THE SUPPLIER SELECTION PROCESS: 
THEORY VS. PRACTICE

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ABSTRACT
As supplier/client relations evolve towards partnerships, which mean fewer and better suppliers and a higher degree of mutual dependence, supplier selection becomes a critical process. However, a preliminary inquiry in the practice of eight leading European companies demonstrates that, though its importance is fully appreciated, the supplier selection process in use is generally oversimplified and still incomplete. It does not exhibit some important features such as:

1) use of distinct approaches and criteria for different purchase segments and types of relations;
2) strategic assessment of suppliers with whom a strategic partnership is foreseen;
3) use of operational selection criteria and explicit rating aggregation techniques.

The first part of this article is dedicated to summarizing the key features of a Supplier Selection Best Practice Model while in the second part we will critically review the main characteristics of our respondents' supplier selection process.
1. BACKGROUND

As supplier/client relations evolve towards partnerships, which mean fewer and better suppliers and a higher degree of mutual dependence, supplier evaluation is becoming a truly critical business process. Aware of this evolution and to answer the needs of its patrons, the E.I.P.M. has been recently elaborating a Supplier Selection Best Practice Model taking into account the major tendencies at play in the Purchasing environment.

In parallel, the E.I.P.M. has undertaken a research in order to understand how leading companies actually select their suppliers. A questionnaire has been sent to eight leading European companies, representative of their industry. The respondents have sent back their answers in written form; the results have been interpreted and validated through in-depth phone interviews. The first part of this article is dedicated to summarizing the key features of the Supplier Selection Best Practice Model while in the second part we critically review the main characteristics of our respondents' supplier selection process.

2. A SUPPLIER SELECTION BEST PRACTICE MODEL

2.1 Introduction

Many leading companies are radically revising their purchasing strategy and reducing their number of suppliers in order to cut down the significant complexity costs induced by a large supplier base. At the same time, they are looking for partners willing to collaborate along multiple axis\(^1\) and to commit themselves in the medium term (Jordan 1995).

In parallel and in order to guarantee access to the best sourcing alternatives at short notice, companies want to dispose of a reservoir of potential suppliers, whose capabilities have been previously and thoroughly

\(^{1}\)Co-design and co-development, Just-in-Time, EDI, Seamless Supply Chain, etc.
ascertained and that can be solicited in real time as specific needs arise (Gracia 1997).

In such a context, the proper assessment of suppliers becomes a critical process which can significantly contribute 1) to reaching the company's objectives in terms of cost, quality and time to market and 2) to hedging risk, in particular strategic risk, in sharp increase as a result of the growing interdependence between the companies and their suppliers.

We believe that the results of the supplier selection process are very much dependent on the adequacy and soundness of its underlying methodology and the best practice we have elaborated addresses the following key methodological issues:

What should be the main steps of the selection process?
- What dimensions should be evaluated? What selection criteria should be used?
- What measurement techniques and selection method should be adopted?
- Who should participate to the selection process? In what phases and according to what modalities?

2.2 A continuous investigation

The on-going pursuit of exploratory activities such as supplier market analysis, new sources identification and supplier data gathering constitutes the most fundamental prerequisite of an effective supplier selection process. Without an effective exploratory stage, the selection process will result, at best, in the optimization of the existing supplier base but will not be a source of renewal and significant improvement.

The performance of these exploratory activities will be significantly increased if 1) all those who have contacts with suppliers — not only buyers — take part in the data gathering process and 2) if data is systematically entered in standardized electronic files managed by the
Purchasing function and accessible in real time via the company's internal communication electronic network.

2.3 A multi-stage process
Traditionally, the basic supplier selection tool has been the competitive bid and suppliers have been selected on the basis of the competitiveness of their offer. However, there are more and more situations in which competitive bidding is not sufficient: this is the case whenever close relations have to be established with suppliers. Buyers must then proceed to a comprehensive evaluation of their potential suppliers and need to assess their overall capabilities as much as their ability to fulfill specific needs.

In order to satisfy the emerging demand for a reservoir or panel of dependable suppliers, accessible at all times as specific needs arise, the supplier selection process must comprise two distinct activities: 1) a continuous activity of supplier qualification in which suppliers are evaluated on the basis of their capabilities and 2) a discrete activity of supplier selection triggered by specific needs and in which suppliers are evaluated on the basis of their offer and capabilities. (It is important to bear in mind that generally speaking the construction of a panel of qualified suppliers entails significant expenses that might be justified only for critical purchase segments.)

