



**STANDARD MOTOR PRODUCTS, INC.**  
Independence, Kansas

# **SUPPLIER MANUAL**

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### Attachments

- Attachment A: Request for Quotation (RFQ) Form
- Attachment B: Bar Code Label Sample
- Attachment C: SCAR Sample
- Attachment D: 8-D Form

### PPAP Sample Forms:

- Attachment E1: Warrant
- Attachment E2: PFMEA (Process)
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- Attachment E5: Test Results

## 1.0 PURPOSE

This document was published to provide information to sub-contractors regarding **Standard Motor Products Independence (SMP-I) Quality Requirements** including Production Part Approval Process (PPAP) and Non-Conforming Product, and defines the **General Business Guidelines** to be used in the supplier customer business relationship between **SMP-I** and sub-contractors.

## 2.0 SCOPE

This document applies to all **SMP-I** sub-contractors of products and services. **The current revision of this document is a fundamental part of any purchase order issued by SMP-I.** In any conflict of information the purchase order/contract, Terms and Conditions shall not be violated. The **Terms And Conditions** are available from SMP-I purchasing upon request.

## 3.0 QUALITY REQUIREMENTS

### 3.1 General Quality Requirements

**3.1.1 ISO9001-2000 and ISO14001 Registration---**All fully approved **SMP-I** sub-contractors are requested to have at a minimum an **ISO9001** Quality System. This includes both **ISO9001** and **ISO14001**. Sub-contractors who are **ISO9001-2000** or **TS16949** will receive preference for new business over those who do not have a 3<sup>rd</sup> party registered system.

SMP-I's customers, who require TS16949 registration, mandate SMP-I to use only sub-contractors who are at a minimum ISO9001-2000 registered.

**3.1.2 SPECIFICATIONS --** It is expected that all product will be produced and supplied in compliance with SMP-I purchase order requirements and/or drawing specifications. Non-design specific product or materials such as catalog items must be supplied meeting established industry standards for each product type. Examples of such industry standards may include, but are not limited to the following:

- ISO
- ANSI
- SAE
- ASTM
- ASME

**3.1.3 International Material Data System ---** Sub-contractors/suppliers are required to input data into and achieve compliance with the **IMDS** program. No exceptions to this will be allowed.

**3.1.4 Special Processes --- (CQI-9, CQI-11 and CQI-12 )** All sub-contractors/suppliers who supply products with a heat treat, coating or plating process must submit a CQI form for the process as appropriate to the products produced. This form must be on file at SMP-I.

### 3.2 PPAP Requirement

The purpose of this requirement is to ensure that SMP-I and its sub-contractors have the capability to produce and supply parts compliant to specifications on a consistent basis. The **PPAP** process provides record that sample production parts satisfy all specifications and part requirements, and are acceptable for use. The **PPAP** process additionally provides SMP-I with information about the sub-contractors ability to manufacture and supply to the specification.

SMP-I customer requirements dictate the PPAP submittal level. The **PPAP** submission level is always **Level 3** unless written approval is provided for a different submission level. SMP-I uses the Automotive Industry Action Group (AIAG) approved documents format (Attachment E, PPAP Sample Forms). Training, manuals and software for the PPAP process can be obtained from the AIAG.

### 3.3 PPAP Process

Sub-contractors are required to submit a **PPAP** when any of the following conditions exist:

#### Supplying a New Material or Product.

- A new material or product that is SMP-I Material Class 1, 2, or 100
- Any new material or product that is manufactured to satisfy a unique SMP-I design/drawing (regardless of material class)

Note: Chemicals, molding compounds, solvents, epoxies, resins, adhesives, sealants, paints, power coat supplies and similar materials/chemicals, will be exempted unless PPAP is specifically required by a SMP-I customer.

#### Additional reasons and conditions for PPAP submittal:

- Initial submission of a production part or material
- Engineering changes/drawing revisions
- Manufacturer tooling changes
- History of supplier non-conformance
- Correction of Discrepancy (PPAP when SMP-I requested)
- Change in manufacturing material(s)
- Sub-Supplier or material source change
- Change in supplier manufacturing process
- Change of supplier manufacturing location
- Change in name or ownership of sub-contractor facility

**PPAP** document packages shall at a minimum include: (Reference AIAG, PPAP requirements)

- Warrant (Specifying SMP-I Part Number and Rev. Level)
- Purchase order number
- All applicable **Level 3** forms completed (unless SMP-I states otherwise)
- Master Samples (multiple cavities require one unit from each cavity)
- PFMEA
- Control Plan
- Process Capability Studies
- Measurement System Analysis (gage R&R's)
- Any additional customer-specific supporting data or documentation requested at time of order. (Questions may be directed to SMP-I Quality Engineering)

Sub-contractors who out-source processes shall be responsible that all quality standards and requirements are maintained and that all specification requirements are met.

