

VENDOR EVALUATION

MODULE NAME : VENDOR EVALUATION
ISSUED BY : IHCL CORPORATE

Objective

This process outlines steps for Vendor Evaluation. Every vendor that engages with IHCL will have their performance evaluated to ensure that only to most suitable vendors who add real value to the organization are retained for the future. The vendor evaluation will be carried out by the Materials team in conjunction with the user department.

- 1. Scrutiny of the Credentials of the Firms:** It is essential that the credentials of the firms applying for registration, including their financial status, the manufacturing and quality control facilities, the business ethics and their market standing are thoroughly scrutinized before registering them as an approved source of supply.
- 2. Personnel visit to verify existence of the Firms:** It is important that a personal visit to the place of business of the firm applying for the registration to understand and evaluate the environment its working, hygiene (wherever applicable) and tone at the top. It will also ensure that no bogus firms or entries blacklisted are not registered using vails of other entities.

Assessment of Performance of the Registered Firms

Criteria for Assessment of Performance: Performance of the registered firms must be reviewed by the Units periodically and reported to the CMG. The general criteria for assessing the performance of the registered firms are as follows:

- a) Quality:** Quality must be assessed from the Chief Engineer's / Chief Chef / IT Manager / Chief Accountants (as applicable) report as well as the feedback from the actual users.
- b) Delivery:** Delivery compliance must be assessed from the delivery data against purchase orders placed on the firm. The purchaser could generate the data from the computer records to determine the percentage of orders in which delivery was completed within the original delivery date as per the contract/supply order.
- c) Price:** Price competitiveness of a firm must be assessed against its ability to secure orders on competitive basis. Orders secured as percentage of quotes should indicate the price competitiveness of the supplier. This data can be generated from the computer records.
- d) Response:** The response analysis of the firms could be carried out in terms of number of quotes submitted against the number of RFQs sent to them or the time taken to submit quotes, number of reminders sent etc. Quotes received as a percentage of RFQs sent / average response time on submitting quotes/reverting back on queries could be one of the valid criteria for response analysis.
- e) Product Support:** Product support record of a firm may be determined based on response to enquiries for spare parts and maintenance services for the equipment originally supplied by that firm.

VENDOR EVALUATION

Assessment of Technical and Financial Capabilities: The technical and financial capabilities of the firms, including their past performance, must be carefully evaluated for purpose of considering registration/contracting for ARA. The CMG may also co-opt a representative of the User.

1. Functional Head or his representative responsible for managing the vendor in hotels or Project Manager on project site are expected to periodically monitor the tasks being performed by the vendor during the contract period (once every quarter) and inform the supervisor/contractor of the contract staff.
2. Any violations observed need to be recorded on the Safety Violation Record sheet.
3. Progressive Consequence Management for Safety Non-Compliance process may be applied as appropriate, including immediate termination and black listing of the vendor in case of any loss of life or damage to the site by the vendor.
4. Once the annual contract with the vendor is expiring or when the job assigned to the vendor is completed, vendor performance evaluation is conducted by authorized personnel from the respective department along with the Materials Head.
5. There are separate assessment forms to assess contractors who provide manpower, services or AMCs related activities etc., in the premises and suppliers that provide goods & materials.
6. Adherence by the vendor to all compliances including statutory compliances is noted.
7. Any statutory non-compliance observed during the periodic review or otherwise should be reported in writing to the vendor who needs to ensure that the non-compliance is addressed. Any willful default will be dealt with seriously including the termination of contract and/or blacklisting the vendor.
8. Safety Assessment is also done for the vendor by the Safety Champion where vendor conformance to IHCL safety standards and vendor safety record in terms of illness, injuries or any fatalities of vendor manpower is captured.
9. Vendor Assessment Group (VAG) will collectively review vendor performance in all these criteria.
10. Final decision to retain the vendor or to terminate its services is taken by VAG based on the assessment.
11. In case the vendor is blacklisted for any reason, the vendor is blocked in the system so that the vendor cannot be selected by anyone for any job.