Supplier Associated Warranty Reduction Program / Parts Return / Warranty Recovery

Frequently Asked Questions

Update: January, 2014
1. **Acronyms:**
   - WIS – Warranty Information System
   - EWT – Early Warning Tracking
   - GCS – Global Claim System
   - PRAS – Parts Return Analysis System
   - QEC – Quality Engineering Center
   - QNA – Quality Narrative Analyzer
   - VIN - Vehicle Identification Number

2. **Where do I get a supplier ID to enter Chrysler systems?**
   A eSupplierConnect User ID is required to access Chrysler systems. Contact your local Security Administrator for assistance, or contact eSupplierConnect@chrysler.com or visit
   https://www.esupplierconnect.com/support

   **Log In to eSupplierConnect**
   Go to https://www.esupplierconnect.com (eSupplierConnect can be accessed through Internet Explorer 7, 8 or 9). Select the Fiat - Chrysler logo.

   Click on the “LOGIN” button and type your new user ID and password in the fields.
3. **What is the purpose of the new Chrysler Supplier Associated Warranty Reduction Program?**
   To create an environment of cooperation between Chrysler and suppliers. As partners sharing in the cost of not meeting objectives, we eliminate the non-value added activity of blame assignment.

4. **How are improvement objectives determined?**
   They are consistent with Chrysler’s internal percentage improvement objectives.

5. **How will warranty objectives be set for my company?**
   Supplier associated warranty will be measured by plant and individual commodity. If a supplier has 2 plants, each producing 3 unique commodities, the supplier will have 6 unique targets; each independently handled.

6. **Why was 15 MIS selected as the evaluation period?**
   Chrysler measures warranty on vehicles with 3 Months-In-Service. (The total warranty on vehicles with 3 MIS is very stable and will change little in subsequent months.) Vehicles produced in the twelfth month of production will have mature 3 MIS data for the first time at 15 MIS.

7. **If I detect an assembly plant issue, how can I be assured that Chrysler is motivated to assist?**
   When a suspected assembly plant issue is identified, summarize the relevant information (i.e. who, what, where, when, how) and forward the summary to sqwarr@chrysler.com. If necessary, specific issues will be brought to the attention of the appropriate Chrysler Manufacturing management team member.
8. What internal Chrysler initiatives have been put in place to support warranty reduction efforts?
   Chrysler has developed and deployed Customer Satisfaction Teams (CSTs) which are dedicated to warranty reduction efforts across the entire vehicle. Suppliers should be actively involved with these teams to identify root cause and implement corrective actions for warranty issues.

9. Where can a supplier find warranty data associated with the parts they supply?
   Warranty data is available in the Warranty Information System (WIS).

10. Where can a supplier find information regarding the warranty repairs associated to the parts they supply?
    Claim information is available in EWT. If claim text is needed, the available claim narratives can be found in QNA.

11. Who do I call if I have a question regarding my warranty data?
    Warranty data questions should be directed to your Supplier Quality Engineer. Warranty system questions can be addressed to the Supplier Warranty Management mailbox. (A link is available on the Supplier Warranty Management Homepage).

12. Where does the Warranty Fulfillment Rate (FFR) score for C/1000 found on my EBSC comes from?
    Please refer to the presentation contained on the “Supplier Warranty Management” section of the web site for an explanation.
13. Tier 1 supplier's future business could be dependent on Tier 2's warranty performance.
   Warranty is associated with the supplier who is paid for the part by the Chrysler Production Purchase Order. Warranty for separately-serviceable components will “roll-up” to end item part number unless the item is a consigned component with its own Production P.O.

14. The default supplier target sales divisor field is set to the standard position. Why is the default sales divisor field in the WIS "status summary", set to the non-standard position? This has the potential of misleading users who are querying the database for SMLC specific information.
   Defaults for WIS queries are set to satisfy the needs of Chrysler users. Most Chrysler users use the Corporate divisors. All users are responsible for selecting the proper parameters for their database queries.

15. Explain the difference between the two sales divisors.
   The “Corporate” divisor selects the entire vehicle sold population. The “So equipped” divisor excludes vehicles that do not have the component.

16. Can the QNA/EWT database be linked with the PRAS database via VIN to cross reference claims to supplier analysis?
   No. PRAS records do not contain VIN data.

