

The background of the slide is a close-up, slightly blurred image of the United States flag, showing the stars and stripes in a dynamic, waving pattern. The colors are vibrant, with a deep blue field for the stars and bright red and white stripes.

2009 Raytheon Supplier Conference

Atul Sheth

Raytheon

Customer Success Is Our Mission



“WE Heard You”

April 14, 2009

AGENDA

- Raytheon Quality Notes
- Raytheon's Supplier Quality Transformation
- Supplier Excellence Program

Q-Notes – “We Listened”

Background:

- # 1 issue raised by the suppliers during 2008 Supplier Operational Excellence Conferences
- Too many pages, Too many words, not enough connectivity confusing suppliers
- “Less is more”

Short Term:

- Eliminate unnecessary and redundant information
 - Over six folds reduction in number of pages on seven Q-Notes
- Provide the bridge between new requirements on legacy drawings (Interim Containment)
- Add value to the technical data package to ensure that the quality expectations are clearly defined
- Ownership, accountability and discipline for the Q-notes content and its application for all future products
- Centralize the application of the Q-Notes for all future products to drive the consistency
- Reduce nine (>2 Pages) out of 86 Q-Notes to two pages or less

Long Term:

- To delete the Q-Notes if and where applicable and use either the engineering drawings, Technical Data Package or Terms and Conditions / Purchase Order to specify the requirements

Special Processes and Sub-Tier Suppliers

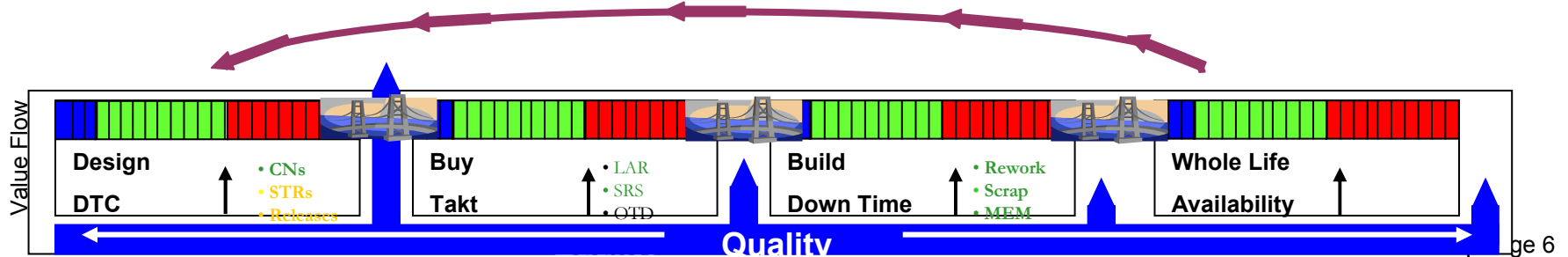
Special Processes	Before (Number of Pages)	After
• HK – Welding and brazing	6	4
• TC – Non Destructive Testing	96	2
• CT – Paint	4	4
• JY – Surface Finish	3	3
• HT – Heat Treat	(NEW)	1

