

# **WINKHAUS**

## **SUPPLIER EVALUATION**

### **USER GUIDE FOR SUPPLIERS**

**Version 1.0**  
**18.09.2019**

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## 1 Introduction to Winkhaus supplier evaluation rating models

Winkhaus has designed two basic types of evaluation model to ensure standardised evaluation of suppliers to the Winkhaus Group on an annual basis.

### Rating - production:

This model is used for selected production material suppliers and includes hard and soft facts. The hard facts are performance figures from SAP/Creditreform information, as well as information from the supplier self-disclosure provided by the supplier in the Winkhaus supplier portal. Soft facts relate to questions to employees from Winkhaus specialist divisions, such as purchasing, material planning, logistics, quality and design.

### Quick rating:

This model is used for selected suppliers, who are only evaluated based on hard facts/performance figures and the supplier self-disclosure, i.e. without soft facts/questions to employees from the Winkhaus specialist divisions.

### Short explanation of the model: Rating production

In this model, we differentiate between four main criteria (s. screenshot below), which are each given a different percentage weighting. The percentage values add up to 100%. When converted into weighted point scores, this value results in the maximum point score for each main criterion. F. ex. if all main criteria are added, an **ideal supplier** is able to achieve a **maximum of 100 points** in the Winkhaus supplier evaluation system.

### Overview main criteria:

	Quality performance	Logistics performance	Prices/service performance	Company risk facts
<b>Weighting</b>	<b>35%</b>	<b>30%</b>	<b>25%</b>	<b>10%</b>
Max. points	35	30	25	10
<b>Amount of questions</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>3</b>
<b>SAP figures</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>
<b>Supplier profile</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>4</b>

Each of the main criteria is sub-divided into sub-criteria, which are also each given a different percentage weighting. Within a main criterion, the total of the sub-criteria again

results in a 100 percent value or is converted into a weighted point score based on 100 points.

**Overview: Weighting main-/sub-criteria**

<b>Quality performance</b>	<b>35%</b>
Complaints handling	30%
PPM Error Rate	30%
Initial sample quality	30%
Certification – supplier release	10%
<b>Logistics performance</b>	<b>30%</b>
Logistics requirements	15%
On-time delivery performance – “too late” quota	40%
Number of goods receipts per order item	20%
Delivery date adjustments - supplier	5%
Initial sample dates	20%
<b>Company – risk facts</b>	<b>10%</b>
Financial situation - ownership structures	40%
Sales figures - dependencies	20%
External risks - location/currency risk	20%
Contractual safeguards	20%
<b>Price-/performance-/service-behaviour</b>	<b>25%</b>
Ratio effect and cost transparency	20%
Price behaviour and terms and conditions	30%
Service and communication	25%
Technology – technical expertise	25%

The **lowest level is the questions level** – sub-criteria each have corresponding questions unless a sub-criterion refers to a performance figure (hard fact), such as PPM or on-time delivery performances/“too late” quota.

There are pre-formulated answer options for respondents on the answer level which are linked to the corresponding point score. The data results are generally consolidated using an

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averaging algorithm, i.e. if five questions are asked in reference to a particular sub-criterion, the corresponding point scores for the questions are added together and divided by the number of questions answered. The calculated average is then multiplied one level higher, i.e. on the sub-criterion level, using the weighted % value for the sub-criteria concerned.

Here is a summary of the three levels of evaluation:

- **Level 1: Four main criteria with percentage weighting**  
(The overall result for the supplier is obtained by adding the weighted points)
  - **Level 2: Sub-criteria**  
(The weighted points are added up to provide a point for a main criteria, e.g. max. 35 points for main criteria quality performance)
    - **Level 3: Questions level**  
(Algorithm: Averaging of the points for the questions answered)

Upper and lower bounds are also defined, so that ratings can be subsequently displayed. These bounds can be used to classify an evaluation rating into a red, green or orange status category.

