

PROJECT PROCUREMENT

SOURCE SELECTION CRITERIA



SOURCE SELECTION METHODS

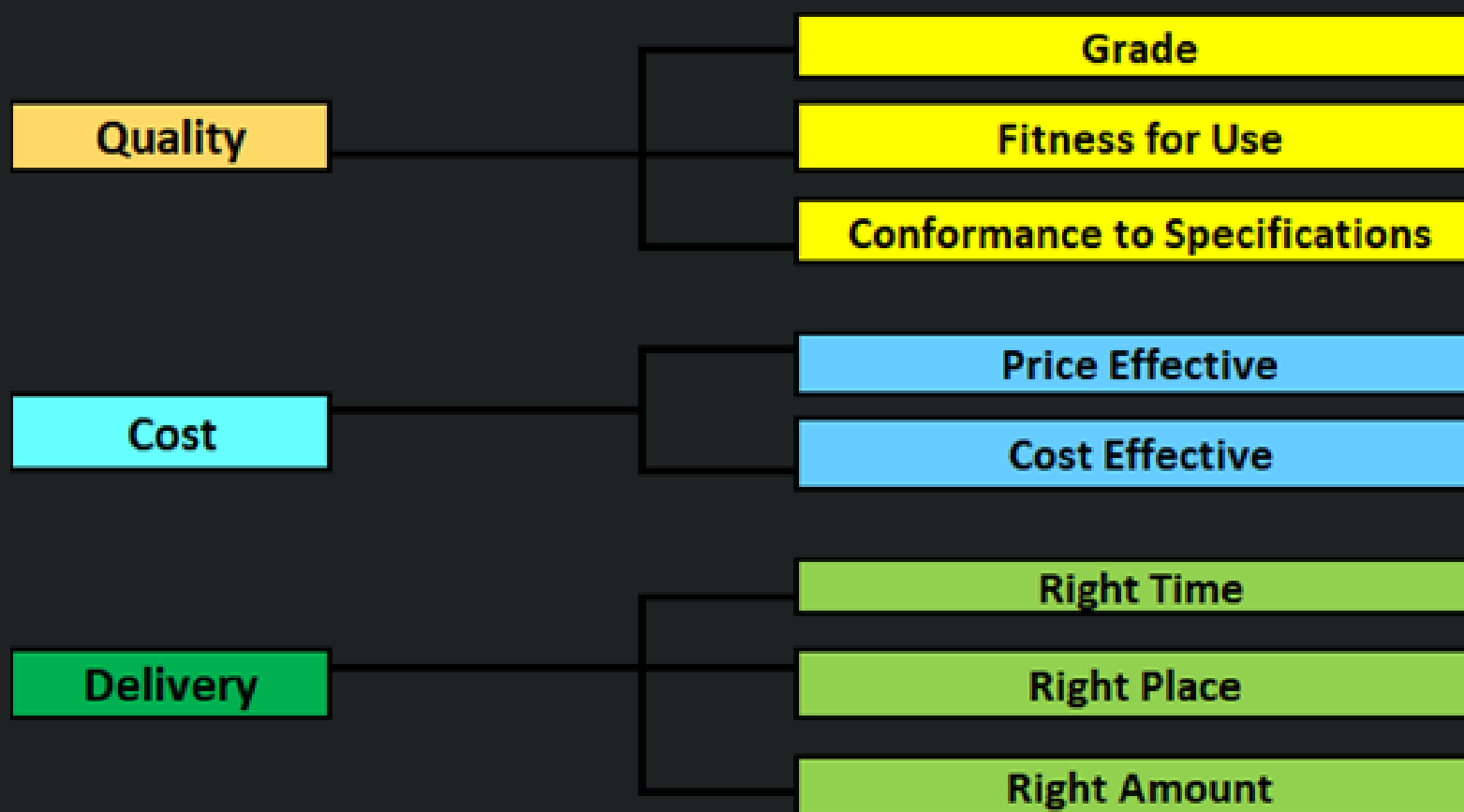
Selecting a source selection method for a tender process should be based on objective factors such as:

- The completeness of the scope to be procured by the buyer before the tendering process.
- Available budget for the procurement.
- Available time for tendering process.



SOURCE SELECTION CRITERIA

Under project management, source selection criteria are often included as part of the procurement documents. Source selection criteria describes properties that are crucial for a purchaser when deciding on a supplier.



Source selection criteria describes properties that are crucial for a purchaser when deciding on a supplier and are used to score seller proposals.





