



Supplier evaluation

The engine company.



Supplier evaluation – delivery reliability

DEUTZ AG conducts a regular, fact-based evaluation of its suppliers. As an important DEUTZ supplier of production materials, you receive a regular evaluation from the sites which you supply to. We use this to praise good performance or to identify opportunities for improvement, as the case may be.

The assessment of delivery reliability serves to highlight weak points which have a lasting influence on our own logistics processes. Our production processes are affected, sometimes severely, when deliveries do not take place punctually or with the correct quantity. This leads to high costs and problems supplying our customers.

Providing our suppliers with the status they have achieved helps us to work with them in the effort to continually and consistently improve their results.

Please keep a record of this evaluation so that you can track the progress of your delivery reliability.

Evaluation criteria

Every time goods are received, they are assessed for **punctuality** and adherence to **quantity stipulations** and given a percentage value for **delivery reliability** in accordance with VDA 5001. The incoming goods record is compared with the requested delivery date and the amount ordered to give the punctuality and adherence to quantity stipulations.

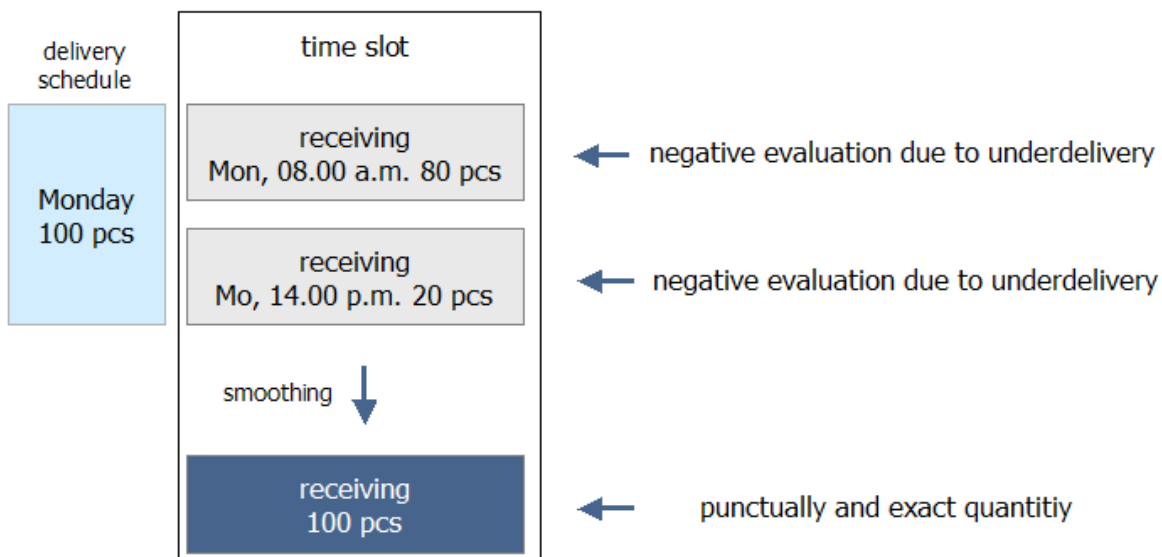
The aim is to supply the agreed quantity (tolerance +/- 10 %) on the required day (tolerance +/- 1 day).

The deliveries of one day are checked for adherence to the deadline and quantity and, if they are within the tolerances, given a delivery reliability of 100 %. If the punctuality and/or quantity supplied lies outside the permissible tolerance, the day's supply is given a delivery reliability of 0 %.

An exception to this is if consignment has been agreed. In this case the flexibility specified in your consignment contract will be allowed.

Smoothing

Smoothing will be used to rate several deliveries from you on the same day as one unit.



