

Total Quality Incentive Program

It is the goal of Gasket & Packings, Inc. to provide our customers with service and quality that exceeds both their expectations and requirements. With this in mind in a **Total Quality Incentive Program** is in place to help us achieve our goal.

The purpose of our Total Quality Incentive Program is to establish a method of identifying problem areas within our company, and that by identifying them; we will achieve greater customer satisfaction. As an incentive to employees of this company to help us achieve our goal all eligible full time employees begin each calendar year with 3 **Total Quality Days**. Eligible part time employees will receive pro-rated Quality days based on the actual number of hours worked. No Total Quality days will be earned during an employees new-hire probationary period. Employees will forfeit Quality days at a rate of ½ day per customer return and ½ day for 3 mistakes made. Remaining Total Quality days will be taken the following calendar year.

A customer return is generically defined as any mistake or valid complaint about a product that has left our doors. This includes items fabricated and/or shipped from one store to another or to a salesperson for delivery to a customer. A customer return can also be defined as any item lost by a delivery driver or sales person that is reported by the customer.

A mistake made is generically defined as any mistake not caught by self inspection and that does not leave the doors.

It is the responsibility of all employees to inspect their work to ensure that it is correct per customer specifications. Should a customer make a complaint or return it is the responsibility of the employee who speaks to that customer to initiate a **Customer Return Report**. This report will then be given to the employee believed to be responsible for the mistake. The responsible employee will provide an explanation as to the cause of the mistake and return to the employee who initiated the report. The completed report and all applicable documentation will be turned in for review by the Quality Steering Committee.

The goal of our **Quality Steering Committee** is to eliminate mistakes made by our company. This is done by analyzing the mistake and problem solving to eliminate the cause. A detailed customer return report is critical to this process. In reviewing the report the committee seeks to determine the following items:

1. Cause for the return or complaint
 - a. Is it our mistake, a vendors, or someone else's?
 - b. Did we follow proper procedures and fabrication processes?
2. Action or procedural change than can eliminate this from becoming a recurring problem
 - a. Do we need to implement new policies/procedures or processes?
 - b. Do we need to change or improve an existing method?
3. Determination of Customer Return or Mistake Made

If the Quality Steering Committee determines that an employee is responsible for a customer return or has made a mistake that was not caught by self inspection the customer return report will be returned to the employee with an explanation as to how and why the decision was made. The employee may have one opportunity to appeal this decision. The committee will review the appeal at the next meeting. The loss of Quality days are not intended to be a form of disciplinary action – they are an incentive. Should any employee exceed six (6) customer returns in one reporting period the following action will be taken by the company.

7th return: Employee will loose one regular work day without pay. This day will be taken at the company's convenience and discretion. No employee will be able to make up this time off.

8th and subsequent: Employee will loose an additional ½ day off without pay for each return after the 7th.

Example: An employee receives 9 customer returns in one reporting period. This employee will miss 2 regular working days without pay. These days do not have to be concurrent, but all will be at the discretion and convenience of the company.

Should any employee develop a pattern of returns or mistakes that are similar in nature corrective action will be taken by that employee's immediate supervisor *as soon* as the pattern appears.