

Memorandum

DATE:	November 26, 2019
TO:	Lockheed Martin Aeronautics Global Supply Chain
FROM:	Janet Duffey, Vice President, Supply Chain Management Shari Foret, Vice President, Quality & Mission Success
SUBJECT.	2020 Aeronautics Supplier Performance Enhancements

Our suppliers play a vital role in supporting our business and we acknowledge those who are highly committed in both service and quality of their products. In 2017, Lockheed Martin Aeronautics implemented a Supplier Performance Diamond as part of our strategy which focused on rewarding performers through formal recognition, bid list inclusion, and strategic collaboration in addition to addressing poor performing suppliers through program review escalation, improvement plans, and executive management reviews. As we continue to strive for excellence with our suppliers and to provide transparency into all performance metrics, we are excited to incorporate the following changes to our performance ratings and the Diamond:

- New Quality Rating formula will be based on defect yield multiplied by impact factors of defect occurrences along with volume normalization
- Quality and Delivery Ratings will be based on 3-month ratings
- Quality Performance Thresholds will be ≥98 -100 = Blue (Preferred);
 ≥90 = Green (Acceptable); ≥80 = Yellow (Marginal); <80 = Red (Unsatisfactory)
- Delivery Performance Thresholds will be ≥98-100 = Blue (Preferred); ≥95 = Green (Acceptable); ≥90 = Yellow (Marginal); <90 = Red (Unsatisfactory)
- Diamond scoring will be based on 3-month ratings in a rolling 12-month period
- ELITE Level will be changed to TOP PERFORMER on the Diamond.

These changes are further detailed in the attachment and will take effect on January 10, 2020. Suppliers striving to improve their performance should see earlier results from their efforts.

We appreciate your commitment to ensure we deliver innovative, affordable, and agile supply chain solutions that exceed our customer expectations.

Regards,

het Duffey

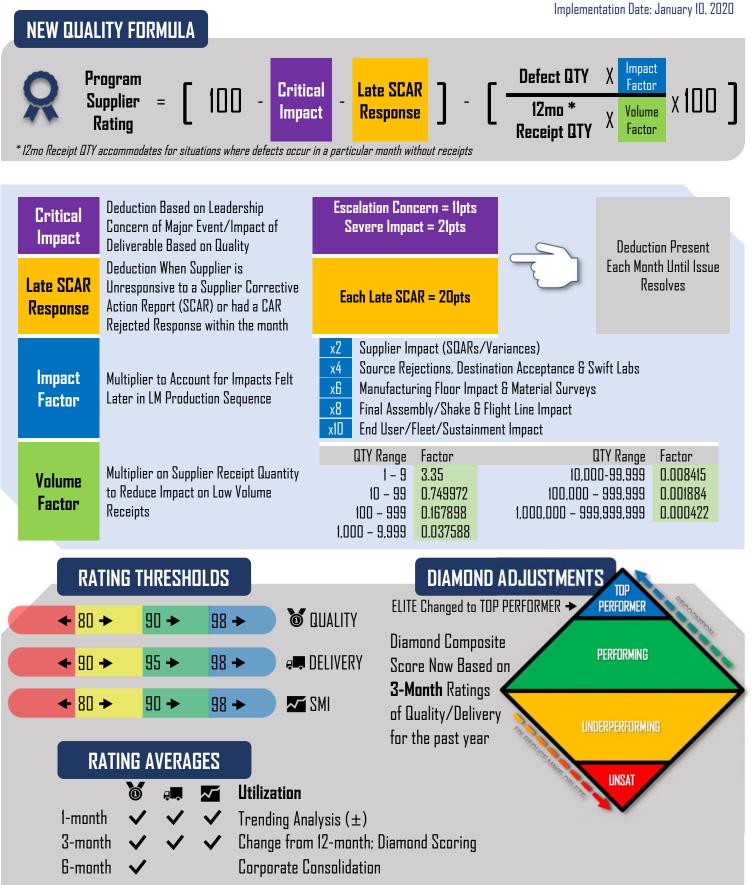
Vice President Supply Chain Management

1. Fort

Shari Foret Vice President Quality & Mission Success

Enclosure: 2020 Aeronautics Supplier Performance Enhancements in Detail

2020 AERONAUTICS SUPPLIER PERFORMANCE ENHANCEMENTS



Version History	,		
Date	Version	Comments	
12-05-2019	1.0	Currently released version	
01-21-2020	1.1	Updated Program Supplier Rating to incorporate x100 multiplier in Defect formula	
02-06-2020	1.2	Updated description to LATE SCAR Response to include Rejected Response	