

Risk Management in Flight

CASE STUDY: A CLIENT'S PERSPECTIVE



Wichita, Kansas-based Spirit AeroSystems, the world's largest first-tier aerostructures manufacturer and a key supplier to the world's largest aircraft providers, uses Rapid Ratings to identify its financially risky suppliers before they become a weak link that can threaten the company's supply chain.



Says Rex Roney, Spirit AeroSystems' credit manager, "Rapid Ratings gives us a standard to compare our **public and private suppliers**. For those rated poorly or deteriorating, we take immediate action and put a risk mitigation plan in place."

Spirit AeroSystems measures its suppliers on an ongoing basis using Rapid Ratings' analytics as well as quality and delivery metrics and their own relationship management assessments. The company reviews changes and trends across its supplier base in order to spot anomalies that require a deeper dive. "You need a uniform, consistent standard that you can always fall back on, to ensure you're not speculating on, but really qualifying, a company's risk level," says Roney.

Roney also subscribes to the importance of maintaining a working relationship with suppliers, and to physically meet with them to ask questions such as: "Why are they in this position, and how will they get themselves out of it? Why is their cost structure poor, or why is revenue declining? Why are payables increasing, or receivables decreasing? What is their plan to improve? Rapid Ratings gives us the red flags to focus on, so that we can dig deeper in areas that require further attention."



This allows Spirit AeroSystems to best assess whether it is possible to continue working with the challenged company, or whether it needs to consider alternate suppliers.

*Rapid Ratings' **Financial Health Rating (FHR®)** and advanced analytics and reports enable companies to most effectively assess the financial health of their public and privately held suppliers and vendors. We work with clients to build a comprehensive risk management framework so they can anticipate and mitigate potential disruptions.*