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(54) **SYSTEM AND METHOD FOR AMELIORATING SUBCONTRACTING RISK**

**Related U.S. Application Data**

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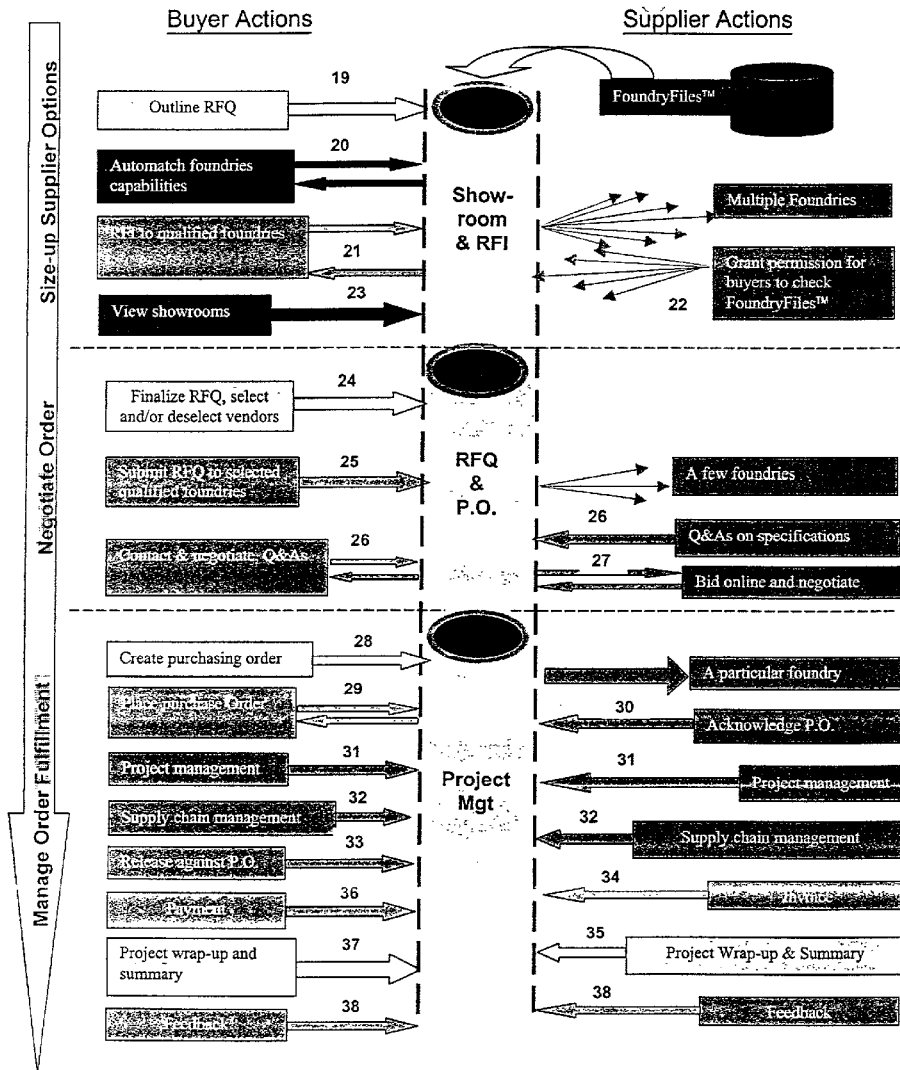
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(57) **ABSTRACT**

A purchasing management system is disclosed which allows users to ameliorate "subcontracting risk" when placing orders for custom processed goods, through the agency of a "trustee" who holds key proprietary information belonging to both buyer and seller, and who releases it upon consent of the respective principals.

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(22) Filed: **Oct. 12, 2001**