Example of smoothing

Delivery request

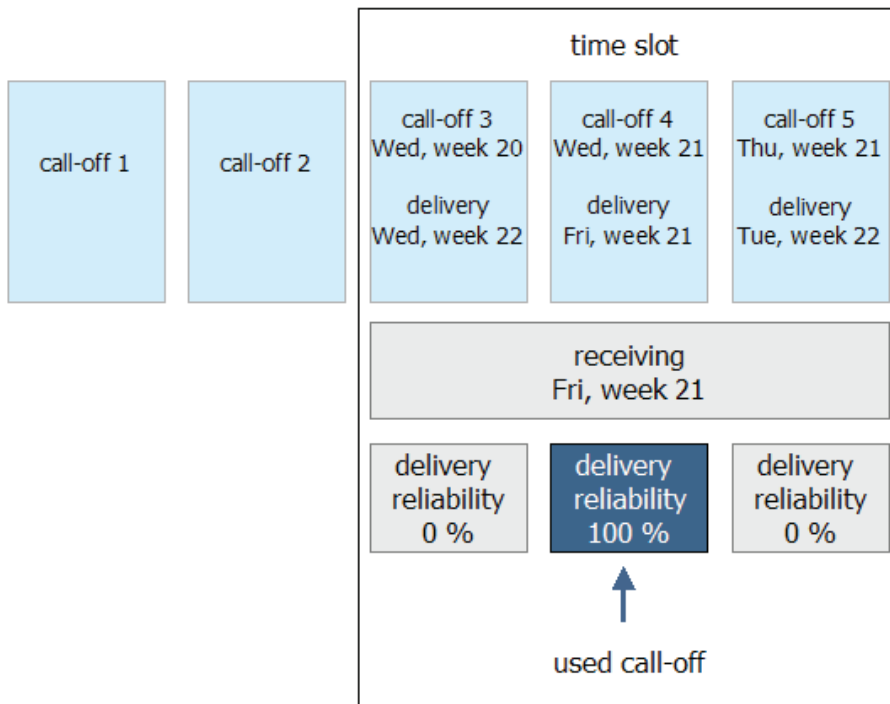
Example:

DEUTZ AG sends a call-off to you on Wednesday in week 21 with delivery date for Friday in week 21. You react on schedule and send out on Thursday in week 21. With a delivery time of 1 day the delivery arriving on Friday in week 21 would be on-time. In the time where the goods are already being delivered (Thursday week 21) DEUTZ AG generates a new call-off, in which the delivery date is changed from Friday / week 21 to Thursday of week 22.

With a delivery of the goods on Friday / week 21 you would be ‚punished‘ for early delivery even though you had no chance to react to the changed boundary conditions.

Solution:

DEUTZ AG applies the most advantageous delivery request for you of max 3 call-offs within the last 15 days.



Example of delivery request – problem solving

Sample letter - delivery reliability

Thus your evaluation could look like this:

The engine company.

DEUTZ

DEUTZ AG
Operative 1
51149 Köln (Porz-GB)
Telefon: +49 (0) 221 400-0
Telefax: +49 (0) 221 400-0220
E-Mail: info@deutz.com

Example

Fa. Mustermann GmbH
Musterstr. 1
12345 Musterhausen

Cologne, 13 July 2010

Supplier evaluation – delivery reliability Supplier: 1234567

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Evaluation period	01.07.2010 – 31.03.2010
Department	Werk DEUTZ AG
Result	Delivery reliability: 76,9 % B
to plant	
Deutz site	Delivery reliability: 77,5 % B
Porz site	Delivery reliability: 78,1 % B
Ulm site	Delivery reliability: 62,0 % C
Kalk logistics centre	Delivery reliability: 91,2 % A

"B" supplier

We are satisfied with your performance, and we want to use this to continue working together successfully in the future.

For any questions about your current evaluation, please get in touch with your regular contact at the DEUTZ site which carried out the evaluation.

DEUTZ AG - www.deutz.com
Sitz und Registergericht: Dornick und Register Court Köln / Cologne
HR des Handelsregisters / Commercial Register No.: 42 HRG 261

