

Supplier Selection

Ricardo Viana Vargas, MSc, IPMA-B, PMP

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Ricardo Viana Vargas is a project, portfolio and risk management specialist. During the past 15 years, he has been responsible for over **80 major projects** in various countries in the areas of petroleum, energy, infrastructure, telecommunications, information technology and finances, comprising an investment portfolio of over 18 billion dollars.

He was the first Latin American volunteer to be elected Chairman of the Board for the **Project Management Institute (PMI)**, the largest project management organization in the world with close to 500,000 members and certified professionals in 175 countries.

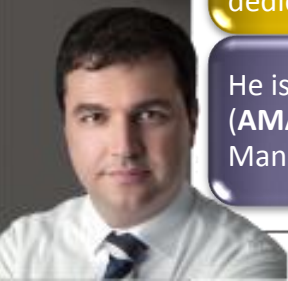
Ricardo Vargas has written **ten books** on project management, published in Portuguese and English, which have sold over 200,000 copies throughout the world. In 2005 he received the PMI Distinguished Award for his contribution to the development of project management and the PMI Professional Development Product of the Year award for the PMDome® workshop, considered the best project management training solution in the world.

He is a project management professor for various MBA courses, and actively participates on editorial boards for specialized journals in Brazil and the United States. Vargas is a recognized reviewer of the **PMBOK Guide**, the most important reference in the world for project management, and also chaired the official translation of PMBOK into Portuguese.

He is a chemical engineer and holds a master's degree in Industrial Engineering from UFMG (Federal University of Minas Gerais). Ricardo Vargas also holds a Master Certificate in Project Management from George Washington University and is certified both as a Project Management Professional (PMP) by PMI and as IPMA-B by the International Project Management Association. He attended the Program on Negotiation for Executives at **Harvard Law School**.

Over an eleven year timeframe, which began in 1995, Ricardo, in conjunction with two partners, established one of the most solid Brazilian businesses in the area of technology, project management and outsourcing, which had a staff of **4,000 collaborators** and an annual income of 50 million dollars in 2006, when Ricardo Vargas sold his share of the company to dedicate himself on a fulltime basis to the internationalization of his project management activities.

He is a member of the Association for Advancement of Cost Engineering (**AACE**), the American Management Association (**AMA**), the International Project Management Association (**IPMA**), the Institute for Global Ethics and the Professional Risk Management International Association (**PRMIA**).



Supplier Selection

It's about getting bids or proposals and applying predetermined criteria to evaluate them and select a supplier for a product

Price can be the primary criterion

Other criteria may be used

A weighting system may be used



Supplier's Characteristics

Proven technical
capabilities

Proven financial
capability

Schedule
observance

Specific
capabilities related
to the procured
product or service



Attributes

Attributes are characteristics or qualities inherent of a product, service or supplier.

Their importance depends on the client's requirements.

The evaluation of a product or service comes from the sum of all weighted appraisals.



Attributes categories

General categories

- Technical
- Management
- Price



Technical attributes

Characteristics or qualities of a procured product or service.

- Examples
 - Features and capabilities
 - Project quality
 - Performance quality



Management Attributes

Characteristics or qualities of a seller as a company.

- Examples:
 - Reputation
 - Employee qualification
 - Facilities and equipments capabilities
 - Financial capability
 - Work relationships
 - Policies
 - Management systems
 - *Scalability*



Price attributes

Price sufficiently low to be competitive but accomplishable

- Realistic
- Competitive



Important

Price is determinant,
but not the only factor

Attributes are
characteristics or
qualities of a product,
service or a supplier

There are management,
price and technical
attributes

A spreadsheet that
weighs up the
characteristics of a
supplier enables an
unbiased evaluation.

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portfolio management.**