

# Supplier Scorecard Activity

*Kick-Off Meeting – July 14, 2020*

HONDA OF AMERICA MFG., INC.

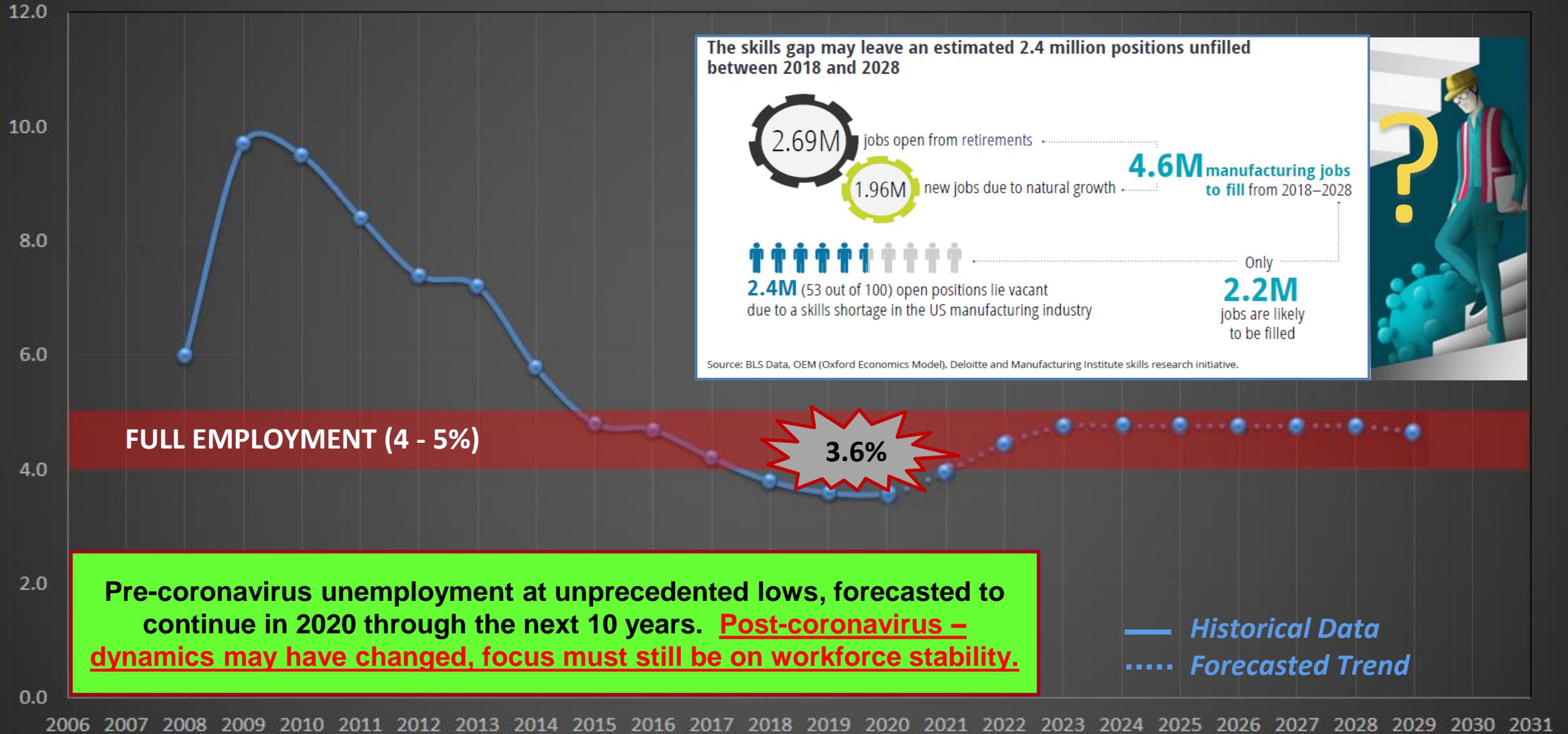
**NASQD**

NORTH AMERICAN SUPPLIER QUALITY & DELIVERY



WITH A REGIONAL VIEWPOINT,  
OPTIMIZE HONDA & SUPPLIER PERFORMANCE  
IN A CULTURE OF INNOVATION TO ATTAIN  
HIGHEST QUALITY & VALUE FOR OUR CUSTOMERS

1. Background
2. Approach – Monthly Scorecard Analytics
3. Engagement Process Flow
4. Supplier Communication/Requests
5. Path Forward – 97 Ki

