



VENDOR SELECTION

the process of selecting a new vendor

START

Having a thorough and well-defined process for selecting a new vendor is critical to the success of the long-term relationship. Use these 11 steps as a guide to help you and your team.

1

RESEARCH POTENTIAL SERVICE PROVIDERS –

Google, check for common providers, etc



2

DETERMINE IF GOING THROUGH **PROCESS OF ISSUING AN RFP** TO HAVE A SELECT SET OF REPLIES



IF ISSUING RFP, SET OUT A CLEAR DESCRIPTION OF THE SERVICE NEEDED,

Require a formal response and set a reply by deadline



3

BEGIN COMPARISON BETWEEN POTENTIAL PROVIDERS,

DETAILING PRO'S AND CON'S OF EACH AND COMPARISON OF SERVICES



4

DETERMINE DUE DILIGENCE **QUESTIONNAIRE OR CHECKLIST**



6

7

OBTAIN PROFESSIONAL REFERENCES



CHECK FOR ANY CUSTOMER REVIEWS OR NEWS ABOUT THE POTENTIAL PROVIDERS

8

IF NOT USING A DUE DILIGENCE QUESTIONNAIRE OR CHECKLIST, OBTAIN – AT A MINIMUM – ITEMS FROM THIS LIST

COMPLETE A RISK ASSESSMENT,

Determine any contractual specifications based on identified risk (e.g., rights to audit, reporting)



9

IF DETERMINED TO BE A CRITICAL THIRD PARTY, DEVELOP AND DOCUMENT AN EXIT STRATEGY

10

PRESENT SUMMARY OF DUE DILIGENCE, RISK ASSESSMENT, PLANNED MONITORING ACTIVITIES AND PROPOSED CONTRACT TO SENIOR MANAGEMENT / BOARD FOR APPROVAL PRIOR TO EXECUTION

11

FINISH

Once you have selected your new vendor - ensure to continue your due diligence and ongoing monitoring.

- ☒ Articles of incorporation or business license
- ☒ Tax ID
- ☒ 3 years audited financials
- ☒ SSAE 16 (if available)
- ☒ Record of PCI compliance (if needed)
- ☒ Any industry license required, certificate of insurance (type may vary)
- ☒ Conduct and document secretary of state check, negative news check, OFAC report on principals/owners/board, PEP report (if possible), US Postal Inspectors fugitive list (additional due diligence items may be required based on service provided or product)