2.3.1 Constructing the supplier panel
In order to minimize the cost of constructing the supplier panel, a multi-phase approach should be adopted. Two phases should be distinguished: 1) a pre-qualification phase in which a wide population of potential suppliers is analyzed and that relies on easily accessible (inexpensive) information and 2) a qualification phase, that regards a much narrower population of potential suppliers but for which the informational needs are significant.
The pre-qualification of potential suppliers has to rely on low cost information and the selection "filters" used at that stage should be readily available in specialized directories or on-line databases. Industry codes, number of employees, date of establishment, financial data (sales, profit, solvency), etc. are examples of such low cost filters.

To this basic information one usually needs to add data concerning the suppliers' key clients and markets and any critical aspect of their operations. A brief questionnaire sent to potential suppliers is a good mean to obtain this additional data.

The goal, at this stage, is to end-up with a manageable number of potential suppliers for which the efforts and costs implied in the subsequent phase of qualification are justified and therefore all the suppliers who do not meet some pre-established requirements should to be eliminated. During the next phase, the pre-qualified suppliers will be assessed in depth, along a number of relevant dimensions. To obtain the required information, a comprehensive questionnaire has to be developed (Gracia 1997).

The qualification questionnaire is an absolutely critical element of the selection process: it is mostly on the basis of the information it contains that suppliers will be included in the panel or not. The questionnaire should be comprehensive but concise. The questions should:

- be coherent with the evaluation grid in use, thus limiting the need for additional inquiry;
- regard, as much as possible, objective aspects of the suppliers' performance and characteristics;
  have clear wordings and preferably multiple choice, closed answers.

At this point, companies can opt for two different courses of action: they can send the qualification questionnaire to potential suppliers for them to complete or they can dispatch their team to fill up the questionnaire at the suppliers' premises. The economics of the two approaches are quite different: the first approach is less expensive but also less reliable since the
information obtained in this way, though possibly skewed, cannot be verified. The decision to go for one or the other will depend on the number of suppliers to be assessed (the larger, the most economical should be the solution adopted) and on whether the selection process specifies a certification audit at some later stage: in such case, the second approach would be redundant and therefore inappropriate.

Since suppliers are usually evaluated on the basis of a large number of criteria, the results of the evaluation need to be aggregated so that a global "score" can be calculated. There are various aggregation techniques (as we will see later on) and various panel inclusion rules (suppliers with scores over a minimum, highest rank suppliers, etc.). Whatever the techniques and rules adopted, sufficient space has to be left to the appreciation and judgment of the participants who should be able to influence decisions in a qualitative manner as well.

2.3.2 Selecting suppliers
The selection of suppliers should take different forms according to the criticality of the product/service purchased and to the purchasing strategy adopted (Van Weele 1985, Stannack & Osborn 1997, Marbert 1997).

If the product/service purchased is not critical, then the selection process can rely on competitive bidding and suppliers can be selected on the basis of their offer. Furthermore, the suppliers included in the tender do not have to be per force qualified suppliers.

If the product/service purchased is critical but a multisource strategy is adopted, then competitive bidding is still appropriate but, this time, all the suppliers included in the tender should be qualified suppliers i.e., suppliers whose critical capabilities and operating modalities have been previously ascertained.

If the product/service purchased is critical and the client/supplier relation is characterized by a significant level of mutual dependence (strategic
partnership, monosource strategy) then the selection cannot rely on competitive bidding but has to combine various assessment tools and techniques (Newman 1988, Dobler & Burt 1995):

- supplier audits, based on in-depth interviews and plant visits in order to reliably assess the critical aspects of the suppliers' output, operations and strategy

  requests for quotation to evaluate their price competitiveness and cost structure

- product, production and delivery tests

- multicriteria evaluation techniques to compare and rank the various potential suppliers.

![Diagram of the Supplier Selection Process]

FIGURE 1: The Supplier Selection Process
2.4 Choosing the relevant dimensions: a segmented approach

What dimensions of the suppliers' performance and characteristics should be evaluated? Obviously there is not a single answer to this question and each industry, purchase segment and context will generate its own (Ellram 1991). However it is possible to establish broad categories and to define the focus of the evaluation process according to the relation that prevails between client and supplier.