Supplier Quality Process



Completing Bridges

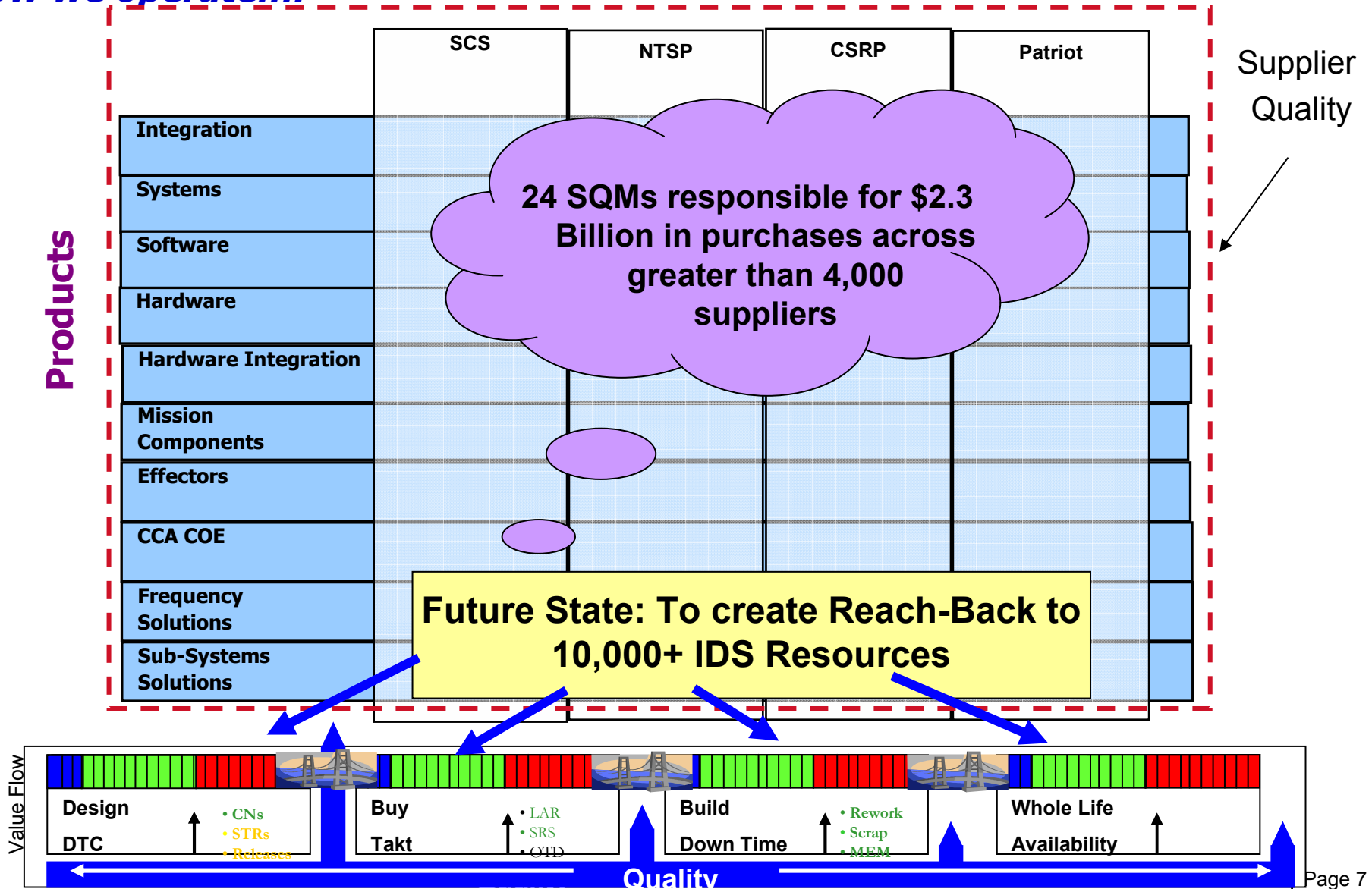
- **Design-Buy:**
 - Lack of front-end engagement
 - Inadequate requirements
 - Poor Supplier Selection
 - Reactive vs. Proactive Approach
- **Buy-Build:**
 - Non-value add inspection
 - Large Inventory
 - Lack of root-cause and corrective action to prevent recurrence



Supplier Quality

How we operate....

Programs



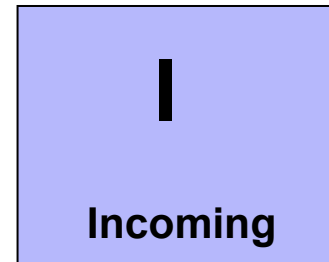
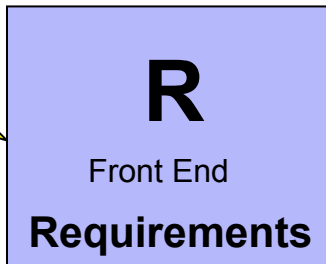
Supplier Quality Transformation

Current State



- P.O. Generated
- Q Notes Attached in Bulk
- GO!

