STANDARD OPERATING PROCEDURE

Supplier Selection SOP

Document no.	SOP-PRC-003
Revision	1.0
Owner	Procurement Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To select new suppliers through a consistent, documented process that compares options fairly on price, quality, capacity and risk before committing to a contract.

2. Scope

Applies to sourcing and selecting a new supplier for a good or service category not already covered by an approved supplier. Ongoing supplier performance evaluation is covered by a separate SOP.

Definitions

RFQ	Request for Quote, a solicitation asking suppliers to submit pricing for defined items or services.
RFP	Request for Proposal, a broader solicitation asking suppliers to propose a solution, often for complex services.
Scoring matrix	A structured tool used to score and compare supplier bids against weighted criteria such as price, quality and delivery.
Supplier onboarding	The process of setting up an awarded supplier in company systems, including tax, banking and compliance documentation.

3. Responsibilities

Category Buyer	Defines requirements, runs the solicitation, and scores supplier bids.
Procurement Manager	Approves the solicitation approach, reviews scoring, and approves the final supplier award.
Stakeholder Requester	Provides technical or business requirements and participates in bid evaluation for their category.
Compliance Officer	Reviews the awarded supplier's compliance documentation, insurance and risk profile before onboarding.

RACI matrix

Activity	Category Buyer	Procurement Manager	Stakeholder Requester	Compliance Officer
Define requirements and criteria	R/A	A	C	-
Issue RFQ or RFP	R/A	A	I	-

Activity	Category Buyer	Procurement Manager	Stakeholder Requester	Compliance Officer
Score and compare bids	R	A	R	-
Approve the supplier award	R	R/A	I	C
Complete supplier onboarding	R	A	I	R

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

4. Materials and PPE

Materials, tools and systems

- RFQ or RFP template
- Scoring matrix with weighted criteria
- Supplier compliance and insurance checklist
- Supplier onboarding form
- Bid comparison spreadsheet
- Contract or master services agreement template

5. Procedure

Step	Task	Owner	Done
5.1	**Define the requirement** Work with the stakeholder requester to define the specific item, service level, quantity, timeline and any technical specification needed before sourcing suppliers.	Category Buyer	☐
5.2	**Set the evaluation criteria** Define the scoring matrix criteria such as price, quality, lead time, capacity and risk, and assign a weight to each based on what matters most for this category. **Checkpoint:** Evaluation criteria and weights are finalized before any bid is received, not adjusted afterward.	Category Buyer	☐
5.3	**Identify candidate suppliers** Identify a shortlist of candidate suppliers through market research, referrals or an existing supplier database, aiming for enough candidates to create real competition.	Category Buyer	☐
5.4	**Issue the RFQ or RFP** Send the RFQ or RFP to shortlisted suppliers with a clear deadline, required format for responses, and the specifications defined earlier.	Category Buyer	☐
5.5	**Answer supplier questions consistently** Answer clarifying questions from suppliers during the bidding period, and share any material clarification with all participating suppliers to keep the process fair. **Warning:** Never share one supplier's pricing or proposal details with a competing supplier during an active solicitation.	Category Buyer	☐
5.6	**Collect and log bids** Collect all bids by the deadline and log them in the bid comparison spreadsheet, noting any bid received late or incomplete.	Category Buyer	☐
5.7	**Score the bids** Score each bid against the weighted criteria in the scoring matrix, involving the stakeholder requester for technical or quality-related scoring.	Category Buyer	☐

Step	Task	Owner	Done
5.8	**Shortlist top bids for negotiation** Identify the top-scoring bids and negotiate on price, terms or scope where there is room to improve the offer before a final decision.	Category Buyer	☐
5.9	**Review compliance and risk** Review the leading candidate's compliance documentation, insurance coverage and any available risk or financial stability information before recommending an award. **Checkpoint:** Compliance and insurance documentation is reviewed and cleared before a supplier is awarded the contract.	Compliance Officer	☐
5.10	**Approve the supplier award** Review the final scoring, negotiation outcome and compliance review, and approve the supplier award and contract terms.	Procurement Manager	☐
5.11	**Notify suppliers of the outcome** Notify the winning supplier to begin contracting, and notify unsuccessful bidders that the opportunity has been awarded, without disclosing competitors' pricing.	Category Buyer	☐
5.12	**Onboard the new supplier** Complete supplier onboarding, including tax and banking setup, adding them to the approved supplier catalog, and scheduling the first performance review checkpoint.	Category Buyer	☐

6. Quality checks

- Evaluation criteria and weights are set before bids are received.
- All participating suppliers receive the same clarifications during the solicitation.
- Compliance and insurance documentation is cleared before a supplier is awarded.
- The awarded supplier is added to the approved catalog only after onboarding is complete.

7. Records

- RFQ or RFP documents
- Bid comparison and scoring matrix
- Compliance and insurance review results
- Supplier award and onboarding records

8. KPIs

- Average time from requirement defined to supplier awarded
- Number of qualified bids received per solicitation
- Percentage of awards going to the top-scored bid
- New supplier onboarding completion time

9. Common mistakes

- Changing evaluation criteria after bids have already been received.
- Sharing one supplier's proposal details with a competing bidder.
- Awarding a contract before compliance and insurance review is complete.
- Skipping formal scoring in favor of an informal, undocumented decision.

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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