STANDARD OPERATING PROCEDURE

Supplier Performance Evaluation SOP

Document no.	SOP-PRC-004
Revision	1.0
Owner	Procurement Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To monitor supplier performance against agreed standards on a regular schedule, so underperformance is caught early and strong suppliers are recognized and retained.

2. Scope

Applies to periodic performance evaluation of suppliers already under contract. Initial supplier sourcing and selection is covered by a separate SOP.

Definitions

Scorecard	A structured record of a supplier's performance against defined metrics such as on-time delivery, quality and responsiveness.
Corrective action plan	A documented plan a supplier commits to in order to fix a performance issue within a set timeframe.
Approved supplier list	The list of suppliers cleared for ongoing use, which a supplier can be removed from after sustained poor performance.
Business review	A scheduled meeting with a supplier to discuss performance, upcoming needs and any issues.

3. Responsibilities

Category Buyer	Collects performance data, completes the scorecard, and leads the supplier review meeting.
Procurement Manager	Approves corrective action plans and decides on supplier status changes.
Quality Inspector	Provides quality-related data such as defect rates or inspection results for the scorecard.
Receiving Clerk	Provides delivery and receiving data such as on-time and complete shipment records.

RACI matrix

Activity	Category Buyer	Procurement Manager	Quality Inspector	Receiving Clerk
Collect performance data	R/A	I	R	R
Complete the scorecard	R/A	A	C	C

Activity	Category Buyer	Procurement Manager	Quality Inspector	Receiving Clerk
Conduct supplier review meeting	R/A	I	I	-
Approve corrective action plan	R	R/A	I	-
Decide supplier status change	R	R/A	I	-

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Supplier scorecard template
- On-time delivery and receiving data reports
- Quality inspection and defect data
- Corrective action plan template
- Approved supplier list
- Business review meeting agenda

5. Procedure

Step	Task	Owner	Done
5.1	**Confirm the evaluation schedule** Check the evaluation calendar for which suppliers are due for a scheduled review this period, based on spend volume, risk level or contract terms.	Category Buyer	☐
5.2	**Pull delivery performance data** Pull on-time delivery, order accuracy and lead time data for the supplier over the review period from receiving and purchase order records.	Receiving Clerk	☐
5.3	**Pull quality performance data** Pull defect rates, inspection failures or return rates for the supplier's goods over the review period, including any quality holds or rejections.	Quality Inspector	☐
5.4	**Complete the scorecard** Enter delivery, quality, price stability and responsiveness data into the scorecard template, calculating a weighted score against the standard used across all suppliers in the category. **Checkpoint:** Scorecards use the same weighted criteria across all suppliers in the same category for a fair comparison.	Category Buyer	☐
5.5	**Compare against the prior period** Compare the current scorecard result against the supplier's prior evaluation to identify a trend, whether improving, stable or declining.	Category Buyer	☐
5.6	**Flag suppliers below threshold** Flag any supplier scoring below the acceptable threshold for the category, and prepare specific examples of the performance gap to discuss in the review.	Category Buyer	☐
5.7	**Conduct the supplier review meeting** Meet with the supplier to share the scorecard results, discuss specific performance examples, and hear their perspective on any gap identified.	Category Buyer	☐

Step	Task	Owner	Done
5.8	**Request a corrective action plan** For a supplier below threshold, request a written corrective action plan with specific actions, an owner and a timeline for improvement. **Warning:** Do not accept a vague corrective action plan with no specific actions or timeline; send it back for more detail before accepting it.	Category Buyer	☐
5.9	**Approve the corrective action plan** Review the supplier's proposed corrective action plan and approve it if it reasonably addresses the performance gap, or request revisions if it does not.	Procurement Manager	☐
5.10	**Monitor progress against the plan** Track the supplier's progress against the corrective action plan's milestones, checking in at the agreed intervals rather than waiting for the next full evaluation cycle. **Checkpoint:** Suppliers on a corrective action plan are checked at the agreed interval, not left until the next annual review.	Category Buyer	☐
5.11	**Decide on supplier status** Based on the review outcome and, where applicable, corrective action progress, decide whether to maintain, expand, restrict or remove the supplier from the approved supplier list.	Procurement Manager	☐
5.12	**Document and file the evaluation** File the completed scorecard, meeting notes, corrective action plan and status decision in the supplier's record for reference at the next evaluation cycle.	Category Buyer	☐

6. Quality checks

- Scorecards use the same weighted criteria across all suppliers in a category.
- Every below-threshold supplier receives a documented corrective action plan.
- Corrective action plans include specific actions, an owner and a timeline before being accepted.
- Supplier status decisions are documented and filed with the evaluation record.

7. Records

- Completed supplier scorecards
- Supplier review meeting notes
- Corrective action plans and progress checks
- Supplier status decisions

8. KPIs

- Average supplier scorecard rating by category
- Percentage of suppliers meeting the acceptable threshold
- Number of suppliers on an active corrective action plan
- Percentage of corrective action plans resulting in improved performance

9. Common mistakes

- Using different scoring criteria for suppliers in the same category, making comparisons meaningless.
- Accepting a corrective action plan with no specific timeline or owner.
- Waiting until the next annual review to check on a supplier's corrective action progress.
- Not documenting the reasoning behind a decision to keep an underperforming supplier.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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