New in
2009



Future State
*... the mindset and practice
of continuous
improvement.*

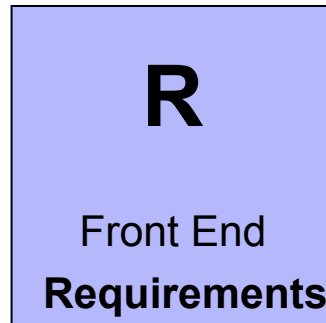
- With approximately 30% maturity of the new structure, it has made immediate impact to the business with
 - Q-Notes Modification and Application, Pre-Award Assessments, Special Process Master Schedule and SQM Skills Enhancement
- Dedicated supplier quality lead has been assigned to improve supplier quality engagement with program teams
- “R” will include the Contract Compliance to assist with the front end requirements

New Structure enables defect prevention in the front-end

Requirements

Current

- **Supplier selection:**
 - Not enough team input
 - Not Consistent
- **Q Notes:**
 - Number 1 “Thing to improve” from supplier feed back
- **Special process and Sub Tier Suppliers**
 - Lack of Pro-active approach for Sub Tiers
 - High failure rates from Special Process
 - No standardized process



Future

- **Supplier Selection**
 - Build the bridge with engineering and supply chain
 - Match requirements to supplier capability and capacity
 - Compliance and Capability reviewed before PO issued
 - RESA Pre-Award and Post-Award reviews
 - Formalized, repeatable assessments
- **Q Notes: “we listened”**
 - Reduced complexity
 - Identify key drivers for success
 - Consistency in application
 - Close loop process supported by Pre-Award
- **Special Process and Sub Tier Suppliers**
 - Improve Tier 1 and Sub Tier Supplier Management
 - Developed and implemented process to manage the special process suppliers
 - Published Generic Control Plans for all Special Processes
 - Hired Third Party Contractor to provide the SMEs required for assessments

Driving Front End Compliance into Supplier Quality
Rejected 20+ orders to avoid misalignment

Oversight

Current

- SQM Assigned by region:
 - PSL
 - Volume
 - Special requests
 - Experiential knowledge
- Driven by individual capability
- Lone Rangers:
 - Not enough Reachback

