****Supplier selection tool****

**GEAR@SME: G**enerate **E**nergy-efficient **A**cting and **R**esults at **S**mall and **M**edium-size **E**nterprises

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1 Introduction

The selection of a supplier for a sustainable energy measure is an important choice. The quality of the product or service delivered by the selected supplier has a direct influence on how well the project can contribute to realize the ambition of the local energy collective. In addition, the supplier's working method influences the image of the Trusted Partner, the energy team, and the individual companies.

The step-by-step plan below, in combination with the Supplier Selection Matrix (see the table below), offers help for the selection.

2 Step-by-step plan

**Phase 1: From longlist to shortlist**

1. Formulate a description of the project/energy measure and of the technology/product/service that should be purchased.
2. Formulate a clear goal for the selection of the supplier (e.g. select a supplier with knowledge and experience and/or select a supplier with the best price/quality ratio);
3. Based on the goal, specify the selection criteria for the supplier choice (see also examples of criteria in the selection matrix for phase 2);
4. Depending on the importance of the criteria, determine the weighting value per criterion:

1 = low

2 = average

3 = high

1. Make a long list of suppliers, for example based on market research that has been carried out, or with whom there has been contact before. You can also involve suppliers from your business park;
2. Collect information about these suppliers and 'score' the suppliers by giving them a school grade score from 0-10 (at this point, this is a rough/general scoring based on available information);
3. Make a shortlist of (for example 3) suppliers with the highest scores whom you will approach and ask for an offer for this project.

**Phase 2: From shortlist to choice of supplier** *(see also the Supplier Selection Matrix below)*

1. Request quotes from the suppliers on the shortlist (see alse the ‘Template for tender document’);
2. Fill in the selection matrix based on their offers;
3. Make a final choice of the best supplier for this project (using the Selection Matrix combined with “common sense”).

*Note:*

A selection tool always has the risk of being incomplete. The use of a selection matrix is intended as a reminder and help for supplier selection. You will need to make your own judgement on weighting these criteria for a specific situation: a selection matrix should be adapted to the buyers needs. The scoring should be done on negotiable wishes of the buyer. A non-negotiable criterium could for instance be conformity to national safety regulations.

*Supplier Selection Matrix*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Selection criteria** | **Selection method** | **Weight factor (1-3)** | **Supplier 1**  **Score 1-10** | **Supplier 2**  **Score 1-10** | **Supplier 3**  **Score 1-10** |
| **Ranking the**  **Energy   Service  Supplier** | Reliability | Experience |  |  |  |  |
| Acquisition effort | Action |  |  |  |  |
| Customer service | Action |  |  |  |  |
| Customer contact | Experience/ reputation |  |  |  |  |
| References | Experience |  |  |  |  |
| Other |  |  |  |  |  |
| Delivery time |  |  |  |  |  |
| **Ranking the offered Product/Service** | Total price \* | EUR |  |  |  |  |
| Life cycle costs | EUR |  |  |  |  |
| Warranties | Year |  |  |  |  |
| Maintainance equipment | Which/how long and how often/availability of spare parts/ internal vs. external |  |  |  |  |
| Specific capacitites product/service |  |  |  |  |  |
| Quality of working product |  |  |  |  |  |
| Product lifetime | Years |  |  |  |  |
| Installation | Time and space required/ impact on work environment/ handover (manuals, instructions, training) |  |  |  |  |
| Inspection working product |  |  |  |  |  |
| Energy consumption product |  |  |  |  |  |
| Billing terms |  |  |  |  |  |
| Certification | which |  |  |  |  |
| **Total score: sum of score x weight** | | |  |  |  |

*\* A way to score prices from 1 to 10 could be: 10 – 10 x (Price – Lowest)/ ( Highest – lowest). This formula warrants that the lowest price gets a max score or 10 and the highest price gets a zero score.*