Inspection data and quality records shall be available for SMP-I personnel to review upon request.

### 3.4 PPAP Costs

SMP-I will not accept charges from sub-contractors associated with PPAP submittals. All such costs are considered to be part of the normal business costs of complying with current established industry quality standards. All sub-contractor quotations to SMP-I shall factor PPAP costs into the product cost or overhead cost of doing business.

## 4.0 NON-CONFORMING PRODUCT POLICY

### 4.1 Quality Level

Unless agreed upon in writing by SMP-I, sub-contractors are expected to achieve long term process capability that provides a minimum outgoing quality level of 1.5 Cpk (1,350 PPM, parts per million or less). The formula to be used for this calculation is number of rejected parts divided by the total number of supplied product shipped times 1,000,000. The number of rejected parts is determined by lot size. For example, if 50 pieces of a 500 piece lot are inspected and one or more units of the sample are found to be non-conforming the entire lot of 500 is counted as rejected.

#### Example

50 piece sample (2 pieces non-conforming), the 500 piece lot is rejected. The total number of pieces shipped to SMP-I by the sub-contractor for the quarter (assuming no other rejected lots) was 800,000.

500 divided by 800,000 X 1,000,000 = 625. The quality level would in this case be **625 PPM**.

### 4.2 Non-Conformance Response Timing

In the event of a rejection or quality related issue, sub-contractors will be notified promptly by SMP-I purchasing or QA department. Notification may be in the form of a SCAR (Sub-contractor Corrective Action Form, Attachment C) with a copy of the DNCAR attached. When a SCAR is issued, the sub-contractor shall submit containment action information to SMP-I within **24 hours** of notification of a problem. When containment action and sorting/disposition cannot be determined within **24 hours**, the sub-contractor response must include detailed actions being taken to review and finalize the issue, and expected timing of the final response. Unless instructed otherwise, communications should be routed to the SMP-I purchasing department. **SMP-I business needs may dictate screening or rework of sub-contractor product or material prior to hearing from the sub-contractor, and those associated charges will become the responsibility of the sub-contractor, except when it is shown that the sub-contractor bares no responsibility.**

Choice of disposition, RTV, screen or rework will be dictated by the production or business requirements at SMP-I. When the disposition is RTV the sub-contractor will be contacted for a return authorization number. Sub-contractors will be consulted prior to the final disposition when time permits. SMP-I shall retain right of final approval of any such actions. **Any rejection of non-conforming product or material may result in cost recovery from the sub-contractor.**

### 4.3 Non-Conformance Charges

Material non-conformance is very costly for SMP-I, therefore, sub-contractors at the discretion of SMP-I, may be charged for all or a portion of any non-conformance for which the sub-contractor bears responsibility as follows:

- **Administrative fee per occurrence (minimum \$200) -- Each occurrence**

#### **Additional charges that may be incurred:**

- Sorting cost by SMP-I employees -- \$75.00 per hour per person
- Sorting at SMP-I customer location -- Incurred costs
- 3<sup>rd</sup> party costs for screening -- Incurred costs
- Late or non-response to a SCAR -- \$100.00 per incidence
- Rework cost at SMP-I or other location -- Incurred costs
- Receipts Requiring Receiving Inspection -- \$100.00 per receipt
- Freight charges -- Actual charges per occurrence
- SMP-I's Customer Line Down charges -- Actual charges per occurrence
- Miscellaneous charges occurred -- Actual charges per occurrence
- Actual charges will be reviewed with the sub-contractor on a case by case basis.

### 4.4 Sub-Contractor Corrective Action Report (SCAR)

A **SCAR** (Sub-contractor Corrective Action Report see Attachment "C") may be required for a single occurrence or for repeated occurrences of the same or similar quality issues.

