Value Add Value Engineering Program

VAVE is a tool that Cirrus uses to partner with key strategic suppliers to find efficiencies within our facilities, processes and supply chain. Suppliers provide documentation for improvements that result in cost savings or process improvements for Cirrus. All VAVE ideas must follow Cirrus VAVE process to count toward the metrics as defined the Supply and Support Agreement. VAVE projects must maintain the same Delivery/Supply Chain and Quality/Launch metrics as described the Supply and Support Agreement.

1. The following includes some examples of what qualifies as a VAVE project. This list is not meant to be all inclusive and all ideas must be vetted through Cirrus VAVE process prior to qualifying as a valid VAVE project.

Six Sigma Project	Supplier Furnished Tooling	Delivery or Handling Costs	Warranty Cost Reduction	Assembly or Production Efficiencies
Inventory Reduction	Consignment Inventory	Alternative Materials	Raw Material Consolidation	Value Added Proposals
Alternative Processes	Improved Raw Material Utilization	Open Bid	Process Improvements	Lower Tier Supplier Parts
Part Number Elimination	Design Alternative	Kitting & Line Sequencing	Elimination of Unused Parts in Kits & Assemblies	Weight Savings
Packaging Cost Savings	Cost Avoidance	Engineering Support	Transportation Costs	Incentive Programs

2. Calculating VAVE Savings:
    a. Beginning of Cirrus fiscal year, Cirrus will calculate the agreed upon VAVE savings by multiplying the percent requirement as detailed in Section 3 of the Agreement by the previous fiscal year spend with Supplier.
        i. Example: 3% VAVE requirement x $1,000,000 previous fiscal year spend with Supplier = $30,000 VAVE savings
3. All VAVE projects must be approved through Cirrus VAVE process as documented below.
    a. Supplier fills submits VAVE ideas to Cirrus procurement team assigned lead
    b. Cirrus procurement team reviews and make recommendation on VAVE Idea to cross-functional team
    c. VAVE idea is dispositioned and supplier is notified
    d. If VAVE idea is set to be implemented, Cirrus procurement team will enter idea into the project tracking database
    e. Cirrus team will work with supplier to implement idea and update & maintain project in project tracking database
4. Additional Requirements
    a. Supplier will be measured on maintaining a; pipeline of project ideas as detailed in the Supply and Support Agreement
    b. Supplier will work with the project lead to confirm the actual savings for any given project.
    c. Supplier will present the project business case to Cirrus's representatives.

      d. Supplier will track project progress and report out in agreed upon cadence to Cirrus representative.
5. Frequently Asked Questions:
      a. **What is the Value Add Value Engineering Program (VAVE)?**
            i. Tool to help build cost savings pipeline
            ii. Collaborative forum with Cirrus and Supplier to discuss opportunities to improve product / process / design
            iii. Take cost out of product, not reduce Supplier's profit margin!
      b. **Why use VAVE?**
            i. Utilize Supplier's expertise in their products to help remove waste from value chain, product and manufacturing process
            ii. Mutually beneficial for both Supplier and Cirrus
            iii. Promotes continuous improvement / lean practices
      c. **What factors are critical for success in using VAVE?**
            i. Positive Cirrus – Supplier relationships
            ii. Willingness to pursue opportunities that improve the product / process / design
            iii. Engineering resources dedicated to VAVE
            iv. Program traction and visibility
      d. **Expectations**
            i. Supplier will have a target and be required to propose that amount in approved ideas
            ii. Performance will be measured against other Suppliers
            iii. VAVE performance may affect future sourcing decisions