

The scope & specifications of the contract

What can be included in a purchase specification

Product / service quality



- ◆ Drawings, designs, performance & reliability
- ◆ Quality inspection and testing requirements

Quantity and delivery

- ◆ Quantity required
- ◆ Date and place of delivery, and any restrictions to making deliveries
- ◆ Transport requirements and method of transport
- ◆ Packaging requirements
- ◆ Quantity pre-shipment inspection requirements, if needed

The scope & specifications of the contract

What can be included in a purchase specification

Service / Responsive- ness	◆ Required service levels ◆ Requirement for a “customer manager” ◆ Requirement for technical support in installation and commissioning of complex equipment ◆ Training requirements. ◆ Maintenance support requirements ◆ Response times to repair ◆ Management information requirements 
Cost	◆ Maximum purchase price ◆ Maximum costs related to cost of acquisition ◆ Maximum total cost of ownership ◆ Cost basis on which suppliers' offers will be evaluated ◆ Formula to be used for price revisions

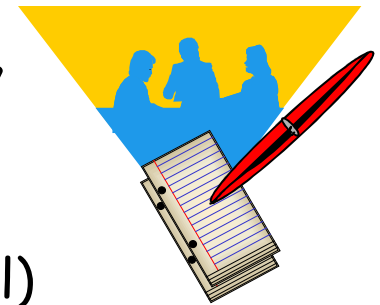
Documentation & information to be provided by the supplier with the offer

● Offer presentation form & schedules

- Prepare it in advance to make your evaluation easier
- It can be an electronic spreadsheet
- Include all of the data needed for your evaluation

● Information on the supplier company

- Financial reports
- Corporate policies (e.g. environmental, social)
- Organisation charts
- Certificates (insurance, quality & environmental management systems, compliance with legislation...)
- Any subcontractors to be employed for the contract
- Statements of prior experience & client references





Record keeping

What types of information do you include in your records of the process of obtaining, evaluating and selecting offers?

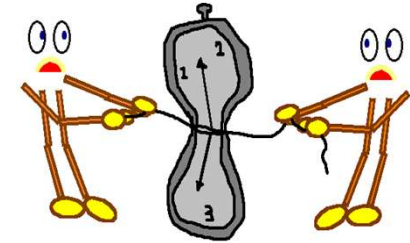
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What other types of information could you keep to improve management control and auditing?

Streamlining the process of obtaining offers

● Reduce the time required:

- Communicate with suppliers as early as possible



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● Improve the quality:

- Use supply market analysis to identify best performance options & encourage competition
- Use clear language, and do not over-specify
- Use performance-based specifications ("what it should do") rather than design-based ("how it does it")

