Constructing a Supplier Assessment Questionnaire (SAQ)

With Procurement having the closest working relationship with suppliers, generating a Supplier Assessment Questionnaire (SAQ) can be an excellent stakeholder engagement tool.

CIPS members can record one CPD hour for reading a CIPS Knowledge download that displays a CIPS CPD icon.
As procurement act as the main interface between internal stakeholders and suppliers, there can often be multiple requests for critical supplier information that is requested from various departments within your organisation or directly from your customers and clients.

**Supplier Information**

**THE CHALLENGE**

Many internal stakeholders can have regular needs for statistical information and guidance and conformance confirmation around the following areas:

**Key Reporting areas**

- Supplier spend analysis
- Internal relationship owners
- Contractual compliance
- Sustainable/Environmental procurement guidance including Modern Slavery.
- Financial due-diligence and Risk exposure
- The storage of personal and sensitive data
- Data Security
- Supplier Diversity

The way in which you manage and maintain your suppliers critical information can have a direct bearing on your departments time management and resource requirements.

So just how can all of this data be collected and managed efficiently to meet stakeholder needs?

**Collaborating to improve the process**

**THE OPPORTUNITY**

Whilst many companies will operate with a supplier assessment questionnaire, the sheer volume of content and questions can be overwhelming and time consuming for suppliers to complete in full. As supplier information can also undergo a yearly review process, whereby questionnaires will be re-submitted for updated information, the cycle of gathering the information can be time consuming for your company to gather and compile results and for your supplier to complete the questionnaire.

Q, So how can this process become more efficient?  
A, Simply through stakeholder collaboration.
Building your supplier assessment questionnaire in partnership with your stakeholders is an ideal opportunity to bring together a focus group, so all of your stakeholders can identify core issues that have an impact on their working roles, a chance to discuss the key relevant questions that they require from your supply base.

Consulting with your stakeholders in a group meeting can result in the “right” questions being asked at the “right” time.

**Asking the right questions**

THE APPROACH
Generating your Supplier Questionnaire with clear questions should:

- Produce relevant data from your supplier base, such as supplier or category spend.
- Offer you the ability to report on the data collected,
- Enable you to identify areas of risk within your supply Chain
• Support you in rating your suppliers in accordance with an approved preferred supplier database,
• Give opportunity to reflect on red and amber feedback triggers
• Support poor performing suppliers and give guidance to enhance their capabilities in areas that are significant to meet your company needs.

It would be beneficial to consider expansion questions where Amber or Red replies are feeding back from the supplier, so you can gather further insight.

Supplier Questionnaire

EXAMPLES

For guidance, an example of some key questions that could be incorporated into your supplier questionnaire are given below, however it is advised that your questions are aligned to meet your companies vision and strategy.
Once you and your stakeholders have identified the most relevant questions to embed into your supplier questionnaire, weighting can be applied to the areas that are of most significance and this can then form part of your RAG (Red/Amber/Green) rating system.
<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
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</thead>
<tbody>
<tr>
<td><strong>Supplier Classification</strong>: Low / Medium / High Risk</td>
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<td><strong>Risk Calculator</strong></td>
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<table>
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<tr>
<th>Risk</th>
<th>Type</th>
<th>Risk</th>
<th>Likelihood</th>
<th>Impact</th>
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<tbody>
<tr>
<td>1</td>
<td>Strategic</td>
<td>Likelihood of supplier being in default</td>
<td>Extremely unlikely</td>
<td>Insufficient</td>
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<tr>
<td>2</td>
<td>Compliance</td>
<td>Non-compliance with procurement policy</td>
<td>Extremely unlikely</td>
<td>Insufficient</td>
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<tr>
<td>3</td>
<td>Compliance</td>
<td>Confidentiality / Data Protection / Security Failure</td>
<td>Likely</td>
<td>Major</td>
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<tr>
<td>4</td>
<td>Operational</td>
<td>Service Failure involving delivery of assets, system &amp; SLA failure</td>
<td>Extremely unlikely</td>
<td>Insufficient</td>
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<tr>
<td>5</td>
<td>Financial</td>
<td>Change of bankruptcy and Supplier Financial Instability</td>
<td>Extremely unlikely</td>
<td>Insufficient</td>
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<tr>
<td>6</td>
<td>Compliance</td>
<td>Supplier related fraud</td>
<td>Unlikely</td>
<td>Moderate</td>
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<td>7</td>
<td>Compliance</td>
<td>Anti-Compliance/Illegality</td>
<td>Unlikely</td>
<td>Major</td>
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<tr>
<td>8</td>
<td>Compliance</td>
<td>Change of pre-existing supplier entering the supply chain</td>
<td>Unlikely</td>
<td>Major</td>
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**Final Risk Score**: 4/10

**Author**

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