

Maksim Bezpartochnyi  
PhD in Economics, Associate Professor, Post-Doctorate Fellow, Chair  
of Economics Enterprises, Poltava University of Economics and Trade

Marga Zivitere  
Academician, Professor, Dr. oec., Rector's Advisor,  
Head of the Department of Economics, ISMA University

Viktorii Riashchenko  
Dr. oec. prof., Department of Management and Marketing,  
Director of the Entrepreneurship program, ISMA University

## **METHODOLOGICAL TOOLS FOR ASSESSING SUPPLIERS OF TRADE ENTERPRISES**

In order to implement effective economic activity trade enterprises interact with the different actors of the market, thus creating various organizational and economic ties. An important place in the course of this interaction is occupied by suppliers of commodity resources, which form the organizational and economic links with trade enterprises to ensure efficient procurement process.

In modern conditions the suppliers of trade enterprises focused on increasing sales, diversification of the portfolio and the economic strategy of introduction and improvement of logistics activities. There are certain requirements and criteria to suppliers of commodity resources, compliance with which ensures their long-term cooperation with trade enterprises and effective procurement process. Accordingly, it is necessary to study the evaluation process of organizational and economic relations between trade enterprises and suppliers of commodity resources in order to improve their performance in the consumer market, organizing the procurement process and meet consumer demand for quality goods and service. This requires the development of appropriate methodological tools.

As a result of the author's generalization literature [1-9], generalized methods for evaluating suppliers (fig. 1). Consider methods for evaluating suppliers more details.

Request official information includes data collection from the supplier in terms of quality of commodity resources (for example, over the past 3 years), quality management system, reports of inspections of

public authorities and others. This method is inexpensive, however, possible difficulties related to confidentiality of information.

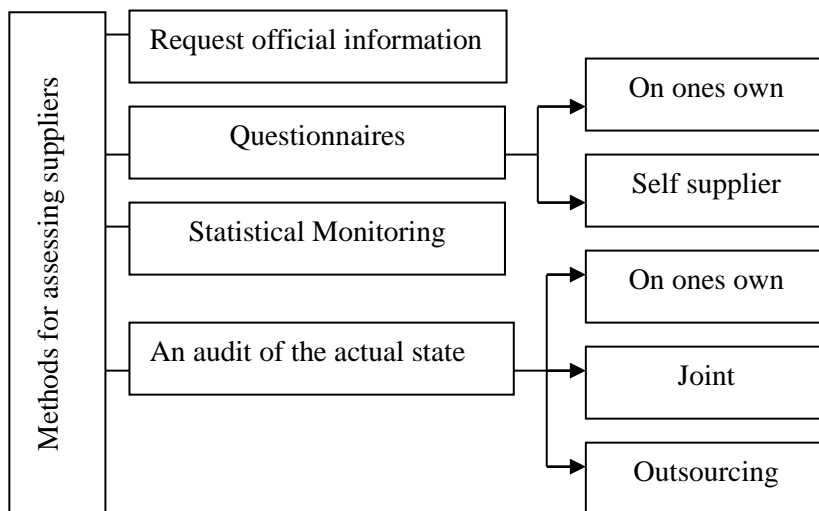


Fig. 1. Methods for assessing suppliers [certain author]

Questionnaires are an inexpensive and relatively complex method of evaluating the supplier. However, this method can be used in preparation for audit and reassessment in an environment where there is trust relationship between supplier and trade enterprises. In the case of questioning their own questions in the questionnaire must be adapted to each category of suppliers based on the minimum requirements. Questions for self supplier expedient form using open questions, including conflicting claims to assess the reliability of his answers. The disadvantage of this method is the possible bias of evaluation.

Statistical Monitoring supplier comes to the implementation of quantitative and rating. To evaluate suppliers using quantitative parameters and system indicators. The indicators assess suppliers include the following: the number of disruptions in supply; the amount of losses in monetary terms; the share of production that does not meet the standard or other technological conditions; the length of time to supply a specified amount of commodity resources; transport costs per unit cost of commodity resources; the amount of additional revenue to discounts or trade credit from suppliers, etc.

Complementing quantitative assessment of suppliers is by Grade analytical hierarchical process. Unlike quantitative assessment of rating considered above all quality indicators, such as: the level of product quality (in terms of price comparison); quality service supplier; quality delivery and more. For the evaluation developed special scale scores in characterizing as advantages. This scale, if necessary, can be supplemented estimate the significance of each parameter. Evaluation results are processed using a special statistical tool.

Audit supplier is a reliable method of obtaining the results of his work. A positive aspect in this is to develop a policy audit supplier, its placement on the site and review all suppliers. Audit should plan on an annual basis, making plans for primary and recurrent audits suppliers based matrix “type supplier – kind of audit”, given the volume of commodity resources. For best results before the audit should be performed surveys and statistical monitoring of commodity supply resources. Factors ensuring the effectiveness of our audit supplier include: the ratio owner or top-level management supplier to the evaluation procedures; level of technical competence of auditors; mechanisms to ensure objectivity and do not conflict auditors; supplier interest to work together and the level of relationship with him and others. For every approved supplier should support the “dossier supplier”, which may include: range of commodity resources; a list of approved products; results of primary and recurrent evaluations, including reports on audit results and statistical monitoring of the input control; materials for reclamations; information from open sources on the owners, reputation, potential for development and so on.

