**Strategic Sourcing Methodology Model**

**Define the Opportu**n**ity**

* Obtain all project information
* Identify who the Stakeholders in the project are
* Select Project Team members & resources
* Review all project support documentation
* Evaluate the size of the buy
* Evaluate the amount of inventory on hand (if applicable)
* Evaluate the term of the buy
* Analyze historic usage demands (if applicable)
* Project team then brainstorms preliminary project strategy

**Define the Supply Chain and Create a Map**

* Identify demand drivers
* Review specifications
* Standardize the review
* Identify and map the Supply Chain
* Identify all related costs to buy
* Map the current process being used
* Determine the total cost of the current process
* Evaluate current process effectiveness
* Benchmark current costs and milestones
* Determine if opportunities exist to improve efficiencies

**Define the Value Chain and Create a Map**

* Identify Primary Activities
* Identify Secondary Activities
* Map the Value Chain
* Perform a Value Analysis
* Identify opportunities for improvement or re-engineering

**Analyze the Supply Market**

* Identify all potential supply sources
* Identify any diversity suppliers
* Evaluate the industry you are in
  + Research industry trends, what others are doing, new technology available, etc.
* Perform environmental scans, both internal and external
* Perform supplier performance assessments
* Perform supplier comparisons and financials
  + qualify suppliers
    - eliminate unqualified suppliers as potential bidders
* Determine current and historical spend with potential suppliers
* Draft and issue a Request for Information (RFI) if necessary
* Receive and analyze the RFI
* Identify qualified suppliers with a RFI review
* Report results, findings and recommendations to project requestor (primary stakeholder)

**Develop a Sourcing Strategy**

* Develop minimum requirements and specifications for the RFP
* Standardize requirements where possible
* Identify what the desired outcomes should be
  + Term and quantity of buy
  + Other desired conditions of buy
* Brainstorm supply strategies to use
  + Inventory evaluation
    - Determine cost to receive, carry, and distribute inventory
    - Increase / decrease inventory minimum / maximum levels
      * Time between buys
    - Determine if a JIT delivery candidate or not
    - Determine if a Vendor Managed Inventory (VMI) candidate or not
    - Determine if a EDI candidate or not
* Identify all Decision Matrix Elements and assign weights according to importance and value
* Develop bidding/negotiating strategies for the RFP
  + Establish number of bidders
  + Establish a timeline for bidding, analyzing, negotiating, decision making, and award
* Draft and issue an RFP
* Start a Bid Tracking Log
* Receive and analyze the RFP
  + Perform a bid specification analysis
    - Technical Analysis
  + Perform a bid comparison analysis
    - Perform appropriate analysis (when applicable)
      * Straight-line Price Analysis
      * Total Cost Analysis (TCA)
      * Total Cost of Ownership (TCO)
      * Usage Cost Analysis
      * End of Life Analysis
      * Financial Analysis of bidders
* Develop a short list of bidders
* Draft and issue a revised RFP if necessary
* Receive and analyze the revised RFP
* Develop a bidder finalist list

**Implement Sourcing Strategy**

* Develop a Negotiating Plan and strategies for negotiations
* Select the negotiating team and assign roles
* Conduct negotiations
* Use the Weighted Decision Matrix to make unbiased best value decision
* Procurement evaluates the RFP and negotiations
* Finance evaluates the RFP and negotiations
* Project team makes recommendations for award
* Obtain final approvals for award
* Select, notify and award contract
* Finalize contract

**End of Project Strategy**

* Contract turned over to contract manager
* Conduct an end of project review meeting
  + Determine what went right, what went wrong, and what could have been done better
  + Identify improvements that might be made to the process
* Issue a project summary report for management and stakeholders

**Monitoring**

* Periodically review the contract to determine compliance
* Determine any problems or changes that should be made
  + Tweak and adjust for improvement
* Report any changes in conditions or price to the contract manager or person of responsibility

Several types of requests, or bids, may be required and used in the strategic procurement process. The type of buy, requirements of the buy, and specifics of the buy will dictate what is necessary to use. If new technology has been developed, new suppliers considered, or changes made to internal processes, then a Request for Information (RFI) may be required preceding issuance of any type of bid. An RFI is used to obtain information about:

* A supplier
  + Who they are and what their capabilities are
  + Financial stability
  + Standard products offered
  + Other pertinent information
* New technology
  + What new technology is currently available
  + What new technology is being developed
  + What companies offer new technology