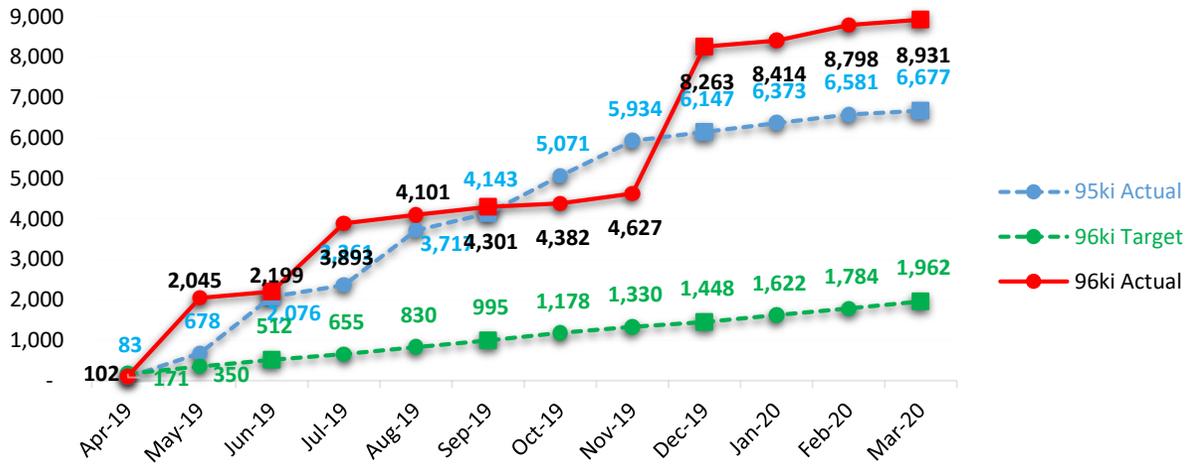


**Pre-coronavirus unemployment at unprecedented lows, forecasted to continue in 2020 through the next 10 years. Post-coronavirus – dynamics may have changed, focus must still be on workforce stability.**