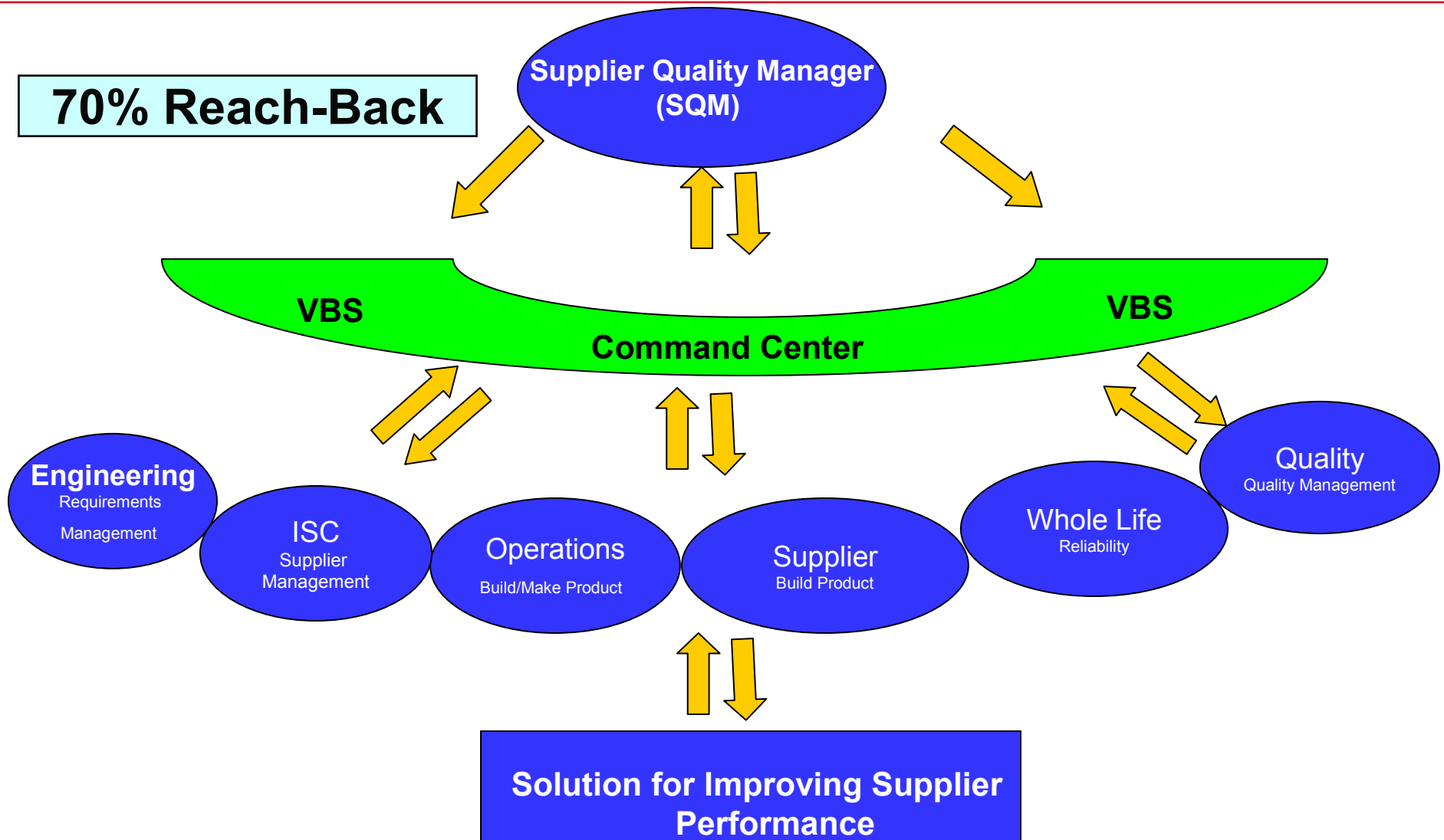


Future

- Create Reach-Back to IDS Resources Through the Command Center
- SQM role defined based on lessons learned and business needs
- Standardize and formalize oversight process
- Critical process skills
- Improved tool sets using Virtual Business System and Supplier Quality Database System
- Control Plans tied to Mission & Business Critical drivers
- Focus on Find # 1, Special Process, High Volume and Specialty Microwave

