

Choosing a Vendor:

6 Steps to Choosing the Best Supplier



Every company has to find suitable suppliers and manufacturers. With over 35 years in the business, Paneltronics has been on both ends of the process and is happy to provide some guidance. Use this helpful guide to navigate through the selection process and help you find the ideal supplier for your needs.

Step #1 – Document Your Organization’s Need

Before you can do any kind of selection of the potential vendor to provide the service you need, you must first document in detail – or at least at some high-level – what it is you need. This could include issues like:

- Lead-times from receipt of your order to delivery
- Minimum and maximum order quantities
- Storage and handling facilities
- Specific methods of delivery
- Quality assurance processes
- Payment terms and conditions
- Return policy
- Contactable references

Setting the criteria in advance will enable you to evaluate potential suppliers on each of the listed items and ensure that you don’t overlook any important requirements.

Step #2 – Identify Potential Vendors/Sources

Whatever service or item it is you need, your best next step is to do your own research and identify which organizations seem to do the best job in supplying what you need.

Once you’ve done that, contact each vendor by phone and/or by email and state your needs and that you would like them to participate in your selection process. You should consider providing each identified service provider with the following, if possible:

- An introduction of yourself including your contact information
- A summary of your business need
- An invitation to participate in the selection process
- A proposed date/time for a one-on-one discussion
- A Mutual Non-Disclosure Agreement if protection of proprietary company information is a concern

Step #3 - Call for Bids

Put out a call for bids according to the selection process you chose. This could be a Request for Proposal (RFP) or a Request for Quotation (RFQ). Whatever form it is, it should include full details of the products or services you need. In addition, you should include details regarding the following: estimated annual usage quantities, preferred order quantities, frequency of order quantities, and delivery dates.

Ask bidders to provide detailed information on the processes they use, the stability of their raw material suppliers (if applicable), and reasons why you should choose them.

Step #4 - Ask for References

After evaluating a number of vendors, narrow your list down to two or three companies and then ask for a list of references. Task the vendor with handing over references of companies in your industry and of a similar size to your business.

When you get a business owner on the phone, ask them pointed questions about the service they are receiving. How long was the set-up process? How is the vendor’s customer service? How does the product work? If/when you run into problems, how is it handled? What is your favorite aspect of working with this vendor?

Step #5 – Final Vendor Round

By now you should have weeded out the suppliers that did not meet your needs. Now that that you’ve narrowed it down to 2-3 vendors, this is the chance for each of the finalists to win your business. Have final discussions about price and your needs from their offerings. Now is when you may want to get even more specific about any special needs your organization has. You’re looking for ways to pick the absolute best vendor, both in terms of price and service, so give them all the information possible for them to sell themselves. You’re looking for the differentiators in this step.

Step #6 – Make a Decision and Stick with It

Now it’s time to review your material and notes from each vendor and make a decision. Consider the company’s price, its service record, recommendations from other customers and your feelings toward the vendor. Then act confidently, knowing that you are making the right decision for your business.