

# Welcome to PHConnect

## Introduction to PHConnect Buy-Side – *Continuous Improvement*



ENGINEERING YOUR SUCCESS.

## PHConnect – Continuous Improvement

- Purpose:
  - Provide a forum for suppliers to submit continuous improvement and cost savings ideas to Parker
  - One of the three supplier metrics

The purpose of the Continuous Improvement screen on PHconnect is to provide a forum for suppliers to submit continuous improvement cost savings ideas to Parker. This is one of the three supplier metrics and main tenants of the Parker Network Procurement Agreement for long-term suppliers.

# PHConnect – Continuous Improvement

PHconnect  
supplier management

logged in: CA18204

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continuous improvement

PARKER HANFMAN RACOR DIV  
# 0 BOX 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA

Select Report by Status: All Documents

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,099,594 Target Amount(\$): 1,410,833  
Approved PCI Ideas Percent: 20% YTD PCI Ideas(\$): 45,000  
Percent of Target: 3%

proposal #	description	status	date
11172	PH 2009 cost avoidance	impl	02/09/2010
11173	V532 RCM Gadgets Proposal	impl	04/28/2009
11110	PH 21822 (design mgmt)	impl	04/22/2009
11124	racord cost down project as of may 9,2009	impl	04/15/2009
11111	PH 10322 cost down	under	06/20/09

## Search Criteria:

- **Division** – The Racor Division will default to “Racor – Modesto, CA” if the supplier does business with other Parker divisions they will be present in this drop-down box.
- **Select Report by Status** – The default is to show all continuous improvement idea documents. Status options are – Accepted, Draft, Implemented, Need More Information, Rejected, Submitted and Under Review.

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When entering the Continuous Improvement screening the first box contains the search criteria to help narrow the view of the page. There are two search options:

- **Division** – This drop down box will list all the Parker locations/divisions a supplier does business with. For the Racor Division Holly Springs, MS, Beaufort, SC and Modesto, CA location information will default to “Racor – Modesto, CA.” For Racor Division/Village Marine Tec, the default will be Racor/Village Marine in Gardena, CA.

- **Select by Report Status** – Continuous improvement ideas go through several different stages in the continuous improvement review process. This drop down box enables the supplier to review the continuous improvement ideas by status. There are seven stages in the continuous improvement process – accepted, draft, implemented, need more information, rejected, submitted and under review.

# PHConnect – Continuous Improvement

Proposal #	Description
10172	PH 2009 cost avoidance
10173	V532 ROM Gadgets Proposal
10110	PH 21822 (Design ring)
10124	Cancelled cost down project as of may 9,2009
10114	PH 10327 cost down

## Continuous Improvement Partnership Summary:

- **Fiscal Spend** – The Racor Division fiscal year is July – June. This is the total spend Racor Division did with the supplier during the previous fiscal year.
- **Agreed PCI Idea Percentage** – This is negotiated between the supplier and Parker as an annual percentage goal for improvement ideas.
- **Target Amount** – The previous fiscal year's spend multiplied by the Agreed PCI Percentage.
- **YTD PCI Ideas** – Year-to-Date PCI idea submission values. This is for the current fiscal year.
- **Percent of Target** – The percentage of the target met for the current fiscal year. (YTD PCI Ideas ÷ Target Amount)

**Parker-ism:**  
PCI = Process of Continuous Improvement

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The Continuous Improvement Partnership Summary is the second block of information on the Continuous Improvement screen.

NOTE: PCI is also known as Process of Continuous Improvement

The Fiscal Spend is the summary of the selected division's spend with the supplier. The Parker Hannifin fiscal year is July to July. Each year in July the summary will reset.

The Agreed PCI Idea Percentage is a negotiated percentage of goal continuous improvement ideas to be submitted during a fiscal year.

The Target amount is the fiscal year spend multiplied by the agreed PCI idea percentage. The goal is in US dollars.

The YTD PCI ideas is the Year-to-Date contribution in dollars of the ideas submitted during the current fiscal year.

The Percentage of Target compares the Year-to-Date PCI Ideas amount to the Target Amount. It is expected that over the course of the fiscal year PCI idea contributions will increase ultimately resulting in 100% contribution by the end of June.