Considering the above, for the analysis suppliers of trade enterprises methodological tools offered on the basis of scoring and rating.

Analysis of suppliers advisable to the following criteria: price, discounts, quality, delivery conditions, type of packaging, financial condition, advertising, the probability of supply disruption, the possibility of instant delivery. Table 1 offers performance criteria and the relevant points for the analysis of trade enterprises suppliers.

In the implementation of scoring should pay attention to the following aspects.

One of the most important assessment criteria is quality supplier. Trade enterprises in the purchase should compare the actual settings goods standards.

Table 1

**Criteria and indicators for assessing suppliers of trade enterprises  
[proposed by the author]**

Criteria	Ball	Indicators
1	2	3
Price	0	price higher than the offer the other partners
	3	price is offered to other partners
	5	price offered to other partners below 1 %
	8	price offered to other partners below 2 %
	10	price offered to other partners below 3 %
Discounts	15	price offered to other partners below 4 %
	0	no discounts
	3	discounts on goods with an expired shelf life
	5	seasonal discounts
	8	discounts on new product groups
Quality	10	discounts for loyal customers
	12	bonuses at the end of months of work
	0	quality bad
	3	bad quality of the goods
	5	quality of the average product
Delivery conditions	8	quality of the goods is not bad, but unstable
	10	good quality goods, consumers are satisfied
	15	quality of goods permanent, high
	0	100 % prepayment
	3	payment immediately after receipt of the goods
Type of packaging	5	deferred payment of 1 to 15 business days
	8	deferred payment from 16 to 30 business days
	10	deferred payment from 31 to 47 business days
	12	deferred payment from 48 to 60 days
Financial condition	0	packing withstand at least 2 overloads
	3	packing withstand at least 3 overloads
	5	packing withstand at least 4 overloads
	8	packing withstand at least 5 overloads
	0	insolvent
	3	supplier financially unreliable, it has a large accounts payable
Advertising	5	supplier financially unreliable, is payable, there are financial assets
	8	supplier financially reliable, but it has a large accounts payable
	10	supplier financially reliable, but it has a small accounts payable
	12	supplier financially reliable, payables are not allowed
Advertising	0	supplier promotions are not involved
	3	supplier intends to participate in promotions, allocates marketing activities not less than \$ 1000 a year

	5	supplier intends to participate in promotions, allocates marketing activities not less than \$ 3000 a year
	8	supplier intends to participate in promotions, allocates marketing activities not less than \$ 5000 a year
	10	supplier intends to participate in promotions, allocates marketing activities not less than \$ 8000 a year
	12	supplier intends to participate in promotions, allocates marketing activities not less than \$ 10000 a year
The probability of supply disruption	0	can the likelihood of failure of delivery
	5	disruption of supply is not possible
The possibility of instant delivery	0	express delivery is not possible
	3	express delivery possible within 48 hours
	5	express delivery possible within 36 hours
	9	express delivery possible within 24 hours

Reliability supplier is one of the key factors that determine its ability to meet the requirements of trade enterprises on product quality, delivery timing and volume of deliveries.

Important in assessing the supplier plays its capabilities or ability to meet customer specific requirements and respond quickly to their changes. These include the use of technological equipment, effectively organized warehouse logistics and distribution network supplier organization level control over deliveries.

The next element of the assessment is a supplier financial condition. Foremost here takes the price of the goods supplied. But in some cases, in the foreground, and other financial conditions, such as the ability of the supplier to provide installment payment, deliver goods on credit. The important role played by price discounts for multiple orders such goods in one and the same supplier.

One should distinguish such criteria as the marketing budget supplier.

In certain quantitative criteria for assessing supplier, there is a group of quality indicators that play an important role in the selection procedure, but difficult to define. These indicators include goodwill of the supplier, no negative reports about him from partners or the media, kindness, ability to contact and continuous partner relations, the prospect of a strategic partnership.

Significant role in choosing a supplier plays its geographical location. The importance of this criterion is determined primarily

transportation costs for delivery of goods. Partnership with suppliers ensures surrounding usually delivery goods staging bases, more reliable deliveries.

The result of scoring is determined in accordance suppliers rating. The classification of suppliers on the relevant criteria and characteristics is offered (tab. 2).

*Table 2*

Classification suppliers of trade enterprises [proposed by the author]

Rating	Ball	Suppliers type	Criteria	Characteristics
Approved	> 90	Reliable supplier	understand the terms of cooperation, trying not only to fulfill contractual terms but also surpass the level of claims (liabilities) have high quality commodity supply resources and discipline	most products it manufacturers or large wholesale company, with which trade enterprises have long-term partnerships
Temporarily approved	75-90	Supplier with little experience	satisfactory quality commodity resources and confirmed the ability of the obligations	manufacturers or wholesale and intermediary companies that offer products of famous brands
Would-be	60-75	Potential supplier	there are some minor issues and claims to supply commodity resources (volume, delivery schedule, payment terms, etc.). the subject tries to eliminate problems arising and get a higher category (development supplier)	manufacturers or other intermediaries whose products enjoy cautious demand in the consumer market

Information table 2 shows that the proposed classification of suppliers is characterized by three types – a reliable supplier, supplier with little experience and potential supplier. Most suppliers represented by intermediaries or manufacturers of products that offer a standard product range, goods of famous brands, limited product range. When lowering the category of supplier is necessary for its development by

eliminating problems that have arisen in the course of cooperation with trade enterprises.

