**Your Vendor Selection Criteria**

Selecting a vendor is probably one of the most nerve wracking but crucial activities a business must undertake. Your vendors will be delivering your direct purchases – those that you use to produce the products you sell and your indirect purchases – those that keep your business running effectively.

When you are selecting a potential vendor, you are selecting a partner in your business and you will trust them to work with you in a professional and profitable manner. It is important that you chose a company that can supply your requirements now and for the near future.

**12 vendor selection criteria**

1. **Years in business**You need to know that the company is established and ready to service your requirements.
2. **Ability to constantly supply products or services.**  
   You need your products and services on a regular basis. A vendor that has supply issues will affect your ability to supply your customers and this is an important factor when selecting a vendor.
3. **Ability to supply all the products required or the complete solution.**  
   This is particularly necessary when you are looking for a one of business solution such as a new computer system.

You may also be attempting to rationalize the number of vendors you are dealing with or wish to purchase a product line from one vendor only.

It would be particularly difficult to obtain good terms if you need to purchase just a small range from another supplier, because your chosen vendor was unable to supply the complete range.

1. **Flexibility to allow changes in orders or product lines.**  
   All businesses need to change their orders sometimes – if your vendor heavily penalizes you for doing this – perhaps they are not the one for you and you need to move on with selecting a vendor.
2. **Substantial catalogue of products or range of services.**  
   This not only indicates an established vendor of size, but also means that you have flexibility in your ordering. As your business grows, you can keep with the same vendor. It also means that you are able to minimize the number of vendors you are dealing with.
3. **Appropriate supply of internal experts that can answer questions you may have.**  
   Again, this is very pertinent if you are purchasing a high value service, but we all need experts at some time or other.
4. **Testimonials and references.**  
   These are valuable if you can check that the vendor is reliable and as they purport to be.
5. **Sustainability and financial stability.**  
   The last thing you want is to have to change your vendors very quickly because one of them has gone out of business.
6. **Prices.**  
   Discounts on the price list are always negotiable, but they are an important part of selecting a vendor.
7. **Delivery times.**  
   You need to know that deliveries can be made where and when you want them. The number of deliveries per week or month may also be important to you.
8. **Terms of business.**  
   Payment terms are particularly important as they impact upon your cash flow.
9. **Customer service.**  
   Always an important part of any relationship. What is the availability of ordering and help staff? Are they cordial, professional and easy to contact. No one likes hanging on the end of the phone being told by a machine, “your call is important to us” !

**Selecting a Vendor - Conclusion**

As you can see there a considerable amount of criteria to consider when selecting a vendor but then it is an important