20 \* FOOD AND KINDRED PRODUCTS

21 TOBACCO PRODUCTS

22 TEXTILE MILL PRODUCTS

23 APPAREL AND OTHER TEXTILE PRODUCTS

24 LUMBER AND WOOD PRODUCTS

25 FURNITURE AND FIXTURES

26 PAPER AND ALLIED PRODUCTS

27 PRINTING AND PUBLISHING

28 CHEMICALS AND ALLIED PRODUCTS

29 PETROLEUM AND COAL PRODUCTS

30 RUBBER AND MISC. PLASTICS PRODUCTS

31 LEATHER AND LEATHER PRODUCTS

32 STONE, CLAY, AND GLASS PRODUCTS

33 PRIMARY METAL INDUSTRIES

34 FABRICATED METAL PRODUCTS

35 INDUSTRIAL MACHINERY AND EQUIPMENT

36 ELECTRONIC & OTHER ELECTRIC EQUIPMENT

37 TRANSPORTATION EQUIPMENT

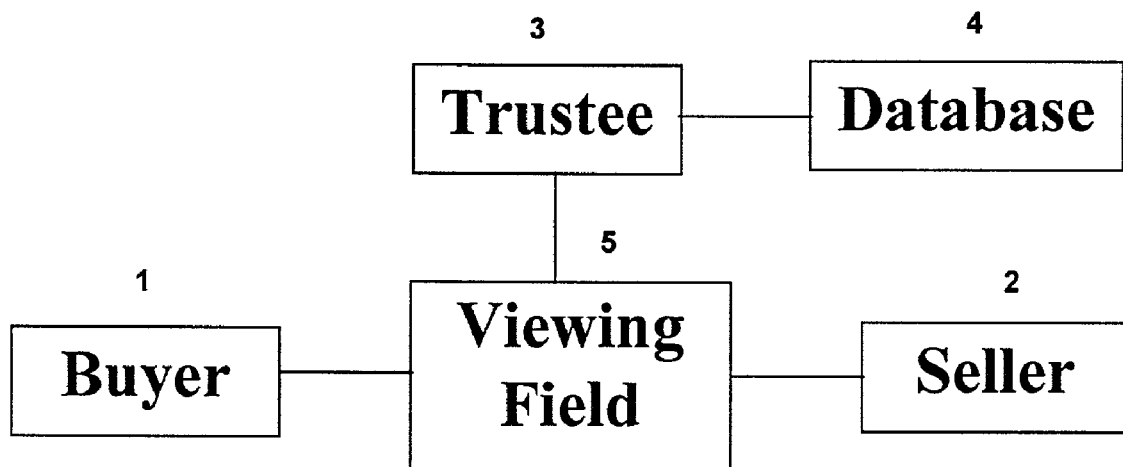
38 INSTRUMENTS AND RELATED PRODUCTS

39 MISCELLANEOUS MANUFACTURING INDUSTRIES

*(\* The numbers ahead of the industries indicate the SIC code)*

**FIG. 1**

FIG. 2a



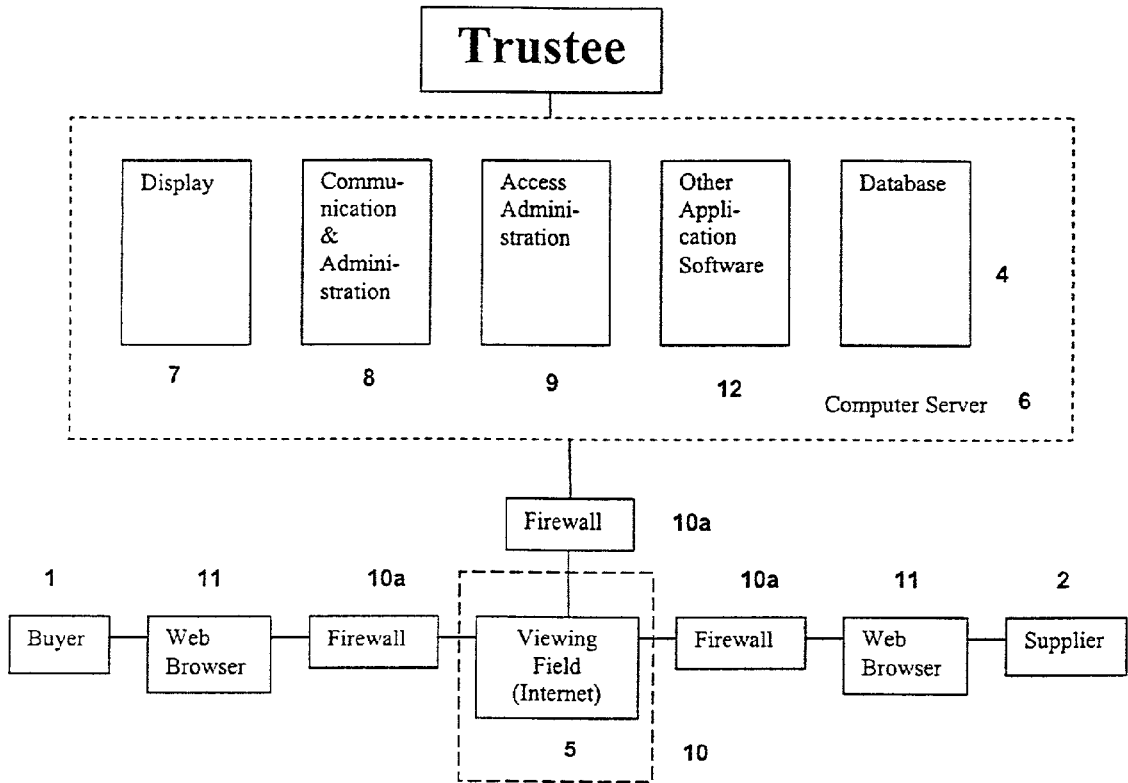
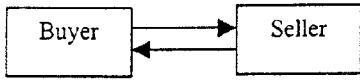
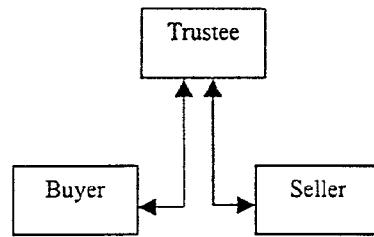


FIG. 2b

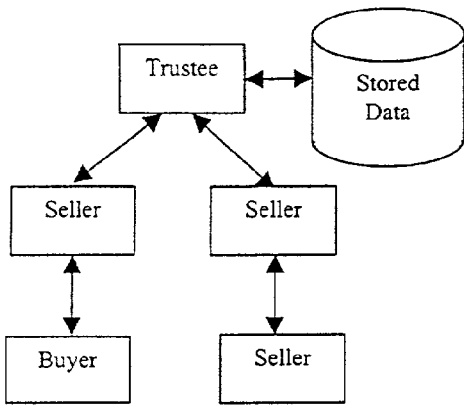
FIG. 2c



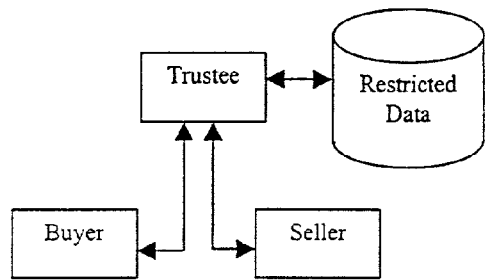
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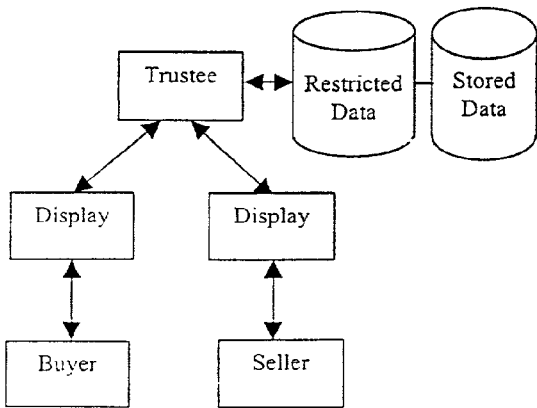
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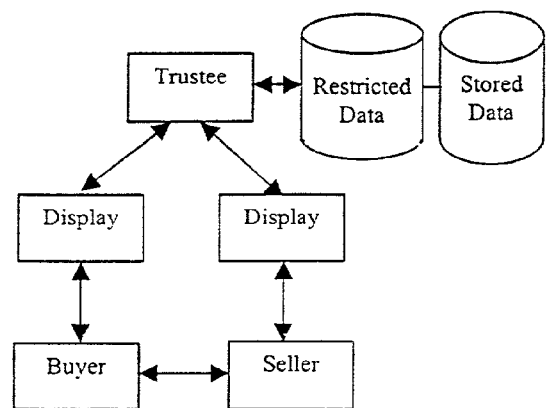
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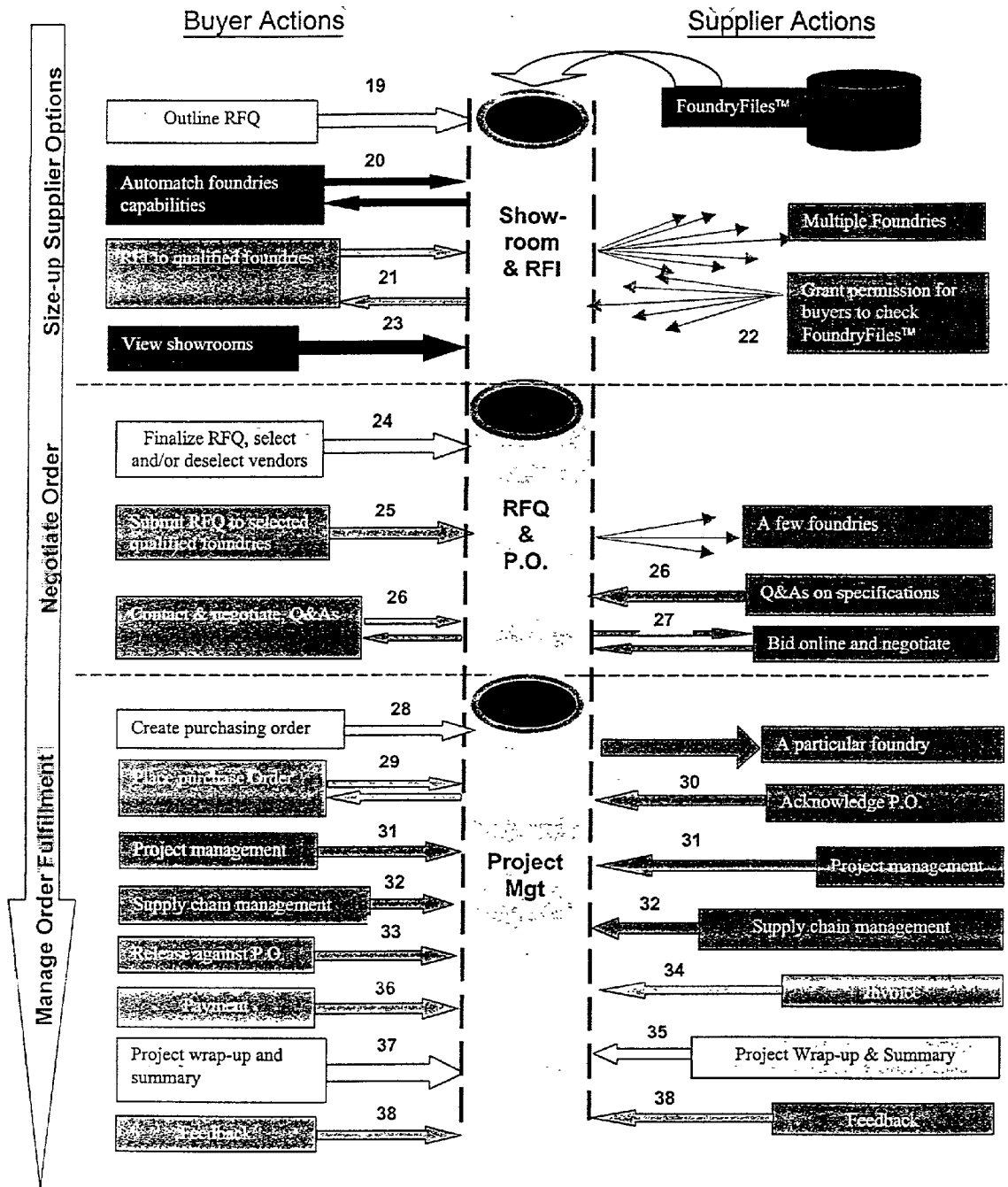


