



TRADE LOGISTICS

YOUR KEY TO INTERNATIONAL TRADE

Want to start or grow your import/export business?

Learn how from industry experts.

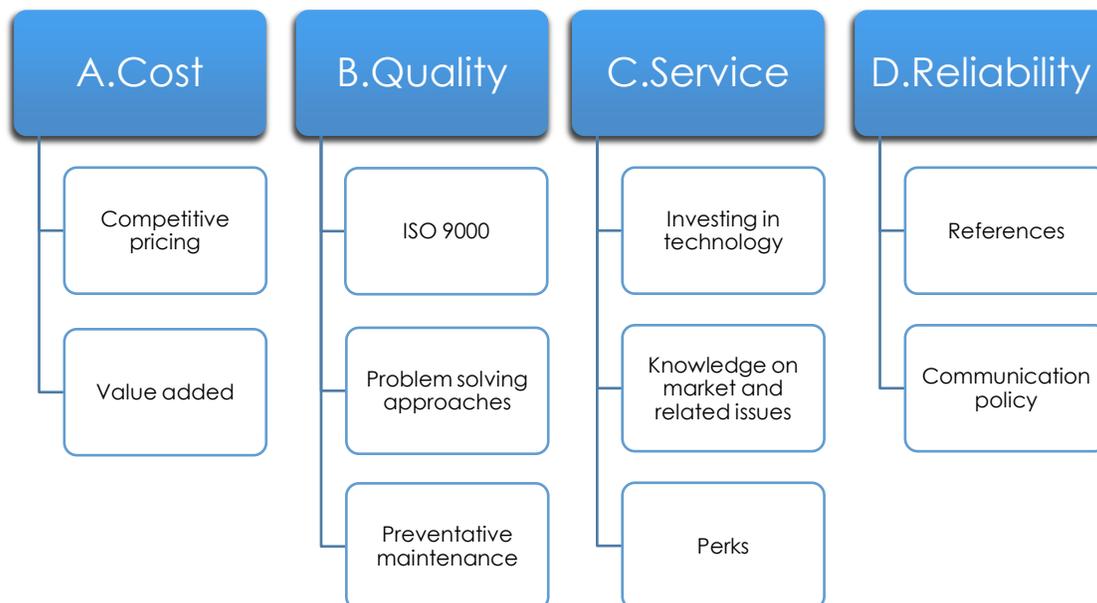
View our [training schedule](#)

HOW TO Evaluate a Supplier

Evaluating a Supplier:

It makes no difference what business you are in, suppliers and vendors play a key role in your company's success. Finding a good supplier means that the quality of items you receive matches the description of the product in the catalogue, the supplier delivers on time, and the products are in perfect condition. Therefore, having some basic evaluation criteria in place to evaluate suppliers, as well as encouraging effective communication and transparency, is essential to the smooth operation and profitability of your company.

The first step we would recommend you to take is to establish the key parameters that are critical to your product or service being supplied. The four most basic considerations are.



A. Cost:

Competitive pricing is an important factor. It is important, however, not to get stuck on price, but to focus on the quality of service, ensuring that there isn't a trade-off. Your goal is to understand what value-add the supplier will be bringing to your company.

B. Quality:

Be sure to find out about the supplier's process control methods, its ISO 9000 registration (a company's quality management system responsible for the creation of quality, consistent products by means of providing specific steps), its approaches to problem solving and preventative maintenance. If a company is doing preventative maintenance, there will be records you may have a look at. If machines are down, it could cost the company a lot of money daily. Good companies will monitor their machines religiously. Also, if possible, have a look at the supplier's place. If it is messy and dirty, that's the indicator of the kind of service and product you're going to get.

C. Service:

Find out whether the supplier is investing in technology and innovation. Ensure that working with them will not get more difficult as your company grows. It is important to share your own numbers and forecast with the company. Suppliers with extensive knowledge of market conditions and contemporary issues impacting your business can be very valuable in helping small companies find a way to sustained financial success. Find out from other customers whether the supplier takes extra measures to satisfy their customers, for example after-hours accessibility, training or inventory support.

D. Reliability:

The first step in determining reliability is basic desktop research. We would also encourage you to seek out customer references. Look for available press releases of the particular supplier and reach out to that organization to speak to

clients in your sector. Also, ensure the supplier maintains a policy of open communication.

Other categories, or sub-categories, can be added, but you must have these four at the very minimum. Think about these considerations very objectively. It would be wise to write down your parameters without thinking of any specific supplier, so that you can keep your thinking broad.

A very easy and effective way to rate your supplier is by using a weighted point method. Here is an example comparing two suppliers:

<i>Weighted Point Evaluation Method - example</i>			Supplier A		Supplier B	
FACTOR	WEIGHT	Measurement	Rating	Rating x Weight	Rating	Rating x Weight
Cost	10	1=Worst, 5=Best	2/5	$(2/5) \times 10 = 4$	4/5	$(4/5) \times 10 = 8$
Quality	30	1=Poor, 5=Great	4/5	$(4/5) \times 30 = 24$	4/5	$(4/5) \times 30 = 24$
Service	20	1=Worst, 5=Best	3/5	$(3/5) \times 20 = 12$	3/5	$(3/5) \times 20 = 12$
Reliability	40	1=Worst, 5=Best	3/5	$(3/5) \times 40 = 24$	4/5	$(4/5) \times 40 = 32$
Total Points	100			Broad Ranking 64		Broad Ranking 76



Need further assistance or advice?

Ask us or join our [Training Courses](#)

Contact Us

Email: info@tradelogistics.co.za
Phone: 0861 0 TRADE (87233)
Int'l Calls: +27 (0)21 850 0967
Fax: 086 679 3216
Office: Unit 4, First Floor, Trident Park II,
Niblick Way, Somerset West

 **TRADE LOGISTICS**
YOUR KEY TO INTERNATIONAL TRADE

All rights reserved. This document may be distributed in full in its current format. HOWEVER, No part of this publication may be altered, or extracted AND reproduced, distributed, or transmitted in any form or by any means without the prior written permission of Trade Logistics, except in the case of brief quotations giving reference to Trade Logistics.

DISCLAIMER: The information in this document serves as a guide only and DOES NOT constitute advice of any sort. Trade Logistics will not be held liable for the use or misuse of this information. You must contact a professional advisor for any legal or accounting advice on the contents of this document. No liability or responsibility whatsoever is accepted. By using this information you agree to these terms and conditions.