**Bound values to display status based on a supplier's overall evaluation:**  
**General bound values to display status based on a supplier's overall evaluation:**

Status red: Point value < 50

Status orange: Point value  $\geq 50 < 80$

Status green: Point value 80 – 100

## 2 Explanation of the performance figures in rating models

### 2.1 PPM

The following values are used to calculate the PPM number (parts per million):

- Quantity delivered by the supplier (quantity of all goods receipt-posted deliveries for the evaluated period)
- Quantity of rejected items

Product quality (PPM) is calculated according to the following formula:

$$PPM = \frac{\sum Quantity\_rejections}{\sum Delivered\_quantity} * 1.000.000$$

A value table has been entered in the supplier evaluation system to classify and evaluate the calculated PPM value.

<b>PPM value</b>	<=4.000	>4.000 and >=10.000	> 10.000
<b>Score point</b>	100	70	0
<b>Traffic light icon</b>	green	orange	red

A PPM value of 4,500 would, for example, be assigned 70 points and shown with an orange traffic light icon as a result of the corresponding bound value.

The relevant PPM value for the supplier can be called up in detail in the rating model:

▼ PPM Fehlerquote	AVG	100,00	Nein	30% Gewichtung	↔ ⊕
◆ PPM Zahl		100,00	Nein		↔ ⊕

Seite 1-1 von 1   0 ausgewählt   10					
Zuletzt geändert	CRM / SRM Unternehmen	Lieferantennummer	Jahr	PPM	
2019-05-16 14:55		0003132177	2018	1.546,00	

## 2.2 Number of goods receipts per order item

The ratio of the number of goods receipts to the number of order items is evaluated. Ideal value = 1, i.e. there is exactly one delivery for one order item (=goods receipt complete).

Current saved value table in the rating model for points allocation:

Value	<= 1,2	>1,2 and < 1,5	>= 1,5
Score point	100	70	0
Traffic light icon	green	orange	red

The described performance figure for the supplier can be called up in detail in the rating model:



## 2.3 On-time delivery performance – “too late” quota

The “too late” quota is determined and evaluated as a measure of on-time delivery performance. This performance figure, shown as a %, evaluates the ratio: Number of “too late” goods receipts / total number of goods receipts.

### General definition of on-time delivery performance – classification in deadline compliance grid

Each individual goods receipt is evaluated as an event. Reusable packaging and tool positions are excluded from the evaluation.

When evaluating a delivery, the **actual date = actual goods receipt date** is always compared with the **target date = confirmed delivery date** from the supplier order confirmation and the difference between the two values is classified in a grid. If there is no order confirmation from the supplier available, the “requested delivery date from the order” is used as a comparison value.

**Note/special regulation Redemann warehouse:** For deliveries for the Poland plant via the Redemann warehouse, the delivery date at Redemann is evaluated as the actual goods receipt date.

Deadline compliance grid	Target date minus actual date	Definition – deviation from the target date
Too early	➤ 5	More than 5 days too early
On time	+5 to -1	5 days too early to 1 day too late
Deviation too late	-2 to - 4	2 to 4 days too late
Unpunctual too late	➤ - 4	More than 4 days too late

To **determine the “too late” quota**, all “too late” deliveries, consisting of **“deviation too late”** and **“unpunctual too late”** are evaluated.

Current saved value table in the rating model for points allocation:

Value	< 5%	< 7%	< 10%	>=10%
<b>Score point</b>	100	80	50	0
<b>Traffic light icon</b>	green	orange	orange	red

The described key figure for the supplier can be called up in detail in the rating model:

▼ Terminreue      AVG      100,00      Nein      40% Gewichtung      ←→ ⊕  
 ◆ zu spät-Quote je Wareneingang      100,00      Nein      ←→ ⊕

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Zuletzt geändert	CRM / SRM Unternehmen	Lieferantennummer	Jahr	Zu spät-Quote In %
2019-05-16 14:55	<span style="background-color: #4a7ebb; color: white; padding: 2px;">[REDACTED]</span>	0003132177	2018	<span style="border: 1px solid red; padding: 2px;">2,01</span>

## 2.4 Credit rating performance figure

A credit rating performance figure based on a Creditreform credit report is used to assess a supplier's financial situation.