FIG. 3

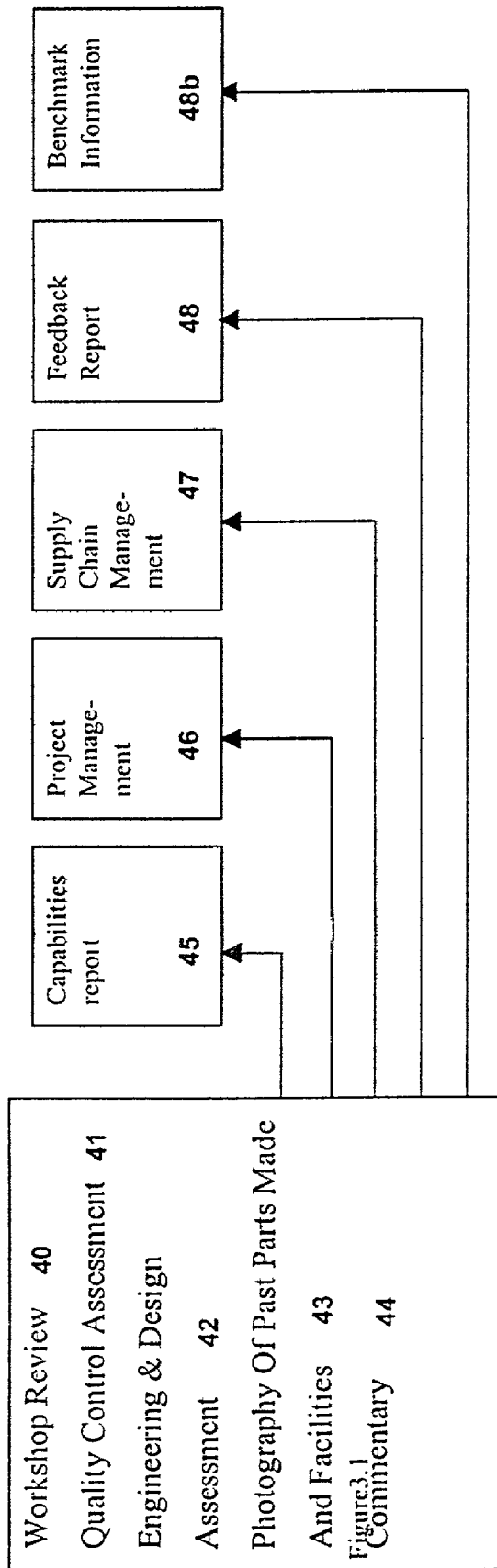


FIG. 4

**Introduction**

This is a procedure for the audit of a foundry as the basis for a FoundryFiles™ report for evaluation and assessment of foundry technical capabilities, production capacities, quality control, engineering and design, and management, service and training.

**Part I: Technical Capabilities**

**1) Production Capacity**

Workshop size: \_\_\_\_\_  
 Casting weight range (ton): \_\_\_\_\_  
 Casting size range (mm): \_\_\_\_\_  
 Average weekly tonnage: \_\_\_\_\_  
 Maximum weekly tonnage: \_\_\_\_\_  
 Production capacity used: \_\_\_\_\_

**FIG. 5a**

**2) Technical Capabilities**

Types of melting facilities:

- Electric induction/electric arc cupola/other \_\_\_\_\_

Design facilities:  Yes  No      Number of employees \_\_\_\_\_

Patternmaking facilities  Yes  No      Number of employees \_\_\_\_\_

Machining facilities:  Yes  No      Number of employees \_\_\_\_\_

Type of machines:

- Conventional/  NC/  CNC/  lathes/  borers vertical or horizontal/
- drills, bench, radial, multi-pindle/  other, please specify \_\_\_\_\_

Is pattern/machining shop directly controlled by foundry?  Yes  No

Is above capacity tied to own use/associate/group companies?  Yes  No

If so, what is the percentage/tonnage? \_\_\_\_\_

Coremaking facilities

- Oil sand  CO2  shell  No-bake, chemical bonded  other \_\_\_\_\_

Industrial standards used:



