

Vendor Selection Criteria: The REAL Criteria

Vendor Selection I: Last week's article dealt with the frequently asked question: "How do you do vendor selection?" The article concluded that using 3rd-parties is a part of doing business. It is important to evaluate whether you are making a one time purchase. If not, then consider vendor selection as the beginning of a partnership process. Recommended evaluation model is FOUR SEAS: Flexibility, Outsourcing experience, Understanding required results, Resource availability, Similar project results, Experience and expertise, Adaptability, and Stability. During the evaluation process, make sure that the supplier real expertise is not limited to sales. Although this model presents a rigorous process, this week deals with the simple truth!

Reality Check: Whether it is a big project, a small project, long-term, or short-term, the client decision really comes down to two key questions. While larger projects typically have a longer decision-making timeline it should be clear that the vendor selection process is based both on quantitative and qualitative data. Clients and vendors use a variety of things from short checklists through exhaustive methodologies to assist in making better selection decisions. Clients use the checklists to evaluate viable suppliers; suppliers use the checklists to ensure their competitiveness. Regardless of how rigorous the process appears to be, there is a human element involved. In fact from an organizational perspective there are several roles involved in making the decision. For a small project all the roles might be combined into one person, but nonetheless all the roles exist. The roles include, but are not limited to, the technical decision maker, the project manager, the purchasing representative, a manager who owns the budget, the end-user of the services manager, and the responsible executive. However, "at the end of the day," it really comes down to two questions.

Question Number One: "Can you do the work?" This question is the assessment of your capability and competency. Is the vendor capable, and does she have available and competent resources, to perform the work that the client requests. The answer may be arrived at based on a rigorous decision framework or from a personal reference or from gut instinct. It may be a quick decision or a lengthy decision. But the fundamental question that the client asked himself is, "Can you do the work?"

Question Number Two: "Can I work with you?" This question deals with "fit." If the organization is extremely hierarchy conscious, and the supplier is casual and loose, there may be an indication that the client and supplier will have trouble working together. (Lou Gerstner was the first IBM CEO hired from outside of the company. One of his first decisions was to change the "dress code" from the blue suit image to casual dress. His assertion was that the blue suit image (1990s) was perceived as arrogant and unapproachable. He was right!) Communications is the key to making any program or project successful. Because

communications is so dependent on the relationships of the people involved, this question is extremely important.

Using The Two Questions: For a client, the two questions represent a simple way to check her decision making framework. If a client can answer those questions positively and believe the answers, then it's probably a good decision. If any doubt exists then reevaluate the supplier. For a supplier the two questions represent a simple but viable way to check his proposal or presentation to a perspective client. In addition, the second question also becomes a key decision criterion for accepting the work. If a supplier believes that his organization is incompatible with the client organization, for any reason, this question should raise a red flag. Getting a contract from a client whose organization is incompatible with your own is a recipe for disaster.

Summary: Many decision tools and processes are used for vendor selection. The vendor selection process includes two very important dimensions: qualitative criteria and quantitative criteria. Regardless of how complex the vendor selection process is, the final decision really comes down to two questions: "Can you do the work?" and "Can I work with you?" These questions are equally important to both the client and the vendor.

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