17. Why does Chrysler use divisor tables with vehicle counts as decimals, not whole numbers?
   The vehicle count is a calculated value. WIS tabulates reported warranty claims, and adjusts the size of the vehicle sample to statistically compensate for unreported warranty conditions.
18. Who decides what suppliers are put into a specific commodity code? How is this done?
   Commodity codes are managed by Global Sourcing. Commodity codes are assigned to purchased parts when they are
   added to a new or revised Purchase Order. Requests for commodity code changes should be addressed to the
   appropriate buyer.

19. Can Chrysler provide a range for the year-over-year improvement factor that will be used in the
calculation of the target, or provide the maximum improvement factor that will be used?
   The current year improvement factor is determined based on the established glide path and the performance from
   the prior year. The glide path was established to set future improvement targets developed based on Chrysler
   warranty improvement goals. The current year improvement factor fluctuates to keep the Chrysler warranty
   performance on the glide path. If Chrysler performs poorly to the glide path in the prior model year, the
   improvement factor increases for the current model year to compensate for the poor performance from the prior
   year.

20. Will Chrysler continue to provide access to the WIS, EWT and other systems that support the initiative to
    investigate field issues to suppliers as it has been in the past?
    Yes, access to the Chrysler warranty systems will continue. Part Returns and PRAS requirements also remain in place.
21. Please provide details on how the Appeal process works? Is there any secondary escalation if suppliers are not satisfied with the decision of the Appeal?

The Appeal process is handled by a cross-functional team, similar to the current Internal Consensus process used for manual, case-based warranty recovery. Once the appeal is received and validated, a cross-functional team is assembled, the appeal is discussed, and a Chrysler position is determined.

The escalation process begins with the Director of Purchasing Operations. Further escalations would be handled by the appropriate Commodity Director.

22. Would Chrysler consider using a C/1000 averaged over the last two years instead of the lowest C/1000 from the last two years as the base for the target? In our experience this provides a more leveled approach with less volatility while still giving year over year improvement.

At this time, the “best of the prior two years” is the method used to calculate the supplier’s target. This concept may be considered for the 2012MY enhancements.

23. Please clarify the statement regarding the 50/50 cost share in investments? Perhaps an example could be provided? Does this encompass changes to the warranty repair process, manufacturing process, engineering changes?

The investment share statement relates to warranty reduction initiatives that require an initial or running investment. Requests (with business case) should be sent to SQWARR@Chrysler.com for review. Examples include, but are not limited to: tooling changes, process enhancements, pricing reductions, and proactive warranty reduction/elimination projects.
24. Other OEMs with similar calculation methods for determining the warranty sharing costs have a second evaluation point. Would Chrysler consider adding a second evaluation point at 27 MIS for example? Chrysler is only evaluating at 15MIS. There are no plans to add a second evaluation point.

25. What can a supplier do if the supplier performance beats the target and we have earned an CCM (Commercial Cost Management) credit, but this credit is not applied to our current year CCM target? If CCM credit is not received, the supplier can send a requested for investigation to SQWARR@Chrysler.com for investigation and resolution.

26. How does Chrysler participate in reducing field warranty issues (specifically for vehicle and system issues, Chrysler assembly plant issues and dealership misdiagnosis issues)? Chrysler established the Customer Satisfaction Teams (CST) to work solely on warranty issues identified by the Chrysler Customer Advocate Group. Issues are prioritized and resolved regardless of responsibility. Suppliers can work directly with the CST to assist in the warranty reduction initiatives. The Warranty Claims Administration added another group whose main objective is to closely monitor dealer claim submissions for correctness.

27. For new technologies / new vehicles, would Chrysler consider compiling at least 6 months of field data prior to discussing setting an agreed upon target? Targets “float” MIS-to-MIS during the evaluation period until the actual targets at calculated at 15MIS. Target appeals can be submitted and reviewed at any time during that period, but prior to the target setting at 15MIS. If comparable data is not available, the targets will be determined by prior vehicle/commodity performance and the supplier has the opportunity to appeal. Chrysler month-to-month performance evaluations for SMLC/LCC combinations will be made available to suppliers for review. (several months from now)
1. **What is the purpose of Parts Return Analysis System (PRAS) reviews if the results will not be used for warranty recovery purposes?**
   
   Parts return analysis is a key element (tool) in the warranty reduction process. Suppliers who do not participate in these reviews will have difficulty achieving their targets. PRAS analysis will also be used in determining responsibility for non-sharing warranty situations (spike appeals, campaigns, and Rapid Response Transmittals).