- ANSI Y14.5M-1982
- ISO 8062
- ASTM
- ASME
- AA
- EU
- Other, please specify \_\_\_\_\_

**3) Casting Processes**

**FIG. 5b**

- Conventional molding processes
  - Green sand casting
  - High density molding
  - Flaskless molding
  - Tight Flask molding
  - Skin-Dried and dry sand molding
  - Other, please specify \_\_\_\_\_
  
- Precision molding and casting processes
  - Permanent molding ("Gravity die casting")
  - Low pressure molding ("Die casting")
  - High pressure molding ("Die casting")
  - Investment casting ("Lost Wax")
  - Ceramic molding ("Shaw process")
  - Hitchiner process ("CLA, CLAS, CLAV")
  - Other, please specify \_\_\_\_\_
  
- Chemically bonded sand molding processes
  - Shell molding (Organic)
  - Sodium Silicate CO2 Bonded molding (Inorganic)
  - No-Bake molding (Chemically bonded self-setting sand mixtures)(Organic)
  - Other, please specify \_\_\_\_\_
  
- Special and innovative molding and casting processes
  - Evaporative Pattern Casting (EPC)
  - Vacuum ("V") Process Molding
  - Centrifugal Process Molding
  - "H" Process Molding
  - Lost Foam Molding
  - Other, please specify \_\_\_\_\_

**4) Casting Materials Used**

- Ferrous Metals
  - Gray Iron

- Class 20     Class 30     Class 40     Class 50     Class 60  
 White Iron Ni-Hard, High Cr.  
 Alloyed Irons, Ni-Resist  
 Compacted Graphite Irons  
 Other, please specify

Ductile Iron

- Ferritic (60-40-15, 60-45-12, 60-40-18)  
 Pearlitic/Ferritic (80-55-06, 80-60-03)  
 Pearlitic (100-70-03)  
 Martensitic (120-90-02)  
 Bainitic (130-100-04)  
 Other, please specify

**FIG. 5c**

Malleable Iron

Steel

- Carbon and low alloy  
 Corrosion resistant steel  
 Heat-resistant steel  
 Manganese-Wear resistant steel

Ferrous Metals

- Brass  
 Bronze  
 Nickel-Base Alloys  
 Zinc Base Alloys  
 Aluminum Alloys  
 Sand casting and permanent mold alloys  
 Die-casting alloys  
 Aluminum-Magnesium Alloys  
 Magnesium Alloys

## Part II: Workshop Review

Part I requires the auditor to visit the main manufacturing departments of the foundry and make notations covering three main aspects of each: machine types, proof of calibration, and operator procedures (SPS).

- Machine types: determine at least Machine "model" and "maker" from machine label plates. "Capacity" and "year made" information may be supplied by foundry personnel.

### Molding machines:

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

2) Flask sizes

FIG. 5d

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

3) Sand mixer

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

4) Molding boxes

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

5) Mould handling system

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

6) Sand plant

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

7) Melting furnace:

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_

Operation: very complete knowledge acceptable incomplete understanding

8) Machining equipment

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

FIG. 5e

9) Tooling machines -- Manual

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

10) Tooling machines -- CNC

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

11) Tooling machines -- RP

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

12) Tooling machines -- Other

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

13) Post-Finishing Facilities (Report on five machines of foundry's choice)

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_

Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

Machine model: \_\_\_\_\_ Maker \_\_\_\_\_  
Capacity: \_\_\_\_\_ Year made: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

FIG. 5f

### Part III: Special Capabilities Review

Part II has three distinct parts: assessment of the quality lab (instrumentation) and of the design center (CAD/CAM), and photography of representative output in the form of in-process castings.

#### (A) Quality Laboratory Assessment

Part A requires the auditor to go the quality laboratory of the foundry and go through the steps indicated in Part I above for the main workshop areas: identify machine types, obtain proof of calibration, and assess operator competence.

(1) Awards received

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

Name of awards \_\_\_\_\_  
Awarded by \_\_\_\_\_ Date \_\_\_\_\_

(2) ISO 9000 certified?

ISO Series Certified: \_\_\_\_\_  
Audited by: \_\_\_\_\_ Date: \_\_\_\_\_

(3) QS 9000 certified? \*

If certified,  
Audited by: \_\_\_\_\_ Date: \_\_\_\_\_

FIG. 5g

(4) ISO 14000 certified?

If certified,  
Audited by: \_\_\_\_\_ Date: \_\_\_\_\_

(5) 6σ implementation?

Date from \_\_\_\_\_  
Audited by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(6) CMM

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(7) Digital laser measurement system

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(8) Non-destructive testing (X-Ray, etc)

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(9) Mechanical properties testing machines

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(10) Thermal testing machines

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation:  very complete knowledge  acceptable  incomplete understanding

(11) Hardness testing machines

Type: \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

(12) Pouring monitoring ( electromagnetic treatment)

Methods: \_\_\_\_\_  
Equipment used: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

(13) Dimensional accuracy

Process: \_\_\_\_\_ Accuracy \_\_\_\_\_ Standards used \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

Process: \_\_\_\_\_ Accuracy \_\_\_\_\_ Standards used \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

Process: \_\_\_\_\_ Accuracy \_\_\_\_\_ Standards used \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

Process: \_\_\_\_\_ Accuracy \_\_\_\_\_ Standards used \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

Process: \_\_\_\_\_ Accuracy \_\_\_\_\_ Standards used \_\_\_\_\_  
Calibrated by: \_\_\_\_\_ Date: \_\_\_\_\_  
Operation: very complete knowledge acceptable incomplete understanding

FIG. 5h

(B) Engineering and Design Center Assessment

Part B is a simple inventory of CAD/CAM/CAE software. It requires the auditor to go to the foundry's engineering and design center, sit at a computer module, and have the operators display the software installed for identification.

Pro/Engineer  Version: \_\_\_\_\_  
No. of licenses \_\_\_\_\_

CATIA  Version: \_\_\_\_\_  
No. of licenses \_\_\_\_\_

I-Deas  Version: \_\_\_\_\_  
No. of licenses \_\_\_\_\_

UG-II  Version: \_\_\_\_\_  
No. of licenses \_\_\_\_\_

Solidworks □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

Magma: □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

ABAQUS □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

Other □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

Other □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

Other □Version: \_\_\_\_\_  
 No. of licenses \_\_\_\_\_

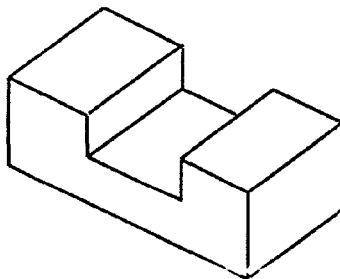
**FIG. 5i**

**(C) Photography of in-process castings**

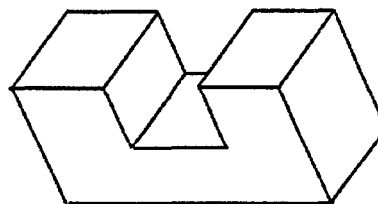
Part C requires the auditor to take a series of photographs of representative output of the foundry. The fundamental requirement is that all pieces photographed should be taken from work in process -- NOT from finished goods inventory or showroom. [Note: The foundry will have a separate option to display goods of their choice from their showroom in connection with the castingtrade.com site.]

