

Donaldson Buys Value (DBV) Parts Per Million (PPM) Defective Reporting Guidelines

“If the purchased product cannot be used without sorting/rework/ or MRB action the product is a candidate for counting in PPM defective calculation.”

Non-Conformance Reports (NCRs) are to be issued only if the product value plus labor chargeback's exceed \$100, or if a written corrective action is being requested. The NCR charge to the supplier is \$75 per occurrence.

Quantity defective for PPM calculations are reported to the DBV system via the DBV_Quality database files that are uploaded monthly to the Supplier Management SharePoint. Quantity defective reported to the Supplier Management SharePoint site does not have to match the quantity rejected reported on the respective NCR if the rejected units are sorted and the actual quantity defective differs from the quantity reported on the NCR.

PPM procedure

1. All parts of the rejected shipping lot are counted as defective unless:
 - a) The supplier or third party sorts (either at the plant or other location) and then only the actual defective product counts against the PPM; or
 - b) DCI sorts and then only actual defective product counts against the PPM.

Utilize the same units that the material was purchased under (e.g. each, feet, gallons, pounds, sheet, etc.) when determining the quantity of defective material. For example, product measured and purchased in feet and received in feet is counted in feet for defective product,

10 rolls of 1,000 ft = 10,000 ft

If you reject one entire roll that would be 1,000 ft defective from 10,000 ft.

When sorting, the consistent unit of measure rule applies as well. Additionally, if the supplier or DCI can determine or estimate the actual amount defective in a roll, sheet, or plate then only the amount considered defective is to be used for the PPM calculation. Note: If a single item purchased as a roll, sheet, or plate (or some other unit of measure) is to be used in its entirety as a single item and the defect renders the entire item unusable, then the entire item is to be counted as defective in the same quantity and units it was purchased under.

2. For material rejected for an incorrect part number (i.e. label states part “A” but material is actually part “B”), the quantity used for PPM

calculation is to be based on the number of labels involved.

Examples:

- a. Four containers of parts comprise a shipment. All four containers have the same part number label that matches the invoice and packing slip, but one of the containers does not have the correct parts in it. Count a quantity of 1 for the PPM because of the one container having the incorrect parts.
 - b. Two pallets of media arrive with 4 rolls per pallet. Pallet labels are correct, but every roll label has the wrong part number for the actual media. Count 8 for the PPM.
 - c. A pallet of media has 4 rolls. Two of the roll labels match the pallet label, the other two roll labels do not match the pallet label. Count 2 for the PPM
3. Paperwork errors such as wrong PO #, wrong line item number, invoice and packing list quantity miss-matches, and missing material certifications are not candidates for PPM defective. These items are considered in the Service Support section of the DBV program.

The DCI sorting or supplier product rework hourly rate is determined by the using DCI plant.