Scania Logistics Manual – Requirements and Deviation Handling from Organisation and Logistics Service Providers

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1 Scope

This standard is part of the STD4172-series “Scania Logistics Manual” and describes Scania’s expectations and demands on external Organisation regarding logistical quality. It describes workflows such as the Organisation qualification, the Logistics Escalation Model, the deviation handling process, eQuality and eCarrier. Some processes have been revised and are described in this standard. The goal of this standard is to clarify Scania’s demands and the consequences in case the demands are not met and how Scania will interact with Organisation in the case of logistics deviations.

Following IATF16949 terminology the suppliers delivering to OEM (customer) are called Organisation and tier 2-n are defined as suppliers.

2 Terms and definitions

<table>
<thead>
<tr>
<th>Table 1 – Terms and abbreviations</th>
</tr>
</thead>
<tbody>
<tr>
<td>eQuality</td>
</tr>
<tr>
<td>eCarrier</td>
</tr>
<tr>
<td>FIFO</td>
</tr>
<tr>
<td>Logistics service providers</td>
</tr>
<tr>
<td>Organisation</td>
</tr>
</tbody>
</table>

3 Organisation Qualification

The introduction of a new Organisation to Scania always requires approval from several stakeholders at Scania. Evaluation of Organisation ability to meet Scania’s logistics demands is done via a logistics audit, which shall be done prior to sourcing decisions.

Scania monitors Organisation’s logistics performance on a regular basis.

For each nomination of an Organisation for new business with Scania, a rating is done and an unapproved result will exclude that Organisation for further business until a rating, with a defined minimum score is achieved. An unapproved result in a rating can lead to the introduction of the Organisation into the Scania Logistics Escalation model.

The audit- and rating process can differ between SEU and SLA.

4 Logistics Audit

Scania only accepts approved Organisation in order to avoid delivery shortages, avoid risking interrupted supply and secure future deliveries. Every Organisation shall have a valid Scania or VW group audit result for the intended logistics process in order to be considered for a new contract award. Logistics audits follow VDA 6.3. An audit is an analysis and is done before nomination.

The Scania Logistics Audit is divided into different modules, each being evaluated and rated separately.
Table 2 – Content of Scania Logistics Audit

<table>
<thead>
<tr>
<th>Modules evaluated for Organisation delivering parts</th>
<th>Modules evaluated for logistics service providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment</td>
<td>Facilities</td>
</tr>
<tr>
<td>Business Organisation</td>
<td>Capacity</td>
</tr>
<tr>
<td>Project management</td>
<td>Flow of material</td>
</tr>
<tr>
<td>Order administration, production- and shipment planning</td>
<td>Information and communication flow</td>
</tr>
<tr>
<td>Basic material, Supplier- and capacity management</td>
<td>Qualification</td>
</tr>
<tr>
<td>Goods receipt and warehouse</td>
<td>Quality management</td>
</tr>
<tr>
<td>Production</td>
<td>Fair transport (STD4172-7)</td>
</tr>
<tr>
<td>Shipment and transportation</td>
<td></td>
</tr>
</tbody>
</table>

The result of the audit will be displayed in a value between 0% and 100%.

Table 3 – Result and rating in Audit

<table>
<thead>
<tr>
<th>Result (%)</th>
<th>Rating</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥90–100</td>
<td>A</td>
<td>Approved</td>
</tr>
<tr>
<td>≥80–90</td>
<td>B</td>
<td>Conditionally approved, corrective actions needed</td>
</tr>
<tr>
<td>&lt;80</td>
<td>C</td>
<td>Not approved</td>
</tr>
</tbody>
</table>

There is a range of barring-criteria in the logistic audit being evaluated, e.g. warehouse management, EDI communication and FIFO principle and regardless of the overall performance, the result will automatically be given a C-rating if problem is detected concerning these criteria.

For logistics service providers, certification according to ISO 9001 and ISO 14001 is mandatory.

Organisation should have an A rating. In case of B rating, nomination is still possible but corrective actions shall be implemented.

In case of a C-Rating, nomination for Scania is not possible.

An audit can also be used for a process analysis to verify the effect of implemented improvements in relation to escalations or other set-up changes. An audit is default for a change of a pick-up location. The result is the base for an approval of the suggested location change.
5 Logistics Rating

Organisation are continuously evaluated and for each nomination a Logistics rating is made to assure that only capable Organisation fulfilling the Scania Requirements receive serial orders. Criteria evaluated in the rating are the requirements stated in STD4172, e.g. delivery precision, booking precision, proactive communication, goods labels, EDI-communication, eQuality reports, etc for the past 12 months.

