

Messenger

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Finding the Perfect Vendor

Let's face it. No matter how hard we try or how much we want it, we can't do it all. Regardless of the size of your organization, you will eventually come across at least one aspect (usually several) that is not feasible or cost effective to do for yourself. Whether it is buying paper, printer ink, food, or a new MRI machine, you will sooner or later find that you must go in search of a vendor.

Hiring a vendor has several advantages. It can reduce operational costs, enhance working conditions, improve responsiveness, and save significant money.

While outsourcing to a vendor may be necessary, there are also times when it is not wise to do so.

- If you and the potential vendor do not have the same goals.
- If you feel like you must micromanage the entire project and process.
- If you hate confronting someone over poor performance.
- If you want 100% control.

If any of these situations apply to you, hiring a vendor may not be the best choice.

Doing market research will help you save time and money in the vendor selection process. First, you need to find out if there is even anyone capable of doing the needed service. This should take place before you put forth any type of solicitation. Determine if there is more than one



company that can provide the product or service you need. If there is, this allows for competition in the bidding process. This could turn out very well for the buyer and will aid in getting your financial goals met faster. Research will let you see what similar organizations have done. You can find out what practices, processes and norms have worked and those that haven't. In addition, you can find what other organizations have paid in the past to gain an estimate on your cost.

When it comes time to choose your vendor, be specific with clear expectations. Let the vendor know what you expect. Clearly detail all responsibilities and boundaries. Establish a positive win-win mind set. Let the vendor know that you are there to help him or her. Create a clear flow of communication so there won't be any confusion. Set a clear monitoring schedule. Know and communicate deadlines.

Regardless of how much research you do, it is possible to choose a bad vendor. It is a challenge for the buyer to know which vendor will meet their needs while doing a quality job. There is a five phase process to assist you in the vendor selection process.

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The world cares very little about what a man or woman knows; it is what the man or woman is able to do that counts.

***Booker T. Washington (1856-1915)
Educator and writer***

The Mathis Group's Messenger

The Mathis Group would like to give a heart-felt goodbye to Micah Mathis. Micah is the new Worship Pastor at Calvary Baptist Church in Connersville, IN. We wish Micah and Courtney all the best in their new ministry!

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Phase 1 – Pre-solicitation Planning

This planning process is customized to the individual organization or agency due to the internal culture, policies and procedures needed for acquiring goods and services. During this process, you will determine whether products or services will be produced within the organization or outsourced to a vendor. This is the time to use the market research that you have conducted.

Once you have determined that you are going to hire a vendor, a Request for Proposal (RFP) will be drafted. The purpose of a RFP is to detail the buyer's requirements, to ask or solicit proposals, and to detail how the procurement team will evaluate and negotiate a future contract. Make sure your contract terms and conditions are clear, detail pricing and all incentives or conditions, and create provisions for changes or amendments to the contract. It does take time to properly complete a RFP, so allow enough time for prospective vendors to ask any questions and submit their proposal.



Phase 2 – Vendor Selection

Once you have responses to your RFP, it is time to go through each submission and select a vendor. Some key areas to examine are the financial stability

of the organization, the length of time in business, recommendations from similar organizations, and the trustworthiness of the organization. Conducting a risk analysis will determine whether the vendor is stable enough to be considered for a contract. This analysis should be fair, unbiased, and standardized.

Organizations will use various evaluation processes to determine who their vendor should be. The process is based on how the organization chooses to examine and measure the bids which come in during the procurement process. Some procurement processes require that the lowest price vendor be chosen in every situation. The most common method is the vendor who provides the best value compared to cost.

Next month we will look at the final three phases of Vendor Management: Award Contract, Contract Management, Closing Contract.



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Vendor Management

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The Mathis Group, Inc

Dr. Keith Mathis

106 Lakeview Woods

Eureka, MO 63025

800-224-3731

636/938-5292 voice/fax

keith@themathisgroup.com

www.themathisgroup.com

www.pmexpertlive.com

www.trainthegov.com

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