

Drive Value with Strategic Supplier Selection

(Use of Various Tools Such as QCBS, Rated Criteria, Merit Point Criteria, Weighted Scoring and Least Cost)

1. Introduction:

In today's competitive and complex procurement landscape, simply choosing the lowest-cost supplier is no longer enough. Organizations need strategic approaches to supplier selection that prioritize quality, innovation, and long-term value to support sustainable growth.

This offers procurement professionals the tools and methodologies to make smarter, more balanced decisions, turning supplier relationships into powerful assets.



2. Tools for Assessing Suppliers:

With frameworks like **Quality- and Cost-Based Selection (QCBS), weighted Scoring, Merit Point Criteria & Rated Criteria**, procurement leaders can objectively assess suppliers, ensuring that every selection aligns with both short- and long-term business goals. These methods don't just consider cost but weigh factors like quality, reliability, sustainability and past performance, allowing organizations to make decisions that **minimize risk while maximizing value**.

By adopting strategic supplier selection tools, your procurement team can build a supply chain that's resilient, cost-effective, and primed to innovate. Such methods empower you to assess the full potential of your suppliers, focusing on partners who can deliver high-quality products and services that support your mission and elevate your competitive edge. Embrace a future of procurement where **value and quality drive every decision**—where your supplier partnerships contribute to strategic success and lasting impact.

3. Selection of Methods for Supplier Selection:






The evaluation of offers involves multiple dimensions, including cost, quality, delivery time, sustainability, and compliance. Depending on the complexity of the procurement needs and organizational objectives, different evaluation methods may be employed to achieve the desired results.

Some commonly used evaluation methods include:

- 1. Weighted Scoring Method:** This approach allows organizations to prioritize various criteria by assigning weights to each, helping them assess suppliers based on a holistic view of their capabilities and offerings.
- 2. Least Cost (Lowest Cost Technically Acceptable - LCTA):** This straightforward method focuses on awarding contracts to the lowest-priced offers that meet the minimum technical specifications, ensuring budgetary constraints are met without compromising essential requirements.
- 3. Quality and Cost-Based Selection (QCBS):** QCBS balances quality and cost by assigning weights to both aspects, enabling organizations to ensure that high-quality suppliers are selected within budgetary limits.
- 4. Rated Criteria Method:** This structured approach uses predefined criteria to assess offers, ensuring transparency and fairness in the evaluation process, particularly important in public sector procurement.
- 5. Merit Points:** These are the individual scores assigned to specific criteria within the merit rating system. Each criterion (like experience, technical expertise, or quality) is allocated a set number of points. Bidders earn merit points based on how well they meet each criterion.

Each of these methods has its strengths and limitations, and the choice of which to use often depends on the specific context of the procurement process, the nature of the goods or services being procured, and the strategic goals of the organization.

Here's a comparison table covering **Weighted Scoring**, **Least Cost (Lowest Cost Technically Acceptable - LCTA)**, **Quality and Cost- Based Selection (QCBS)**, **Rated Criteria**, and **Merit Point Criteria** to highlight how these evaluation methods differ across various factors.

Evaluation Method	Description	Main Focus	Sector Usage	Strengths	Limitations
 Weighted Scoring	<p>Each criterion is assigned a weight based on its importance, and offers are scored accordingly.</p>	<p>Balances multiple criteria based on priority</p>	<p>Private and Public</p>	<p>Allows customized criteria, aligns with project priorities</p>	<p>Complex setup and scoring process; subjective weighting</p>
 Least Cost (LCTA)	<p>The contract is awarded to the lowest-cost offer that meets all technical requirements.</p>	<p>Cost-focused; ensures compliance</p>	<p>Primarily Public</p>	<p>Simple to evaluate; cost-effective</p>	<p>May overlook quality, innovation, or long-term value</p>
 Quality and Cost-Based Selection (QCBS)	<p>Balances quality and cost by assigning weights to both factors, allowing a combined score.</p>	<p>Balances quality and cost</p>	<p>Public</p>	<p>Promotes high-quality standards alongside budget considerations</p>	<p>Higher cost may limit options; complex to assess objectively</p>
 Rated Criteria	<p>Similar to weighted scoring, but more commonly used with set criteria in government tenders.</p>	<p>Transparency, fairness, balanced factors</p>	<p>Primarily Public</p>	<p>Transparent and fair; good for compliance and structured needs</p>	<p>May add time to tender process due to transparency demands</p>
 Merit Point Criteria	<p>It uses a point-based system to evaluate suppliers by assigning scores to various attributes, such as quality, experience, technical capability, and compliance. Points are awarded based on how well a supplier meets predefined criteria thresholds.</p>	<p>Comprehensive evaluation of supplier capabilities, giving weight to both technical and non-technical attributes that are critical to project success.</p>	<p>Public Sector/ Private Sector (For Large Scale Projects)</p>	<p>Objective Comparison & Encourages High Standards</p>	<p>Complexity in Design</p>

The above table gives a quick view of how each method works, its focus, sectoral applications, and the strengths and limitations involved, helping organizations choose the most suitable approach based on their procurement needs.

In case you wish to know more about various Supplier Selection Methods including application, you **are welcome to Join Our upcoming Training Programs on the subject.**

To know the Training Schedule, please visit our website www.ism-india.org or write us at contact@ism-india.org



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