The result of the rating is given in a similar way as for reporting results from audit, i.e.:

<table>
<thead>
<tr>
<th>Result (%)</th>
<th>Rating</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥90–100</td>
<td>A</td>
<td>Fully approved, nomination possible</td>
</tr>
<tr>
<td>≥80–90</td>
<td>B</td>
<td>Approved, nomination possible</td>
</tr>
<tr>
<td>&lt;80</td>
<td>C</td>
<td>Not approved, reason for escalation</td>
</tr>
</tbody>
</table>

The result of the rating needs to be on minimum B-level. If the result is lower than B it is a reason for introducing the Organisation into the Scania Logistics Escalation model.

![Figure 1 – Example of Logistics Rating report for an Organisation delivering parts.](image)

6 Deviation handling

Scania reports any deviation caused by Organisation. Logistics deviation concerns e.g. transport booking deviations, wrong part in pallet, errors in labels or delivery advices.

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Deviations are communicated via eQuality reports (Organisation delivering parts) or eCarrier reports (logistics service providers). For more detailed information regarding eQuality and eCarrier, see STD4457.

When a deviation is found at Scania and reported to an Organisation, Scania expects that necessary actions are taken by the Organisation urgently. Within 24 hours, the Organisation should have implemented a short-term action to avoid the same deviation occurring again. Within 10 working days, the Organisation needs to report a proper root cause analysis and a long-term action to eliminate the root cause for the deviation.

Scania can decide to introduce the Organisation into the Scania Logistics Escalation model if the Organisation fails to meet the above-mentioned due dates or taken actions are not sufficient or coming deliveries are not secured.

When Scania incurs extra costs due to deviations caused by the Organisation, the reimbursement is issued by an eInvoice together with the eQuality report.

### 7 Scania Logistics Escalation model

In certain cases, an Organisation can be introduced into the Scania’s Logistics Escalation model. Reasons for the escalation include e.g., several eQuality/eCarrier reports, unapproved result in logistics rating, risk for shortages at Scania PRU, late collection, safety issues, etc.

Depending on the reason, an Organisation is escalated to step 0 or step 1. Step 0 is used for cases characterised by a need for proactive development, e.g., a low result in rating. Step 1 is typically used for deviations disturbing Scania production. If the Organisation cannot meet the agreed time plan for de-escalation or if taken actions are not sufficient, further steps in the escalation model will be activated by involving higher management at Scania and the Organisation.

When an Organisation is introduced into the Scania Logistics Escalation model, the Organisation is notified via an escalation letter, including details of Scania's expectations and consequences.

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![Figure 2 – Scania Logistics Escalation Model](image-url)
An Organisation introduced into the Scania Logistics Escalation model will be requested to create a credible action plan including timetables in order to return to the normal situation. Scania will closely follow the agreed actions and secure that the actions lead to a normal situation.

An Organisation introduced into the Scania Logistics Escalation model at step 2 or 3 is automatically downgraded to respectively B or C rating, which means that the Organisation cannot be nominated for new business without corrective actions. The final consequence for an Organisation introduced in the Logistics Escalation model could be termination of business and phasing-out of Organisation.
8 Referenced documents and IT-System

References to standards, other than STD or CVS, refer to the highest level of the international standards (e.g. ISO or EN). International standards may be available as national editions at the respective national standardisation organisation (e.g. SS-ISO, SS-EN, DIN ISO, etc.).

8.1 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the issue cited applies. For undated references, the latest issue of the referenced document (including any amendments) applies.

STD4172 Scania Logistics Manual
STD4172-7 Scania Logistics Manual – Fair Transport
STD4457 Handling of Product Quality Deviations from Supplier
VDA 6.3 Process Audit
ISO 9001 Quality Management System in production environments
ISO 14001 Environmental management systems
IATF16949 Quality Management Systems requirements for automotive production and relevant service parts organizations
eQuality User Guide User guide modules “eQuality for Supplier” including “eInvoice” for external Organization Users
Code of Conduct (eQuality) Code of conduct concerning the communication between Organizations and Scania via the eQuality system

8.2 Referenced IT-System

This standard is linked to referenced IT-systems. Any changes in the standard shall be done in adjustment to them.

eQuality system and eInvoice Deviation handling module eQuality for Suppliers
WebStars Transport booking system