As we have seen previously, in the case of non-critical products the assessment of suppliers will focus essentially on the performance of their products/services in terms of cost, quality, delivery time, etc. Basic data on the suppliers' financial soundness and reputation as well as indications regarding their production process and capability are sufficient to qualify the suppliers and complete the evaluation.

When the relation with suppliers goes beyond mere transactions and implies some form of cooperation and integration, the focus of the evaluation has to shift from product performance to supplier capabilities and operating modalities (Stannack & Osborn 1997, Weken 1997).

When the relation with suppliers implies a significant level of mutual dependence — because of an exclusive tie or because cooperation concerns some vital element of the value chain — suppliers should be evaluated from a strategic standpoint as well (Ellram 1990). It is critical to be able to estimate 1) the margin of maneuver and bargaining power of each partner, 2) the degree of convergence of their respective interests now and in the future and 3) the probable evolution over time of the supplier's performances, capabilities and operating modalities. A strategic assessment of the potential suppliers/partners, including a review of their competitive position on markets and key technologies, their targets and strategy, is required.
### TABLE 1: Focus and key dimensions of the supplier evaluation

<table>
<thead>
<tr>
<th>FOCUS OF THE EVALUATION</th>
<th>Non critical purchase</th>
<th>Partnership</th>
<th>Strategic partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of relation</strong></td>
<td><strong>Focus</strong></td>
<td><strong>Required capabilities</strong></td>
<td><strong>Strategic convergence, level of commitment</strong></td>
</tr>
<tr>
<td><strong>Product performance</strong></td>
<td><strong>Product risk</strong></td>
<td><strong>Processes and systems compatibility</strong></td>
<td><strong>Level of dependence and strategic risk, Evolution of fit</strong></td>
</tr>
<tr>
<td><strong>Partnership</strong></td>
<td><strong>Product/service</strong></td>
<td><strong>Company risk</strong></td>
<td><strong>etc.</strong></td>
</tr>
<tr>
<td><strong>Required capabilities</strong></td>
<td><strong>Cost</strong></td>
<td><strong>Delivery</strong></td>
<td><strong>Reputation &amp; references</strong></td>
</tr>
<tr>
<td><strong>Company risk</strong></td>
<td><strong>Quality</strong></td>
<td><strong>etc.</strong></td>
<td><strong>Financial capabilities</strong></td>
</tr>
<tr>
<td><strong>Specific capabilities</strong></td>
<td><strong>R &amp; D</strong></td>
<td><strong>Management</strong></td>
<td><strong>etc.</strong></td>
</tr>
<tr>
<td><strong>- Logistics</strong></td>
<td><strong>- Manufacturing</strong></td>
<td><strong>- Systems</strong></td>
<td><strong>etc.</strong></td>
</tr>
<tr>
<td><strong>- Environment etc.</strong></td>
<td></td>
<td></td>
<td><strong>Supplier Strategy</strong></td>
</tr>
</tbody>
</table>

#### 2.5 Operational and specific selection criteria

Once the relevant dimensions have been determined, it is necessary to select the most appropriate criteria and value scales. These criteria should satisfy two basic requirements:

- Selection criteria should be operational i.e., "objective", unambiguous and easy to measure
- Selection criteria should be specific i.e., they should take into account the particular needs and context in which the evaluation takes place
TABLE 2: Example of selection criteria

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Criteria</th>
<th>Specific and operational criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate level of service</td>
<td>Low delivery time</td>
<td>Delivery time inferior to 3 days for a 1000 units order</td>
</tr>
</tbody>
</table>

For each criteria an adequate value scale has to be established. This value scale associates numerical values to given levels of performance. The determination of the maximum and minimum value as well as the level of performance associated to each value is not neutral and will have a strong impact on the final score and ranking of each supplier. It is therefore necessary to pay attention to this issue, eventually performing a sensitivity analysis.

