

# **LM GSCS Sub-Tier Supplier Issues**

**January 6, 2017**

NextGenLM

# Priority Items



- **Strategic/Proactive Steps**

- **Supplier Deliverables and business rhythms - supply base management requires proactive ongoing communication, business rhythms and deliverables with all levels of the supply base. Examples include weekly supplier meetings/telecons, production reports and statusing.**
  - **Expediting vs fire fighting – Supply base must have ongoing communications and updates from their sub-tier suppliers which are months in advance of part/material deliveries and not wait to expedite parts/material once an item is past due (aka fire fighting).**
- **Obsolescence Management – it is important for the supply base to proactively follow part numbers and materials that may go obsolete and communicate any potential obsolete items back to the OEMs so alternatives/substitute items can be assessed. Other activities may include Life Time/Bulk Buys.**

# Priority Items Continued



- **Diminishing Manufacturing Sources and Expertise - smaller suppliers have a willingness and skill set for new manufacturing/fabrication techniques but sometime lack knowledge, capabilities and resources.**
  - **Resident Experts (aka SMEs) and Tribal Knowledge – Examples include Ongoing Certifications, training, knowledge transfer from OEMs and Higher Tier Suppliers, Mentor Protégé Programs, etc.**
  - **Outsourcing jobs overseas had a cascading negative effect on employee retention plus associated tooling has been repositioned out of country**
- **Long Term Agreements/Forecasting – Gov’t customer and LM require supply base when quoting and committing to Firm Fixed Pricing to have the same Firm pricing with their subtier suppliers so there are no pricing adjustments/modifications while under contract. One of the best ways to do this is using forecasting data and signing sub-tier suppliers up to FFP long term agreements for the same contractual term as the Prime Contract (aka Prime Contract Flowdowns).**

# Secondary Priority Continued



- **Capital/\$ (Systems and new technologies)**
  - Machinery
  - Procurement System
  - Engineering tools (3D modeling software)
  - MRP / Planning System
  - Quality System (AS9100, ISO9002)
- **Resources Limited (Dollars and People)**
- **Manpower/expertise especially in supplier management (DMT/Buying)**
- **Leverage and Economies of Scale with sub-tier suppliers especially raw material mills, special process suppliers, casting and forging suppliers, unique hardware suppliers and Single/Sole Source Suppliers**

# Secondary Priority



- **Supplier Knowledge of Inspections Requirements**
  - Tier 1 OEM Inspection
  - Gov't Source Inspection
  - Critical Safety Items
  - Contract Interpretation
  - BOA vs. PO
- **Defense OEM Tier 1 Practices**
  - PO Flowdowns
  - Special Process Reqts
  - LSI
  - Packaging
  - Exostars/P2P
  - Mil-Spec Packing, Marking, RFID & IUID normally causes frustration resulting in late deliveries