A **SCAR** may be issued in any of the following instances:

- A significant single instance of non-conformance
- Any successive non-conformance of the same part
- A non-conformance of a new item following PPAP approval
- A non-conformance resulting in failure to meet the chemical or mechanical properties required
- A non-conformance resulting in SMP-I receiving a customer complaint
- Expectation of meeting delivery requirements of 100% on time will be treated as non-conformance and multiple occurrences may require completion of a **SCAR**.

**SCAR's** are initiated by SMP-I purchasing and/or QA departments for submitting to the sub-contractor. Sub-contractor response to a **SCAR** shall be in the form of an 8-D format, see Attachment "D".

- Initial response to a **SCAR** including discrepant material containment, and short term corrective action(s) must be provided to SMP-I within **24 hours** of receipt of the **SCAR**.
- A completed **SCAR** including root cause and long term corrective action(s) must be provided to SMP-I within **10 working days**.

### 4.5 Certified Product

Until a permanent corrective action has been implemented for a non-conformance, sub-contractors may be required to provide certified product to SMP-I. Requests for certifying product will be initiated by SMP-I purchasing and/or SMP-I quality, and coordinated through purchasing. Certified product shall be marked, usually on the carton

or product packaging, as having been 100% certified as being free of the specific non-conformance. Marking requirements shall be determined by SMP-I quality and or purchasing and will be based on customer requirements.

## 5.0 GENERAL BUSINESS GUIDELINES

### 5.1 Communications

Communications between businesses increasingly include electronic transmitted documents or records. These forms of communication are acceptable, and their use is encouraged. Electronic transmission of such records, both to and from SMP-I, shall constitute an electronic signature validating the record.

### 5.2 Terms and Conditions

Usual practice is for contract Terms and Conditions to appear on the reverse of purchase orders. Since in many cases, SMP-I purchase orders are now being transmitted electronically or faxed, the terms and conditions are not included with each purchase order. A copy of terms and conditions will be made available to all sub-contractors upon the sub-contractors request or any time the terms and conditions are revised. Terms and conditions shall be considered part of any purchase order or contract issued by SMP-I and the sub-contractor is responsible for compliance.

### 5.3 Requests for Quotation (Reference Attachment A)

In order for SMP-I to respond to its customers in a timely manner, **initial** response to any request for quotation, unless otherwise stated, is expected within **3 working days**. International sub-contractors **initial** responses are expected within **5 working days**. Verbal responses should be confirmed in writing. Initial responses, when pricing and delivery information is not available, must acknowledge receipt of the **RFQ** and include an expected quotation date.

SMP-I purchasing will issue a Request for Quotation (RFQ) form (refer to attachment A). The sub-contractor shall complete the designated section of this form, or if the quotation is submitted on the sub-contractor's form, the sub-contractor may complete only those areas of the SMP-I form not covered on the sub-contractors quotation response. All requested information must be provided.

Prices should be quoted for all requested quantity breaks. In addition, if the sub-contractor has standard quantity breaks, or can suggest quantities other than those requested that will provide costs savings to SMP-I, those prices should also be included in the quotation. If reasonably larger quantities than requested can be offered at a significant cost savings, those quantities should also be quoted.

**5.3.1 Quotes/No Bid:** When no-quoting an item, a detailed explanation should be provided so that SMP-I purchasing can better understand the sub-contractor's capabilities and product lines.

**5.3.2 Design Change Suggestions:** When reasonable design changes would result in cost savings, or when the sub-contractor have a standard part similar to the item being quoted, SMP-I will consider all such proposals as long as form, fit or function are not

compromised. If possible, the sub-contractor should quote the item "to print" and also with suggested changes.

**Important: All exceptions to prints and specifications must be clearly noted and approved in writing by SMP-I prior to producing and shipping production parts/materials.**

#### 5.4 Acknowledgements

Acknowledgements are required for purchase orders. The **Initial** response is expected within **24 hours**. In no case should the response exceed 5 business days.

It is the sub-contractor's responsibility to review all print requirements including those contained within specifications referenced on the print.

**Acknowledgements shall contain the following:**

- **Price confirmation.** The acknowledgement shall indicate that the price shown on the order is acceptable, or if not, the reason for the price change must be explained.
- **Delivery date confirmation.** The acknowledgement shall indicate that the **ship date** shown on the order is acceptable, or if not, a new ship date must be given.
- **Print/specification confirmation.** The acknowledgement shall indicate that the sub-contractor has reviewed the print, and has all necessary specifications available to process the order. It is the sub-contractor's responsibility to notify SMP-I if they do not have all necessary specifications and or the product can not be manufactured per the specification supplied. Changes to a purchase order may result in the cancellation of the order. Sub-contractor's must get written confirmation of approval for changes to a purchase order, print, or specification prior to proceeding with the order.

