

VENDOR AND SUPPLIER ASSESSMENT CRITERIA CHECKLIST

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COMPETENCY

X	CRITERIA	ACTION
	Experience	Ask for a review and a brief history of the company's years in business.
	Customers	Request a list of key customers and contact information of endorsers.
	Training and Development	Review the vendor's system in place for staff training and development and any initiatives.
	Key Personnel	Meet with people who will be involved with your account.
	Recruitment	Learn how people earn key positions and understand hiring criteria.

CAPACITY

X	CRITERIA	ACTION
	Current and Future Orders	Gather information to determine total capacity and if there is sufficient capacity to meet your requirements now and into the future.
	Operational Statistics	Check statistics that provide evidence around quality problems or service levels. These types of data are easy to acquire when the vendor or supplier has ISO accreditation.
	Resources	Ensure that the necessary systems and procedures to support good quality and high levels of service are in place.

CONSISTENCY OF PERFORMANCE

X	CRITERIA	ACTION
	Consistent Quality and Service Levels	Establish that the supplier will be able to deliver high levels of quality and service throughout the life of the contract. One indicator of customer focus is having a dedicated account manager or team of experts who can answer questions or service needs.
	Statistical Process Control (SPC)	SPC measures the quality of the product, identifies trends to slip outside tolerance limits, and takes corrective action before a problem occurs to enhance quality and contain costs.

COMMITMENT TO QUALITY

X	CRITERIA	ACTION
	Item or Service	Ask for reviews and endorsements by customers or independent sources of the quality of the item or service.
	Quality Management	Look into quality processes that the vendor employs, such as total quality management (TQM), or quality control measures to quantify the standard of output.
	Standards Compliance	When it is essential in your business, verify that potential partners adhere to standards relevant to their business (and yours). Standards may be related to product quality, such as international production ISO standards or the QS 9000 for American car manufacturers. Compliance with regulations like the Payment Card Industry Data Security Standard (PCI DSS), the HIPAA standards for health care information, and the California Electronic Communications Privacy Act (Cal ECPA) may also be relevant to your business.
	Non-Destructive Testing (NDT)	NDT analysis is used in technology and science industries to evaluate products or processes without creating damage or harm, hazards, or financial loss.
	Continuous Improvement	Check for organizational culture and corporate values, communicated to all employees, that focus on continuously achieving and improving quality.

COST

X	CRITERIA	ACTION
	Price	Price quotes should reflect both quality and service and industry competition.
	Full Cost Analysis	Ensure your vendor or partner has a well-run business based on variable costs, fixed costs or overhead, profit margins, and the break-even point.

CASH AND FINANCE

X	CRITERIA	ACTION
	Balance Sheet	Check an official record of fixed and current assets and how they are financed.
	Profit and Loss	A P&L sheet shows you whether the supplier is making a profit and is an indicator of company stability.
	Credit Rating	Financial institution credit rating should be high — a poor rating is an indicator of mismanagement.
	Financial Reputation	Ask customers, analysts, and colleagues about a prospective partner's financial suitability.

COMMUNICATION

X	CRITERIA	ACTION
	Appropriate Channels of Communication	Ensure that the vendor can attend regular meetings, Skype events, or teleconferences.

CONTROL OF INTERNAL PROCESSES

X	CRITERIA	ACTION
	Inventory	When a vendor or supplier carries sufficient inventory, they should be able to supply the right quantity at the right time.
	Quality	Quality controls are essential to a successful contract.
	Operations	Disciplined operations enable on-time deliverables that meet specifications in the correct quantity.
	Procurement	Efficient procurement processes are essential when your vendor uses its key suppliers to keep costs in line.
	Health and Safety and Environment (HSE)	Check for sound systems and procedures, as well as an excellent safety record, which shows social responsibility and a workplace that builds workforce morale and motivation.

CLEAR (Corporate Social Responsibility)

X	CRITERIA	ACTION
	Follows Ethical and Legal Standards	Products and services should satisfy legislative requirements. Evidence of conformity might include policy and processes aimed at delivering ethical best practices, positive media or feedback, or rating agencies.

CULTURE

X	CRITERIA	ACTION
	Values	A healthy relationship could foster a long-term and sustainable partnership that adds value to both parties.
	Understanding Business Drivers	A partner should understand what impacts your business, from the competitive environment to the latest innovations.

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