

Automotive Organizations providing guidance and input to MMOG/LE	
AIAG	The Automotive Industry Action Group is a trade association working to increase member productivity through a cooperative effort of North American vehicle manufacturers and their suppliers.
GALIA	Groupeement pour l'Amélioration des Liaisons dans l'Industrie Automobile. GALIA is a French industry consortium that defines standards for e-business communications, engineering data exchange, and logistics management for the automotive industry.
ODETTE	Not-for-profit pan-European collaboration and services platform for the entire automotive supply chain. Creates standards, develops best practice recommendations and provides services which support the digitalisation of logistics management, supply chain digitalisation and the exchange of engineering data throughout the automotive industry.
SMMT	The Society of Motor Manufacturers and Traders (SMMT) exists to support and promote the interests of the UK automotive industry at home and abroad. Working closely with member companies, SMMT acts as the voice of the motor industry, promoting its position to government, stakeholders, and the media.
VDA	Verband der Automobilindustrie. The VDA nationally and internationally promotes the interests of the entire German automotive industry. Members consist of automobile manufacturers, suppliers and manufacturers of trailers, special bodies and containers.

Term	Definition
Advanced Shipping (or Ship) Notice - (ASN)	An EDI transaction listing the contents of a shipment of goods as well as additional information relating to the shipment including order information, product description, physical characteristics, packaging type, marking, carrier information and configuration of goods within the transportation equipment. The ASN completes the JIT cycle, and when used in conjunction with bar coded shipping labels, it virtually eliminates manual receiving functions by moving data accounting records for electronic payment, reducing the need for traditional invoicing procedures.
Authorized Economic Operator – (AEO)	A party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national customs administration as complying with World Customs Organization or equivalent supply chain security standards.
AIAG	abbreviation, Automotive Industry Action Group - A trade association working to increase member productivity through a cooperative effort of North American vehicle manufacturers and their suppliers.
Assessment	The evaluation of achievement against a specified requirement/standard.
Assessor	The person responsible for conducting the MMOG/LE assessment.
Bar Code / Bar Code Symbology	The combination of symbol characters and features required by a particular symbology, including quiet zones, start and stop characters, data characters, check characters, and other auxiliary patterns, which together form a complete scannable entity.
Benchmarking	The process of comparing current performance against the practices of other leading Organizations for the purpose of improving performance. Companies also benchmark internally by tracking and comparing current performance with past performance.

Bill of Material - (BOM)	Total list of all components and materials required to manufacture and/or assemble a particular item.
Bottleneck	The point in a process that limits total output.
Buffer	A quantity of materials used to protect against process variability.
Calibration	A set of operations that establish, under specified conditions, the relationship between a measuring device and a traceable standard of known reference value and uncertainty.
Capacity	The highest number of units that can be consistently produced in a given period of time. Generally expressed in time increments of both straight time and maximum sustainable overtime levels.
Changeover (or set-up)	The amount of time taken to change a process over from the last part of a production run to the first good repeatable part of the next production run.
Commodity	A category of similar physical substances or products (e.g., electronics, metals) which are interchangeable.
Container	A receptacle for shipping goods. Example is a carton, case, box, bucket, drum, bin, bottle, bundle, or bag, that an item is packed and shipped in.
Contingency	An event that may occur but that is not likely or intended; a possibility.
Continual Improvement	The process of identifying and making changes that deliver better outcomes which is what supports the quality management methodology. Quality standards are essential to continual improvement.
Continuous Improvement	A lean approach to improving processes whereas eliminating waste and non-valued activities. Continuous is an ongoing effort in the development of services, service-related products, products in development and equally the processes established and followed.
Conveyance	Equipment used to move parts and or containers (sea containers, semi-trailers, and rail cars).
Corrective and Preventive Actions	Corrective Action - Action taken to eliminate the causes of an existing nonconformity or other undesirable situation in order to prevent recurrence. Preventive Action - Action taken to eliminate the causes of a potential nonconformity or other undesirable situation in order to prevent occurrence.
Customs Trade Partnership Against Terrorism – (C-TPAT)	C-TPAT is a voluntary supply chain security program led by U.S. Customs and Border Protection (CBP) and focused on improving the security of private companies' supply chains with respect to terrorism.
Cumulative Quantities (CUMS)	A running total as a count of parts shipped or received in a series or sequence of shipments.
Customer Requirements	The requirements or specifications from the original equipment manufacturer (typically the automobile company).
Cycle Counting	A method of auditing inventory accuracy by counting only specified parts/material on a predetermined schedule
Demurrage	1. Holding a ship, freight car, or other cargo conveyance during loading or unloading beyond the scheduled time of departure. 2. Compensation paid for such a delay.