Snapshot of Evaluation Criteria

Product quality	Delivery reliability	Warranties
Product pricing	Production capability	Technical capability
Management capability	Supplier's reputation	Financial position
Labor relations	Service quality experience	Past business records
Reciprocal arrangements	Cultural fitment	Communication barriers
Geographical distance	Foreign exchange rates	Trade tariffs
Trade restrictions	Buyer's commitment	E-Transaction capabilities
Quality management	IT standards	Cost reduction capability
Documentation	Design capability	Supply variety
Lead time / response time	Indirect costs	Response flexibility
Innovation	Facility planning	Safety adherence
Domain experience	Exporting status	Conflict resolution systems
Customs duties	Product line diversity	Intimacy of relationships
Inventory position	Electronic data interchange	Value-added productivity
Total cost of acquisition	Risk perception	Certification and standards
Research and development	Organizational culture	Availability of parts
Sub-component pricing	Regulatory compliance	Self-audits
Billing accuracy	Cost reduction performance	Indirect costs
Service quality credence	Supplier's commitment	Skill level of staff
Exporting status	Packaging capability	Intellectual Property rights
Data administration	Improvement commitment	Procedural compliance



MARKET INTELLIGENCE

YOUR SOURCE OF SUPPLIER INFORMATION...

- Commodity profile information:
- Cost structure:
- Supply base information:
- Supply and demand price drivers, capacity utilization:
- Buyers' and suppliers' relative size and buying power:
- Quality:



SOURCES OF INFORMATION

- Current suppliers
- Preferred suppliers
- Sales representatives
- Information databases
- Trade journals
- Trade directories
- Trade shows
- Second-party or indirect information
- Internal sources
- Internet searches



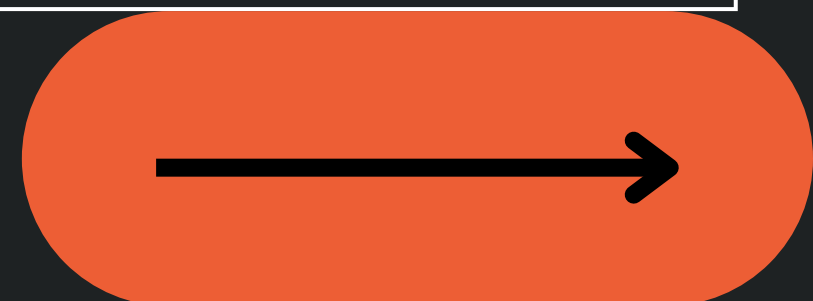
STANDARD CRITERIA FOR EVALUATION..

Sr.No	Category	Criterion	Explanation
1	Integration	Management approach	Does seller have, or can it develop, management processes and procedures to ensure a successful project?
2	Scope	Understanding of need	Does proposal address the Procurement Statement of Work (SOW)?
3	Time	Deadline	With what degree of confidence can the seller produce the product within the specified deadline?
4	Cost	Overall or life-cycle cost	What is the total cost of the procurement (purchase cost plus operating cost)?
5..		Financial capacity	Does seller have necessary financial resources?
6		IP Rights	Does seller assert intellectual property rights in the product they produce for the project?
7		Proprietary Rights	Does seller assert proprietary rights in the product they produce for the project?



STANDARD CRITERIA FOR EVALUATION..

Sr.No	Category	Criterion	Explanation
8	Quality	Technical approach	Can seller's technical methodologies, techniques and solutions meet the technical requirements in the procurement documents?
9		Warranty	What will seller covered by warranty, and for what time period?
10		Production capacity	Does seller have sufficient production capacity to meet potential future requirements?
11	Human Resources	Technical capability	Does seller have technical knowledge and skills needed?
12	Risk	Risk response	How much risk is being assigned of transferred to the seller? How does the seller mitigate risk?
13	EEFs	Business type and size	Does seller's enterprise meet a specific category of business (disadvantaged, etc.) defined by the organization or established as condition by government agency?
14	OPAs	Past performance	What is past performance of selected sellers?



WEIGHTAGE

		Vendor A				Vendor B			
Features		Point	Weighting	Total	Must	Point	Weighting	Total	Must
50%	Geography	9	15%	1.45	1	7	15%	1.05	1
	Price	10	20%	2	1	4	20%	0.8	3
	Capability	4	15%	0.6	2	3	15%	0.45	1
10%	Delivery Track	4	5%	0.2	2	3	5%	0.15	3
	Text Here	xx	xx	xx	xx	xx	xx	xx	xx
20%	Technology	6	5%	0.3	1	7	5%	0.35	1
	Laboure	7	5%	0.35	1	4	5%	0.2	1
	Logistics	8	5%	0.4	1	3	5%	0.15	2
	Text Here	xx	xx	xx	xx	xx	xx	xx	xx
10%	Laboure	10	3%	0.3	1	4	3%	0.12	1
	Text Here	xx	xx	xx	xx	xx	xx	xx	xx
10%	Laboure	3	5%	0.15	2	4	5%	0.2	2
	Text Here	xx	xx	xx	xx	xx	xx	xx	xx
100%	Total:	xx	xx	xx	xx	xx	xx	xx	xx

After the attributes have been identified, a weight is assigned to each category based on the importance of that attribute. The weighting system is a tool used to eliminate or reduce bias by quantifying the attributes of the vendors.



Although there's no one right way to build a scorecard, consider these five core criteria that every scorecard should include:

- Level of service
- Cost control
- Ease of doing business
- Regulatory compliance
- Innovation



**DONT FORGET TO
SAVE THIS POST**