The ideal is to photograph ten different pieces. Some of the photographs should be taken after the final finishing stage. It would be good to take some at the just-cast stage, as well (and ideally covering several different stages of the same piece).

The format of the photograph should be at an isometric or trimetric view:



Isometric View



Trimetric View





## Cast Metal Parts Project Management -- Key Steps

(To be included in project management software.)

### Tooling

- Drawing interpretation
- 3D modeling
- Master pattern fabrication
- Coremaking
- Mold making

### Parts Casting

- Mold layout
- Metal melting
- Testing pouring
- Process control
- First article part
- Volume production

### Finishing

- Sprue removal
- Snapping, chipping & cleaning
- Tumbling, pickling & welding
- Heat treatment

### Inspection

- Visual inspection
- Dimensional inspection
- Non-destructive testing

### Shipping

- Shipment schedule
- Shipment implementation
- Clear customs (if applicable)
- Shipment tracking
- Shipment received

**FIG. 6**

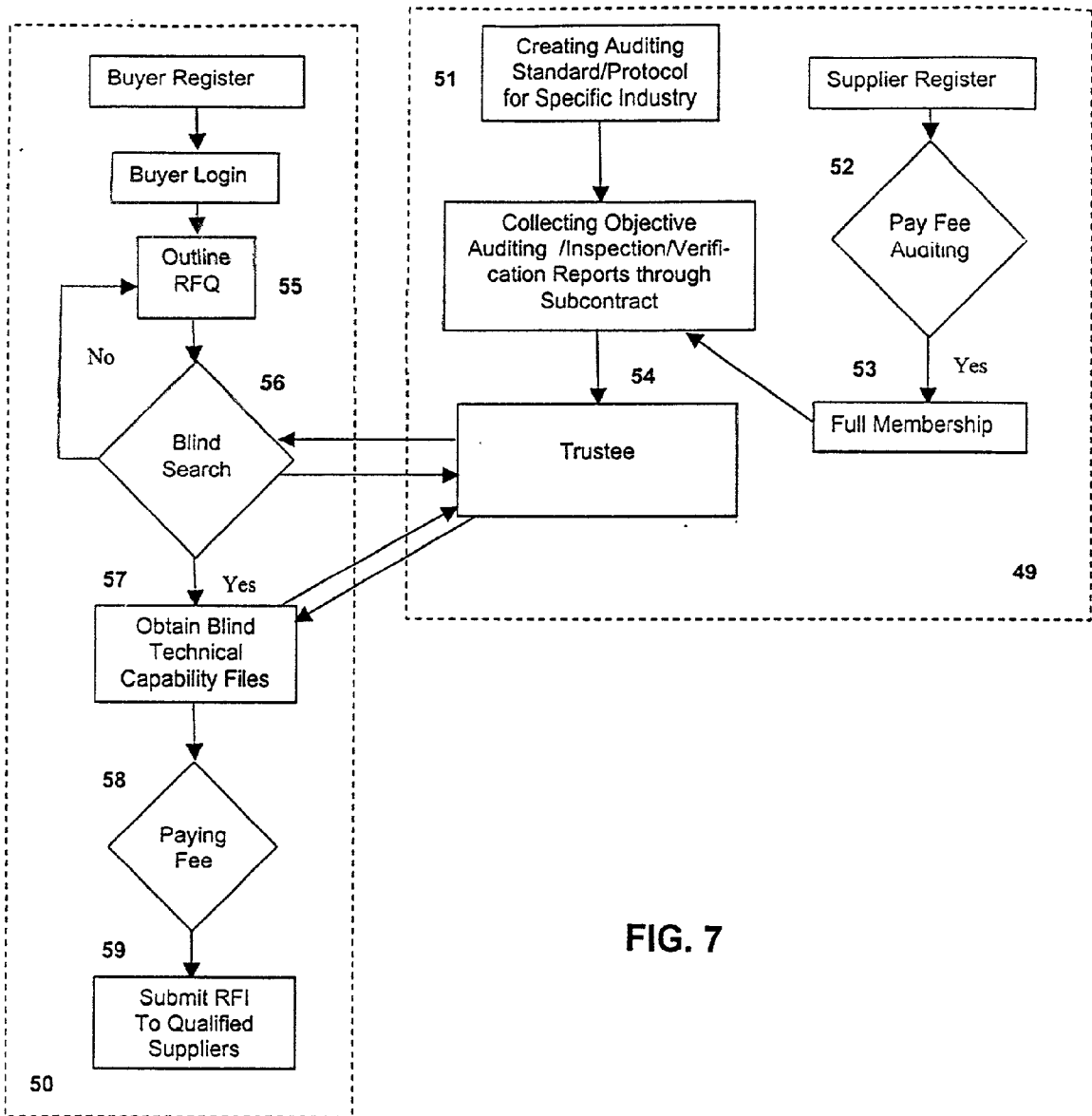


FIG. 7

## SYSTEM AND METHOD FOR AMELIORATING SUBCONTRACTING RISK

### CROSS-REFERENCE TO RELATED APPLICATIONS

[0001] This application claims the benefit of U.S. Provisional Application No. 60/239,870, filed Oct. 13, 2000, which is incorporated herein by reference.

### FIELD OF THE INVENTION

[0002] The present invention relates to the purchasing of any custom processed goods and a method for improving the predictability of the outcome of such purchases through the agency of a "trustee" who abets the appropriate flow of proprietary information between the prospective buyer and prospective sellers.

### BACKGROUND OF THE INVENTION

[0003] Contemporary product marketing processes involve greater and greater use of "outsourcing," in which a single person or firm (the "principal") assumes overall responsibility for the conception, production, marketing, and distribution of particular products, but delegates responsibility for individual steps (or sub-steps) in that process to other persons or firms (the "subcontractors"). Moreover, today's economy involves more and more "globalization"—in which principals are outsourcing from subcontractors at greater and greater distances. The present invention is concerned with the process of outsourcing or subcontracting of custom processing or manufacturing.

[0004] Outsourcing involves considerable risk for the principal. Since the principal assumes overall responsibility for coordinating and controlling a long chain of actions culminating in the final sale of a product to an end-user, the failure of any subcontractor in that chain can have negative consequences far in excess of the contract value of subcontracted step in question. The present invention is specifically concerned with ameliorating such "subcontracting risk."

