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Questionnaire to be sent to the supplier

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1. Introduction

1.1 Purpose

The logistic audit is a evaluation tool for potential or existing suppliers within the area of logistics. The results of the logistic audit will be reported to the responsible purchaser and to the Material Planning manager(s) of the auditors.

1.2 Questionnaire overview

The audit consists of a visit to the supplier's production process and an overview of the supplier's order flow.

There are questions regarding four key-areas:

- The distribution process
- The production process
- The procurement process
- General questions

The questions are used to determine if the supplier's process meets Inmotions's demands. Figure 1 summarizes the main questions in the questionnaire and visualizes the connections between the different parts of the supply chain that are of interest to the audit.

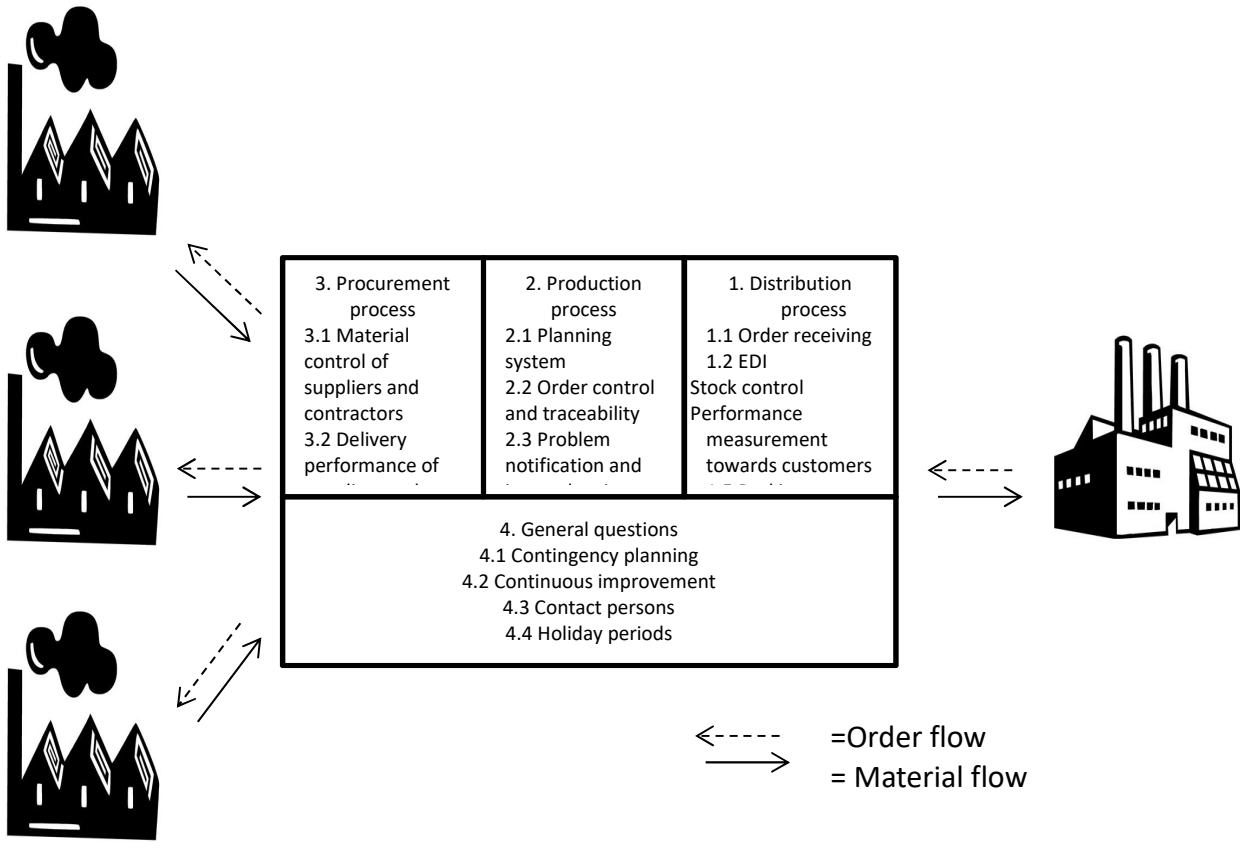

Figure 1 Questionnaire overview

The questionnaire is divided into four chapters. Each chapter represents one key area.