Dunnage	Additional packaging material that secures and/or protects the product during transit.																								
Electronic Data Interchange -	<p>The business of electronically communicating information that was traditionally communicated on paper, such as purchase orders, advance ship notices, and invoices. Technical standards for EDI exist to facilitate transactions between trading partners. Common standards include ANSI X12 (primarily in North America), /EDIFACT (used throughout the rest of the world) and VDA. Common electronic messages include the following.</p> <table border="1"> <thead> <tr> <th>TRANSACTIONAL INFORMATION</th> <th>ANSI X12</th> <th>EDIFACT</th> <th>VDA</th> </tr> </thead> <tbody> <tr> <td>Purchase Order</td> <td>850</td> <td>ORDERS</td> <td></td> </tr> <tr> <td>Planning Schedule / Material Release</td> <td>830</td> <td>DELFOR</td> <td>4984</td> </tr> <tr> <td>Shipping Schedule</td> <td>862</td> <td>DELJIT</td> <td>4986</td> </tr> <tr> <td>Ship Notice/Manifest (ASN)</td> <td>856</td> <td>DESADV</td> <td>4987</td> </tr> <tr> <td>Production Sequence</td> <td>866</td> <td>DELJIT</td> <td>4986</td> </tr> </tbody> </table>	TRANSACTIONAL INFORMATION	ANSI X12	EDIFACT	VDA	Purchase Order	850	ORDERS		Planning Schedule / Material Release	830	DELFOR	4984	Shipping Schedule	862	DELJIT	4986	Ship Notice/Manifest (ASN)	856	DESADV	4987	Production Sequence	866	DELJIT	4986
TRANSACTIONAL INFORMATION	ANSI X12	EDIFACT	VDA																						
Purchase Order	850	ORDERS																							
Planning Schedule / Material Release	830	DELFOR	4984																						
Shipping Schedule	862	DELJIT	4986																						
Ship Notice/Manifest (ASN)	856	DESADV	4987																						
Production Sequence	866	DELJIT	4986																						
Enterprise Resource Planning - (ERP)	Software that integrates internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and service.																								
Environmental, Social and Governance – (ESG)	Principles of social and environmental responsibility that are compliant with local law, consistent with international expectations that define minimum expectations towards business ethics, working conditions, human rights, and environmental leadership.																								
First In First Out – (FIFO)	Inventory management process ensuring that the material first received is the first used.																								
Finished Goods / Parts Inventory	Produced items, ready for transfer to the customer.																								
Internal Customer	The next process, operation or function within an organization.																								
Internal Supplier	The previous process, operation or function within an organization.																								
Inventory	Material, supplies and/or finished goods held for future use or sale. Inventory buffers the production process against the uncertainty of demand, the variability of the process, and the cycle time of the process.																								
Inventory Transactions	Inventory transactions document the quantitative change in inventory due to a business event or transaction (e.g., supplier receipt). In addition to the inventory impact of the event (i.e., the actual receipt quantity of a part), inventory transactions also record contextual information about the event. In the case of a supplier receipt, contextual information could include the supplier, date/time of the receipt, part lot number, etc.																								
IATF 16949	A quality management system that provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the supply chain. IATF 16949 applies to the design/development, production and, when relevant, installation and servicing of automotive-related products. It is based on ISO9001.																								
Kanban	A pull replenishment system used at a stock point in which a supply batch is ordered based upon a usage of a previous batch.																								