[0005] In general, responsibility for coordinating and controlling the subcontracting of manufacturing processes falls to the purchasing agent or purchasing manager ("PA") within the firm. Ameliorating "subcontracting risk" is a substantial component of the PA's job. The PA's success at said process of amelioration is primarily dependent upon two key conditions:

[0006] (a) Disclosure by subcontractors to the PA, and subsequent analysis by the PA, of a substantial body of proprietary (but frequently not patent-protected) information of a sensitive, competitive nature, relating principally to the subcontractor's processing capabilities. It is upon the basis of this information that the PA can form a judgement about the rationality of entrusting a given processing operation(s) to a given subcontractor, and the risk that said processing operation(s) will not be successfully completed.

[0007] (b) Disclosure by the PA to the subcontractors of detailed processing instructions and/or product blueprints, which are also of a proprietary (but frequently not patent-protected), sensitive, competitive nature. It is upon the basis of this information

that the subcontractor prepares a bid and warrants that he will successfully complete the work if awarded the order.

[0008] Both of these steps are plagued by an inefficient collection process. Because of the sensitive competitive nature of both types of information, PAs and prospective subcontractors face a difficult choice: (a) to invest substantial amounts of time to develop the personal trust necessary to convince counterparts to release the confidential information available, frequently involving "view only" opportunities that involve travel to the counterpart's site, or (b) to forgo the consideration of large numbers of candidates for subcontracting engagements, or (c) to undertake subcontracting engagements without regard to the risk involved. The globalization trend discussed above exacerbates this situation by increasing the distances that need to be traveled, the number of candidates who may have to be forgone, and the variability between the most capable and the least capable candidate subcontractors.

[0009] Furthermore, in addition to the problem of collecting or not collecting the relevant data, there exists a problem of coherently organizing it for successful analysis. Here, again, the globalization trend exacerbates the problem: more data loss/corruption between the collection step and the organization step due to increased distances between counterparts, multiplied by the increased number of candidates, complicated by the increased variability from candidate to candidate.

[0010] The fundamental inefficiency of this system is that the same data is being collected and organized multiple times, adding little or no value with each iteration, in sharp contrast to the considerable value added by the PA and his subcontractor counterpart in the process of analyzing data about processing capabilities relative to a particular processing assignment, and vice versa.

[0011] Accordingly, there is a need for a system and method capable of assisting a decision-maker to prospectively discern the degree of risk associated with a complex, multi-faceted purchasing decision.

### SUMMARY OF THE INVENTION

[0012] According to one aspect of the present invention, a method for ameliorating subcontracting risk includes generating and maintaining an audit for each of a number of suppliers; allowing a buyer to search the maintained audit data; based on the buyer's specified search criteria, generating a list of suppliers; allowing the buyer to request more detailed information from suppliers selected from the generated list; receiving permission from such selected suppliers to release such detailed information and releasing such detailed information to the buyer. A trustee may perform the intermediary steps between the buyer and supplier. The trustee may also submit the request for more detailed information to the selected suppliers. The request for more detailed information may be in the form of a request for information. The names of the suppliers in the list generated in response to the buyer's search may be unidentified. The generated list of suppliers may also be generated based on a hierarchy logic.

[0013] According to another aspect of the invention, the method may include the buyer reviewing the released sup-

plier information; the buyer submitting proprietary information to a set of suppliers based on the buyer's review of released supplier information; the suppliers having an interest in the buyer's submission each preparing and transmitting a bid to the buyer in response and the buyer reviewing the proposed bids and making a purchase from one of the suppliers of interest. A trustee may perform these intermediary steps between the buyer and supplier as well. The buyer's submission of proprietary information may include a request for quotation. The method may further include implementing a project management system.

[0014] According to another aspect of the invention, a method for ameliorating subcontracting risk includes generating and maintaining an audit for each of a number of suppliers, wherein each audit evaluates the supplier's manufacturing processes; allowing a buyer to search the maintained audit data; and based on the buyer's specified search criteria, generating a list of suppliers. The method may further include allowing the buyer to request more detailed information from suppliers selected from the generated list; submitting the request for more detailed information to the selected suppliers; receiving permission from such selected suppliers to release such detailed information; and releasing such detailed information to the buyer. A trustee may perform the intermediary steps between the buyer and supplier. Also, the request for more detailed information may be in the form of a request for information. The names of the suppliers in the list generated in response to the buyer's search may be unidentified. The generated list of suppliers may be generated based on a hierarchy logic.

[0015] The method may further include the buyer reviewing the released supplier information; the buyer submitting proprietary information to a set of suppliers based on the buyer's review of released supplier information; the suppliers having an interest in the buyer's submission each preparing and transmitting a bid to the buyer in response; and the buyer reviewing the proposed bids and making a purchase from one of the suppliers of interest. A trustee may perform these intermediary steps as well. The buyer's submission of proprietary information may include a request for quotation. The method may further include implementing a project management system.

[0016] According to another aspect of the present invention, a system for ameliorating subcontracting risk includes a trustee for generating and maintaining an audit for each of a plurality of suppliers and a buyer, wherein the trustee allows the buyer to search the maintained audit data and generates a list of suppliers based on the buyer's search. The trustee may maintain the supplier audit data on a computer database and the buyers and suppliers may interact with the trustee's computer database through a computer. In one aspect of the system, the buyer may request more detailed information from suppliers selected from the generated list; the trustee submits the request for more detailed information to the selected suppliers and the trustee receives permission and releases such detailed information to the buyer.

[0017] According to another aspect of the invention, a system for ameliorating subcontracting risk includes a computing system on which an audit for each of a number of suppliers is maintained, wherein each audit evaluates the supplier's manufacturing processes.

#### BRIEF DESCRIPTION OF THE DRAWINGS

[0018] These and other features, aspects, and advantages of the present invention will become better understood with regard to the following description, appended claims, and accompanying drawings where:

[0019] **FIG. 1** is a non-exclusive list of the manufacturing processes to which the present invention is applicable;

[0020] **FIG. 2a** is an overview of principals in this business process;

[0021] **FIG. 2b** shows a preferred embodiment of the business process;

[0022] **FIG. 2c** shows the steps in an instance of communication between a buyer and a seller, and the trustee in using the current invention;

[0023] **FIG. 3** is a detailed flow chart of the overall process;

[0024] **FIG. 4** is a diagram illustrating the main components of an example Supplier Total Report and its relationship to communications enhancements made by the trustee;

[0025] **FIGS. 5a-j** are an example of a Supplier Total Report for a specific industry (cast metal);

[0026] **FIG. 6** is an outline of a Project Management Report for a specific industry (cast metal); and

[0027] **FIG. 7** illustrates the commercial process.

#### DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENTS

[0028] Referring to **FIG. 1**, a non-exclusive list of the manufacturing processes in which the system and method of the present invention may be practiced is provided. Referring to **FIG. 2a**, the principals in a preferred embodiment of the system and method of the present invention are generally depicted. The principals may include buyers **1**, who are purchasers of custom manufactured and/or processed goods, sellers **2**, who are specialized process manufacturers, especially any type of machine processing, and a trustee **3**, who manages a database of information **4**. There is a viewing field **5**, which enables all three principals to view certain information, made available by the trustee from the database upon the consent of buyer(s) and/or seller(s). The "viewing field" may include standard-format versions of each party's respective proprietary information. The "viewing field" does not have to be a computerized display. The "viewing field" may also be figurative, in the sense, that the information may be exchanged by facsimile or any other method.

[0029] **FIG. 2b** shows a preferred embodiment in which the system utilizes a computer server **6** to store the database of information, supply all manner of displays **7** of information to the viewing field, administer communication between principals **8**, and administer strict controls on access to proprietary data **9**, and also embodies other types of applications software **12** to serve the needs of the system. In this preferred embodiment all principals are connected to the computer server through the Internet **10** using web browsers **11**. In this embodiment, the viewing field is actually a combination of the web browsers (in the hands of all the principals) and the displays (generated by the trustee).

[0030] FIG. 2c shows the fundamental steps in any instance of communication between a buyer and a seller, and the trustee in using the current invention. Even in the absence of the current invention, communication between buyer and seller can take place directly 13 (“direct communication”). With the use of the current invention, there are added communication processes, in which, in the general case 14, communication from buyer to seller actually consists of communication from buyer to trustee, followed by communication from trustee to seller; and vice versa. In the current invention, there are four main variations on this general pattern. In one variation, equivalent to the general case 14, the trustee conveys messages directly and immediately between buyer and seller, with no significant processing (“unenhanced communication”). In a second variation 15, the trustee provides displays, often incorporating stored data, as a template for receiving communication input from one principal, and returns displays, also often incorporating stored data, as a setting for the communication output to the other principal (“enhanced communication”). In a third variation 16, the trustee manages access to restricted data for viewing by one of the other principals (“reporting communication”). Finally, there also exists a fourth variation 17, a hybrid of the second and third: “enhanced reporting communication.” Thus, it can be seen that the invention embraces all variation from “direct communication” to “enhanced reporting communication,” and everything in between 18.

[0031] In an embodiment of the invention, the sequence in which the consent is sought and obtained, and the information is displayed and viewed, is generally approximately as follows:

[0032] Step 1: “Create Auditing Standard/Protocol”—Trustee creates the auditing standard/protocol to evaluate the manufacturer’s technical capability, production capacity, and management and service levels and the like according to purchasing agents’ requirements.

[0033] Step 2: “Collect the Auditing Files”—The trustee conducts the auditing of the manufacturer’s technical capability, production capacity, management and services, etc. according to the auditing standard/protocol to evaluate the business and technical aspects of the manufacturer and to verify such collected information.

[0034] Step 3: “Aggregate the Auditing Files”—Aggregate the auditing files of a whole industry in national or global scale into one centralized place. Provide the organizing, analyzing and categorizing ability for information filtering and retrieval.

[0035] Step 4: “Search for Qualified Manufacturers”—Buyer submits criteria for a processing contract/order to a search engine, which returns the names of processors whose capabilities audit indicates they are capable to meet the criteria.

[0036] Step 5: “Request for Information (RFI)” —Buyer transmits a brief description of the processing contract/order to the processors named in Step 4 (or some subset thereof), and requests that they indicate their interest in proceeding to the RFQ stage (Step 7) by providing to the trustee their consent for the buyer to view the full text of their capabilities audit.

[0037] Step 6: “Provision of Consent”—Suppliers who wish to proceed to the RFQ stage (Step 7) provide to the trustee their consent for the buyer to view the full text of their capabilities audit.

[0038] Step-7: “Display of Capabilities Audit”—The trustee displays the full text of the capabilities audit, per authorization in Step 6 above, for the buyer to view.

[0039] Step 8: “Request for Quotation (RFQ)” —The buyer selects a set of processors for receipt of “Request for Quotation (RFQ,” and causes said RFQ to be transmitted, through the trustee or otherwise, to the selected processors.

[0040] Step 9: Supplier Bid—Upon receipt of RFQ, processors calculate a bid, and cause said bid to be transmitted, through the trustee or otherwise, to the buyer.

[0041] Step 10: Buyer Response—Upon receipt of each bid, the buyer calculates a response, and causes said response to be transmitted, through the trustee or otherwise, to the supplier.

[0042] [Steps 9 and 10 are repeated as determined necessary by the buyer.]

[0043] Step 11: Order Placement—Upon the acceptance by the buyer of a given bid, the buyer causes to be transmitted, through the trustee or otherwise, a Purchase Order.

[0044] Step 12: Project Management—Subsequent to the transmission of the purchase order, the buyer causes a checklist to be sent to the supplier, consisting essentially of a list of points in the process at which the supplier shall be required to provide a status report to be provided, through the trustee or otherwise, to the buyer.

[0045] FIG. 3 is a detailed flow chart of an embodiment of the overall process described above, in which a buyer evaluates supplier options, a buyer and potential suppliers negotiate an order, and both sides manage fulfillment of the order. Supplier option evaluation consists of several steps. First the buyer summarizes the main parameters of the order he wishes to place 19 (“enhanced communication”). The buyer then automatches suppliers in the database to his indicated parameters 20 (“enhanced reporting communication”). After repeating steps 19 and 20 until he is satisfied that his stated parameters are returning a manageable field of suppliers, the buyer sends a request for information (RFI) 21 (“enhanced reporting communication”), inviting suppliers to provide access to their capabilities reports as a prerequisite for obtaining the buyer’s formal Request for Quotation (RFQ). Interested suppliers grant permission 22 and buyers are enabled to view capabilities reports 23 (“enhanced reporting communication”).

[0046] Negotiation of an order between buyer and potential suppliers consists of several further steps. The buyer creates a Request for Quotation (RFQ) and selects the final list of vendors to whom he wishes to submit it 24 (“enhanced communication”). He submits the RFQ 25 (“enhanced communication”). Potential suppliers ask questions to clarify all details of the RFQ and the buyer provides answers 26 (“enhanced communication”). Potential suppliers provide

bids against the RFQ and the buyer counterbids **27** (“enhanced communication”), a step which can be repeated any number of times.