TABLE 3: Examples of value scales

<table>
<thead>
<tr>
<th>Specific and operational criteria</th>
<th>Value scale A</th>
<th>Value scale B</th>
</tr>
</thead>
</table>
| Delivery time inferior to 3 days for a 1000 units order | Yes = 5 points  
No = 0 points | < 3 days = 10 points  
3 days, < 5 days = 5 points  
5 days = 0 points |

2.6 Objective and explicit assessment tools

The tools used to represent and aggregate the results of a multi-criteria supplier evaluation are:

- the supplier spreadsheet
- the supplier profile diagram
- the weighted factor rating technique

The supplier spreadsheet is a double entry table that sums up the various ratings obtained by the compared suppliers. It is a rudimentary tool that provides no aggregation mechanism (though often the same weight is implicitly attributed to all the criteria and the various ratings are simply added to generate the overall rating).
The supplier profile diagram, in which the various ratings are graphically represented can be adopted if the selection criteria are not too numerous. It is definitely a better communication tool than the spreadsheet though it has the same shortcoming: there is no explicit aggregation mechanism and the attribution of a global score to the various suppliers remains subjective.

The weighted factor rating technique which attributes a relative weight to each criteria and in which ratings are weighted and added to yield a global rating can have, in spite of its apparent complexity, significant advantages over the other tools. Because it is highly formalized, it forces the various participants to use more objective assessment criteria and value scales and helps bring to light their underlying assumptions (Thompson 1990, Leenders 1992). As such, it constitutes an excellent communication tool for people with different background and biases and should be adopted whenever the selection process requires the input of different functions. Thanks to its transparency and objectivity, it can be used to share information and communicate expectations to potential suppliers.

2.7 Teamwork and participation
The selection of suppliers, if performed adequately, is resource consuming and difficult and though Purchasing has definitely a leading role in this process, the collaboration of other functions is almost always required (Gracia 1997).

All those who have contact with potential suppliers should contribute to data gathering: it is important to provide them with incentives and support in the form of simple procedures and easily accessible, standardized supplier files. When it comes to defining and weighing the selection criteria, it is obvious that end-users should have a major say. Because there always remains some part of subjectivity in the attribution of weights, the definition of value scales and the determination of supplier ratings, it is
important that all those who are affected by these choices can contribute with their experience and judgment to these critical steps.

At these conditions, the supplier selection process and its various steps can constitute an exceptional instrument for sharing information and knowledge, for revealing hidden assumptions and for creating a common vision between the purchasing function and its internal clients.

3. THE RESULTS OF THE INQUIRY

3.1 Background

Between July and September 1997, a four-page questionnaire was sent to the purchasing managers of eight leading European companies. (Seven of these companies are well known multinationals.) The eight companies were chosen for their advanced purchasing practices.

After a few weeks, all the respondents sent back the questionnaires and their answers were then discussed and validated through in-depth phone interviews.

Though the findings of this inquiry are obviously not statistically representative of the supplier selection process in the European Industry, we believe they provide some useful insights since they are based on the observation of leading companies all characterized by sophisticated management and purchasing practices.

TABLE 4: The responding companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Size/scope</th>
<th>N° of suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transportation equipment</td>
<td>Large multinational</td>
<td>700</td>
</tr>
<tr>
<td>2</td>
<td>Home appliances</td>
<td>Large multinational</td>
<td>800</td>
</tr>
<tr>
<td>3</td>
<td>Automotive components</td>
<td>Large multinational</td>
<td>2000</td>
</tr>
<tr>
<td>4</td>
<td>Cosmetics</td>
<td>Large multinational</td>
<td>2500</td>
</tr>
<tr>
<td>5</td>
<td>Pharmaceuticals</td>
<td>Large multinational</td>
<td>Thousands</td>
</tr>
<tr>
<td>6</td>
<td>Pharmaceuticals</td>
<td>Large multinational</td>
<td>Thousands</td>
</tr>
<tr>
<td>7</td>
<td>Pharmaceuticals</td>
<td>Medium size, national</td>
<td>Hundreds</td>
</tr>
<tr>
<td>8</td>
<td>Detergents</td>
<td>Large multinational</td>
<td>Hundreds</td>
</tr>
</tbody>
</table>
3.2 Findings

Though the complexity and numerosity of the respondents' supplier base is heterogeneous, all of them have expressed a concern for the reduction and revitalization of this supplier base which they judge too large or too static. Consequently, all respondents are deeply convinced of the usefulness and importance of an effective supplier selection process and all of them already have a supplier panel and a formalized evaluation/selection procedure in place. It is important to note, however, that this procedure is applied only to a restricted group of suppliers: the key production suppliers.\(^1\)

Six out of eight respondents declared to continuously re-assess their (key production) supplier base while for the remaining two, the evaluation process was triggered by new product projects.\(^2\)