Key Performance Indicator - (KPI)	Financial and non-financial metrics used to help an organization define and measure progress toward organizational goals.
Lead Logistics Provider (LLP)	A Lead Logistics Provider (also referred to as a 4PL) manages and directs all aspects of an entire supply chain. This may include overseeing transportation management, supervising warehouses, coordinating any part of the supply chain, managing material flow between supplier and customer.
Lead Time	<ol style="list-style-type: none"> 1. The time interval between the conception or designing of a product and its actual production. 2. The time interval between the placing of an order and the delivery of the product or service
Lean	Identifying and eliminating any process or activity within the manufacturing system that the customer will not pay for which may be regarded as non-added value or waste.
Logistics	The process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.
Logistics Service Provider (LSP)	Party providing logistics services, such as warehousing, repacking products, distribution, assembly, sequencing, and cross docking
Lot	A quantity of homogeneous material either manufactured or received. Synonymous with batch.
Master Label	A label used to identify and summarize the contents of a multiple pack or unit load of common items (sharing a single part number), such as a pallet.
Material Authorization	The amount of material that the customer is authorizing a supplier to either purchase (RAW) or produce (FAB). If the customer should cancel this order, the customer will pay the supplier for any material that the customer authorized. It is important for the balance-out process to track the highest value of RAW and FAB authorizations
Material Flow Diagram	A graphic representation of a material flow process.
Material Requirement Planning (MRP)	A time-phased replenishment system to support production and/or manufacturing processes. It is generally identified with material/inventory control processes.
Mixed Load Label	A label used to identify a load of multiple single packs of different part numbers for a shipment.
Maintenance, Repair and Operating Supplies – (MRO)	Purchased items not included into the finished product.
Non-Applicable (N/A)	N/A or n/a is, a common abbreviation for not available or not applicable, used to indicate the deliberate omission of information from a table or listing.
Non-Applicable Criterion - (NAC)	A criterion that has been identified by the assessor as being not applicable to the organization being assessed.
Obsolescence	Out-of-date material designated for disposal. Obsolete material should be controlled in a manner similar to nonconforming product (e.g., Corrective and Preventive Action taken).
OEM	An original equipment manufacturer or OEM is typically a company which uses a component made by a second company in its own product or sells the product of the second company under its own brand.

Organization	A group of people and facilities with an arrangement of responsibilities, authorities and relationships (e.g., corporation, company, firm, institution or association.)
Partial Lot	The amount left over from a production run that is insufficient to fill a container or package to the customer's required ship quantity.
Partners In Protection – (PIP)	A cooperative program between private industry and the Canadian Border Services Agency aimed at enhancing border and trade chain security designed to streamline and make border processes more efficient for low-risk, pre-approved businesses recognized as trusted traders.
Perpetual Inventory	1. The inventory as represented in computer records, used to reconcile against physical inventory. 2. A structured approach to taking a physical inventory and then reconciling to computer records, followed where necessary by corrective action. The accuracy of the data is used as a performance metric.
Phase out	The final quantity required by a customer before the item is discontinued from production.
Physical Inventory	Physical inventory is a process where an organization physically counts its entire inventory. A physical inventory may be mandated by financial accounting rules or the tax regulations to place an accurate value on the inventory, or the organization may need to count inventory so component parts or raw materials can be restocked. Organizations may use several different tactics to minimize the disruption caused by physical inventory.
Poka-yoke	The practice of designing products or processes in a manner that prevents human or mechanical error.
Portal / Web Portal	A web-based Portal is an Internet-based solution provided by a customer for its suppliers. This solution provides access, with limited human interaction, to the customer's supply chain related data. For example, the supplier can view as well as download forecast and schedule information and upload or manually enter ASN data. These solutions often provide access or viewing to other supply chain related data such as performance data, invoices, consigned inventory, bar code labels, etc.
Production Part Approval Process – (PPAP)	A generic part qualification process used to determine if all customer requirements are understood by a supplier and if the process has the potential to produce product meeting requirements on a production basis.
Premium Freight	Extra costs or charges incurred additional to contracted delivery. NOTE This can be caused by method, quantity, unscheduled or late deliveries, etc.
Pre-Production	Manufacture or assembly using production parts and processes prior to regular/serial production.
Problem Solving	A structured, repeatable process where the root cause(s) of the problem is identified, and a corrective or preventive action is implemented.
Procedure	Documented processes that are normally used when work affects more than one function or department of an organization.
Process	The combination of people, equipment, materials, methods, measurement and environment that produce output – a given

