

Web Based Supplier Approval Systems

presented by
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SMEs are often overwhelmed by the number of customers, each requiring them to be assessed as a supplier in a different way. They spend more time addressing the questionnaires, than dealing with more important aspects of competence and price. In the same way that progress has been made with other aspects of standardised assessments (ISO 9000 to mention but one), government and industry are trying to standardise the process of Supplier Approval.

① Basics

The objective is to get buyers and suppliers working together in an effective manner, so that cost can be taken out, and both parties benefit.

The approval process is looking at

1. Risk management
2. Spend analysis
3. Compliance with appropriate standards
4. Helping clients buy better

Supplier Accreditation

The process installed to assess suppliers, should also be there to help suppliers better understand the expectations of the buyer as well as provide knowledge about suitability and competence of the supplier to the buyer.

It is inevitable that as an organisation grows, the number of suppliers will also grow, providing the job of managing supplier quality.

Public sector organisations are very controlled by EU regulations on how they procure goods and services. EMS have developed an accreditation standard for suppliers to Local Authorities, which is used by 50 Local Authorities.

Social Services have a standard being developed – 10 local authorities involved – for the wide ranging disciplines of suppliers in that field.

Private sector companies have two standards available,

- 1- for the highly sensitive subject of Health & Safety, predominantly used by building companies
- 2- to help large organisations manage their supplier chain

Domestic market: a government supported scheme, used by 30 Trading Standards to help householders find reliable trades people for repairs.

② The Accreditation Process

Buyers have the task of assessing the risks of dealing with a whole range of suppliers. Often it is questionable how well they know their suppliers. As it is fundamental to understand and manage critical risks, it is important that the right questions are asked in any assessment.

Challenges

More and more demands are layered on suppliers: ISO 9000 et alia, corporate social responsibility requirements (not to be seen as hurting the climate, benefiting from child labour, racist, ageist, sexist, anti local, anti-small, ...).

The buyer needs confidence that the supplier is financially stable.

Standardisation

There are frequently many systems and processes and accreditation schemes, each with a different questionnaire. It is perceived as bureaucracy and an obstacle to the country's efficiency.

To help solve this, EMS are offering a standard approach, using web technology to make access easier, and aggregation of information. Aggregation allows re-use of data to help with decision making.

Government led initiatives

The government understand the inefficiencies of accreditation and hence support standardisation. If there is recognition of industry schemes, both suppliers and buyers will benefit financially and confidence in competence will grow.

Health & Safety is an area where there has been a proliferation of schemes to assess a supplier's performance relative to a buyer's requirements. The Safety Scheme in Procurement (SSIP) has attempted to bring together all accredited schemes; today's weak element in this scheme is the buyers' understanding, with both government and suppliers keen to progress. Visit www.ssip.org.uk

Construction tendering will be able to benefit from PAS91, published in November 2010 (available free from <http://www.bis.gov.uk/policies/business-sectors/construction/specification>). This is a standard pre-qualification questionnaire

③ Benefits

The schemes will only work if benefits are seen by both buyers and suppliers. The suggested benefits are:

Suppliers

- * Reduction in administration costs and time
- * Reduction in assessment fees
- * Wider recognition to other supply chains
- * Greater commercial opportunities
- * Reduction in business risk / lower insurance costs
- * Focus on core business, not paperwork

Buyers

- * Industry wide recognition
- * Risk reduction; no longer reliant on desktop assessment
- * Zero harm policy to eliminate accidents
- * More friendly approach towards SMEs
- * Demonstrates actual compliance with CSR policy
- * Creation of wider pool of suppliers compliant, from which to select

④ Web based systems

EMS manages a web based system for its clients. There are two systems; one for the public sector and one for the private sector. The public sector is far more standardised relative to private sector.

Input of Supplier information

- * Suppliers complete an online questionnaire.
- * EMS add in more information about the supplier from publicly available sources.
- * Buyers can add on-going supply performance data.

Potential analysis by Buyers, based on aggregated information

- * Company details
- * Products and services
- * Regions supplier operates
- * Questionnaire, documents,
- * Notes specific to a buyer

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