**Sourcing Strategy Checklist**

**Aims**

1. To develop a sourcing strategy for a key material or service, to support [SCHOOL]’s business plans (including market growth and profit forecasts) for the next 5 to 10 years. The document must contain sufficient detail to enable the preparation of purchasing objectives for this product/service.
2. To position sourcing with a minimum of qualified suppliers that complement [SCHOOL]’s current and future requirements and provide a strategic advantage via technology and/or total cost.
3. **BACKGROUND**
4. [SCHOOL] Business Needs

* What is this product/service needed for and where is it used?
* What are current and future demand and technical requirements/specification?
* What product development needs exist?
* Will the material/supplier provide [SCHOOL] with a protectable technology?
* Does the material meet [SCHOOL]’s profit expectations?
* How important is security of supply and how can it be guaranteed?
* What is required for the material/service to provide [SCHOOL] with a competitive advantage?

1. History of Supply

* What is the history of [SCHOOL]’s usage?
* What is [SCHOOL]’s history with this supplier(s)?
* What is the price history of this material/service?
* What is the history of technological change with this material/service?

1. Contract Arrangement

* Does a local, regional or global contract exist for this material/service?

1. Industry Assessment

* Who are the potential suppliers? What are their profiles?
* What is the total market size for this material?
* What is the total supply availability?
* What is the total demand?
* Location of suppliers?
* Will the material be sourced directly or via an agent?
* What are the key components of this material?
* Who are the other customers (potential customers) of this material?

1. Environment

* What are the potential environmental risks with this product?
* Do the potential suppliers have an environmental strategy which meets [SCHOOL] expectations?

1. Medical/Safety Clearance

* Is the material medically and safety cleared by [SCHOOL]?

1. Sourcing Objective

* Statement of both medium and long term objectives, taking into account the Supply Position assessment of the product/service and Supplier Preference assessment of current and potential suppliers.

1. **VENDOR REQUIREMENTS**
2. Technical

* How important is this material/service to [SCHOOL]’s product, and what impact does it have on the complexity of [SCHOOL]’s operations?
* Does the supplier have proprietary technology?
* Is the supplier a technology leader or follower?
* What are the suppliers R&D capabilities
* What technical training and support will the supplier provide?
* Are there any patent issues with this material?
* Does any other school within the region or in another region use this supplier?
* Has the supplier demonstrated a willingness to invest in new technology?
* What is the supplier’s technical responsiveness to problems and development requests?

1. Quality

* Is the supplier ISO accredited?
* What is their history of quality conformance?
* Are they able to consistently meet [SCHOOL]’s specification?
* Does the supplier have a continuous improvement culture?

1. Financial

* What is the supplier’s ownership and financial situation?
* Are they prepared to adsorb or share initial development costs with [SCHOOL]?

4. Cost

* What percentage of final product cost does this material/service represent?
* What payment terms are available?
* What is the total cost of the material/service to [SCHOOL]?
* Does this supplier offer the lowest total cost package?
* Does a cost reduction process exist with this supplier?
* What is the history of cost reduction programs?
* Can the supplier respond to changes in demand with no impact on cost?
* Is an open book relationship possible/desirable?

1. Capacity

* What is the supplier’s total capacity?
* What percentage of their capacity does [SCHOOL]’s requirements represent?
* Do they have the ability/willingness to grow capacity to meet [SCHOOL]’s increasing demand, without financial commitment by [SCHOOL]?
* Does the supplier have alternate sites to substitute the supply source during times of interruption?

1. Capital Resources

* What is the supplier’s capital investment strategy (historically and in the future)?

1. Logistics

* What is the location of the supplier’s manufacturing facilities?
* What are the committed lead times for this material?
* Are they prepared to develop VMI systems with [SCHOOL]?
* Do they have electronic data trading capability?
* What is the match of their systems fully to [SCHOOL]’s?
* Can they meet [SCHOOL] inventory holding targets?
* Do they have purchase requirement flexibility?
* Does the suppliers packaging meet [SCHOOL]’s requirements?
* Are their freight, handling or storage issues which must be addressed?

1. Partnering

* Do we need a strategic partner for this material/service?

1. **SUMMARY**

* State why the current supplier(s) was chosen and what the longer term strategy is for the purchase of this material/service.

1. **APPROVAL**

* The strategy must be approved by the Business Manager and the appropriate Line Manager.