3.2.1 Exploratory activities

In order to identify new suppliers, companies rely on a great variety of sources: trade fairs, fellow buyers from other branches, specialized directories, foreign chambers of commerce, etc. Two companies mentioned sending ad-hoc teams abroad on supplier identification missions. While electronic sources, such as specialized database on CD-ROM or on line industrial directories are widely used, respondents declare to make only a limited use of Internet and several of them (5/8) question its usefulness in this context. All respondents systematically gather supplier data in supplier files which, with only two exceptions, are computerized. In four companies, these files are available in real time via their internal electronic

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\(^1\) The suppliers who provide large volume items and/or critical product/services that are directly used and transformed in the production process.

\(^2\) Both companies are characterized by a very high innovation rate and launch tens of new products each year.
network. The contents of the supplier files vary across companies reflecting the specific needs and challenges of each company.

TABLE 5: Contents of the supplier files (main headings)

<table>
<thead>
<tr>
<th>DATA</th>
<th>APPENDIXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>General data (address, phone, officers' names, etc.)</td>
<td>Brochures</td>
</tr>
<tr>
<td>Product/service range</td>
<td>Annual reports</td>
</tr>
<tr>
<td>Key markets and client references</td>
<td>Meeting reports</td>
</tr>
<tr>
<td>Production equipment &amp; capacity</td>
<td>Plant visit reports</td>
</tr>
<tr>
<td>Quality agreements</td>
<td></td>
</tr>
<tr>
<td>Financial data</td>
<td></td>
</tr>
<tr>
<td>Buying terms and conditions</td>
<td></td>
</tr>
<tr>
<td>Performance and relationship history</td>
<td></td>
</tr>
<tr>
<td>Evaluation grid</td>
<td></td>
</tr>
</tbody>
</table>

3.2.2 Focus of the evaluation and selection criteria

Most companies focus on the capabilities of potential suppliers (see Table 6). Overall, quality control and assurance processes are given a very relevant weight, followed by financial and production capabilities.

The strategy of potential suppliers is hardly taken into consideration and even when so, the strategic assessment remains limited to basic issues such as size ratios. Unfortunately, this is not coherent with the declarations of most companies regarding the nature of their relation with their key suppliers which they describe as strategic partnerships.

TABLE 6: Focus of the potential supplier evaluation grids

<table>
<thead>
<tr>
<th>Company</th>
<th>Product performance</th>
<th>Supplier capabilities</th>
<th>Supplier strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>xxx</td>
<td>xxx</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>xxx</td>
<td>xx</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>xxx</td>
<td>xx</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>x</td>
<td>xx</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>x</td>
<td>xx</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>xx</td>
<td>x</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>x</td>
<td>x</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>x</td>
<td>xx</td>
<td>1</td>
</tr>
</tbody>
</table>
The set of criteria and the approach used to select potential suppliers vary according to the industry and the strategic goals of each company but also betray strong gaps in their level of methodological sophistication.

At one extreme, we find evaluation grids based on a few very general criteria such as "technical risk" or "strategic significance" and highly subjective value scales such as "from very high to very low". The usefulness of such evaluation grids appears quite limited and cannot exceed the boundaries of a highly homogeneous work group sharing a common understanding a priori. At the other extreme, we find highly structured evaluation grids that include up to a hundred detailed criteria, all measured by objective value scales. Not surprisingly, the companies who put extra efforts in the evaluation of potential suppliers are also the ones who seem to establish the more intense and demanding relations with their suppliers1.

Responding companies use different tools to measure and represent the results of the supplier evaluation. Four companies use the Weighted Factor Rating technique, explicitly attributing different weights to the various criteria and calculating a global supplier score. The other four companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Evaluation criteria</th>
<th>Value scales</th>
<th>Assessment tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Specific (n.a.)</td>
<td>Subjective</td>
<td>Evaluation sheet</td>
</tr>
<tr>
<td>2</td>
<td>Specific (19)</td>
<td>Subjective</td>
<td>Weighted Factor Rating</td>
</tr>
<tr>
<td>3</td>
<td>Specific (106)</td>
<td>Objective</td>
<td>Weighted Factor Rating</td>
</tr>
<tr>
<td>4</td>
<td>Specific (53)</td>
<td>Objective &amp; subjective</td>
<td>Evaluation sheet</td>
</tr>
<tr>
<td>5</td>
<td>Specific (n.a.)</td>
<td>Objective</td>
<td>Weighted Factor Rating</td>
</tr>
<tr>
<td>6</td>
<td>Specific (4)</td>
<td>Objective</td>
<td>Evaluation sheet</td>
</tr>
<tr>
<td>7</td>
<td>General (7)</td>
<td>Subjective</td>
<td>Supplier Profile Diagram</td>
</tr>
<tr>
<td>8</td>
<td>General (14)</td>
<td>Subjective</td>
<td>Weighted Factor Rating</td>
</tr>
</tbody>
</table>

