



# Supplier Performance Metrics Frequently Asked Questions

## **What is the purpose of having an IADC guideline for Supplier performance metrics?**

To develop a mutually beneficial relationship with suppliers, the IADC Supply Chain Committee has created standard supplier metrics and a scorecard to align expectations and promote performance improvement. The document contains recommendations from the IADC Supply Chain Committee that developed the metrics and a scorecard to be used as a standard guide in evaluating suppliers' performance throughout the procure-to-pay process. In addition, this initiative will help provide consistent industry metrics for suppliers.

## **How were these metrics chosen?**

The IADC Supply Chain Committee initially discussed over 30 KPI's (Key Performance Indicators). The final list was narrowed down based on the impact to the supply chain process as well as the measurability by both suppliers and drilling contractors. These metrics are considered to provide the highest impact to the procurement process, and they consider Safety, Quality, Delivery and Service metrics.

## **Who was involved in the creation of these metrics?**

The metrics were created by members of the IADC Supply Chain Committee, which is comprised of IADC drilling contractor members.

## **How will Scorecard performance impact future business with IADC members?**

The goal of the IADC Supply Chain Committee is to develop a high performing supply chain to support the needs of the drilling industry. Each individual company implementing the metrics and scorecard will determine to what extent they would develop a performance improvement plan for non-performing vendors.

### **Will vendor or supplier performance data be shared among drillers or with other suppliers? (Confidentiality)**

No. The metrics and scorecard are confidential and intended to be used to evaluate performance between each individual driller and each individual supplier. Per IADC's Antitrust guidelines, the metrics are not to be shared among drillers or other parties.

### **Is there any priority set for these metrics? (In the event that suppliers cannot fulfill all metrics)**

Priorities for each metric will be determined by each individual driller implementing the scorecard.

### **When will these metrics be implemented?**

Metrics are to be implemented at the discretion of the driller utilizing the metrics and scorecard.

### **Are there any expectations/standards for performance?**

The IADC Supply Chain Committee's goal is to develop a high performing supply chain. At this point, the IADC Supply Chain Committee will not be setting industry standards or expectations for each metric. However, this may be considered in the future.

### **How do suppliers provide feedback on these metrics?**

Suppliers should work with their respective drilling contractors to provide feedback and/or any recommendations.

### **Are the metrics adjustable based on the type of supplier?**

Metrics are the same for all suppliers. However, each individual driller can determine how these metrics are to be implemented and monitored.

### **Is the expectation to have all metrics apply to the supplier at the parent company level or individually?**

Metrics are to be implemented according to each individual driller's processes, capabilities and systems.