Westinghouse Electric Corporation Industry Products Company

Large Motor Division

Box 225
Buffalo New York 14240
(716) 631 1000

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To All Westinghouse Large Motor Division Suppliers

Although we appreciate the good quality and performance our suppliers are committed to, we are ever striving to improve.

The reasons are obvious when you read the paper, magazine articles and various trade bulletins and discover what our competition, namely Japan, is doing with quality and productivity.

During the past 10 months, an unusually large amount of defective material, some of which should not have been shipped due to obvious defects, has been delivered to our Division. This material falls into two (2) categories -- hidden and obvious.

In an attempt to reduce the amount of rejects, Westinghouse Large Motor Division is instigating the following policy effective immediately:

a) Hidden Defects -- obviously this type is not readily discernible until machine or other fabrication operations are attempted. These defects will, therefore, be dealt with through our existing rejection process --

that is: reject, debit including a small handling charge, and reorder.

b) Obvious Rejects -- these defects reflect a serious flaw in our supplier's integrity and/or quality control. We cannot and will not tolerate this type of material. These defects will be handled as follows:

a charge one and one half times (1-1/2) the value of the goods received will be assessed the supplier to cover our cost of inspection, plus the normal small handling charge.

This action must be taken, not as a threat or punishment, but as a measure to insure our ability to remain competitive, therefore insuring our position in the marketplace, as well as yours.

Respectfully,

D E Wickham

D. E. Wickham
Purchasing Mgr.