

COBHAM

Cost Reduction And Value Engineering Program (CRAVE)

The most important thing we build is trust



Prepared by:
Scott Velde, Director Of Supply Chain

June 29, 2009

Welcome, and thanks for taking the time to read about the Cobham Avionics Cost Reduction And Value Engineering (CRAVE) program.

The objective of our program is to actively solicit, evaluate, and implement cost reduction ideas submitted by our suppliers in order to improve the value of our products and processes.

To ensure that your suggestions and ideas receive the attention that they deserve, we have established a formal program supported by a standing CRAVE Action Team composed of representatives from Supply Chain, Manufacturing, Engineering, Finance and our Quality departments.

The rest of the presentation will provide some program guidelines, a program process including supporting information and instructions, as well as a reference to the form located on our website that you will use to submit your ideas.

Program Guidelines



-
- Suggestions must be submitted using the Cobham – Cost Reduction And Value Engineering Suggestion form, which is located in “Other Documents” on our website (same location as this presentation).
 - Improvements must be tangible, measureable and sustainable.
 - Realized savings will be recognized for a period of one year after the application of the cost savings suggestion. After one year has passed, the reduced costs will become the new base costs for the product or process.
 - Realized savings suggested by suppliers with Cobham Long Term Agreements will be applied to their cost reduction commitments.
 - All suggestions will be evaluated and the results will be communicated back to you!

Filling Out And Sending In Your Suggestion

Supporting Information

- The Cobham CRAVE Form is a word document template.
- The majority of the fields on the form that may require descriptions or explanations will expand to accommodate the space required as they are filled out.
- The form is located in the Other Documents section of our website.

Instructions - Supplier

- Once opened, you will need to assign the word doc file a name and save it on your to a location of your choosing on your computer.
- The instructions regarding what to enter in the fields on the form appear on the second page of the word document.
- After you have filled out the form, save it again. Send the form and all supporting documentation in electronic format via e-mail to the Cobham Buyer that you normally work with in providing your products to us. If you are submitting more than one form on the same date, add a letter at the end of the date starting with the letter "A".

Validating And Logging Your Suggestion

Supporting Information

- Your suggestion will be logged and tracked in the CRAVE data base using a case number.
- The case number will be a combination of your company name and the date that it was submitted.
- The Cobham Buyer that you submitted your suggestion to will be responsible for keeping track of the status of your suggestion.
- The CRAVE data base is located on an internal Cobham share drive so that the cognizant action group members can input status updates for your suggestion.

Instructions – Cobham Buyer

- Review the form for completeness - if required information is missing, return form to sender with explanation as to what information needs to be verified or added.
- Log accepted form in CRAVE data base and put form in Supplier folder
- Notify supplier that form has been logged via e-mail and notify CRAVE Action Team of the suggestion via e-mail

Evaluating Your Suggestion

Supporting Information

- The CRAVE Action Team members will review suggestions as they are received on a first in - first out basis, regardless of the savings value.
- The level of complexity of the suggestion will determine the amount of time that it takes to complete the evaluation process.
- The Buyer that you are working with will contact you if additional information, meetings or visits maybe necessary to complete the evaluation of your suggestion.

Instructions – CRAVE Action Team

- Access the suggestion on the share drive
- If more information, a meeting or a visit is required, contact the Buyer
- If additional information is not required, complete the review of the suggestion

Instructions – Buyer

- Contact CRAVE Action Team members regarding outstanding suggestions until evaluation is complete

Suggestion Implementation Plan

Supporting Information

- It will be necessary to work with you to develop an implementation plan in order to define the “cut-in” date for the suggestion.
- The implementation plan would identify documents and respective changes that need to be made, equipment that might need to be purchased, as well as a general project plan identifying tasks, dates, responsibilities and required resources
- The Buyer will contact you and schedule a planning meeting with the CRAVE Action Team.

Instructions – CRAVE Action Team

- After review, if suggestion is acceptable request Buyer to set up implementation planning meeting

Instructions – Buyer

- After receiving request from CRAVE Action Team, contact supplier and schedule meeting

Cobham Management Approval and Supplier Notification

Supporting Information

- Approval by Cobham managers will be obtained for any internal investment required to implement suggestions that the CRAVE Action Team is recommending.
- Notification of acceptance or rejection of suggestions will be communicated to suppliers

Instructions – Buyer

- If suggestion has been approved by CRAVE Action Team, schedule CRAVE Review meeting with CRAVE Action Team and Cobham Site Manager.
- If suggestion has been rejected, send completed CRAVE form to supplier via e-mail

Instructions – CRAVE Action Team

- Review, discuss and sign-off on accepted suggestions

Instructions – Buyer

- Scan signed off CRAVE form and file in Supplier folder in CRAVE data base
- E-Mail approved suggestion to supplier

Suggestion Implementation

Supporting Information

- After the suggestion has been approved, the implementation plan will need to be executed as defined by Cobham and the supplier.
- The Cobham buyer that you work with will track progress against the plan and engage the CRAVE Action Team and supplier as necessary to ensure that commitments from everyone are met.

Instructions – Buyer

- Initiate the first meeting to review the implementation plan with all stakeholders
- Follow-up as necessary to ensure that progress is made against the plan

We look forward to your participation in our program and welcome any suggestions that you may have to improve the program

If you have any questions regarding the content of this presentation, or if you have any difficulty with the CRAVE form, please contact the Cobham site buyer that you work with on a day-to-day basis, and he or she will get answers to your questions

Once again, thank you for taking the time to read through our presentation – we look forward to hearing from you!

▪