



The Global Standard for Procurement and Supply

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Leading global excellence in procurement and supply

Segment 6.5 Conducting Supplier Appraisal

Level: Operational

Theme: Sourcing

| Knowledge: Will know and understand | Capabilities: Will be able to |
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| <p>The use of pre-qualification criteria or processes for appraising suppliers during the sourcing process</p> | <p>Evaluate the use and choice of pre-qualified suppliers, pre-qualification criteria or processes for supplier appraisal in the sourcing process taking into account stakeholder requirements</p> |
| <p>Sources of information about suppliers, such as:</p> <ul style="list-style-type: none">• Financial reports• Credit rating agencies• Social media• Supplier websites• Other appropriate publications and sources | <p>Research information about suppliers using appropriate sources of information to help select appropriate suppliers</p> |
| <p>The assessment of financial statements to evaluate the financial, commercial and technical capabilities of potential suppliers in the sourcing process</p> | <p>Evaluate the financial, commercial and technical capabilities of potential suppliers</p> |
| <p>The assessment of the need for suitably qualified and experienced personnel, and security or safety measures relevant to the procurement</p> | <p>Appraise suppliers' capabilities to provide suitably qualified and experienced personnel, and security or safety measures relevant to the procurement</p> |

| Knowledge: Will know and understand | Capabilities: Will be able to |
|--|---|
| The use of ratio analysis to evaluate potential suppliers | Analyse key financial ratios indicating profitability, liquidity, gearing and investment to evaluate the suitability of potential suppliers |
| The use of scoring methods in the supplier appraisal process | Evaluate potential suppliers' pre-qualification or precontract assessments, using criteria scoring to make recommendations based on these assessments |
| The need for updating data on financial reports and credit ratings | Update data on financial standing and credit ratings during the whole life of contracts and take actions to mitigate financial risks |

Related CIPS Knowledge Links

[Stakeholders - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Procurement-Organisation/Stakeholders/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Procurement-Organisation/Stakeholders/)

[Supplier Evaluation and Appraisal - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/Supplier---bid---tender-evaluation/Supplier-Evaluation-and-Appraisal1/)

[Financial Analysis and Reporting for Purchasers - http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/](http://www.cips.org/en-GB/Knowledge/Procurement-topics-and-skills/People-and-skills/Financial-Analysis-and-Reporting-for-Purchasers/)