

**Frequently Asked Question:** One of the most common questions that I am asked involves vendor (consultant) selection. No company in the 21st-century has the luxury, resources, or competencies to define, design, market, sell, and deliver its services or products without using some sort of help from the outside. Whether it is an accounting service to help with their payroll or a management consulting firm to restructure an organization, working with skilled third parties is an integral part of doing business. One of the most common questions asked is, “How do I choose the right vendor?” This article offers an approach.

**First Question:** Is this a one time purchase or the beginning of a long-term supplier relationship? If this is the beginning of a relationship, then both parties must be interested in business leverage, a win-win situation. The relationship must be considered an investment. During the course of forging the relationship, the traditional customer-supplier affiliation must be viewed as a journey towards a partnership. The basis of any partnership is trust. If this is a one time purchase then all of the following criteria still apply, but the amount of time spent on developing a relationship is minimal. (Note: If your purchase is a large dollar figure or is a site-wide purchase, i.e. everybody gets one, do not consider it a one time purchase. Remember service, support, and updates, upgrades, are the basis of a long term relationship.)

**Selection Criteria:** The following is a list of criteria for vendor selection. Selection can be based on the criteria used in a scorecard approach where the criteria are weighted and then the scores are totaled. Remember FOUR SEAS.

- Flexibility – Will they work with you, or are you required to follow their stringent “magic” process?
- Outsourcing experience – Is this being done onsite, offsite, or both? Ask for client references.
- Understand the required results – Why are you outsourcing? What business impact do you hope to achieve?
- Resource availability – This is most critical if you are purchasing services that require human resources. Are the resources available when you need them?
- Similar projects results – What results have they achieved, or is your project the first?
- Experience and expertise – Do they possess the key competencies?
- Adaptability – Is there a cultural fit or mismatch?
- Stability – Is the supplier financially stable?

**Final Question:** Is 90% of the effort put into the first 10% of the project? Are the real competencies related to the presales part of the project which ends with the signing of the contract? Once the contract is signed, the remaining 10% of the vendor effort is used to scope, define, and deliver the project. I also call this the 90/10 sales model. Although this may seem humorous, the humor is based on harsh reality.

**Summary:** Using 3<sup>rd</sup>-parties is a part of doing business. It is important to evaluate whether you are making a one time purchase. If not, then consider this process as the beginning of a partnership. Recommended evaluation model is FOUR SEAS. During the evaluation process, make sure that the supplier's expertise is not limited to sales.

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