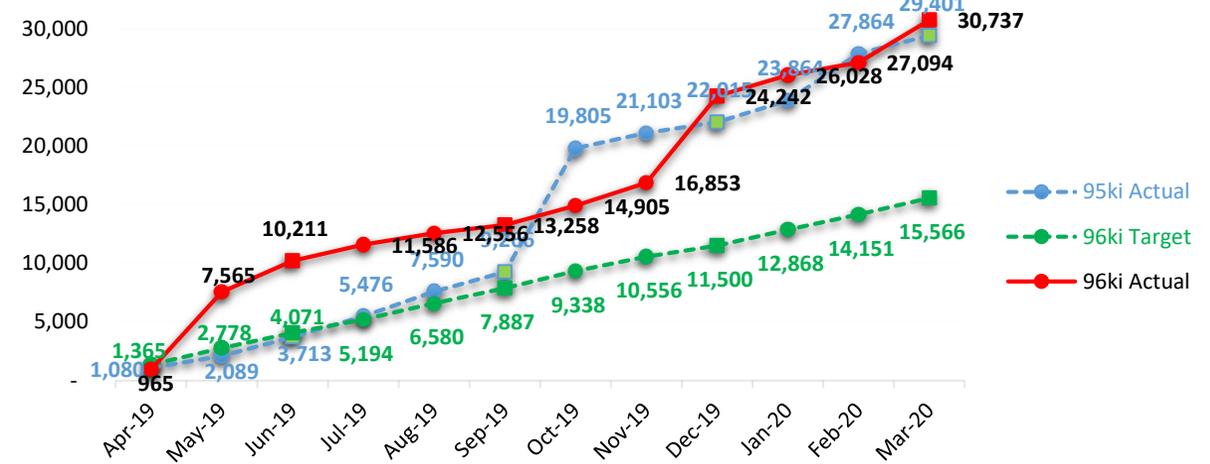
# Supplier Characteristics Improvement



### N.A. DT Totals

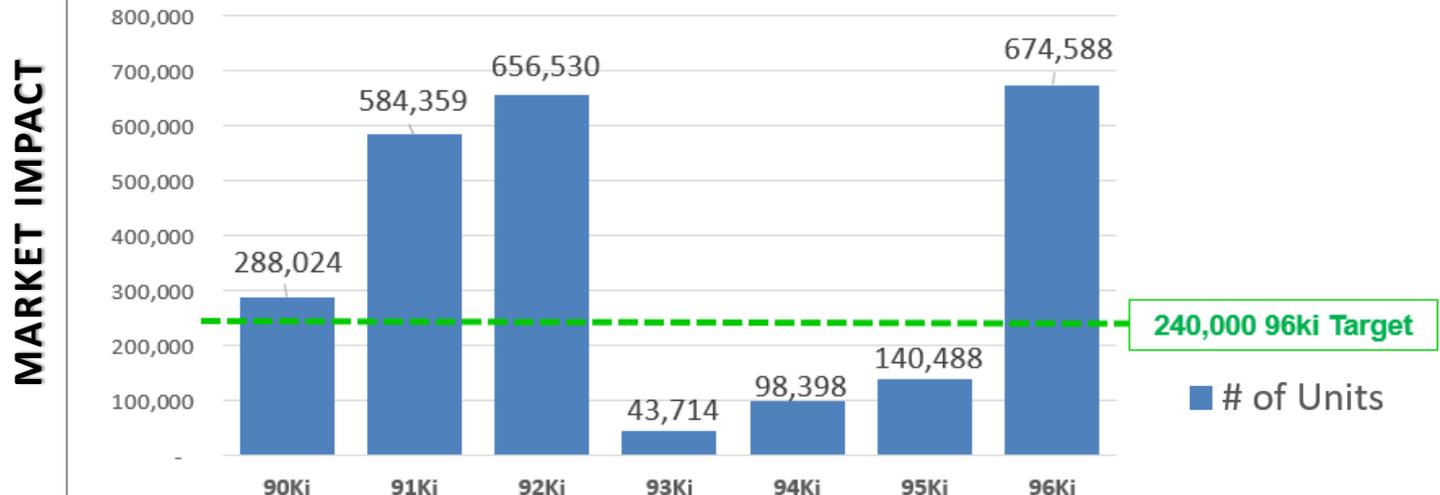


### N.A. UTR Totals



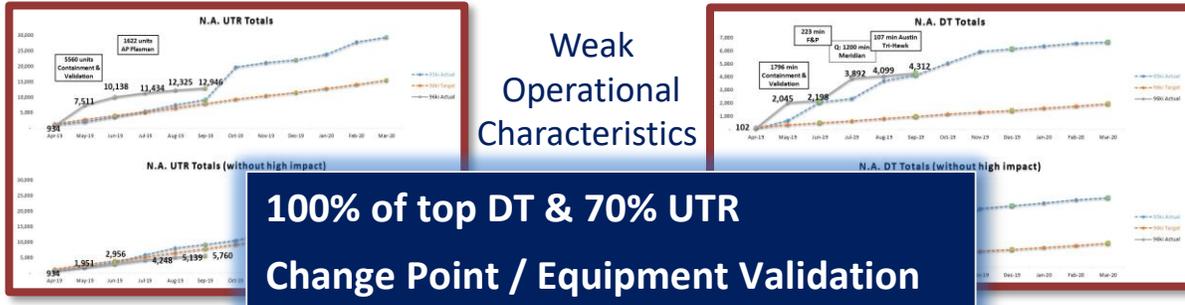
Improvement demonstrated over time; however, recent results show there is still progress to be made.  
**Collaborate Together to Continue Improving Characteristics**

### Juhin Units - B Only

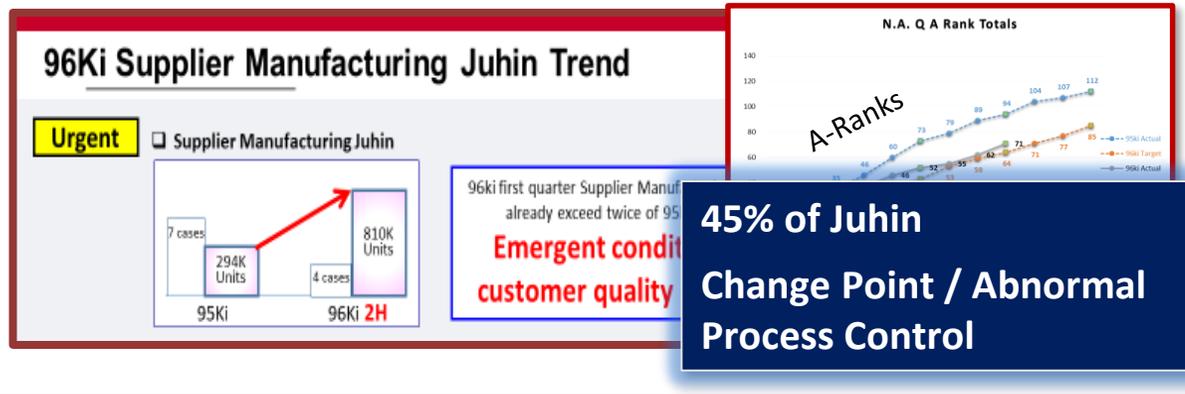


## 96ki Results & Root Cause

### Plant Impact: Supplier Downtime & Units to Repair 96Ki



### Market Impact: Supplier Juhin 96Ki



## Common Threads

Reflection → **Process Control Compliance**

- ① Change point control
- ② Abnormal Process Control
- ③ Process Control (PQCT)
- ④ CCP Management



## Scorecard Data

- Advanced Risk Sensing
- Labor Stability
- Q&D Performance
- New Technology
- Local Labor Competition
- Significant Change Points

Delivered Quality Improvement Activity -> Evaluate/Reconsider Current Processes  
**Collaborate Together for Support and Process Improvement**

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# Operational Stability Assessment Scorecard