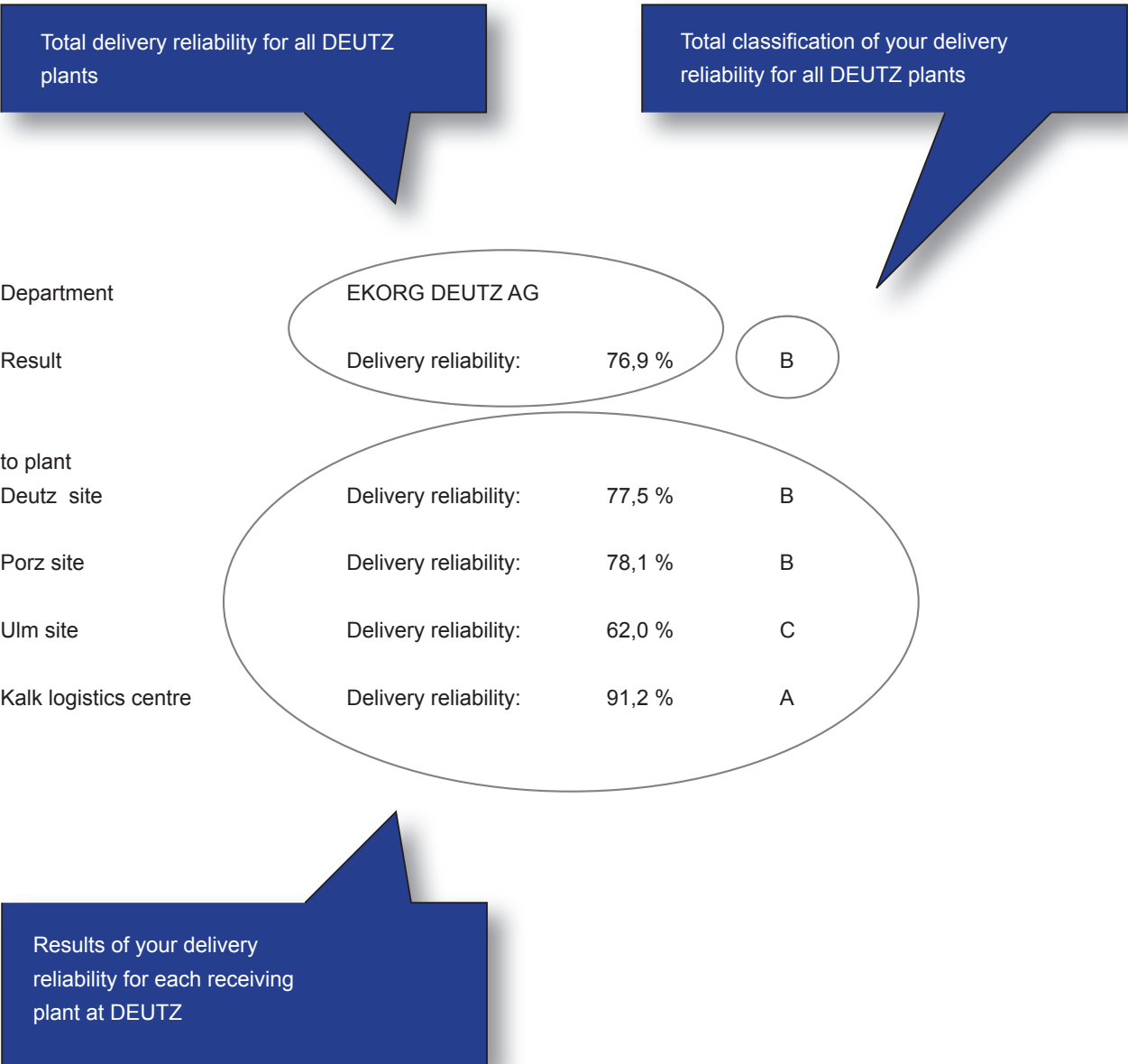
Vorstand des Aufsichtsrates / Chairman of the Supervisory Board: Lars-Göran Möberg
Vorstand / Board of Management: Dr.-Ing. Wolfram Leube (Vorsitz / Chairman)
Dr. Norbert Leube

Classification as text

Example of a delivery reliability evaluation

Evaluation period 01.01.2010 - 30.06.2010

Fa. Mustermann Ltd.



Classification

Percentage ≥ 90 %	A supplier
Percentage ≥ 75 % to < 90 %	B supplier
Percentage < 75 %	C supplier

“A” suppliers are our preferred partners for new projects. They have already achieved a high level of performance and continue to work on maintaining and improving this.

We see some room for improvement for those classified as “B” suppliers, and we would like to use this to continue working together successfully in the future.

If you are currently classed as a “C” supplier, we see considerable room for improvement for successful cooperation. Please take steps promptly to protect us and our customers from supply problems.

Contact

If you have a query about your current evaluation, please get in touch with your regular contact at the DEUTZ site which carried out the evaluation.

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