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continuous improvement

PARKER HANNFIN RACOR DIV  
# 0 BOX 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA

Select Report By Status: All Documents

Print New  
Cancel  
Help

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,899,594      Target Amount(\$): 1,410,833  
Agreed PCI Ideas Percent: 20%      YTD PCI Ideas(\$): 45,000  
Percent of Target: 3%

Proposal #	Description	Status	Date	Delete
<a href="#">11873</a>	11873 2009 cost avoidance	Implemented	02/09/2010	
<a href="#">11874</a>	11874 RCM Gadgets Proposal	Accepted	04/28/2009	
<a href="#">11875</a>	11875 (Hemgt ring)	Under Review	04/22/2009	
<a href="#">11876</a>	11876 (Hemgt ring)	Implemented	04/15/2009	
<a href="#">11877</a>	11877 (Hemgt ring)	Under Review	04/06/2009	

When new ideas are created but the supplier they are given an automatically generated Proposal Number.

The detailed information for the PCI ideas is listed below the Continuous Improvement Partnership Summary. The first column lists the PCI proposal numbers. They are automatically assigned numbers and are hyperlinks which lead to further details of the proposal.

# PHConnect – Continuous Improvement

PHconnect logged in: G45204

continuous improvement PARKER HANFFIN RACOR DIV  
#10 BOH 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA Add New

Select Report By Status: All Documents Export

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,089,594 Target Amount(\$): 1,410,833

Agreed PCI Ideas Percent: 20% YTD PCI Ideas(\$): 65,000

Percent of Target: 3%

Proposal #	Project Name	Status	Start	End
11173	PH 2009 cost avoidance	Implemented	02/09/2010	
11175	V532 RCM Gadgets Proposal	Accepted	04/28/2009	
11180	PH 21822 (Design ring)	Under Review	04/22/2009	
11124	darcof cost down project as of may 9,2009	Implemented	04/15/2009	
11114	PH 10127 cost down	Under Review	04/06/2009	

The Project Name or brief description given to the proposal at its creation. This is used to help identify the proposal later on.

The second column in the Continuous Improvement details is the project name inputted at the time of the PCI proposal. This is a helpful description in providing some basic idea of what the PCI proposal. This can be helpful in jogging one's memory when looking at the list of proposals throughout the year.

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PHconnect  
supplier management

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continuous improvement

PARKER HANFMAN RACOR DIV  
# 0 BOX 2008  
MODESTO, CA 95363

Division: RACOR - MODESTO, CA

Select Report By Status: All Documents

Continuous Improvement Partnership Summary for RACOR

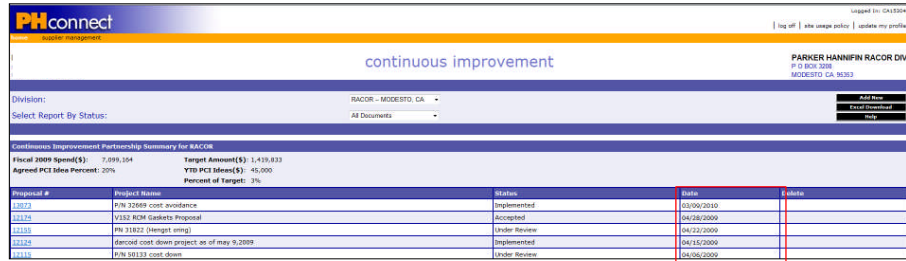
Fiscal 2009 Spend(\$): 7,899,594 Target Amount(\$): 1,410,833  
Approved PCI Ideas Percent: 20% YTD PCI Ideas(\$): 95,000  
Percent of Target: 3%

Proposal #	Description	Status	Date	Action
11173	PH 2009 cost avoidance	Implemented	03/01/2010	
11175	V532 RCM Gadgets Proposal	Accepted	04/28/2009	
11180	PH 21822 (Design ring)	Under Review	04/22/2009	
11124	racord cost down project as of may 9,2009	Implemented	04/15/2009	
11116	PH 10327 cost down	Under Review	04/05/2009	

The Status of the proposal. Options are Draft, Submitted, Need More Information, Under Review, Accepted, Implemented and Rejected.

The third column in the PCI detail information is the status of the proposal. Suppliers are given credit toward their target contribution amount when an idea is submitted. Credit is removed when proposals are deleted or rejected. This will be discussed in a later slide in this presentation.