SUPPLIER NAME:	Baseline	2020							2021			Target	Comments	Gap	C/M		
		96 Ki - Actual	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar						
<b>Internal (Provided by Supplier) Metrics - Production Characteristics</b>																	
Efficiency P vs. A (Process #1)																	
Please select: OEE, PPH, SPM, Other																	
Avg. Hours OT per Direct Associate per Month																	
Please select when: week, weekend, both																	
Any Lines Working 7 Days?																	
If Yes, how many lines and what product?																	
PM Completion Rate																	
Scrap Rate																	
Any Parts on Sort (internal or Honda driven)?																	
If Yes, how many and why?																	
Finished Goods Inventory (avg. %)																	
No. of Expedites for the Month																	
Service Parts Backorder Status (if applicable)																	
100/RKD Backorder Status (if applicable)																	
Tier 2 Quality Performance																	
Tier 2 Delivery Performance																	
<b>Internal (Provided by Supplier) Metrics - HR &amp; Safety</b>																	
Contingent to Perm Ratio (Production Associates Only)																	
Direct Associates (Contingent & Perm) - Staffing Plan																	
Direct Associates (Contingent & Perm) - Actual #																	
Coverage % Included																	
Direct Associates Turnover % - Perm Staff																	
Direct Associates Turnover % - Contingent Staff																	
Direct Associates Daily Unavailability % (All - unexcused, PTO, FMLA, etc.)																	
Indirect Associates - Staffing Plan																	
Indirect Associates - Actual #																	
Indirect Associates Turnover %																	
OSHA / WSIB Recordables																	
<b>(Provided by Supplier) Business Forecast</b>																	
Upcoming NM Growth (Honda, other OEM), Supplier Expansion/Relocation?																	
New Technology (New System/New Process/Technology to the Facility)?																	
Any Other Significant Change Points?																	
Market?																	
Do you have any requests/concerns for Honda?																	
<b>External (Provided by Honda) Metrics</b>																	
Quality TRs Issued																	
Quality Index																	
HTRs Average Days Open																	
No. of A Rank HTRs																	
PPM																	
Delivery TRs Issued																	
Delivery Index																	
DTRs Average Days Open																	
No. of A Rank DTRs																	
Warranty MIRs Issued																	
D/T																	
UTR																	
GDP																	
6-7 Day Work Schedule																	

**Supplier Internal Characteristics**

- Factory – OEE, Quality Rate (Scrap), Shipping Window Achievement, AH Service Backorders, etc.
- Manpower – Perm/Contingent ratio, T/O, Absenteeism, Staffing Plan vs. Actual

**Supplier Internal Characteristics – Future Risk**

- Change Points
- NM Growth – Honda, other OEM
- New Technology
- Local Labor Market Competition

**Honda Plant Side Performance – Supplier QD, A Ranks, UTR, D/T, etc.**

**Supplier Submits Scorecard Monthly**

## SUPPLIER SCORECARD INSTRUCTIONS (REFERENCE DOCUMENT TO BE PROVIDED)

<b>Supplier Name, Supplier Location (City, State/Province), and 8-Digit Honda Supplier #</b>	Please enter at top of form where indicated. For the 8-Digit Supplier # (XXXXXX-XX), please include the dash before the final two numbers (location code).
<b>Baseline</b>	Results from your prior ki – actual (can be reported as monthly avg.).
<b>Targets for each metric</b>	From business plan (all targets need to be filled in with internal or business plan targets for each area, except for the targets that are pre-populated with a specific value or N/A. Targets required to be entered by supplier are indicated in yellow.)
<b>Comments</b>	If any data entered requires explanation, please note in comments.
<b>Gap and Countermeasure</b>	For areas not meeting target, please enter Gap & C/M if determined. For any metrics that appear in red for multiple months, please enter Gap & C/M.
	<i>Unless otherwise noted, all data is to be reported based on plantwide performance (not Honda lines specific).</i>

### PRODUCTION CHARACTERISTICS

<b>Efficiency</b>	Efficiency can be reported as tracked: OEE, PPH, SPM, etc. Multiple rows can be added on the scorecard for various process types. Please enter actual plantwide avg. for the month along with the target, and select what the data represents (OEE, PPH, SPM, Other). If Other, please enter in comments what the data represents.
<b>Avg. Hours OT per Direct Associate per Month</b>	Enter 0 if none (as well as target) and move to next metric. If OT hours worked, please enter average number of hours OT per direct associate for the month and enter target. If OT hours worked, please select if the OT is during the normal work week, weekend days or combination (both).
<b>Any Lines Working 7 Days?</b>	(Refers to Honda lines) If yes, please provide details as noted.
<b>PM Completion Rate</b>	Plan vs. actual on scheduled PMs, to gain understanding if any past-due PMs (if any, please note in comments or gap & C/M columns).