[**0047**] Managing fulfillment of the order consists of several further steps. Upon reception of a satisfactory bid, the buyer creates a purchase order (PO) **28** (“enhanced communication”), and communicates that purchase order to the successful bidder **29** (“enhanced communication”). The successful bidder must confirm the purchase order **30** (“enhanced communication”) for it to be effective. Implementation of the order proceeds, with seller and buyer in frequent communication according to a project management protocol **31** (“enhanced reporting communication”) and a supply chain management protocol **32** (“enhanced reporting communication”). Shipments **34** are made either on a schedule incorporated in the original PO or upon notification by the buyer **33** (“enhanced communication”). Sellers invoice **35** (“enhanced communication”) upon shipment, and buyers make payment **36** (“enhanced communication”) upon receipt of invoice according to incorporated terms. Both buyer and seller receive a project summary **37** (“enhanced communication”) and have the option of providing feedback about the other side’s performance in this transaction **38** (“enhanced reporting communication”). That feedback becomes part of the proprietary database.

[**0048**] **FIG. 4** is a diagram illustrating the main components of a Supplier Total Report **39** and its relationship to communications enhancements made by the trustee. The capabilities report incorporates several main categories of information, including workshop review **40**, quality laboratory assessment **41**, engineering & design center assessment **42**, photography of actual products **43**, and commentary by inspectors **44**.

[**0049**] This data is, in turn, incorporated selectively in one or more of the following enhancements that the trustee provides to the buyer-seller communications process: capabilities report **45**, project management report **46**, supply chain management report **47**, feedback report **48**, and industry benchmark report **48b**.

[**0050**] **FIGS. 5a-j** are an example of a Supplier Total Report for a specific industry (cast metal).

[**0051**] **FIG. 6** is an outline of a Project Management Report for a specific industry (cast metal). Detailed line items on this chart would be keyed to specifics in the Supplier Total Report for the relevant supplier.

[**0052**] **FIG. 7** illustrates an embodiment of a commercial process by which the trustee is remunerated for his role in the business process. This remuneration consists of two parts: collection of membership fees **49** and collection of handling fees **50**.

[**0053**] The collection of membership fees requires three main steps. First, the trustee must create the standards and/or protocol according to which the standardized Supplier Total Reports for a specific industry shall be compiled **51**. Second, individual suppliers agree to pay a fee for participation in the system **52**. Finally, audits/inspections are conducted according to the standards/protocol **53** and the trustee enters the data into that supplier’s Supplier Total Report **54**.

[**0054**] The collection of handling fees requires a similar set of steps. First, a buyer accesses the trustee’s server

through their web browser and proceeds to summarize the main parameters of the order he wishes to place **55**. Second, the buyer automatches suppliers in the database to his indicated parameters to obtain raw number of matches **56** and blind capability reports on matching suppliers **57**. After repeating steps **55**, **56**, and **57** until he is satisfied that his stated parameters are returning a manageable field of suppliers, the buyer authorizes payment of a handling fee to the trustee **58** and submits a request for information (RFI) **59** through the system to relevant suppliers.

[**0055**] Although various preferred embodiments of the present invention have been described herein in detail, it will be appreciated by those skilled in the art, that variations may be made thereto without departing from the spirit of the invention or the scope of the appended claims.

What is claimed is:

1. A method for ameliorating subcontracting risk, comprising:

generating and maintaining an audit for each of a plurality of suppliers;

allowing at least one buyer to search the maintained audit data;

based on the buyer’s specified search criteria, generating a list of suppliers;

allowing the buyer to request more detailed information from suppliers selected from the generated list;

receiving permission from such selected suppliers to release such detailed information; and

releasing such detailed information to the buyer.

2. The method of claim 1, wherein a trustee performs the intermediary steps between the buyer and supplier.

3. The method of claim 2, further comprising the trustee submitting the request for more detailed information to the selected suppliers.

4. The method of claim 1, wherein the request for more detailed information is a submission of a request for information.

5. The method of claim 1, wherein the suppliers in the list generated in response to the buyer’s search are unidentified.

6. The method of claim 1, wherein the generated list of suppliers is generated based on a hierarchy logic.

7. The method of claim 1, further comprising:

the buyer reviewing the released supplier information;

the buyer submitting proprietary information to a set of suppliers based on the buyer’s review of released supplier information;

the suppliers having an interest in the buyer’s submission each preparing and transmitting a bid to the buyer in response; and

the buyer reviewing the proposed bids and making a purchase from one of the suppliers of interest.

8. The method of claim 7, wherein a trustee performs the intermediary steps between the buyer and supplier.

9. The method of claim 7, wherein the buyer’s submission of proprietary information includes a request for quotation.

10. The method of claim 7, further comprising implementing a project management system.

**11.** A method for ameliorating subcontracting risk, comprising:

generating and maintaining an audit for each of a plurality of suppliers, wherein each audit evaluates the supplier's manufacturing processes;

allowing at least one buyer to search the maintained audit data; and

based on the buyer's specified search criteria, generating a list of suppliers.

**12.** The method of claim 11, further comprising:

allowing the buyer to request more detailed information from suppliers selected from the generated list;

submitting the request for more detailed information to the selected suppliers;

receiving permission from such selected suppliers to release such detailed information; and

releasing such detailed information to the buyer.

**13.** The method of claim 12, wherein a trustee performs the intermediary steps between the buyer and supplier.

**14.** The method of claim 12, wherein the request for more detailed information is a submission of a request for information.

**15.** The method of claim 11, wherein the suppliers in the list generated in response to the buyer's search are unidentified.

**16.** The method of claim 11, wherein the generated list of suppliers is generated based on a hierarchy logic.

**17.** The method of claim 12, further comprising:

the buyer reviewing the released supplier information;

the buyer submitting proprietary information to a set of suppliers based on the buyer's review of released supplier information;

the suppliers having an interest in the buyer's submission each preparing and transmitting a bid to the buyer in response; and

the buyer reviewing the proposed bids and making a purchase from one of the suppliers of interest.

**18.** The method of claim 17, wherein a trustee performs the intermediary steps between the buyer and supplier.

**19.** The method of claim 17, wherein the buyer's submission of proprietary information includes a request for quotation.

**20.** The method of claim 17, further comprising implementing a project management system.

**21.** A system for ameliorating subcontracting risk, comprising:

a trustee for generating and maintaining an audit for each of a plurality of suppliers, and a buyer, wherein the trustee allows the buyer to search the maintained audit data and generates a list of suppliers based on the buyer's search.

**22.** The system of claim 21, wherein the trustee maintains the supplier audit data on a computer database and the buyers and suppliers interact with the trustee's computer database through a computer.

**23.** The system of claim 21, wherein the buyer requests more detailed information from suppliers selected from the generated list, the trustee submits the request for more detailed information to the selected suppliers and the trustee receives permission and releases such detailed information to the buyer.

**24.** A system for ameliorating subcontracting risk, comprising:

a computing system on which an audit for each of a plurality of suppliers is maintained, wherein each audit evaluates the supplier's manufacturing processes.

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