

Section 4

<NPI/Engineering Change/Phase Out>

Purpose: Explains procedure to be followed for New Product Introductions, engineering changes, and phase out. Key information for these subjects is timing of implementation.

NEW PRODUCT INTRODUCTION

RESPONSIBILITY	The DENSO NPI group is responsible for providing the tools to suppliers to ensure smooth New product component / A-part start up.
DEFINITION	NPI components and A-parts are those introduced through the New Product Introduction process for new vehicle programs and model changeovers. NPI components are transferred to DENSO Mass Planning Team.
KEY POINTS	<p>(1.) NPI orders are issued by Delivery Order Number (DO#) through the DWOS system –OR- Purchase order (PO).</p> <p>a. <u>Delivery Order #</u>: Orders placed during mass production runs and pricing set up</p> <p>b. <u>Purchase Order #</u>: Orders of parts before pricing set-up.</p> <p>(2.) NPI manifest could be identified with a specific dock code (at each NAGC discretion).</p> <p>(3.) All NPI shipments must have Bartag(s) and *Pink NPI labels (reference labeling section).</p> <p>(4.) NPI orders MUST NOT BE REFERRED TO AS SAMPLES.</p> <p>(5.) A-Parts are finished goods that are pass-thru parts which are not manufactured by DENSO.</p>
ORDERING	<p>(1.) All NPI components and A-parts are forecasted and ordered through the DWOS ordering System, unless ordered by PO. NPI parts are included in the weekly material release and DO's along with the mass production parts.</p> <p>(2.) See the sections for the Material Release, Manifest, and Supplement Manifest in this manual.</p>



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NEW PRODUCT INTRODUCTION

EXCEPTIONS:

The following exceptions to those sections occur when discussing NPI parts:

1. NPI components and A-parts could be planned by an NPI Specialist. At mass production timing, responsibilities for ordering parts will be moved to a new planner.
2. The lot size defaults to 1 per container until packaging specs are approved. The supplier should refer to the NPI Packaging requirement in this manual for packaging of NPI components and A-parts
3. Contact your NPI specialist with any questions, change requests, back order information, etc.

ENGINEERING CHANGE INSTRUCTION (E.C.I.)

PURPOSE	To advise the Supplier of an Engineering Change and to request timing of implementation.
TIMING	<p>DENSO: Mailed to Supplier with updated drawings when an Engineering Change is needed.</p> <p>Supplier: Completes Vendor Acknowledgement letter as specified on page 4-4.</p> <p>Completes Part II and Part III of E.C.I. form & faxes to DENSO P.C. as specified on page 4-5.</p>
ISSUED BY	<p>DENSO Purchasing (Vendor Acknowledgement Letter) Sample on page 4-4</p> <p>DENSO P.C. (E.C.I.) Sample on page 4-5</p>
ROUTING	<p>The routing diagram shows the following steps:</p> <ul style="list-style-type: none"> DENSO: Initiates the process by sending a Vendor Letter and E.C.I. to the SUPPLIER via Mailed delivery, along with DRAWINGS. SUPPLIER: Receives the Vendor Letter and E.C.I., and DRAWINGS. The supplier then performs three tasks: <ul style="list-style-type: none"> Complete Part II Complete Part III Complete Vendor Acknowledgement SUPPLIER: Sends the completed E.C.I. Part II, E.C.I. Part III, and Vendor Letter back to DENSO P.C. via fax. DENSO P.C.: Forwards the information to DENSO Purchasing. DENSO Purchasing: Sends the Vendor Letter and E.C.I. Part II and E.C.I. Part III back to the SUPPLIER.



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ENGINEERING CHANGE VENDOR ACKNOWLEDGEMENT

February 25, 2017

Jane Smith
Any Company
1500 Atlantic Blvd.
Auburn Hills, MI 48326

Enclosed is (are) the following drawing(s):

Drawing No.	Pages	Date	Minor Revision #
ECN: XXXXX-1828		September 9, 2004	
TNXXXXXX-XXXX	1	September 1, 2004	3

Please update your files and implement into your process according to DMTN Production Control instructions.

Ann Yeats
Advanced Specialist, Purchasing

VENDOR'S ACKNOWLEDGMENT OF RECEIPT

Attention: Carole Haimelin, Purchasing Fax # (865) 981-5256

Vendor Signature _____ Date _____

Please fax acknowledgment upon receipt of the drawings and/or specifications listed above. If you have any questions, please call (865) 981-5470.