The credit index rating is assigned the following score point in the supplier evaluation system:

Credit rating index	Score point
100 – 200 points	100
201 – 300 points	80
301 points and above	0

The credit index for the supplier can be called up in detail in the rating model:

Unternehmen - Risikofaktoren	SUM	98,00	Nein	10% Gewichtung	→ ⊕
Finanzielle Lage - Inhaberverhältnisse	AVG	100,00	Nein	40% Gewichtung	→ ⊕
Bonität		100,00	Nein		→ ⊕

Zuletzt geändert		CRM / SRM Unternehmen	Bonitätsindex
2019-05-15 15:22			318,00



### 3 Supplier screen on the Winkhaus supplier portal

After login on the Winkhaus supplier portal, the points relevant for the supplier evaluation can be found under the menu items:

- **Ratings**  
(display of evaluation ratings)
- **Information system**  
(performance figures for on-time delivery performance, PPM and so on)

#### 3.1 Menu item: Ratings

Call up the relevant rating model based on the example: Rating - production

WinkhausTest	Algorithm	Frage	Kommentar	Wert	Antwort	Ausschlusskriterium	Klassifikation	Ampel
Umfassendes Ratingmodell Produktionsma	SUM			71,88		Nein		🟡🟢🔴
Qualitätsleistung	SUM			92,50		Nein	35% Gewichtung	🟢🟢🟢
Reklamationsverhalten	AWG			87,50		Nein	30% Gewichtung	🟢🟢🟢
PPM Fehlerquote	AWG			n/a		Nein		🟢🟢🟢
PPM Zahl				n/a		Nein		🟢🟢🟢
Erstmusterqualität	AWG			n/a		Nein		🟢🟢🟢
Zertifizierung - Lieferantenfreigabe	MAX			100,00		Nein	10% Gewichtung	🟢🟢🟢
Zertifikate	MAX			100,00		Nein		🟢🟢🟢
Zertifikat DIN EN ISO 9001				100,00		Nein		🟢🟢🟢
Zertifikat ISO/ TS 16949				0,00		Nein		🔴🟢🟢
Zertifikat ISO 50001				100,00		Nein		🟢🟢🟢
Logistikleistung	SUM			41,25		Nein	30% Gewichtung	🔴🟢🟢
Logistikanforderungen	AWG			75,00		Nein	15% Gewichtung	🟢🟢🟢
Termintreue	AWG			n/a		Nein		🟢🟢🟢

The evaluation results for the main-/sub-criteria and the answers from the supplier self-disclosure, as well as the overall evaluation for the supplier are displayed. The ratings are shown as score values and as a traffic light status.

A Winkhaus supplier can also call up the detail level for each sub-criterion and for their answers to questions from the supplier portal:

Ergebnis

Unternehmen - Risikofaktoren	SUM	75,00	Nein	10% Gewichtung	🟡
Finanzielle Lage - Inhaberverhältnis	AVG	n/a	Nein		🟡
Umsatzgrößen - Abhängigkeiten	AVG	50,00	Nein	20% Gewichtung	🟡
Externe Risiken	AVG	n/a	Nein		🟡
Vertragsabsicherungen	AVG	100,00	Nein	20% Gewichtung	🟢
Einkaufsbedingungen	AVG	100,00	Nein		🟢
Akzeptieren Sie die Winkhaus		100,00	Nein		🟢
Wurde eine EKB Erklärung hoc		100,00	Nein		🟢
Gewährleistung und Produkthaft	AVG	100,00	Nein		🟢
REACH Erklärung	SUM	100,00	Nein		🟢
Erkennen Sie die Winkhaus RE		50,00	Nein		🟡
Wurde eine REACH-Erklärung		50,00	Nein		🟡
ROHS Erklärung	SUM	100,00	Nein		🟢
Erkennen Sie die Winkhaus RC		50,00	Nein		🟡
Wurde eine ROHS-Erklärung h		50,00	Nein		🟡
Code of Conduct	AVG	100,00	Nein		🟢
Erkennen Sie den Lieferanten		100,00	Nein		🟢
Wurde eine CoC-Erklärung hoc		100,00	Nein		🟢

