



**Permac Industries SPOC Manual
Special Purchase Order Conditions**

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**Permac Industries SPOC Manual
Special Purchase Order Conditions**

Revision B
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Scope:

This Supplier Purchase Order Conditions manual applies to all vendors and suppliers of Permac Industries.

Purpose:

The purpose of this SPOC manual is to guide and instruct all Permac Industries vendors and suppliers in the requirements to achieve product conformity to satisfy customer needs.

Responsibility:

It is the responsibility of all vendors and suppliers to adhere to these requirements. This SPOC manual is located on the Permac Industries website for review.



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Revision History

**Revision A- Initial release
Revision B-Added 3.9**

**3/15/13
6/25/13**



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Section 1: General Requirements

- 1.1 Permac Industries Approved Suppliers (hereafter “Supplier(s)”) shall establish, maintain, and demonstrate compliance to a quality system that conforms to the requirements of the appropriate ISO/AS, or similar standards, relative to the scope of work performed. Suppliers shall demonstrate compliance to the appropriate standard by certification, or through a Quality System Survey, approved by Permac Industries. Quality System Surveys may take the form of on-site surveys, performed by Permac Industries personnel, or by supplier self-surveys submitted to Permac Industries.
 - 1.1.1 Some Suppliers may be excluded from the above ISO/AS quality system requirements. These Suppliers are typically local, small use vendors, used for non-aerospace, and/or uncontrolled processes only.
- 1.2 Where applicable, copies of Supplier’s certificates of registration shall be made available to Permac Industries. Loss of certification or accreditation status shall be reported to Permac Industries within ten (10) business days.
- 1.3 Supplier personnel, who perform special processes which create key or critical part characteristics, shall be adequately trained for the processes being performed. Where necessary, these operators shall be certified for the performance of these critical processes.
- 1.4 In addition to the preceding Quality System requirements, other products, services, and/or supplier specific requirements may apply. These requirements will be identified on the contract or purchasing document (hereafter “Order”) between Permac Industries and the Supplier. These requirements may take the form of a formal specification, and/or a statement on the Order.
- 1.5 The Supplier shall establish, define, implement, and maintain documented procedures and requirements for contract review. Supplier review shall take place prior to Order processing.
- 1.6 The Supplier shall review each Permac Industries Order, including drawings, specifications, etc., to ensure that:
 - 1.6.1 The Supplier understands and agrees to all requirements of Order, drawings, specifications, etc., and is capable of fulfilling all requirements, including processing, certification, and due dates.
 - 1.6.2 Permac Industries written statements of requirements on Orders shall supersede any specifications, where differences arise.



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- 1.6.3 All gauging requirements can be met, and are documented on Supplier's work instructions.
- 1.6.4 The Supplier is able to provide required certification documents. If a Certification of Compliance is required by Permac Industries, the Supplier shall follow the requirements set out in Section 2.3 below. All certification documents must accompany shipment of completed Orders to Permac Industries. If unavailable at time of shipment, Supplier must communicate to Permac Industries that such documents will be sent at an agreed upon time and method.
- 1.6.5 Supplier shall notify Permac Industries of any changes to products, processes, and/or locations of Supplier manufacturing facilities. Supplier shall not subcontract without Permac Industries approval.
- 1.6.6 Right-of-access shall be granted to appropriate Permac Industries personnel, customers, and regulatory authorities, to all applicable Supplier's facilities, and records. Access shall include any and all levels of the Supplier's supply chain, as they relate to Permac Industries Orders.
- 1.6.7 Quality documents such as 1st pc shall be available upon request.

Section 2: Approved Special Process Suppliers

Customer requirements often mandate that Permac Industries use a specific, customer certified, special process supplier (hereafter "Certified Supplier," or "Supplier"), to perform certain processes.

Definition of Approved Special Process Supplier:

- 1) Permac Industries **customer APSL** approval
 - 2) Accredited certification from **NADCAP**
 - 3) Permac Industries approved (minimum requirement)
- 2.1 A special process is herein defined as a process, whose results cannot be verified, except by destructive testing, or, when required testing techniques are beyond the capabilities of Permac Industries. A special process may also require proper performance, in order to ensure the proper function, and/or established reliability of the product.
- 2.2 The Certified Supplier shall be held to the same standards outlined in Section 1: General Requirements.