NPI/ENG CHG/PHASE OUT



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ENGINEERING CHANGE INSTRUCTION FORM

DENSO		POLICY NO. IPCD-01.004-B
DATE: ①	REF. #: ②	PAGE: 1 / 1
TO: ③	FROM: DENSO MFG. TENNESSEE PRODUCTION CONTROL ④	<input type="checkbox"/> S/A <input checked="" type="checkbox"/> I/C <input type="checkbox"/> E/P <input type="checkbox"/> SCC <input type="checkbox"/> OSAM <input type="checkbox"/> FI
SUBJ: ENGINEERING CHANGE INSTRUCTIONS (drawings attached)		DENSO APPROVAL ⑤ PROD. CONTROL PURCHASING
REPLY ECI ACKNOWLEDGMENT TO: ⑥ DENSO PRODUCTION CONTROL	REPLY ECI SHIPPING ADVICE TO: ⑦ DENSO PROD. CONTROL CC: DENSO LOGISTICS	PLANT: 201
PART I. INSTRUCTIONS (To be completed by DENSO and sent with drawings)		
A. ENGINEERING CHANGE NO. ⑧		
B. CURRENT PART NUMBER ⑨		NEW PART NUMBER ⑩
C. IMPLEMENTATION TIMING ⑪	<input type="checkbox"/> DELIVER FROM ___/___/___ <input checked="" type="checkbox"/> AFTER CURRENT PARTS USED UP (TARGET ___/___/___) <input type="checkbox"/> AFTER DELIVERY ___ PCS OF CURRENT PART FROM ___/___/___ <input type="checkbox"/> FROM FIRST/NEXT DELIVERY <input type="checkbox"/> UNDERWAY	
D. REMARKS: ⑫		
PART II. ACKNOWLEDGMENT FROM SUPPLIER (To be completed by supplier within 5 days of receipt)		
A. ⑬ <input checked="" type="checkbox"/> CONFIRMED <input type="checkbox"/> NOT CONFIRMED		E. SIGNATURE: ⑰
B. TOOLING MODIFICATION TARGET COMPLETION DATE: ___/___/___ ⑭		
C. NEW PART TARGET DELIVERY DATE: ___/___/___ ⑮		
D. REMARKS (PLEASE REPORT POTENTIAL OBSOLESCENCE) ⑯		
PART III. SHIPPING ADVICE (To be completed by supplier and faxed at time of shipment)		
A. FIRST ACTUAL DELIVERY DATE OF NEW PART: ___/___/___ ⑱		C. SIGNATURE: ⑳
B. ACTUAL QUANTITY OF CURRENT & NEW PARTS OF THE FIRST SHIPMENT CURRENT PARTS: _____ PCS. + NEW PARTS: _____ PCS. = TOTAL PCS: _____ ㉑		
DENSO PG → DENSO PURCH → SUPPLIER → DENSO PC (ACKNOW.) → DENSO PC (SHIP. ADV) → DENSO LOGISTICS (CC)		