# PHConnect – Continuous Improvement



PHconnect  
Supplier Management

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continuous improvement

PARKER HANFMAN RACOR DIV  
P O BOX 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA

Select Report By Status: All Documents

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,899,594 Target Amount(\$): 1,410,833  
Agreed PCI Ideas Percent: 20% YTD PCI Ideas(\$): 45,000  
Percent of Target: 3%

Proposal #	Description	Status	Submitted	Expiry
11173	PH 2009 cost avoidance	Implemented	02/09/2010	
11175	V532 RCM Gadgets Proposal	Accepted	04/28/2009	
11180	PH 21822 (Design ring)	Under Review	04/23/2009	
11124	darcof cost down project as of may 9,2009	Implemented	04/15/2009	
11114	PH 10322 cost down	Under Review	03/05/2009	

The date the proposal was submitted by the supplier.

The fourth column displays the date the proposal was submitted. This allows the suppliers to look at a backlog of proposals that are from previous fiscal years.

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PHconnect logged in: G43304  
supplier management | log off | site usage policy | update my profile

continuous improvement PARKER HANFMAN RACOR DIV  
#10 BOX 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA Add New  
Add Document  
Help

Select Report By Status: All Documents

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,089,504 Target Amount(\$): 1,410,833  
Agreed PCI Mile Percent: 20% YTD PCI Miles(\$): 45,000  
Percent of Target: 3%

Proposal #	Description	Status	Start	Delete
11173	PH 2009 cost avoidance	Implemented	02/09/2010	<input type="checkbox"/>
11175	V532 RCM Gadgets Proposal	Accepted	04/28/2009	<input type="checkbox"/>
11180	PH 21822 (Design ring)	Under Review	04/22/2009	<input type="checkbox"/>
11124	darcod cost down project as of may 9,2009	Implemented	04/15/2009	<input type="checkbox"/>
11114	PH 10122 cost down	Under Review	04/06/2009	<input type="checkbox"/>

The supplier is able to delete proposals only. A checkbox will be available in this field for the supplier to delete proposals.

The final column in the Continuous Improvement details report is the Delete option. The supplier is able to delete proposals both submitted and draft.

# PHConnect – Continuous Improvement

PHconnect  
supplier management

logged in: G45204

continuous improvement

PARKER HANNFIN RACOR DIV  
# 0 BOH 2008  
MODESTO, CA 95353

Division: RACOR - MODESTO, CA

Select Report By Status: All Documents

Continuous Improvement Partnership Summary for RACOR

Fiscal 2009 Spend(\$): 7,099,504 Target Amount(\$): 1,410,833  
Agreed PCI Mile-Percent: 20% YTD PCI Miles(\$): 45,000  
Percent of Target: 3%

Proposal #	Proposal Name	Status	Date
11173	PH 2009 cost avoidance	Implemented	
11175	V532 RCM Gadgets Proposal	Accepted	
11110	PH 21822 (Design ring)	Under Review	
11124	darcoed cost down project as of may 9,2009	Implemented	
11111	PH 10327 cost down	Under Review	

## Key Proposal Management Tools:

- **Add New** – Allows the supplier to move to the proposal template. All new ideas must be submitted online.
- **Excel Download** – Allows the supplier to download their proposal information into Excel for their own records or analysis.
- **Help** – Provides generic page information for the continuous improvement page.

The Continuous Improvement screen is an interactive forum for the supply base. The key proposal management tools are represented in the black buttons on the upper right hand corner of the screen. The three tools are:

- Add New – Allows the supplier to move to the proposal template. All new ideas must be submitted online for credit toward the target goal.
- Excel Download – Allows the supplier to download their proposal information into Excel for their own records or analysis.
- Help – Provides generic information for the continuous improvement page.

# PHConnect – Continuous Improvement

## Elements of a PCI Proposal:

- **Expected Savings** – Numerical value of the savings expected from the implementation of the PCI Proposal.
- **Savings Cycle** – Select between a one-time savings or annual.
- **Project Name** – The Proposal must be given a name for quick identification.
- **Part Number** – An optional field that is helpful when an idea is linked to a particular part number.
- **Description of the Idea** – Describe how the idea will work and generate the savings.
- **Current Method or Process** – Describe the current state; prior to the idea's implementation. In other words, why change is needed.
- **Description of Expected Benefits** – Describe why this proposal is a benefit to the supplier and Parker.
- **Indicated Investment** – There are four options; supplier time, Parker time, supplier equipment and Parker equipment. Any combination can be selected.
- **Attachments** – Optional opportunity to attach supplementary documents such as figures and drawings.