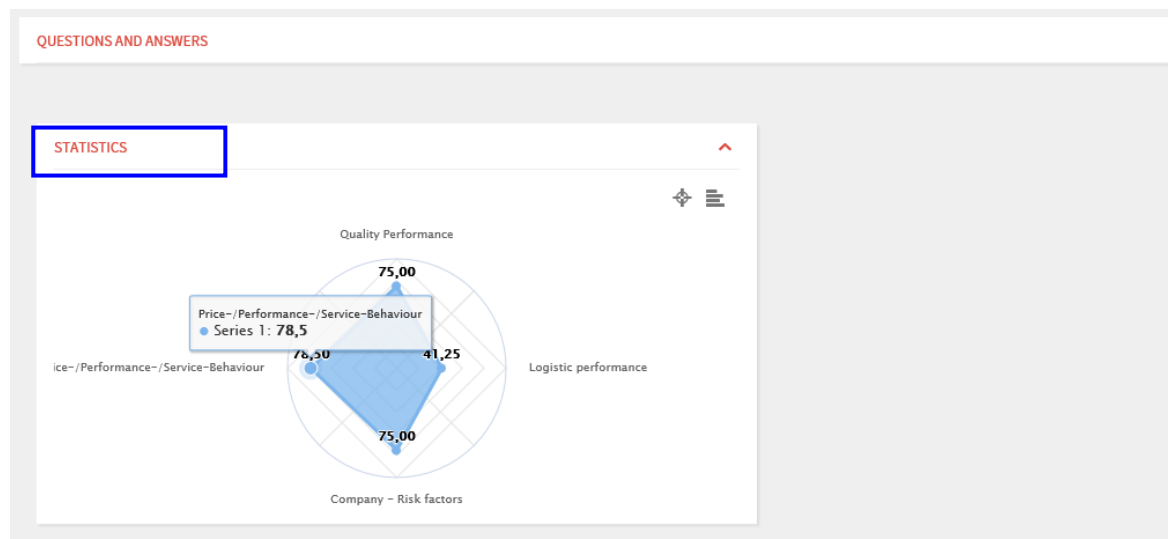
Umfassendes Ratingmodell Produktionsmaterial - WinkhausTest Akzeptieren Sie Die Winkhaus Einkaufsbedingungen? - Detaildaten

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Zuletzt geändert	Unternehmen	Akzeptieren Sie die Winkhaus Einkaufsbedingun...	Wenn ja, bitte unterschriebene EKB-Erklärung ho...	Wenn nein, bitte kurz erläutern:
2019-06-11 12:37	WinkhausTest	yes	1713611765	

It is also possible to call up the detailed view for performance figures PPM, on-time delivery performance and number of goods receipts per order item.

Display of the evaluation ratings as line and radar charts:



### 3.2 Menu item: Information system

Display of the development of product quality/PPM, on-time delivery performance and number of goods receipts per order item as a monthly value and in the detailed outline on document level. The data can be exported as an Excel file and updated as follows:

- Monthly values always on the 5th of the following month
- Detailed information every 14 days, on the 16th same month and 5th of the following month.

