

QUALITY PROGRAM-STATUS

1. STATIC TEST & FLIGHT PERFORMANCE
RESULTS - EXCELLENT
2. QUALITY PROGRAM ACTIVE "IN HOUSE"
"AT SUPPLIERS"
3. CHRYSLER "CARE" PROGRAM (CHRYSLER
ALWAYS REQUIRES EXCELLENCE)
(COMPARABLE TO "ZERO-DEFECTS" PROGRAM)
4. USE OF PERMANENT & UP-DATED DISPLAYS
OF QUALITY RATINGS IN EACH KEY DEPT.
5. ACTIVE RATING PROGRAM FOR SUPPLIERS.

CHART 8

procedures at the source, and go downstream and make sure we have corrections before that hardware gets into the flight article.

The use of the permanent, updated displays of quality ratings in every key department is one of the key elements in trying to maintain quality "in-house."

We have an active rating program for our suppliers and here we have a very powerful tool. When we sit down, through our purchasing department, with our suppliers, each supplier is made aware of his quality ratings for the last period, and if he can't measure up to our quality standards, we yank him off the approval list. This is the most powerful tool that we have to insure quality in the supplier's house.

Now on schedule I, the big job, the job of supplying the 14 stages, on November 1, 1965, we had a milestone. This is when we incentivised all of our contracts. We entered into a contract to complete this job for \$97 million and chart 9 shows the distribution of these costs. About \$55 million is in labor and burden and about \$31 million is in material. As we have gone along on this program, from that day to this, as we stand today, our experienced costs in comparison