**PRODUCTION CHARACTERISTICS (continued)**

<b>Scrap rate</b>	(Additional rows may be added as needed) – Please report whatever metric (typically a percentage) is used to track scrap rate - overall/consolidated average or broken down by process type: actual for the month and target per your business plan.
<b>Any Parts on Sort (internal or Honda driven)?</b>	(Refers to Honda parts) If yes, please provide details as noted – how many (various parts) and reason for sort.
<b>Finished Goods Inventory (Avg. %)</b>	For each shipping day of the month, how many days at or above target for finished goods divided by total # of shipping days in the month (as a %). [Example: month has 22 shipping days and 21 of those days met the target for min. finished goods inventory. $21 \div 22 = 95.5\%$ ]
<b>No. of Expedites for the Month</b>	Number of expedites during the month for Honda shipments. If none, please enter 0.
<b>Service Parts Backorder Status</b>	If Honda service parts are applicable, please note the number of parts backordered as of month end or if none backordered, please enter 0. If you do not supply Honda with service parts, please enter N/A.
<b>IOO/RKD Backorder Status</b>	(RKD is “reverse knock down”/export) – If Honda IOO/RKD parts are applicable, please note the number of parts backordered as of month end or if none backordered, please enter 0. If you do not supply Honda IOO/RKD parts, please enter N/A.
<b>Tier 2 Quality Performance</b>	Please report whatever metric is used to track Tier 2 supplier quality performance (monthly avg.) and target.
<b>Tier 2 Delivery Performance</b>	Please report whatever metric is used to track Tier 2 supplier delivery performance (monthly avg.) and target.

**HR & SAFETY**

<b>Contingent to Perm Ratio (Production Associates Only)</b>	Percentage of contingent to total <u>production associates</u> (please do not include support staff in this calculation).
<b>Direct Associates (Contingent &amp; Perm) Staffing Plan vs. Actual</b>	Actual and planned # of direct associates (contingent & perm) for the month. Coverage % Included: does staffing plan include additional headcount to cover for average daily unavailability (vacation/PTO, FMLA/LOA, unexcused absenteeism/call-ins, etc.)? If no, please enter 0. If yes, please enter % of additional headcount included in plan for coverage [example: entering 10% would indicate that 10% of staffing plan is coverage for daily unavailability and remainder of staffing plan (90%) is total headcount required to operate/run all processes].

**HR & SAFETY (continued)**

<b>Direct Associates Turnover % - Perm Staff</b>	Include all turnover for the month: voluntary and involuntary.
<b>Direct Associates Turnover % - Contingent Staff</b>	Include all turnover for the month: voluntary and involuntary.
<b>Direct Associates Daily Unavailability %</b>	All daily absences (vacation/PTO, FMLA/LOA, unexcused absenteeism/call-ins, etc.), reported as monthly average.
<b>Indirect Associates Staffing Plan vs. Actual</b>	Actual and planned # of indirect associates for the month.
<b>Indirect Associates Turnover %</b>	Include all turnover for the month: voluntary and involuntary.
<b>OSHA / WSIB Recordables</b>	OSHA/WSIB reportable total for the month.

**BUSINESS FORECAST (New Model/Business Growth, New Technology/System Change, Local Labor Competition, Change Points)**

Please complete Business Forecast questions as noted (by selecting Yes/No for each question on a monthly basis). For any "Yes" answers in this section, please add details in comments.

**Any Other Significant Change Points** Please refer to the Change Point Control section of the SQM for examples.

**EXTERNAL (PROVIDED BY HONDA) METRICS**

This section is for internal Honda use – please do not enter any data.

**ADDITIONAL QUESTIONS?**

Any questions about completing the scorecard or items you wish to discuss, please contact Honda NA Supplier Quality & Delivery | Supplier Development Team:

<b>Julie Feltovich</b>	<b>julie_feltovich@ham.honda.com</b>	<b>937-779-2592</b>
<b>Tony Mariucci</b>	<b>tony_mariucci@ham.honda.com</b>	<b>419-276-4145</b>
<b>George Brown</b>	<b>george_p_brown@ham.honda.com</b>	<b>716-244-1256</b>
<b>Tim Hites</b>	<b>tim_hites@ham.honda.com</b>	<b>937-707-8867</b>

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Please select: OEE, PPH, SPM, Other														N/A
Avg. Hours OT per Direct Associate per Month														N/A
Please select when: week, weekend, both														N/A
Any Lines Working 7 Days?														N/A
If Yes, how many lines and what product?														N/A
PM Completion Rate														
Scrap Rate														
Any Parts on Sort (internal or Honda driven)?														N/A
If Yes, how many and why?														N/A
Finished Goods Inventory (avg. %)														100%
No. of Expedites for the Month														
Service Parts Backorder Status (if applicable)														
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Indirect Associates - Staffing Plan														N/A
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<b>External (Provided by Honda) Metrics</b>														
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Quality Index														Mean
HTRs Average Days Open														14
No. of A Rank HTRs														0
PPM														
Delivery TRs Issued														
Delivery Index														
DTRs Average Days Open														
No. of A Rank DTRs														
Warranty MIRs Issued														Mean
D/T														0
UTR														0
GDP														
6-7 Day Work Schedule														0