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- 2.3 When required, a Certificate of Conformance shall legibly and accurately contain the following information:
- 2.3.1 Supplier and/or special process business name and address
 - 2.3.2 Permac Industries Order number
 - 2.3.3 Permac Industries part number
 - 2.3.4 Permac Industries part number revision level
 - 2.3.5 Quantity of parts being certified and sample size applicable to quantity.
 - 2.3.6 Positive statement of compliance to Order documents
 - 2.3.7 Special process specification and **revision**.
 - 2.3.8 Quality representative signature, title, and date
 - 2.3.9 Actual supplier/vendor hardness, plating thickness etc. readings.
- 2.4 The Certified Supplier shall notify the appropriate Permac Industries buyer, if any of the above requirements cannot be met, prior to completion of special processes, and shipment of product.
- 2.5 All processes or procedures designated or approved as **FROZEN PROCESS** cannot be altered or changed in any way, without Permac Industries and/or Permac Industries customer approval.

Failure to adhere to requirements 2.3.1 thru 2.3.9 is cause for rejection and return of product at Supplier's expense.

Section 3: Supplier Certification, Traceability and Record Retention

The following section applies to all Suppliers, who are required to provide certification documentation to Permac Industries. Set forth below are the requirements that the Supplier shall adhere to for content and retention of Quality records.

- 3.1 Records shall be retained by the Supplier, or its sub-tier supplier, in some form of media, such as a hard, or electronic, copy. All required records shall be maintained for a minimum of ten (10) years unless otherwise specified.
- 3.2 Records shall be documented in such a manner that alterations will be evident. All records, including changes made therein, shall be legible, signed, and dated by Supplier.
- 3.3 Sufficient care shall be taken to prevent the loss, or damage, of records due to fire, water, uncontrolled access, etc.



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- 3.4 Permac Industries reserves the right-of-entry for appropriate Permac Industries personnel, customers, and regulatory authorities, to gain access to all records relative to Permac Industries Orders.
- 3.5 If the Supplier ceases operations, any and all records relative to Permac Industries Order(s), shall be made available to Permac Industries. Notification of cessation of business operations shall be made in a timely manner to Permac Industries to allow for the transfer of records.
- 3.6 A Supplier, who ceases acceptance of an Order, shall continue to maintain records per the requirements of this document, or, by mutual agreement, transfer appropriate records to Permac Industries .
- 3.7 No red line drawings, e-mails, verbal instructions, etc., which allow deviations from Orders, are acceptable, without written Permac Industries approval, including an updated, electronic or hardcopy Order.
- 3.8 Permac Industries will issue Supplier Corrective Action Request (NC) to Suppliers as required.
- 3.9 All required process certifications, must include the following:
 - a) Statement of conformity
 - b) Permac Industries purchase order number
 - c) Permac Industries job number
 - d) Supplier work order number or other traceability nomenclature
 - e) Permac Industries PO specification and latest revision process was completed to.
Please note: Unless specified, all processes requested are to be done to the current revision of the required process.
 - f) Quantity of accepted product and/or rejected product.
 - g) Signature, date and position of responsible part.

Failure to adhere to requirements 3.9 is cause for rejection and return of product at Supplier's expense.

Section 4: Protection, Handling and Packaging, Segregation

- 4.1 Permac Industries will provide specific packaging information and identification, if required, on the purchasing document, or engineering drawing. The Supplier shall return product to Permac Industries in same package and identified as purchase order required product. Packaging **MUST** identify part number and quantity to be received by Permac Industries. If no packaging requirements are stated, Supplier is to package to the best of their ability to protect the integrity of the product.



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- 4.2 Where product originates from Supplier, the Supplier shall use the following guidelines, to prevent damage or mixing of product during shipment to Permac Industries. Any Orders received by Permac Industries, containing damaged parts, are cause for rejection. An NC (Non Conformance) will be issued, along with possible charges for rework and/or re-manufacturing of product.
- 4.3 Products that have surface finish requirements should be packed in a manner that protects these finishes during shipping and handling. If these products are to be shipped in a box, it is recommended that egg-crate dividers be used. If the product is too small for egg-crate dividers, it is recommended that each product be individually bagged. Larger parts must be given the same level of care in packaging and protection. Products that do not have surface finish requirements may be bulk packed in boxes, or other containers. Other part features, such as threads or grooves, should be taken into consideration when choosing appropriate packaging.
- 4.4 ***All ferrous products MUST be sprayed or dipped with a rust preventative prior to packaging.*** It is also acceptable to surround the product in VCI paper, or other rust inhibiting material, when packaging. It is recommended that VCI paper, or other rust inhibiting material, be used in humid conditions, where ferrous products are more susceptible to rust.
- 4.5 ***All Permac Industries vendors shall keep each order segregated during processing to ensure integrity and material identification as received.***

Failure to adhere to this requirement is cause for rejection and return of product at Supplier's expense.