2. **How will the analysis data stored in the PRAS system be used in conjunction with this new warranty recovery program? Will we continue to use the same approach of determining responsibility within the PRAS system? Will PRAS trigger an appeal if the responsibility level for a specific issue reaches a predetermined responsibility level?**
   
   Part Returns and PRAS requirements remain in place. For SAWRP, PRAS data will not be used to determine responsibility and PRAS data does not trigger an appeal. PRAS data will still be used as a starting point of a manual, case-based recovery if the SMLC/LCC meets any of the exception reasons or it has been determined that the current measure meets the 5X threshold rule.

3. **Will we continue to receive sample claim parts from the dealerships as we have in the past?**
   
   Part Returns and PRAS requirements remain in place. Warranty part analysis is still needed by both Chrysler and the supplier to identify root cause.
4. Will Chrysler share the results of analysis on adjoining components or other components in a system that my component is a part of?
   Yes, this information will be provided upon request. Data associated with adjoining or related parts is already available in the Warranty Information System.

5. Where are the warranty returned parts shipped to from the dealer?
   Parts removed from vehicles under warranty are shipped by dealers to Part Return in Auburn Hills, Michigan, Mexico City, Mexico, Turin, Italy, Shanghai, China and Betim, Brazil, where they may be reviewed by suppliers. After review, the Component Quality Analysis Team (CQAT) will arrange shipment to the supplier location for analysis.

6. How can tier 2 suppliers gain access to the PRAS system for their commodities?
   PRAS data is only available to the Tier 1 supplier. Sub-tier suppliers should work with their Tier 1 to manage warranty associated with their parts.
1. If warranty targets are not met, what portion of the warranty am I required to share?
   The supplier share is 50% of the warranty above the target. If the target is .88 C/1000 and the supplier performed at 1.00 C/1000, then Chrysler and the supplier would share the .12 C/1000 variance equally. Supplier share would be .06 C/1000. However, as Chrysler is responsible for 100% of the associated cost below the target, Chrysler’s total share would be .94 C/1000.

2. Will this program handle all warranty recovery issues?
   No, there are some exceptions. You can find these exceptions in the SAWRP Policies and Procedures. For example, campaigns, Rapid Response Transmittals (RRT’s), and repairs that require no parts to be replaced (i.e., flashes) will be handled as a case based recovery.

3. Does Chrysler have any other programs besides this warranty recovery program that would seek field claim costs outside of the exceptions mentioned (recalls, customer satisfaction notifications, rapid response transmittals, service bulletins with related RRT’s, re-flash service bulletins and LOP and model years prior to 2010)?
   No. AWR was the only other warranty recovery program. It is not in effect for the 2011 Model Year.

4. When did SAWRP start?
   The SAWRP Recovery Process began with the 2011MY.
5. **How was the supplier location established?**
The supplier location is based on the supplier of the production part assembly, or sub-assembly, which was identified as having the failed part within the warranty claim. The warranty assignments are based on the Supplier Manufacturing Location that has been issued a purchase order from Chrysler.

6. **Will my company be notified prior to a debit being processed?**
Yes, your company will be notified of the debit amount before the first debits are processed in February of the year following the close of the model year. Prior to that date, your warranty department can use the Chrysler Warranty Information System (WIS). A link to WIS and other Chrysler warranty systems can be found on the Supplier Warranty Management website.

7. **What information is available to support the debit?**
SAWRP debit/credit information will be provided to suppliers via the Warranty Recovery Programs website. The share rate is available through the Supplier Target tab. Claim details and parts expense details are available through the SAWRP tab.

8. **For what type of costs will I be responsible?**
Warranty cost roll up methodology
- Seller to reimburse actual costs incurred to Chrysler, as determined by Chrysler.
- Costs to include Chrysler's warranty claim reimbursements to its dealerships for parts cost, dealership handling, and dealerships labor costs.
- Costs related to Mopar handling of parts from suppliers to dealerships, excluding any Mopar profits
9. In the warranty recovery costs, we understand that the costs included are: the part cost as sold to the dealership, dealership handling and dealership labor. Can Chrysler provide more detail on how the selling price to the dealership and the dealership handling are calculated? Are there standard markup or standard handling cost charges? What happens to claims that have no part replaced?

