

A process to choose suppliers and vendors essay examples

[Business](#), [Organization](#)



A selection criterion for vendors and suppliers is required to lower the cost of conducting business to unnecessary levels. As the expenses of operation increase, margins of profit shrink, and force the business to either raise prices or lower profits, and none of these options is appealing. Selection criteria are needed to control cost, maintain prices within competitive levels, and sustain desirable profit (Wang & Liu, 2009).

Recommended Selection Criteria for Vendors and Suppliers

Documenting Organization's Needs

Before any form of selection of the prospective vendors and suppliers to offer the service of supplying office supplies and equipment maintenance, a detailed documentation must be done. The documentation should specify what is required. This can be useful later on when checking through the notes and the supplier or vendor material and discover that their services are not matching the organization's needs. Meeting with potential suppliers or vendors will assist in determining what they may offer against what is needed to ensure a good match (Shen & Yu, 2011).

Identification of Potential Sources

Whatever item or service is required to be offered, the best next stage is personal research to determine the organizations that appear to be the best in supplying or offering what is required. The next step is contacting every vendor or supplier via phone or email stating the organization's needs and that they are required to participate within the process of selection. Each service provider should be offered the organization's introduction and contact information, a summary of business requirement, an invitation to be

involved within the process of selection, and a proposed time/date for face-to-face discussion (Shen & Yu, 2011).

Initial Vendor Discussions

At this stage, potential service providers visit the site, separately, and present their abilities and discuss how to meet the presented needs. They must give reasons for consideration as the best service provider for the organization (Shen & Yu, 2011).

Weeding Out Suppliers and Vendors

Stage 3 is completed, and many vendors or suppliers are weeded out. Based on specifics of service or price, some vendors or suppliers are eliminated and only 2 to 4 vendors are left for further discussions. Price probably has been tackled in stage 3, but maybe not necessarily the final price. Therefore, the next stage settles the best price (Shen & Yu, 2011).

Final Vendor Round

Final vendor round is the final opportunity for all the finalists to present their offer stick in winning the tender. They should be brought in separately and have last discussions concerning the price and organization's needs or requirements from their offerings. This is the stage where specifics concerning any special organization's needs are discussed. Ways to select the best supplier in terms of service or price is examined, all information are given for vendors or suppliers to trip them up. Differentiators are looked at in this stage (Shen & Yu, 2011).

Making Decision

This is the stage of reviewing materials and notes with each vendor or supplier to make a final decision. It should be based on cost as well as the ability to meet requirements, but the final decision is up to the selector or committee in charge. The key should be sticking to the decision made. Changing providers quickly may result in additional costs for the organization. After this rigorous procedure, it is improbable to make a poor choice. Nonetheless, if it is discovered at some point that vendor A was picked over vendor B, a careful switch should be made not to incur additional contract back-out cost over the decision (Chung, Kwon & Pentland, 2010).

References

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