Boeing Commercial Airplanes Group – Vendor Rating

Boeing Commercial Airplanes Group, BCAG, is a firm that demonstrates excellence in the area of supplier evaluation. It has a total of 3,100 suppliers. BCAG has put great emphasis on supplier evaluation since half of their total production costs come from suppliers. They have realized that suppliers are integral to the success of their business and established high-level supplier evaluation methodology to decrease their costs, improve their quality and introduce new technologies.

Each supplier has to be certified to become a BCAG supplier. Boeing has a “preferred supplier certification” process where suppliers are evaluated and rated against specific standards in the implementation of statistical process control, business processes and performance. Once they become a supplier, they are regularly given report cards and rated on a gold, silver or bronze status for meeting Boeing’s expectations.

Russ Bunio, vice president and general manager of supply management and procurement for (BCAG), says that suppliers who meet or exceed company standards are identified and recognized as preferred suppliers. In turn, they are rewarded by benefits such as selection preference, reduced inspections, industry recognition, and additional business opportunities. Only the very best are recognized publicly for their efforts and only a few suppliers can make it. The best suppliers deliver products of flawless quality and maintain a perfect on-time delivery schedule, consistently introduce new technology, provide Boeing with continual cost reductions, work as an extension of BCAG’s business and production systems, and focus on teamwork, risk sharing, continuous improvements and win-win attitudes.

Boeing has established a continuous cost-improvement program, CCIP, which is designed to achieve 3%-5% annual reductions in what BCAG pays for materials and parts. This target could not be achieved if BCAG did not evaluate its suppliers on a continuous basis and reward the best practices. The highest level of recognition is to be chosen as the “supplier of the year” which has a motivational intent. Of the Seattle-based company’s 3,100 suppliers in 1999, only 116 were recognized for meeting or exceeding continuous cost-improvement goals and just 13 were given “supplier of the year” recognition. Boeing then uses a small fraction of the suppliers of the year as benchmarks against the other suppliers. Only 0.5% of BCAG’s suppliers were chosen recently as the hallmarks against which other suppliers are measured

Questions:

1. Discuss Vendor rating (evaluation) System of Boeing Commercial Airplanes Group
2. What is the purpose of cost improvement program of BCAG?
3. Describe Russ Bunio’s supplier rating method
4. Is categorial method as a vendor rating method applicable for this case. If yes explain
5. Write about Company - Boeing Commercial Airplanes Group (Use internet / Web information)

All the Best!!!