1.3 Results of the audit

The following grades are used: Excellent, Good, Acceptable and Not acceptable. In case of the grading Acceptable, an action-plan will have to be made and executed in order to be upgraded to Good. Logistics manager and Sourcing responsible will evaluate the supplier answers and get feed-back of the level of acceptance.

2. Distribution Process

2.1 Order receiving

Question: How are customer orders received and how are they processed in the suppliers planning system?

Why: To ensure a quick response to customer requirements throughout the supply chain it is necessary to immediately integrate delivery instructions into information systems. Furthermore it is important to minimize human errors that can be caused by manual input between two systems.

2.2 Stock control

Question: How is the stock controlled?

Why: This gives an indication of how well the company controls its processes. If the company does not control its stocks, they most likely may suffer material shortages. The objective for the supplier should be to have a logistic system that is similar to Inmotion's logistics system.

2.3 Performance measurement towards customers

Question: How is the performance towards the customer and the customer satisfaction measured?

Why: For a supplier to be able to work with improvements they must first measure their performance, or else they will not know if they are improving. According to the Inmotion standards, continuous improvements should be a vital and natural part of the daily work.

2.4 Packing management

Question: Is the supplier able to use the customer defined packing routine?

Why: If the packing is not according to the packing instruction from Inmotion it, most likely, cannot be used in the production without being repacked. Repacking activities are non-value-added services and not included in the production time. Therefor it is essential that the packing of the goods is understood and agreed. It is also essential that the supplier has knowledge how to pack goods for a damage controlled freight.

2.5 Transport booking

Question: How is the booking for the transportation of finished goods organized?

Why: Inmotion has specific contracts with forwarders for the transport of parts. We have a global rule to rationalize, secure and control the transport to each Inmotion production unit.

3. Production Process

3.1 Planning system

Question: What possibilities does the supplier have to change their production plan in the short term?

Why: It is important that the supplier can adjust its production capacity and flow to accommodate Inmotion's demands, as Inmotion's demands can fluctuate.

3.2 Order control and traceability

Question: How is the traceability of each order ensured throughout the process?

Why: Control of the internal processes and orders is fundamental for achieving an error free production. It is also necessary to find problems and then be able to correct them. It is desirable that the supplier knows the status of each order coming from its customers.

3.3 Problem notification and internal actions undertaken

Question: Is there a system for highlighting and communicating upstream and downstream, in case of an incident or deviation from the production plan?

Why: An efficient and disturbance free production requires continuous information both up- and downstream.

3.4 Communication and actions undertaken to secure outstanding orders

Question: What happens when the original production plan cannot be followed?

Why: Temporary difficulty in material supplies, machine breakdowns, etc. may affect the production. In such a situation it is essential to have a good organization and communication, in order to reduce disturbances at the customers.

4. Procurement Process

4.1 Material control of suppliers and contractors

Question: How does the supplier monitor deliveries of ordered material from suppliers and work in progress at contractors?

Why: To achieve an efficient production all materials must be in place when they are needed, not before, not after.
An early-detected problem can help the next step in the supply chain to better cope with the problem.

4.2 Delivery performance of suppliers and contractors

Question: How does the supplier monitor, follow-up and improve the performance of their suppliers (raw material, etc.) and their contractors (e.g. painting, casting, etc.)?

Why: The suppliers and contractors' performance is reflected in the suppliers' performance. It will help the supplier to improve its own performance by making sure that the supplier is actively working with their suppliers and contractors.

5. General Questions

5.1 Contingency planning

Question: What contingency plans exist to avoid disruptions when something unexpected happens in the supply chain?

Why: If the supplier has contingency plans it may speed up its internal problem solving process. Furthermore, it also proves that the supplier is aware of problem areas and hopefully follows them extra carefully.

5.2 Continuous improvement

Question: How is continuous improvement ensured?

Why: To insure that Inmotion uses competitive products, continuous improvements must be carried out. Improvements do not likely take place without incentives or procedures.

5.3 Contact persons

Question: Can the supplier assure good communication with Inmotion?

Why: Communication is a vital part of the ongoing relationship between the supplier and Inmotion. Poor communications will most likely result in poor performance or difficulties in adaptability by the suppliers.

5.4 Holiday periods

Question: Can the supplier assure permanent deliveries and contact to Inmotion all over the year?

Why: The Inmotion production units are located in Sweden, China and US. Our production units will be producing during periods corresponding to Holidays or National days in the country where our suppliers are located.