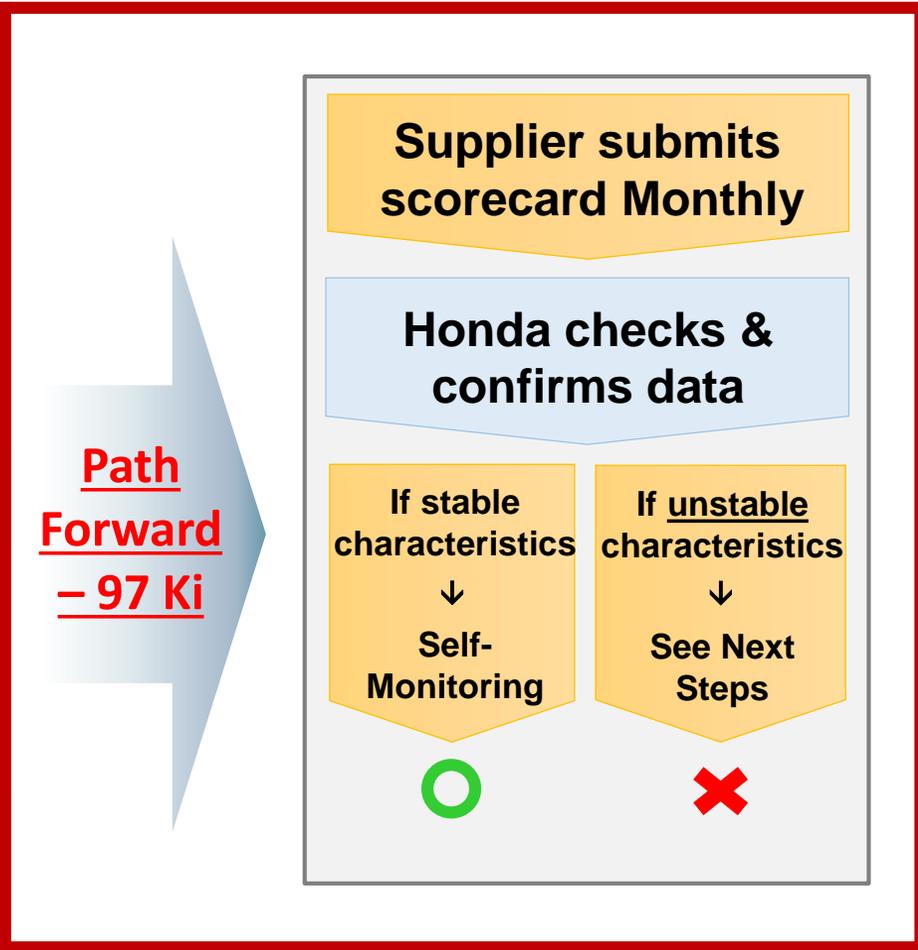
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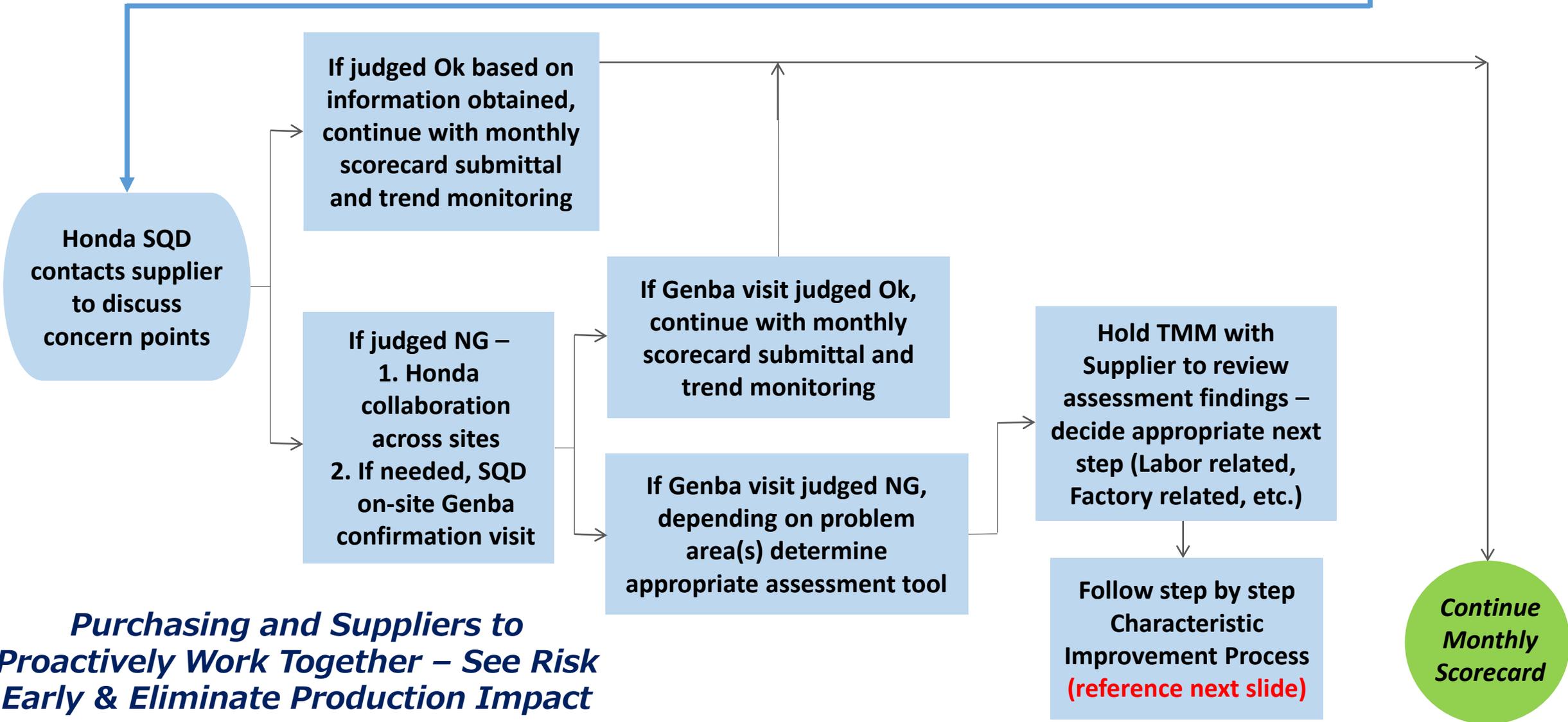
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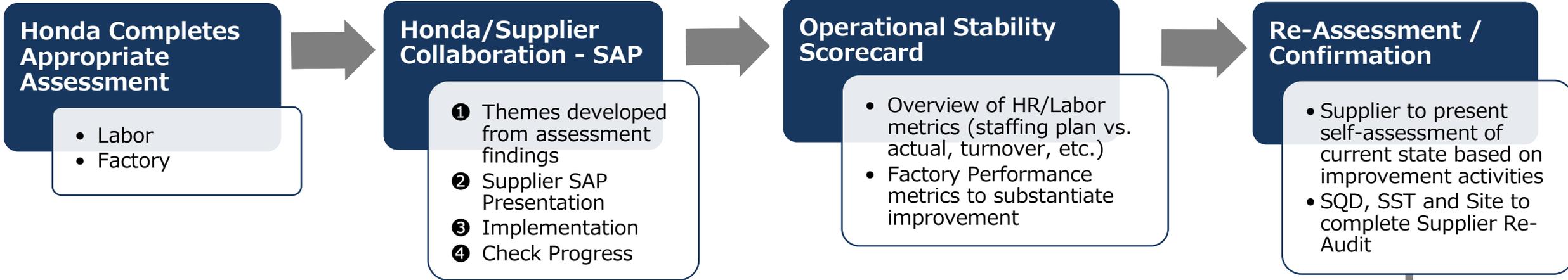
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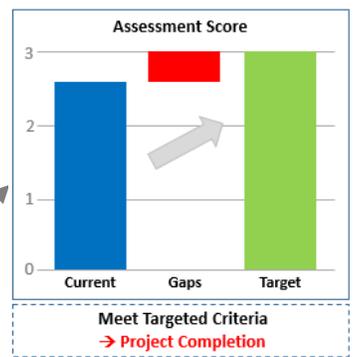