#### 5.5 Delivery

All deliveries are expected to be **100% on-time** based on **ship dates** agreed upon when the purchase order or contract is issued and acknowledged by the sub-contractor. On-time is defined as "**5 days prior - 0 days after**" the agreed upon **ship date**.

It is the sub-contractors responsibility to inform SMP-I of **any change in ship dates**. SMP-I will agree to the newly negotiated ship date if possible. In the event that the sub-contractor ships product after the agreed upon **ship dates**, SMP reserves the right to request **pre-paid expedited** ground or air shipment of the product.

If SMP-I experiences unusual costs due to late shipment, all such costs may be passed through to the original sub-contractor. Examples of unusual costs may include additional or increased transportation charges, increased costs for replacement items from another sub-contractor, additional handling costs or SMP-I customer charge backs.

#### 5.6 Product Packaging

SMP-I asks that products to be packaged in such a way as to insure delivery of product without damage and in a usable condition. SMP-I reserves the right to specify improved packaging when shipments and receipts arrive at SMP-I damaged. Packaging must be clearly labeled to AIAG standards (refer to Attachment "B" for label example) as well as labeled, in English with each label containing, at a minimum, the following:

- SMP-I part number



- SMP-I purchase order number
- Quantity
- Supplier name
- Item description
- Manufacturing lot number and /or heat number when applicable
- Country of Origin

**In Addition:**

- **Partial count cartons or packages must be clearly identified**
- Item number and weight per container must appear on all packing lists
- Location of packing list must be **apparent** or **clearly identified**

Unless instructed otherwise, pallets and skids must:

- be appropriate in size and strength to support and protect the product shipment
- provide clearance minimum of two inches of product inset on all sides of the pallet
- not be layered or stacked to the extent that product layer(s) can be crushed
- be strapped and/or shrink wrapped sufficient to secure product in place on the pallet
- have corner protectors that are installed on fragile carton stacks

**5.6.1 Secondary Services Packaging** Sub-contractors who provide secondary services such as plating and heat treat may receive product packed in labeled cartons containing specific carton quantities. It is expected that after secondary processing, the product will be repacked in acceptable packaging with the correct piece count on each carton or container and labeled with the item part number, description, correct count and purchase order number. (See label requirements in 5.6 above)

**5.7 Cost Reduction/Continuous Improvement**

In today's highly competitive business environment, it is SMP-I's obligation and goal to control and reduce costs wherever possible. It is expected that all sub-contractors will assist SMP-I in achieving cost reduction and cost avoidance. Sub-contractors are expected to provide suggestions for reducing costs and have programs for continuous improvement of manufacturing efficiency, quality and cost reduction.

**5.8 Business Conduct**

SMP-I employees, pledge to conduct business with all sub-contractors by adhering to the highest ethical, moral, and legal standards. SMP-I also expects that all sub-contractors, both USA and foreign based will comply with all laws and regulations applicable to their businesses in their country of operation, along with all laws and regulations governing international commerce.

**5.9 Confidentiality**

During the normal course of business, SMP-I will make prints, specifications, and other documents available to its sub-contractors. Some of these documents may contain confidential information proprietary to SMP-I and its customers. It is required that all such documents be used only for the express purpose intended, and only for the benefit of SMP-I and its customers. Further, all such documents may or may not be marked as being confidential in nature, but all should be treated in the same confidential manner. If questions arise regarding the appropriateness of use of these documents, contact SMP-I purchasing for approval before proceeding.

#### **5.10 Environmental Protection**

SMP-I expects that all sub-contractors will comply with all national, state, and local environmental regulations which apply to their operations. It is also assumed that International sub-contractors will comply with all applicable regulations regarding the importation of product into this country.

#### **5.11 Suggestions**

SMP-I is committed to developing solid, long term relationships with its sub-contractors. We are always seeking ways to improve quality and delivery; improve communications; reduce costs; and improve efficiency of both day to day and long term operations. All suggestions, feedback, or ideas are welcomed and will be given serious consideration.