NPI/ENG CHG/PHASE OUT



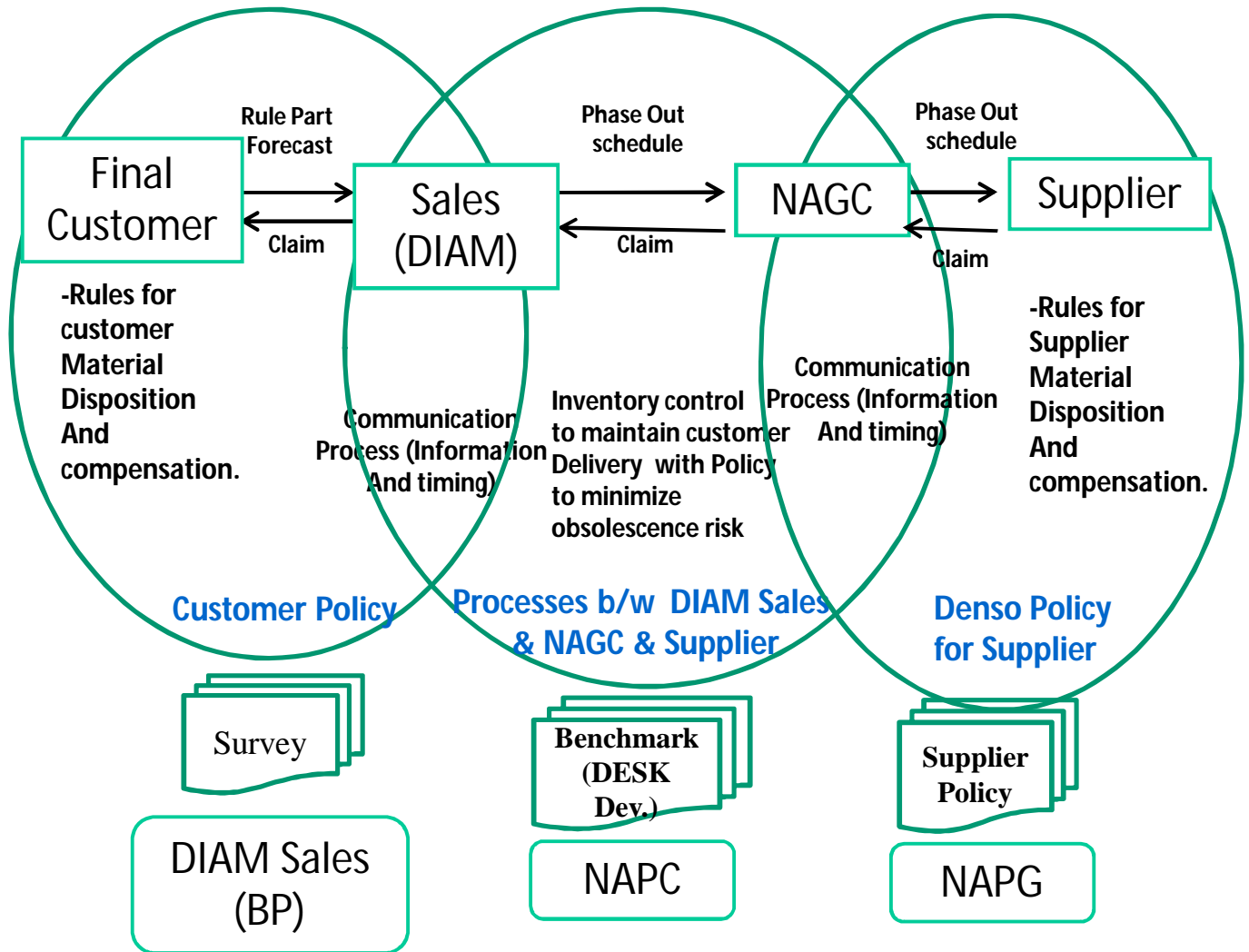
ENGINEERING CHANGE INSTRUCTION FORM EXPLANATION

#	Item	Description	Completed By	Timing
1	Date	Date E.C.I. is issued	DENSO P.C.	When ECI is initiated
2	Ref. #	DENSO Reference #	↓ Supplier ↓	↓ Within 5 days of Receipt of ECI form & drawings ↓ At time of first shipment of changed parts ↓
3	To	Supplier contact person & company name		
4	From	DENSO P.C. contact person & plant location		
5	DENSO Approval	Approval of DENSO P.C. & Purchasing Dept. management		
6	Reply E.C.I. Acknowledgement to	Name of DENSO PC person responsible for Receiving the E.C.I. Acknowledgment		
7	Reply E.C.I. Shipping advice to	Name of DENSO P.C. contact person responsible for receiving the E.C.I. Shipping Notice		
8	Engineering change no.	Engineering change number		
9	Current part number	DENSO's current part number		
10	New part number	DENSO's part number after engineering change		
11	Implementation timing	DENSO's target implementation timing & method for the engineering change		
12	Remarks	DENSO's additional comments		
13	Confirmed/Not Confirmed	Supplier indicates their acceptance or rejection of the E.C.I. by checking the appropriate box		
14	Tooling modification completion date	Supplier indicates their target date for modification of tooling		
15	New part delivery date	Supplier indicates their target date for first delivery of changed parts		
16	Remarks	Supplier's comments; obsolete materials/quantities		
17	Signature	Signature of person preparing acknowledgement		
18	First delivery of new parts	Supplier's actual delivery date to DENSO for changed parts		
19	Qty. of current & new parts of first shipment	Supplier indicates actual quantities of current & changed parts shipped at time of first shipment		
20	Signature	Signature of person preparing shipping advice		