***Purchasing and Suppliers to Proactively Work Together – See Risk Early & Eliminate Production Impact***



### Assessment Findings

- Labor Stability
- Factory Performance



### Supplier Operational Stability Scorecard

Supplier/Location		Ahtysys, Wilmington, OH					Target	Supplier Comments (optional / if needed)
Category	Item	Jan-19	Feb-19	Mar-19	Apr-19	May-19		
Labor Area	Perm vs. Temp ratio	95.10	95.18	93.7	96.10	92.8		
	# of Open Positions - Temp	1107	1213	51	126	121		
	Managerial Positions - Perm general Labor	1	4	15	5	5		
Factory Mgmt.	Align	4.0%	4.5%	6.4%	4.9%	4.2%	< 5%	
	Turnover % - Temp-staff	3.0%	3.0%	3.1%	3.4%	3.0%	< 5%	
	Daily absenteeism % - Perm staff	0.0%	0.0%	0.0%	0.0%	0.0%	< 5%	
	Daily absenteeism % - Temp staff	0.0%	0.0%	0.0%	0.0%	0.0%	< 5%	
	Overall Labor - staffing plan (%)	78	78	72	72	73		
Honda Plant Metrics	Quality	99.9	99.9	99.9	99.9	99.9		
	Delivery	99.9	99.9	99.9	99.9	99.9		
	Performance Status	OK	OK	OK	OK	OK		

### Project Completion

- Target Criteria Achieved
- Factory Performance Stable
- Honda/Supplier Leadership Review & Judgement
- GO = Project concludes
- Return to normal business process monitoring / monthly scorecard submittal and trend monitoring
- NG = Set new path forward

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## 1. HR "Deep Dive" Engagement - High / Mid Risk Suppliers

### Operational Stability Assessment (OSA)

- Manpower PIng.
- Contingent Workforce Mgmt.
- Staffing Processes
- Wage Competitiveness
- Leadership / Succession PIng.
- Working Conditions
- Onboarding & Training
- Associate Engagement
- Communication
- Overtime Mgmt.
- HR Systems

The image shows a stack of spreadsheets used for Operational Stability Assessment (OSA). The top spreadsheet is titled '#NA Suppliers - HR Audit' and includes columns for 'Supplier Name', 'Factory', 'Country', 'Risk Level', and 'Assessment Date'. Below it, another spreadsheet is partially visible, showing a detailed grid of data points for various suppliers.