	product or service. A process can involve any aspect of the business. “6M’s” is a catch phrase sometimes used to describe a process: Man, Material, Method, Machine, Mother Nature, and Measurement.
Product Realization	Product realization refers to the interconnected processes that are used throughout all product life cycle phases and result in high quality products. The process of design for both product and process as defined within IATF 16949.
Production	The physical process where value added activity takes place.
Production Part	Manufactured at the production site using the production tooling, gauging, process, materials, operators, environment, and process settings, e.g., feeds/speeds/cycle times/pressures/temperatures.
Pull System	Lean Manufacturing ordering method, where material and/or components are replenished only after consumption, in order to control stock levels and avoid overproduction.
Quality Management System (QMS)	Quality Management System -IATF 16949, in conjunction with ISO9001 defines the approach to quality management for the design and development, production and when relevant, installation and service of automotive related products. IATF 16949 represents the new global quality management requirements for the automotive sector.
Receiving Discrepancies	Variance between documented receipts and physical receipts.
Returnable Container	Shipping container of any material designed to be used for more than one shipment.
RFID	Radio Frequency Identification - Systems that read and or write data to RF tags that are present in a radio frequency field projected from RF reading / writing equipment.
Risk Management	The process of identifying, assessing, and prioritizing threats to an organization’s activities, in order to reduce and control the likelihood of supply disruptions and mitigate potential impact.
Root Cause	The assignable source of variation that affects all the individual values of the process output and /or phenomena being studied.
Routings	Information detailing the method of manufacturing of a particular item. It includes (at a minimum) the operations to be performed, the work centres involved and the standards for setup and run time. In some companies, the routing also includes information on tooling, operator skill levels, inspection operations and testing requirements
Schedule	A plan for carrying out a process or procedure, detailing lists of intended events and times. (e.g., shipping schedule, master production schedule, maintenance schedule, customer schedule, supplier schedule).
Scrap Rate	A predictable percentage of raw materials rejected from use in a manufactured product.
Self-Assessment	A method by which an organization, company, division (or other) compares their standard practices against a requirement or standard.

Service / Spare Parts	Parts used for the repair or maintenance of an assembled product.
Storage Location	The interim location where material is kept in inventory between the receiving dock and point of use.
Strategy	The method by which organizations plan to achieve business objectives.
Sub-supplier	A supplier to the tier 1, either directly or indirectly.
Supplier	Provider of production materials, or production or service parts, assemblies, heat treating, welding, painting, plating or other finishing services directly to an organization supplying the OEM or other customers.
Supply Chain	A network between a company and its suppliers to produce and distribute a specific product to the final buyer; it includes different activities, information and resources.
Supply Chain Management (SCM)	Supply Chain Management is responsible for activities that may include: Procurement (purchasing of raw materials/components), Operations Management (production planning & scheduling, inventory control), Logistics (transportation of inbound/outbound materials) and Customer Service/Interface.
SWOT Analysis	A tool that identifies the strengths, weaknesses, opportunities and threats of an organization. Specifically, SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. Once the SWOT is completed, the analysis determines what may assist the firm in accomplishing its objectives, and what obstacles must be overcome or minimized to achieve desired results.
Third Party	A service provider that interfaces between the supplier and customer to modify the packaging and/or provide a value-added process to the product.
Throughput Time	The elapsed time from when material starts being used in a process until the product is finished, either through a plant or through a production network.
Tier	The level of supplier (organization) in relationship to the original equipment manufacturer final assembly plant.
Tier 1...n	Tier Supplier Suppliers are, at times, referred to as Tier n suppliers, where n is a number from 1 to 3 and represents the closeness of the supplier to the vehicle manufacturer when tracking the supply of parts.
TREAD Act	The TREAD (Transportation Recall Enhancement, Accountability and Documentation) Act was enacted in the United States. It requires automobile manufacturers to publish information related to vehicle defects and recalls.
Verifying Assessor	An individual or third party who confirms that the assessment has been correctly conducted by the assessor and the results are a true reflection of the status of the organization.
Vision	The target for the organization, e.g., what/where you want the organization to be.

Visual Management	<p>The use of signs, colours, symbols, lights that are readily apparent and can be easily understood. This information can be used to identify, instruct, or indicate that normal or abnormal conditions exist and that action may be required.</p> <p>Good visual management needs no interpretation and provokes a reaction.</p>
Waste	To use, consume, spend, or expend thoughtlessly or carelessly.
Web EDI	<p>A web EDI solution provides a working environment to fully cover the data exchange between EDI capable partners and non-EDI capable ones, using standard EDI messages. A Web EDI solution can be used by a supplier to exchange with multiple customers with the benefit of a same solution (same screens...) handling for all customers. Web EDI solutions must be compliant with the various Business Processes (Delivery schedule and Call-off; Despatching; Invoicing; Printing of the standard labels and delivery notes...).</p>
Window Time	The time agreed to by the customer and supplier for the loading of outbound conveyance or unloading of inbound conveyance.
Work in Process (WIP)	Any product on which value-added activity has taken place but the product is not yet in its finished form.