

## SUPPLIER QUALIFICATION AND CONDUCTING SOURCING TENDERS

### 16 class hours (1 class hour is 45 minutes)

#### COURSE AIMS

The training provides useful information for purchasing people, enabling them to set the most advantageous economic conditions with the suppliers at the beginning of a new relationship, while we also focus on the monitoring of current suppliers' performance. The knowledge gained from the training will make the tendering and qualifying processes easier and smoother for the purchasing professionals.

#### COURSE UNITS

##### Strategic purchasing management

- Analysing and researching the suppliers' market
  - information sources for market research and checking the supplier
    - using company databases and exploring related firms
  - examining cross-ownership and relationship of firms
  - blacklist and whitelist of suppliers
  - how to analyse supplier spending, what can be the consequences?
  - analysing tools of purchasing categories (SWOT, PARETO/ABC analysis, PESTEL, Kraljic, supplier preferencing model, Day One, Stakeholder mapping etc.)
- Developing a strategic approach
- Which strategy to choose when there are limited number of suppliers at the market?
  - Strategic cobweb diagram
- Formulating purchasing strategy to a given category
  - which tendering strategy to choose?
  - tendering or negotiating only with current suppliers?
  - how to share spending, how many supplier to choose?
  - how to decrease the number of suppliers in a given category: threats and opportunities (supplier consolidation)
  - when to outsource, purchasing from the Far East, direct purchasing?
  - identifying purchasing risk and solutions. Making a Risk Map
- Fulfillment guarantees: SLA, bonus-malus, completeness statement, retention, ceding, modelling, etc.
- Overview and usage of practical purchasing tools
  - e-auction
  - preferred supplier program
  - SLA, bonus-malus (performance based payment)
  - Scoring board
  - Purchasing audit
  - Supplier forum
  - Supplier consolidation
  - Aggregation of purchasing spending
  - Purchasing risk management
  - Innovation programs
  - Near shoring / Low-cost country sourcing (LCCS)
  - discount, faktoring, reduction, penalty

- price breakdown; analysing tax, indexing
- 8 methods to manage a sole supplier
- purchasing-financial tools in practice

### Conducting sourcing tenders, purchasing project management

- the **process of the sourcing tender**: market analysis, pre-qualification, competition, shortlisting, audit, trial work, order, feedback
- what aspects should be taken into account when deciding on how detailed a tender process to apply
- usage of **RFI, RFP, and RFQ**
- what the **tender package should include**
- what the **tender invitation** should include. Discussion of a sample call for proposals.
- During the training, the following **tender process** is discussed in detail, and the participants receive concrete samples/templates for each step:
  1. preliminary talks with suppliers
  2. main cornerstones
  3. involving stakeholders
  4. composition of the sourcing project team
  5. internal needs assessment
  6. building out the strategy (which changes continuously)
  7. market research
  8. creating the options
  9. (supplier forum)
  10. creating the evaluation system
  11. pre-qualification
  12. call for proposals – e-mail
  13. checking the non-disclosure declaration and specimen signature
  14. sending out the tender package and the tender invitation
  15. supplier forum
  16. questions and answers list
  17. inspection of proposals – formal, mandatory elements!
  18. rectifications – continuously
  19. formal evaluation of the proposal
  20. professional evaluation of the proposal
  21. short-list
  22. talks with suppliers
  23. providing a letter of intent on request
  24. price negotiation or Internet auction
  25. audit
  26. decision
  27. conclusion of the contract
  28. providing information
  29. celebration
  30. process improvement
  - Starting a project: how to decide which project to start?
  - Data collection: what kind of information is needed by the purchaser?
  - Analysis and formulating the strategy: tools and models
  - Execution: how to work in teams. Chances and threats
  - Feedback, improvement: innovative opportunities in purchasing
- The steps of a purchasing project – what to focus on at certain stages
- Communication plan for purchasers

- The role and responsibility of the members of the purchasing project team
- Project management tools serving purchasing people

### Supplier qualification

- supplier **qualification** concepts and systems. The **AQSCI model**.
- supplier qualification in practice, opportunities, and threats,
- reviewing possible supplier qualification aspects (**no. of aspects: 220**)
- how to select qualification aspects
- difference between direct/indirect (productive/unproductive) areas in qualification.
- qualification of troublesome areas/suppliers
- the **legal** background of the qualification/sourcing project
- **ethics** in supplier qualification
- **Score Board**: using the weighted criteria system during qualification
- **Supplier audit** at service provider companies:
  - how to audit: the supplier, the negotiating partner, the processes, etc.
  - supplier site audit
  - reviewing the concrete audit check list
- **Using financial/economic indicators** when evaluating the companies
- Detailed analysis of the following supplier qualification areas, list of criteria:
  - Company/enterprise – legal and economic background, site, etc.
  - Product – origin, quality, guarantee/warranty, etc.
  - Safety – permissions, data sheets, QC, MSDS
  - Services – what added value we obtain
  - Human resources – management, people involved in the fulfillment of contract, back-office
  - Processes – document handling, troubleshooting, etc.
  - Sub-contractors – place and extent of involvement, selection
  - Price, TCO – structure of costs, price breakdown
  - Contract – loopholes and traps
  - Reference – adequacy test
  - Appearance of the proposal
  - Presenting the proposal
  - Qualifications
  - Sustainability
  - Innovation
  - Trial/sample
- **Concrete examples**. Qualification of suppliers for **concrete activities/spending areas**. **Several spending categories will be analyzed in accordance with the participants' needs**:
  - what aspects should be used in qualifying a supplier
  - who the main market players are
  - what traps you may encounter
  - what hidden prices there may be, etc.