## 2. Supplier Workforce Stability Conference - Subject Matter Experts



Best practices for workforce management

## 3. Existing Honda Support Programs - 70% Suppliers Participating

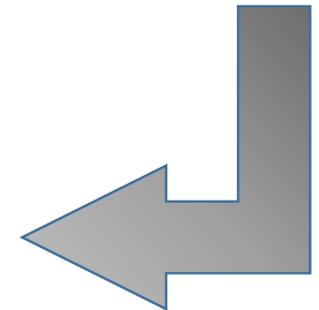


LEAN Conference



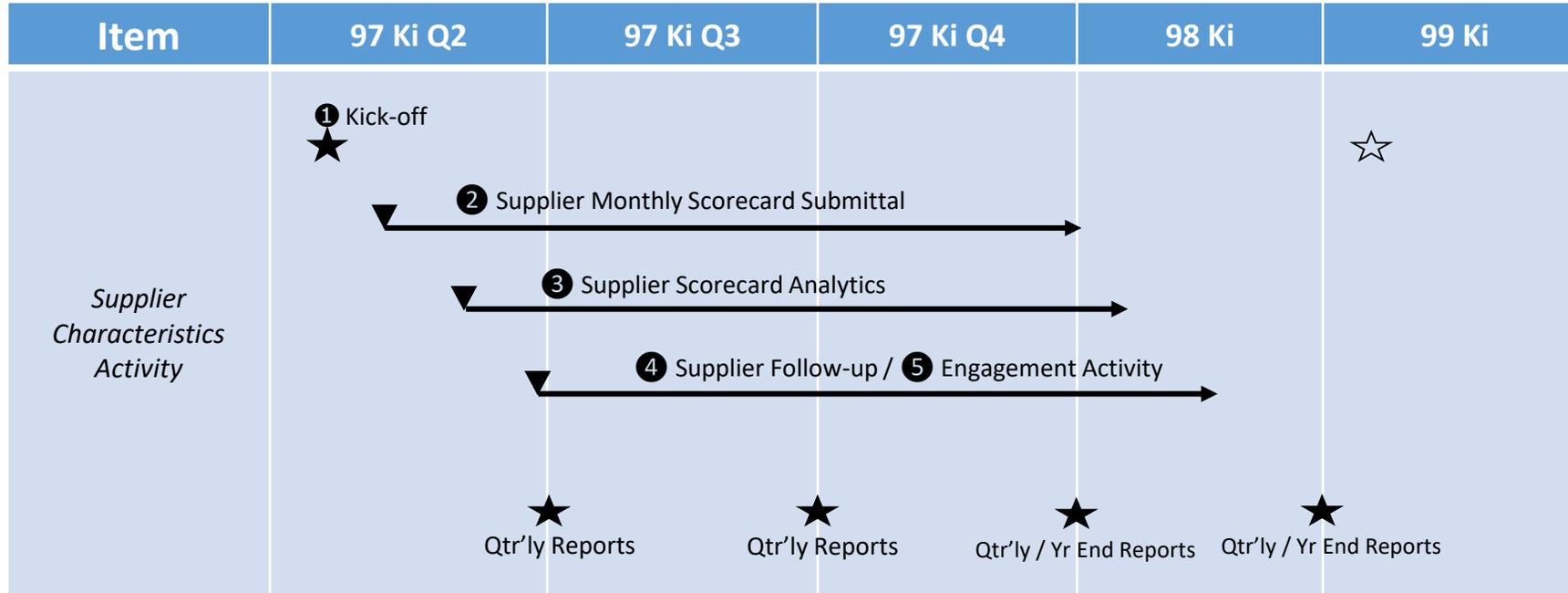
## Honda Supplier Training

- Supplier Orientation – General Topics, Honda Requirements, SQCD
- Classroom Training Offerings include Topics such as: 5P, CATIA, FMEA, Strategic Planning, Succession Planning, Leadership Training
- Online Learning



- Recognize this **Tougher Economic Environment** – Initiate Effort – Adapt Quickly
- Establish Scorecard **Metrics and Rotate PDCA** to Assure Effectiveness BEFORE a Crisis happens
- Complete & **submit your scorecard** to Honda on a monthly basis
- Make timely response to **Warning Signs** and **Take Proactive Countermeasures**, including escalation of issues with your **Mother / Sister Co.** and notification to your Honda contacts
- Support Honda engagement to investigate risk areas and to apply appropriate C/M
- Utilize Honda provided resources to strengthen your Company's Characteristics

Our goal is to collaboratively work together to achieve a Stable Workforce, Stable Production, and Eliminate Production Impact



1. Conduct Supplier Kick-off
2. Suppliers begin submitting monthly scorecards (data starting July 2020 + 96 Ki baseline)
3. SQD completes data risk level analysis
4. SQD investigates with suppliers for any clarification points
5. SQD / Supplier consensus on path forward activity type / level

## Q & A

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