**Memorandum**

**To:** Use your instructor’s name

**From:** Student’s Name

**Date:**

**Subject:** Vendor Selection Criteria

Company's most important internal priority is the selection of suppliers and vendors. The company should always be assiduous in the selection of its vendors and consider many tangible and intangible factors (Xia & Wu, 2007). Some suppliers should be rationalized to deliver all the services and resources. Flexibility is the next most crucial component that allows business to change and flourish as per expectations. After flexibility, reliability is the component that holds that business together, so it is essential to find a partner that can sustain the business and provide the financial strength to the business. Every company requires to develop the formal process to select the suppliers as per company needs. Efficient and reliable partner ensures that we meet the objective regarding supplies and equipment department in the right professional and the profitable way (Kannan & Tan, 2002). The main reason for finding an active vendor is to ensure that now and future needs of the company are met on time.

In the above perspective, I have developed a unique selection criteria list. This list describes all the expectations that should be met during the selection process. This criterion will be helpful in the development of a small group of suppliers that can fulfil the requirements. Following are the criteria that have the potential to build a firm relationship between the company and probable vendors. This vendor selection criterion consists of five most essential elements. They are as follows:

1. Delivery of Products

The vendor must be able to continually deliver and supply the office supplies on a regular basis. Since we need the products , therefore, we do not want to have the supply issues. A vendor that has the issues with supply will affect our ability to deliver our products to the customers. This should be the most important factor while selecting the vendor to get the supplies. Another thing that is important when it comes to the selection of a vendor is that the supplier can supply the range of products or some complete solution. This becomes an important point because when business is looking for a complete solution, for instance, a new computer system. A business may need to rationalize some vendors we are dealing with or wish to purchase a whole solution form one vendor only. It gets difficult to obtain reasonable terms with many vendors for a small range of products if the one chosen by us fails to supply the complete range.

Delivery of supplies and equipment on time is another critical considerations. In time delivery is essential to have a smooth functioning of the business. A number of deliveries in a particular time are also important to consider.

1. Past Performance

Past is an indication of the reputation and the future performance hence the past performance of the vendor is very crucial. The past performance and reputation can be judged by the number of years in business. It thoroughly indicates that the company is established and is able to service all our requirements. To judge the business of the company another consideration can be a substantial catalogue of products and service. It indicates an established size of the vendor, and it also indicates if we can have flexibility in our ordering. As a result, we will be able to minimize the number of vendors we are dealing with and can have only one vendor to deal with. Experts are also there to give advice regarding the reputation of a particular vendor while purchasing high-value equipment this must be considered.

To check the reliability of the vendor as they purport to be, testimonials and references is another valuable asset to examine. Sustainability and financial stability is another indicator to tell their past performance and business reputation. If the vendor is not an established one we will have to change our vendor if he goes out of business. A vendor is flexible to allow changes in the order as it is the business requirement. If he penalizes for doing any changes, it means he is not the one for us.

1. Price

Price or cost is the most critical element that has to be considered while choosing the vendor. Vendors that are ready to give discounts and negotiate prices are the ones suitable for business dealings. The goal is to reduce overall the cost along with the desired quality from a reliable vendor that can play its role as a successful business partner. Terms of price are also relevant as they impact our cash flow.

1. Quality

Price becomes the secondary factor when the quality of supplies is not good. Quality of the supplies is a factor that can’t be neglected when it comes to selecting the supplier or vendor. A quality assessment has to be done before the vendor is being selected. The quality of the products, as well as their service, is important to have a relationship with that vendor.

1. Customer service.

Customer Service is an important part of any relationship. Before selecting the vendor, we need to check the availability of the staff ready to help us. Are they easily available and professional? Because we don’t want to get hanged on calls.

Cigna, a global health service company which has almost 95 million customers around the world has all the above-mentioned elements in the selection criteria of their suppliers and vendors. They consider all such factors which contribute to their goals with the best focus on cost, quality, delivery, and expertise (“Supplier Evaluation Criteria,” n.d.).

References

Kannan, V. R., & Tan, K. C. (2002). Supplier selection and assessment: Their impact on business performance. *Journal of Supply Chain Management*, *38*(3), 11–21.

Supplier Evaluation Criteria. (n.d.). Retrieved from http://www.cigna.com/suppliercommunity/supplier-evaluation-criteria

Xia, W., & Wu, Z. (2007). Supplier selection with multiple criteria in volume discount environments. *Omega*, *35*(5), 494–504.