Machine Inc. of Algoma, Wisconsin.

Suppliers must ensure that their employees and contractors understand and comply with the requirements of this handbook. Precision Machine reserves the right to update the Supplier Handbook as business and quality conditions change.

For additional information or questions related to this document please contact Precision Machines' Purchasing and/or Quality departments.



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## **PART 1: Introduction**

### **1.1 Objective**

The objective of this handbook is to provide our suppliers understanding of Precision Machine's requirements and expectations. At Precision Machine our suppliers are viewed as partners, and our success is directly impacted by the success of our partners. We will strive to aid our partners in any way possible that can positively impact both Precision Machine and its partner.

### **1.2 Scope**

This handbook applies to suppliers who directly or indirectly impact the quality and or delivery of our product to our customers. This handbook is intended to be a supplement to, and does not replace or alter, other terms and conditions covered within specific purchase contracts, or other forms of written agreements.

### **1.3 Sourcing Strategy**

Precision Machine intends to establish, grow, and maintain relationships with our suppliers who are committed to continuous improvements in cost, quality, delivery, responsiveness, and creative problem solving. This commitment is our expectation to all our suppliers. Those suppliers who embrace this philosophy will have an opportunity to enter long term relationships with Precision Machine. Precision Machine's suppliers are expected to be ISO9001:2008 compliant with the intent of becoming registered. This expectation is a minimum requirement and all suppliers should be focused on the fundamental principles behind ISO and use these tools to enhance their own company.

## **PART 2: Quality Requirements**

### **2.1 Values**

As a job shop, Precision Machine is a customer driven organization, and thereby sensitive to the values and expectations of our customers. We strive to satisfy our customers with quality products and services that are delivered on time and conform to their requirements along with our own internal requirements. Total satisfaction of our customers is our primary goal. This goal is achieved by our commitment to quality throughout our primary process chain, our support processes, and our people.

### **2.2 Documentation Adherence**



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Quality is our primary consideration for supplier selection and sourcing. Your dedication to quality and strict adherence to the following documentation will clearly define your value as a Precision Machine supplier:

- 1) This supplier handbook
- 2) Precision Machines' Customer supplied engineering drawings, cad, iges or stp files
- 3) Additional requirements or callouts to recognized industry standards
- 4) Requirements called out on the purchase contract.

### 2.3 Monitoring Supplier Performance

Compliance to Precision Machine's requirements will be monitored quarterly through our internal rating system as it is considered an important part of our supplier development strategy. Performance reports are available by request.

We want to assist in our suppliers continuous improvement efforts through a process of positive interaction. Our approach is to prevent problems before they become obstacles to success. If problems arise, we strive to resolve them by working as a team to find the appropriate solutions.

Supplier Ratings Classification;

- Preferred Supplier - 93% to 100%
- Approved Supplier - 83% to 92%
- Probationary Supplier - 73% to 82%
- Disapproved Supplier - below 72% - correction required

### 2.4 Change Notification

Suppliers will make no changes to product and/or material, processes (including manufacturing processes), manufacturing location, or tooling without written approval from Precision Machines' Purchasing and/or Quality Departments.

### 2.5 Flow Down Requirements

The Purchase Orders created by Precision Machine are contracts between Precision Machine and the intended Supplier. If for some reason the supplier must pass a portion of work or service to another supplier, it is the responsibility of the primary supplier to pass down Precision Machine's requirements to the sub tier suppliers. Precision Machine will pre-approve the sub-letting of contracted work prior to any work being performed.

### 2.6 Rejected Material Notification & Charge Back Policy



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The supplier shall immediately notify Precision Machine if during the processing of our product scrap is generated; no disposition of use as is, scrap or rework shall be made by the supplier without first receiving written approval from Precision Machine.

If Precision Machine rejects material because of non-conformance to requirements the following charge backs may apply.

Classification	Effect	Charge Back
Reject	Return to Supplier	Freight & charge back for product
Reject	Scrap	Charge back for product
Rework	Charge to Supplier	Precision incurred cost

If we have rejected products or services we will communicate the problem to you at that time to discuss actions needed. The supplier's personnel may be asked to come to Precision Machine to perform a sort and/or replace until the problem is resolved.

Please note that these charges may be invoked ONLY when a supplier's product or service does not meet contractual requirements or specifications.

## 2.7 Quality Data & Records

To meet our commitments to AS9100 our suppliers must submit a Certificate of Conformance and/or Certificate of Analysis. At a minimum Certificates must include, Precision Machine's Purchase Order number, Part number, Quantity, Specification and/or Process being certified, test results and acceptance with position title. Supporting quality document to these certifications must be maintained for 10 years unless otherwise stated on the purchase contract.