Within methodological tools supplier evaluation process organization blanking trade enterprises should be based logistics approach.

Using logistic approach in the organization of the procurement process will enable trade enterprises to optimize costs, to form an effective supply of product portfolio of resources to meet the needs of consumers, improved assortment, pricing and marketing policy to ensure the maximization of profit.

Logistic approach to the procurement process, as opposed to traditional, almost impossible to make a deficit required for trading activities of goods and products by calculating the optimal party ordering goods, establishing the exact timing of their delivery, formation proved reserves and so on. Using logistic approach in the organization of the procurement process can reduce the amount of storage space; apply system JIT (just in time), which provides for the formation of the optimal value of supply and storage of stocks of trade establishments on the relevant tiers in the trade hall or some small room at trade objects.

In addition, logistics support economic stability of trade enterprises in the consumer market function optimizes procurement, transportation, storage commodity resources. Application of logistic approach increases the efficiency of goods movement by optimizing transport costs; accelerate the turnover of funds invested in commodity resources and the use of modern information technology.

It should be noted that the use of logistic approach in trade enterprises to ensure the efficiency of the procurement process is of strategic importance and affects all economic indicators management. Logistics allows you to monitor the availability of commodity resources, turnover of stocks, their timely completion and prevent shortages, reductions in transaction costs, helps to reduce transmission losses, optimizes time and distance delivery commodity resources affects the quality of trade services and so on.

It can be noted that the logistics approach to ensure the efficiency of the procurement process in the trade enterprises focused on the following changes:

- organization quick delivery commodity resources;
- optimization of routes and transportation costs;
- application of modern information systems to monitor the receipt of

commodity resources, their location etc.

- quality of customer service;

- rapid response to changes in demand;

- use of modern technology sale (merchandising);

- optimization of total costs, leading to lower prices and increase profitability.

According to our belief, there are reasons that impede implementation approaches in logistics activities of trade enterprises, including:

- lack of concentration of capital for their own development;

- lack of financial opportunities for an efficient warehousing;

- limited retail space and ancillary facilities;

- lack of own transport and equipment for the storage and movement of commodity resources;

- forming a specific range, designed to meet the daily demand (products with low shelf) and others.

Due to increased competition in the consumer market, in our opinion, in order to ensure the efficiency of the procurement process and optimizing logistics costs of trade enterprises is necessary to strengthen integration ties with entities, enabling trade flows optimally.

Logistics integration between productions, transport, wholesale and trade enterprises occupies an increasingly important place in the trade integration processes.

Integration processes in trade due, on the one hand, low competitiveness of most trade enterprises that do not have sufficient concentration of capital for their own development, and the other – the need to improve the quality of operation of most trade enterprises. We believe that the development of integration processes between businesses entities to trade contribute:

- use logistics as a tool in the formulation and implementation of competitive advantages of trade enterprises;

- prospects and trends in the development of new organizational and economic forms – trade logistics networks;

- development of information technologies that enable efficient management of all spheres of economic activity.

It should be noted that the quantitative and qualitative changes in trade logistics contribute to the improvement of trade enterprises, which is manifested in the following aspects:

- the volume and frequency of purchases of goods trade enterprises;



a growing number of suppliers and expanding product portfolio;  
increasing speed of commodity resources across the supply chain;  
increases the degree of centralization of procurement;  
increasing the level of interaction with suppliers (integration and cooperation) for the whole supply chain;

optimized logistics costs due to constant consolidation scope entities trade enterprises;

the role of logistics in trade due to the redistribution of sales channels, since trade enterprises determine what products and from which manufacturers will be presented at trade objects;

implemented rapid response system aimed at improving the management of commodity resources, accelerating the movement of commodity flows response to changing customer needs and reduce cases of shortages through the implementation of EDI, bar coding systems, using modern packaging.

Thus, generalized methods for evaluating suppliers based on the use of quantitative, rating assessments, surveys and audits. Assessment may take their own trade enterprises by attracting relevant specialists and outsourcing. Questionnaires involve preparing a list of questions for the type of supplier. Implementation of supplier evaluation procedure requires the development of policy auditing supplier. Summarized information on suppliers, the results of their evaluation serves as the basis for decision-making on forming effective partnerships with trade enterprises and ensuring their commodity resources.

Classification suppliers of trade enterprises are offered. Thesis there is determined the types of suppliers according to criteria and submitted their characteristics. Suppliers are manufacturers of products that offer both traditional product portfolio and limited demand products and intermediaries offering products of famous brands. Due to the decline in the category of suppliers offered the mechanism of its development through elimination of shortcomings as a result of previous cooperation.