#### Monthly overview of on-time delivery performance, number of goods receipts per order item, PPM

Supplier	Calendar Year/Month	Delivery Quality in PPM	Too late Quota in %	Number of Goods Receipt per PO Items
201909		0	0	0
201908		0	28	0
201907		38.550	2	1
201906		0	5	0
201905		0	2	1
201904		0	0	1
201903		71.535	0	0
201902		0	11	1
201901		0	5	1
201812		0	0	1
201811		0	6	1
201810		0	5	0
201809		2.078	7	1
201808		214.461	0	1
201807		0	9	1
201806		29.782	2	1
201805		0	0	1
201804		0	17	1
201803		0	19	0
201802		0	21	1

#### Detailed information on on-time delivery performance:

Supplier	Plant	PO Number	PO Item	Material	Supplier Material Number	Reference CO Number	Planned Delivery Date	Confirmed Delivery Date	Actual Date Goods Receipt (GR)	Adherence to delivery date	Performance Grid	Actual GR Quantity	MEIR
2100		000010					2019-05-17	2019-06-07	2019-06-06	1	punctual	1.938 KG	
2100		000010					2019-05-17	2019-06-07	2019-06-06	1	punctual	1.938 KG	
2100		000010					2019-05-17	2019-06-07	2019-06-06	1	punctual	1.938 KG	
2100		3100					2019-06-19	2019-05-28	2019-06-03	-6	too late	21.490 KG	
2100		3100					2019-06-19	2019-05-28	2019-06-03	-6	too late	21.490 KG	
2100		3100					2019-06-19	2019-05-28	2019-06-03	-6	too late	21.490 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	5.836 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	5.836 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	5.836 KG	
2100		000010					2019-06-28	2019-07-01	2019-07-02	-1	punctual	24.842 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	11.766 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	11.766 KG	
2100		000010					2019-05-24	2019-06-07	2019-06-06	1	punctual	11.766 KG	
2100		000010					2019-05-27	2019-06-04	2019-06-04	0	punctual	24.440 KG	
2100		000010					2019-05-27	2019-06-04	2019-06-04	0	punctual	24.440 KG	
2100		000010					2019-05-27	2019-06-04	2019-06-04	0	punctual	24.440 KG	
2100		000010					2019-06-13	2019-06-26	2019-06-25	1	punctual	23.866 KG	
2100		000010					2019-06-13	2019-06-26	2019-06-25	1	punctual	23.866 KG	
2100		000010					2019-06-13	2019-06-26	2019-06-25	1	punctual	23.866 KG	

For more detailed explanations of the definition and measurement of "on-time delivery performance", see Chap. 2.3, P. 6.

Deadline compliance grid	Target date minus actual date	Definition – deviation from the target date
Too early	➤ 5	More than 5 days too early
On time	+5 to -1	5 days too early to 1 day too late
Deviation too late	-2 to -4	2 to 4 days too late
Unpunctual too late	➤ -4	More than 4 days too late

### Detailed information on number of goods receipts per order item:

Information system - Number of goods receipt per PO items							
Calendar Year/Month	Supplier	Plant	PO Number	PO Item	Material	Supplier Material Number	Number of Goods Receipt per PO Items
201907		2100			000010		2
201907		2100			000010		2
201907		2100			000010		2
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		2
201907		2100			000010		2
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
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201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1
201907		2100			000010		1

### Definition:

The ratio of the number of goods receipts to the number of order items is evaluated. Ideal value = 1, i.e. there is exactly one delivery for one order item (=goods receipt complete).

### Detailed information for PPM:

Information system - PPM						
Calendar Year/Month	Supplier	Plant	Material	Report Number	Actual Goods Receipt Quantity	Complained Quantity
201906		210			23.992	0
201906		210			24.440	0
201906		210			95.252	0
201906		210			11.766	0
201906		210			11.300	0
201906		210			1.938	0
201906		210			23.658	0
201906		210			72.786	0
201906		210			23.866	0
201906		210			71.250	0
201906		210			3.962	0
201906		210			5.836	0
201906		310			21.490	0
201907		2100			74.564	0
201906		2100			23.992	0
201907		2100			23.982	0
201908		2100			23.598	0
201909		2100			47.662	0
201907		2100			22.464	0
201906		2100			24.440	0

Product quality (PPM) is calculated according to the following formula:

$$PPM = \frac{\sum Quantity\_rejections}{\sum Delivered\_quantity} * 1.000.000$$