ENGINEERING CHANGE

PURPOSE	To provide a method for communicating changes to any component or A-part.
RESPONSIBILITY	DENSO PC, DENSO Purchasing and the supplier are responsible for coordinating all NPI/ENG CHG/PHASE OUT changes
TYPES	<p>1. RUNNING CHANGES-This means that the timing of the change will occur when the stock of the old part has been depleted. It is very important that the supplier get an accurate inventory of the old part.</p> <p>2. NON-RUNNING CHANGES-(usually from the start up of a Model Year) - This means that a specific date has been set for the NPI/ENG CHG/PHASE OUT change to happen, regardless of inventory levels. In most cases the date is set far enough in advance to allow for proper planning.</p>
PROCEDURE	<p>1. DENSO Purchasing and PC will receive notification of the NPI/ENG CHG/PHASE OUT change from DENSO Product NPI/ENG CHG/PHASE OUT.</p> <p>2. DENSO Purchasing will contact the supplier sales department regarding the NPI/ENG CHG/PHASE OUT change. DENSO Purchasing will send an engineering drawing of the new part to the supplier.</p> <p>3. DENSO PC will contact their representative at the supplier to determine timing of the change. At this time PC may request an inventory of finished product, work in process and raw material. Based on this information, the PC specialist will determine a changeover date.</p> <p>4. If this change involves a die modification, advance production requirements will be handled with the DENSO PC specialist and their supplier representative.</p> <p>5. When the DENSO PC specialist knows the timing of the change they will modify the Material Release.</p>

Phase Out-Relationships





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Phase Out-Supplier Notification

Phase Out



➤ Phase Out Notification

Action Item	Resp.	Time Frame before Phaseout	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
				△				NA			
Send Phase Out Notification and Claim Sheet to Suppliers	PC	6 months		△				NA			

- **Official Information** should be sent to suppliers at least 6 months in advance.
- It is recommended that the **DENSO Production Control Department** sends the **official notice** to the supplier and cc Purchasing.
- This is a courtesy notice. The supplier should continue to base planning on Denso NASWEB orders.
- Please review DENSO Material Commitment document (Appendix I).

DENSO MANUFACTURING

Phase Out Notification Form Example

TO:			FROM:			DATE OF ISSUE		
			cc:					
SUBJECT: PHASEOUT NOTIFICATION TO SUPPLIERS			PLEASE ACKNOWLEDGE BY RETURN FAX OR E-MAIL WITHIN 3 DAYS					
I. SCHEDULE								
DATES								
LAST DELIVERY TO DMAT								
LAST FIRM ORDER TO DMAT								
"FIRM" FORECAST FROM DMAT								
INITIAL PHASE OUT SCHEDULE								
II. PHASE OUT ITEMS								
PART NUMBERS	PHASE OUT DATE	FUTURE SERVICE REQUIREMENTS?	QTY REMAINING TO DELIVER	LAST RECEIPT CONSIDERED		SUPPLIER AGREEMENT		
		Y O R N		DATE	QTY	PO #		
1		Y O R N						
2		Y O R N						
3		Y O R N						
4		Y O R N						
5		Y O R N						
6		Y O R N						
7		Y O R N						
8		Y O R N						
9		Y O R N						
10		Y O R N						
11		Y O R N						
12		Y O R N						
13		Y O R N						
14		Y O R N						



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Phase Out-Final Orders

Item	Action Item	Resp.	Time Frame before Phaseout	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
12	Send Final Orders (Partial Lots last order) to Suppliers	PC	2 weeks Local NA CKD Sea 2 weeks CKD Air						△ △ △			★

- Send final order in partial box to avoid obsolescence.

Phase Out-Dead Stock Reporting

DENSO Suppliers have two weeks after last shipment of parts to submit phase out claim to PC contact which includes the following:

1. Waterfall worksheet based on suppliers FG/Raw material commitment showing forecast to firm change (DENSO Material Commitment in Appendix of section)
 2. Claim Form showing FG /Raw material part numbers, quantity and cost. Claimable amount must be over \$500. Claimable amount may be higher than what the supplier actually claims due to suppliers ability to cut raw material orders. Supplier must have claimed inventory on hand for DENSO review.
- Claims must be submitted by supplier within 3 weeks of final shipment. Claims submitted later than this will not be accepted.
 - All claims should be submitted to DENSO PC & Purchasing Contacts. Claims will be reviewed within 4 weeks of final shipment.
 - ***Phase Out Forms can be found in the Forms section of this manual**