## 2.8 Supplier's Quality System

If the supplier has stated that they operate to an internationally recognized standard (i.e. ISO 9001, AS9100, ISO13485, TS16949, ISO14001) then Precision Machine will expect that supplier to adhere to this standard unless otherwise agreed to in writing.

## 2.9 Verification of Supplier's Product & Processes

Precision Machine or Precision Machine's customers shall be provided the "Right of Access" to verify the products and processes at the supplier's location if required. This shall apply only to products and processes that could affect our customer's specifications and requirements.

## 2.10 Inspection and Acceptance of Material/Service



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All material or outside service performed on Precision Machine’s product must conform to contractual requirements and specifications and are subject to inspection and approval by Precision Machine after delivery. If nonconformities are found Precision Machine reserves the right to withhold payment until above stated **section 2.6** has been satisfied.

### 2.11 Initial Sample/First Article Reviews

Precision Machine’s purchase contract will indicate when an initial sample or first article is required. The purpose of the initial samples are to confirm production level parts or services meet all specifications and requirements and to ensure the supplier’s processes are capable of producing repeatable results.

### 2.12 Supplier Corrective Action Requests (SCAR)

The supplier must initially respond to a SCAR within 48 hours of notification, focus on containment actions protecting Precision Machine from receiving additional non-conformances. Determination of Root Cause with and your planned corrective action are due within 30 days of notification. Suppliers have the freedom to submit their SCAR response on their own action forms; Precision Machine strongly encourages the use of an 8D format.

## PART 3: Procurement Issues

### 3.1 Quotations

All quotations submitted to Precision Machine shall include a summary of all costs accrued to satisfy the original purchased item or service. All supplier quotations shall match Precision Machine’s request for quotation.

### 3.2 Terms and Conditions

The purchase of a product or service can only be initiated by issuance of a Precision Machine purchase order. The purchase contracts constitute an offer of purchase. Any expression of acceptance from the supplier, including shipment of product, will constitute acceptance of the details stated on the purchase contract. Any different or additional terms, contained in any response issued by the supplier shall be of no effect whatsoever, unless specifically agreed to in writing by Precision Machine.

### 3.3 Continuity of Supply



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Every supplier is faced with the possibility of production being interrupted by unforeseen circumstances such as, fire, flood, power loss, or process breakdowns. Because any interruption in supply may result in Precision Machine not meeting the customers expected delivery dates, we strongly suggest but, do not mandate each supplier should develop a contingency plan to deal with these issues. In the event of unforeseen interruption, the supplier shall contact Precision Machine for immediate alternative actions.

### 3.4 Payment Documentation

Only one packing slip and one invoice per shipment will be received by Precision Machine. The unit of measure shall match that which is stated on the Precision Machine purchase contract.

## PART 4: Delivery Requirements

### 4.1 General Requirements

Precision Machine takes a great deal of pride on the way we handle customer's product internally and how we package and deliver the product to our customers. All suppliers handling product are expected to do the same. Every effort should be made to prevent a machined surface from touching another component. Every effort should be made to prevent damage to the individual components during the supplier's process chain. Pyramid stacking should be avoided at all costs. Components should be packaged and delivered in a manner to prevent damage during the transportation of the product.

### 4.2 Delivery Schedules

It is the suppliers' responsibility to ensure goods are received at Precision Machine on the date and time stated on the purchase contract. Precision Machine expects at least 97% on time delivery. Failure to do so can affect the supplier's performance rating (refer to section 2.3 of this handbook). A SCAR may be issued as a result of poor delivery performance. It is the supplier's responsibility to contact Precision Machine immediately of a potential problem with meeting the delivery dates. Alternative plans may be available to avoid Precision Machine downtime or late deliveries to our customers.

### 4.3 Delivery Times

Precision Machine's shipping and receiving hours are between 8:00 a.m. to 4:00 p.m. central time Monday to Friday with exceptions to standard holidays. Alternative arrangements can be arranged if needed. Contact Precision Machine if alternative arrangements need to be made.



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## **PART 5: Visitors and Delivery Personnel**

### **5.1 Visitors**

Visitors and delivery personnel must adhere to all posted environmental, Foreign Object Debris ( FOD ) and Health and Safety guidelines while on the premises of Precision Machine. Delivery personnel are restricted to the shipping and receiving area, all access beyond those areas must be escorted.

### **5.2 Confidentiality and Non-Disclosure Agreement**

Visitors will be required to “sign-in” acknowledging they have reviewed and agree to comply with Precision Machines’ Confidentiality and Non-Disclosure Agreement.