SQM skill enhancement enabling the supplier success

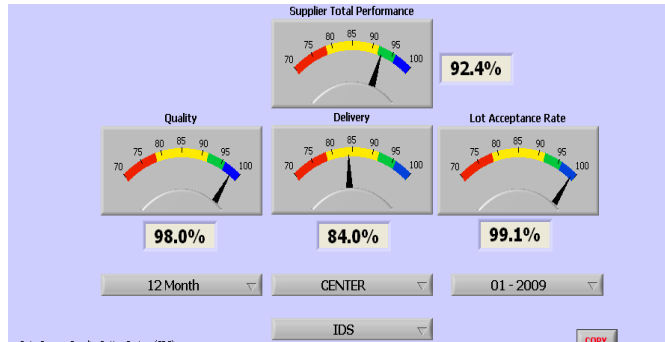
Reach-Back



Reach Back enabling Interdependent Execution and Resource Utilization

Cost of Quality Command Center

View

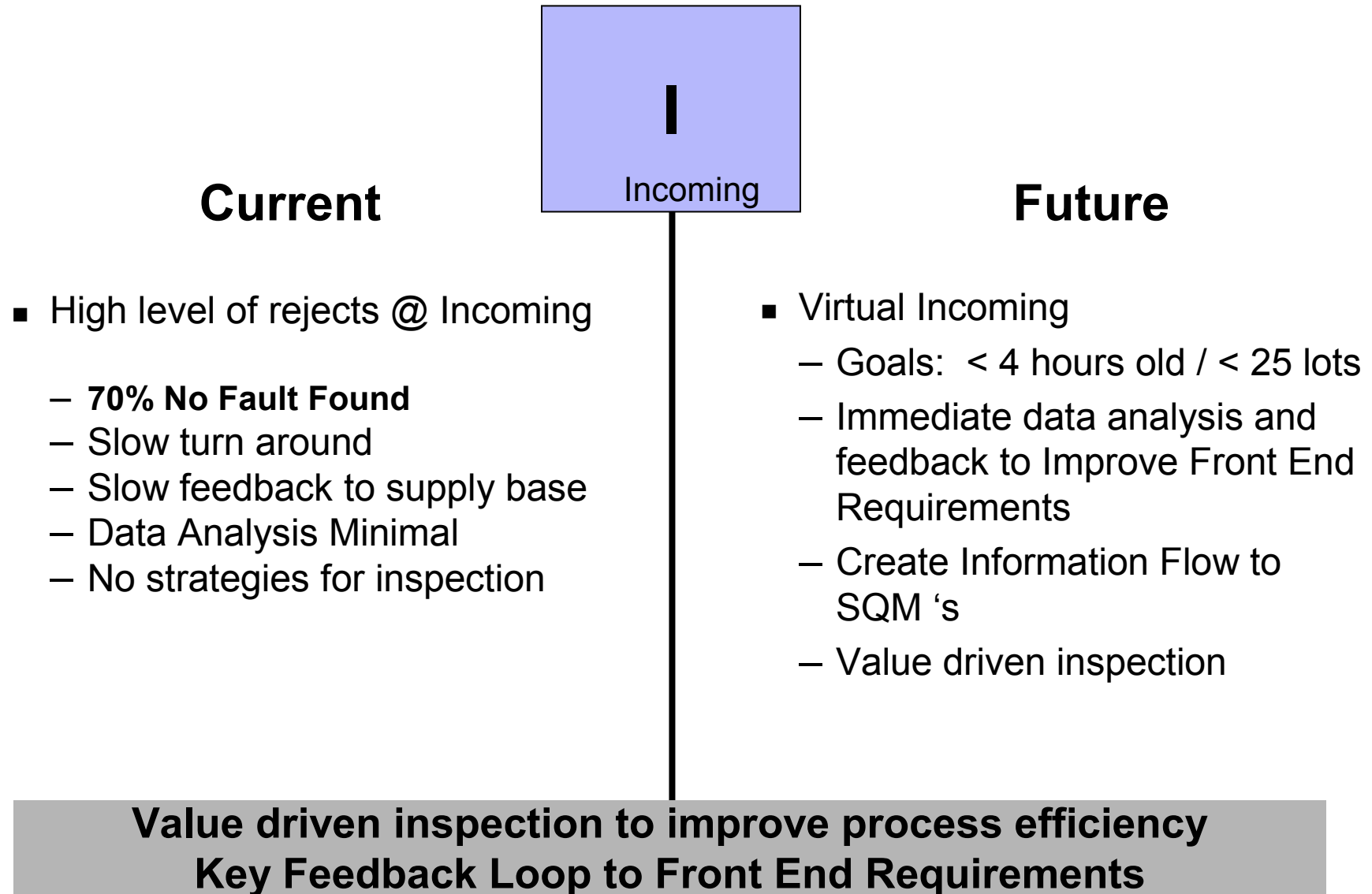


	Major Criteria	Criteria Weight	Sub-Criteria	Sub-Criteria Weight
Quantitative Ratings	Quality	60%	Source, Incoming and Floor Failures - PPM	55%
			Incoming - Lot Acceptance Rate %	27%
			Supplier Corrective Action Request -SCAR	18%
				Sub-Criteria Total
Delivery	40%	On-Time Delivery	100%	
		Sub-Criteria Total		
			Total Quantitative Rating	100%