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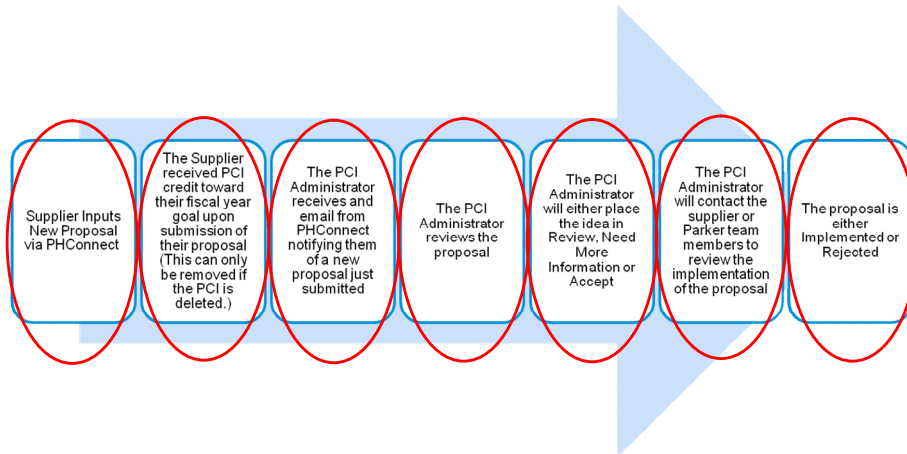
After clicking on the “Add New” button the screen will refresh and the proposal template will appear. A Process of Continuous Improvement Proposal has several required fields:

- **Expected Savings** – Numerical value of savings expected from the implementation of the PCI Proposal. This must be in US Dollars.
- **Savings Cycle** – Select between a one-time savings or annual. An example of a one-time savings would be a unit cost savings on piece of capital equipment. An example of an annual savings would be optimizing packaging to accommodate more units per pallet resulting in year over year freight savings per unit.
- **Project Name** – The proposal must be given a name for quick identification. This is the field that is displayed on the Continuous Improvement dashboard as the description.
- **Part Number** – An optional field that is helpful when an idea is linked to a particular part number.
- **Description of the Idea** – Describe how the idea will work and generate the savings.
- **Current Method or Process** – Describe the current stage prior to the idea's implementation. In other words, why change is needed.
- **Description of Expected Benefits** – Describe why this proposal is a benefit to the supplier and Parker.
- **Indicated Investment** – there are four options – supplier time, Parker time, supplier equipment, Parker equipment. Any combination can be selected. These options are available because it is understood that pursuing savings may have both Parker and the supplier working together to accomplish.
- **Attachments** – Optional opportunity to attach supplementary documents such as figures, pictures and drawings. Highly recommended because it helps the PCI Administrator review the request in more details and can lead to fewer follow up questions.

When a proposal is being drafted there are two options for saving the proposal:

- **Submit** – records the idea as submitted and send the idea to the PCI Administrator for review.
- **Save as Draft** – allows the supplier save the proposal as a draft for future review and editing.

## PHConnect – Continuous Improvement



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The Continuous Improvement process starts with the supplier inputting and submitting a new proposal via PHConnect. The supplier will get credit for the idea value toward the target goal. The only way the credit can be reversed is if the supplier deletes or the PCI Administrator deletes or rejects the proposal.

The PCI Administrator will be notified with the proposal is submitted and will start the review process. The PCI Administrator may request additional information from the supplier or work with the Parker team to assess the proposal's implementation.

At the end of the process the proposal is either implemented or rejected by the Parker PCI Administrator.

## PHConnect – Continuous Improvement



- Ideas for PCI Proposals:
  - Unit cost savings
    - New/lower cost materials
    - Quality improvements that reduce scrap costs
    - Negotiated rate decreases with suppliers downstream
  - Payment term negotiations
  - Batch size reduction/Kanban projects
  - Supplier managed inventory projects

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There are several different types of PCI proposals:

- Unit costs savings
- Payment term negotiations
- Batch size reduction/Kanban projects
- Supplier managed inventory projects

The Racor Division Supply Chain Team is dedicated to helping suppliers come up with PCI proposals and support on validating proposal values.