Section 5: Non-conforming Product

- 5.1 The Supplier shall be immediately notify Permac Industries of lost, damaged, or non-conforming product.
- 5.1.1 The Supplier shall immediately notify Permac Industries, upon discovery of damaged product, whether due to shipping, processing, or otherwise. Prompt notification will allow Permac Industries to quickly disposition product, and determine appropriate actions to take.



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- 5.1.2 Unless notified of shipping damage prior to processing, Supplier is responsible for maintaining the safety and integrity of received product, as well as its safe return to Permac Industries.
 - 5.1.3 Supplier shall segregate and tag process damaged product immediately.
 - 5.1.4 An NC will be issued to Supplier, which must be completed within 30 days of receipt. A returned NC must include objective evidence of root cause, and preventive action.
 - 5.1.5 All non-conforming products shall be identified and returned to Permac Industries , unless otherwise specified.
- 5.2 Supplier will be charged accordingly for any rework, or manufacture of replacement products, due to Supplier's non-compliance with Order, as determined by Permac Industries.
 - 5.3 Non-return of any issued NC is cause for removal of Supplier from Permac Industries APSL.

Section 6: Supplier Performance and Development

This section provides a guideline for the performance of all Suppliers. Suppliers will be rated on Quality, Delivery, Responsiveness, and Cost.

The *Permac Industries* expectation for Quality is zero (0) defects.

- 6.1 All Suppliers must establish and maintain documented procedures for a closed loop corrective and preventive action system. This system shall be used when a non-conformance to a Permac Industries Order, drawing, or specification occurs. Any corrective or preventive action taken, to eliminate the causes of non-conformance, shall be recorded prior to implementation. When a Supplier non-conformance is identified at Permac Industries, and is determined to be significant, an NC will be initiated, and sent to the Supplier. The Supplier shall respond to the request for corrective action with a detailed and complete plan to correct the non-conformance. The response should include supporting data and objective evidence as appropriate.
- 6.2 ***All Suppliers must maintain the following standards:***
 - 6.2.1 **98% on-time delivery minimum**
 - 6.2.2 **PPM of less than 250 for a six month period.**



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- 6.3 Supplier's failure to maintain on-time delivery and PPM standards will be just cause for removal from Permac Industries Approved Supplier list. For re-instatement, a complete root cause analysis must be performed by Supplier, including a thorough plan for future preventive action. Also, an on-site audit of Supplier's business may be required.



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Section 7: Material Requirements

- 7.1 All mill certifications must be sent with material shipments, if required by Order.
- 7.2 Material Suppliers are required to submit an independent material validation test once each year.
- 7.3 Permac Industries is to be notified of any changes in Supplier ownership, executive, and/or quality management, within ten (10) business days. Any significant changes in business climate, such as acquisitions, divestures, litigation, or any other activity that may change the financial viability of the supplier's organization, must be communicated to Permac Industries.
- 7.4 Raw material shipments shall not be under shipped. If a different length is to be substituted, Supplier must receive approval by Permac Industries prior to shipment.
- 7.5 All raw material received with damage, either mill created or shipping damage, will be returned to supplier with expectations of replacement immediately. Damage may be in the form of surface damage, corrosion, or internal damage not visual until machining has been started.

Section 8: Heat Treat Processes

- 8.1 Heat treated material shall be free of scale. Heat treat is to be performed in a manner to minimize scale and discoloration.
- 8.2 Any cleaning of parts by Supplier must be approved by Permac Industries prior to such cleaning.

Failure to meet any of the above requirements is grounds for removal of Supplier from Permac Industries Approved Supplier List.



Section 9: Inspection Sampling Plan

**Specification inspection requirements supersede
this sampling plan.**

Unless specified C=0

Critical dimensions are inspected 100%

Major Dimensions sampled below

Minor dimensions sampled at 50% of Major

IRR=97% Reliability

76 in a row to establish IRR

Lot Sizes	Sample Sizes
Up to 9	All
10	9
11	10
12 to 13	11
14 to 15	12
16 to 17	13
18 to 20	14
21 to 24	15
25 to 29	16
30 to 35	17
36 to 44	18
45 to 57	19
58 to 78	20
79 to 118	21
119 to 233	22
234 to 2536	23
2537 and up	24

IRR used only as requested or required by contract.

Critical / Major dimensions are determined by customer specification or Permac Industries determination of tolerance range.

**B/P total tolerance(+/- .005 = .010)
.001 and under are Critical
.0011 to .005 are Major
.0051 and over are Minor**



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I _____ have read and understand the requirements of
(please print)
this manual.

Authorized company representative signature: _____
Date: _____