   The warranty repair costs consist of:
   Dealership labor
   Unit Cost (price we pay the supplier for the part)
   Mopar Handling (approx. 45% of the Unit Cost)
   Dealership Handling (40% of the price we sell it to the dealership)

   Labor-only claims assigned to the supplier in WIS are included in SAWRP measurement. Labor-only claims not assigned to the supplier would be handled outside of the program.

10. How often will I be debited?
    A cumulative debit will be issued early in the next year following the close of the model year, then monthly thereafter, for the duration of the warranty coverage of the parts.

11. How can I project what my monthly debit will be?
    An estimate can be determined by reviewing the claims in Early Warranty Tracking (EWT) for the month in question. A link to EWT and other Chrysler warranty systems can be found on the Supplier Warranty Management website.

12. What if I disagree with the costs?
    If the debit is incorrect you can submit a request for review. Emails will be sent, prior to the actual debits, with a link to the web
12. **What if I am debited for a part that my company doesn’t supply to Chrysler?**
   If the debit is incorrect you can submit a request for review. Emails will be sent, prior to the actual debits, with a link to the website allowing you to enter the detailed reason why the debit is incorrect and should not occur.

13. **What about TNF (Trouble Not Found) related costs?**
   The Program is based on quality improvements over the prior two years (see Policies and Procedures for details) and is based on associated warranty, not failed part analysis. TNF costs were part of the target and goal calculation and are therefore shared by both Chrysler and the Supplier.

14. **What if the issues are due to a Tier 2 supplier?**
   If the Tier 2 supplier is a directed source defined as “consigned” or “module pay as built”, then request a review of the debit, if not then, Tier 1 suppliers are responsible. Chrysler can only debit suppliers that we have a Purchase Order with.

   For directed source definitions, refer to the Policies and Procedures in the Supplier Warranty Management website.

15. **What do I do if I want the E-mails / debit notifications sent to someone else?**
   E-mails are sent to the top 2 supplier contacts in the SIS (Supplier Information System). Chrysler’s wants to ensure the supplier’s top management is aware of pending debits and warranty issues.

16. **Who do I contact if there is a question with the billing information?**
   Please contact the Warranty Recovery Group via their email box wrapsg@chrysler.com for assistance with any billing questions you may have.
17. The WIS parameters in the training, state to use USA for the sold market to find your current C/1000 and your comparables. Are the claims for SAWRP only for vehicles sold in the USA or is it North America?
   All markets are reviewed for billing purposes.

18. In the SAWRP training it states that RRTs are major exceptions requiring case-based methodology. We have two supplier codes that have an RRT associated with their claims. Do these claims automatically get removed or do we need to request that?
   There is a special code associated with all RRT claims and the billing system automatically removes them prior to the billing.

19. What does “Adjusted” mean on my debit notification?
   “Adjusted” means that Chrysler has reviewed your request for adjustment on your debit and the new debit reflects an adjustment.

20. When I see credits in the WRP website, where do I receive them in Purchasing?
   The supplier receives the Credit/Debit report monthly from Chrysler Warranty Recovery. The Commercial Cost Management (CCM) group consolidates credit data quarterly and awards credit through the TCR/CCM/CSI database. This will occur in March, June, September, and December. The supplier monitors credit through its EBSC.

21. Where can I see that Purchasing has given me SAWRP credit?
   The supplier can see SAWRP credit in the “Cost” section of the External Balanced Scorecard (EBSC). The EBSC reflects changes for any particular month at the midpoint of the following month (i.e., Supplier activity occurring in January will be reflected in EBSC in mid-February).
22. **When does the SAWRP Credit hit the goals?**
   The CCM group inputs the credits in March, June, September, and December. In accordance with the EBSC updating schedule, the supplier will be able to see credits in the goals in the middle of the following months:
   - April
   - July
   - October
   - January

23. **How do I use the SAWRP Credits?**
   Each supplier uses SAWRP credit toward its current year’s Material Cost Reduction Target provided by Purchasing. If SAWRP credit is assigned to a supplier, it will be added to the commercial and technical savings provided by the supplier.