Data Source: Supplier Rating System (SRS) COPY

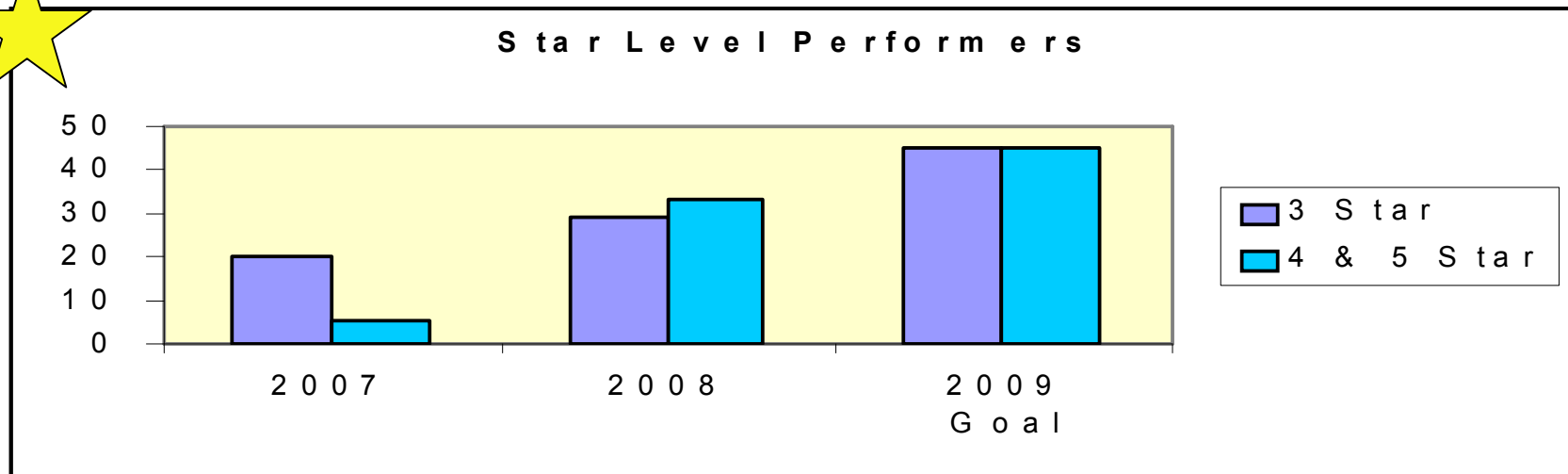
	01-08	02-08	03-08	04-08	05-08	06-08	07-08	08-08	09-08	10-08	11-08	12-08	01-09
Supplier Total Performance	92.0	92.0	92.1	92.2	92.4	92.5	92.6	92.5	92.4	92.9	92.6	92.6	92.4
Quality	97.4	97.4	97.5	97.5	97.7	97.7	97.8	97.7	97.6	98.4	98.0	97.9	98.0
Delivery	84	83.9	84.1	84.3	84.5	84.7	84.7	84.7	84.7	84.6	84.6	84.6	84
Lot Acceptance Rate	99.1	99.1	99.1	99.1	99.1	99.1	99	99	99	99	99	99	99.1
# of Suppliers	3221	3178	3139	3104	3067	3052	3040	2996	2998	3007	2964	2976	2971

**The Metrics are supported by the SRS and VBS
Technical and Behavioral issues limits the maturity of the data**



Special Excellence Awards

- Raising supplier awareness and performance
- Front edge of fostering a culture of teamwork / inclusiveness
 - We're in it together
- Customer partnership = critical factor – delivers the Message
- ROI is obvious from supplier star performance results
- Eight conferences scheduled – First on April 14'th & 15'th



	2007	2008	2009 Goal	Im p r o v e m e n t
3 S t a r	20	29	45	55 %
4 & 5 S t a r	5	33	45	36 %