1This observation is coherent with the findings of Hendrick et al 1993.
do not use an explicit aggregation technique but rely on subjective appreciation to attribute global scores to suppliers. Among these companies, one uses spider web charts to represent graphically the ratings of potential suppliers.

All the respondents use a single evaluation grid to evaluate all their suppliers: none of them has adopted a differentiated approach that would take into account the specificity of the purchase segment or that of the supplier relation. Only one respondent spontaneously underlined the necessity of developing different grids for different purchase segments. As we said earlier, formal evaluation procedures are limited at the moment to key production suppliers and this partly explains why the evaluation process is still monolithic. However this strong focus on production at the expenses of other purchase segments is preoccupying when one knows the weight and criticality of items such as Advertising or Information Systems in the purchasing portfolio of any company nowadays.

3.2.3 Teamwork and participation

In all the companies surveyed, the supplier selection process relies on the participation and contribution of several functional departments. Purchasing has the leading role in supplier data gathering but usually benefits from the contributions of internal end-users. R&D, Production, Quality Control and Assurance have a major input in the evaluation itself though, generally speaking, the final choice remains the prerogative of Purchasing.

3.2.4 The respondents' impressions

Most respondents (6/8) judge favorably their supplier evaluation procedure. They declare to be relatively satisfied with its results though half of them recognize that their supplier base is still far from the optimum. Five
respondents deplored the fact that the evaluation procedure was still not systematically and homogeneously applied throughout the company.

4. CONCLUSION

If we try and compare the potential supplier evaluation processes of our respondents with the model we have delineated in the first part of this article, we can observe some significant gaps between the two, gaps that are essentially of a methodological nature.

From an organizational standpoint, responding companies are relatively close to our model. As we mentioned earlier, all respondents are deeply convinced of the usefulness and importance of an effective supplier selection process and all of them have a formalized evaluation/selection procedure in place. All of them have a supplier panel that they re-assess continuously or very frequently. Most of them use electronic files to gather supplier data and many of them already have made these files widely accessible via their Intranet system. Finally, all make sure that the evaluation of potential suppliers involves various functional departments.

From a methodological standpoint, however, there are major differences between our model and the way companies actually evaluate potential suppliers. Though all responding companies are aware of the high level of differentiation that characterizes the various segments of their supplier portfolio, they all use a single evaluation procedure and and a single evaluation grid to evaluate all of their suppliers. We have seen that, at the moment, formal evaluation procedures were limited to key production suppliers and that it partly explained why the evaluation process was so monolithic. It remains a fact though that it is only with properly articulated/segmented evaluation procedures that one can hope to optimize disparate supplier portfolios and ensure the diffusion of a common vision
and methodology throughout the various purchasing departments of large, diversified companies.

Apart from this common feature, the methodological approaches of the responding companies are widely divergent and if some of them are more in line with our model, others are really quite distant from it. Apart from two cases, the evaluation procedures depicted by our respondents all rely to quite an extent on subjective elements and especially so when it comes to aggregating ratings and "calculating" a global score. (In two cases, because of the simultaneous use of non operational evaluation criteria and subjective value scales, one can really question the usefulness of the evaluation procedure.) One can argue that the inclusion of subjective elements is positive to the extent that it allows the "human factor" in the evaluation process : we believe, for our part, that the "human factor" is not incompatible with a high level of formalization, objectivity and transparency. Operational criteria, objective value scales and explicit aggregation techniques help reduce the subjective character of the evaluation process which can be reintroduced at the final decision stage but this time transparently. At these conditions, the supplier selection process and its various steps constitute an exceptional instrument for sharing information and knowledge and for creating a common vision between the purchasing function, its internal clients, and even the external suppliers.

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