



## **PROJECTS**

**Process Document**

**Sourcing & Procurement**

**Manage Vendor Relations**

**Document No: PROC.4**

**Issue date: 01-Jul-2012**

### Change Authorization History

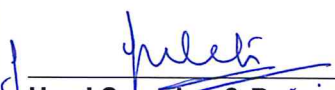
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### Version Control

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1.1	Agile team	HOD panel	05-Mar-2019	Ahmedabad
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### Version Control History

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1.1	As part of updation of SoPs annually (only version change)
1.0	Original Documents

  
 Head Sourcing & Procurement  
 (Power)  
 Date 08/03/19.

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 Head Sourcing & Procurement  
 (Ports)  
 Date \_\_\_\_\_

\_\_\_\_\_  
 Head Sourcing & Procurement  
 (Mining)  
 Date \_\_\_\_\_

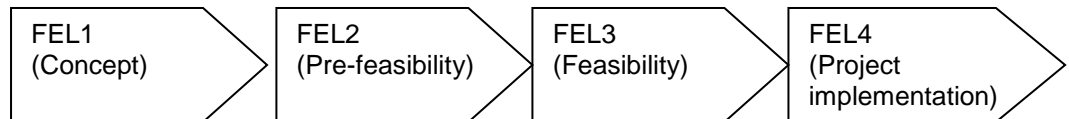
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## Abbreviations

### *Standard Abbreviations:*

KPI	Key Performance Indicator
SIPOC	Vendor, Input, Process, Output, Customer
RASCI	Responsible, Accountable, Support, Consult, Inform
FEL	Front End Loading



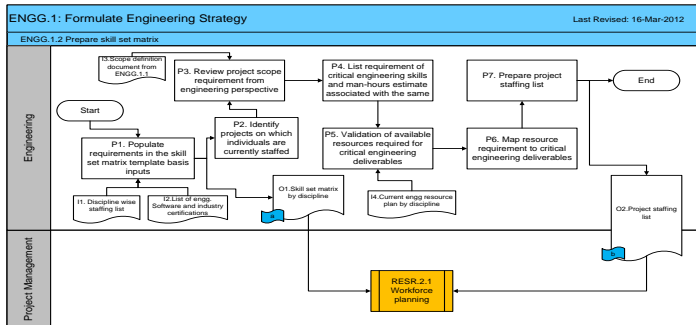
### *Process Specific Abbreviations:*

CST	Central Sales Tax
PAN	Permanent Account Number
RFI	Request For Information
RFP	Request For Proposal
TBD	To Be Decided
TIN	Tax Information Network
VAT	Value Added Tax
VRM	Vendor Relationship Management

## Process Document Structure

This Level 2 process document comprises of Level 3 sub-processes as separate chapters. Each chapter consists of the following sections:

### 1. Process Map



The process map details the sub processes highlighting functions/roles involved. It also demonstrates the flow of activities in the process. The phases of the process are also defined in the process map as separators (vertical line).

### 2. Process Notes

*ENGG.1.1: Prepare engineering scope definition- Process Notes*

**Phase I - FEL 3**

P1. The Project engineering manager (PEM) collects inputs for scope definition (Bankable detailed project report, technical design basis (discipline wise) and preliminary design basis report (package wise)). Inputs for the engineering scope definition for the execution phase (FEL3.4) are part of the 'Prepare and update Project definition'(FEAS.2.2) process completed as part of the Feasibility Assessment process.

P2. The PEM circulates the technical design basis for review of basic engineering scope

Process notes detail out the activities carried out in each of the process elements. They also cover additional details required to complete the process that do not get covered as part of the process map and SIPOC.

### 3. SIPOC (Supplier, Input, Process, Output, Customer)

**Trigger-** Closure of Toll gate 2  
**Frequency-** One time

Supplier	Input	Output	Customer
EC	Bankable detailed project report Technical design basis (discipline wise),	Technical design basis	PEM PM
		Design basis (major packages)	
		PFD	
		P&ID	
		GAD	

SIPOC tabulates the following:

- Supplier of inputs
- Inputs to the process
- Process\* (and steps involved)
- Output of the process
- Customer of the output

\* Process gets covered in the process map

### 4. RASCI(Responsible, Accountable, Support, Consult, Inform)

Activity	Responsible	Accountable	Support	Consult	Inform
P1. Collect input for Scoping study	PEM	PEM	DL	HE	PM
P2. Review technical design basis for scope coverage	DL	PEM	PEM, PM, EE, CA	HE	PEM, DL, DE

RASCI table maps all activities defined in the process to all roles which participate in the respective activities in various capacity (Responsible, Accountable, Support, Consult, Inform)

### 5. KPI

KPI	Objective	Formula	UoM
Design changes related to scope	Minimize design changes	Number of design changes per packages	No.

The KPI of the process is defined in this table; process efficiency is measured based on KPI

### 6. Templates

Number	Name	Template
ENGG.1.2.b	Project staffing list template	Project staffing template

This table lists the templates that will be used to execute the process.

## Organizational Roles

Function	Roles	Abbreviations	Project/Function Resources
Corporate	Chairman	CMN	Top management
Corporate	Managing Director	MD	Top management
Corporate	Chief Executive Officer	CEO	Top management
Corporate	Chief Operating Officer	COO	Top management
Corporate	Chief Financial Officer	CFO	Top management
Human Resources	Head HR (Business)	HHR	Functional head
Information Technology	Head IT (Business)	HIT	Functional head
Accounts	Head Accounts	HAC	Functional head
Legal	Head Legal	HLL	Functional head
Business Development	Head Business Development	HBD	Functional head
Project Management	Director Projects	DP	Project
Project Management	Project Director	PD	Project
Project Management	Head Contract Administrator	HCA	Functional head
Project Management	Project Contract Administrator	PCA	Project
Project Management	Contract Administrator	CA	Project
Project Management	Risk Analyst	RA	Project
Project Management	Document Controller	DC	Project
Project Control	Head Project Control	HPC	Functional head
Project Control	Project Control Manager	PCM	Project
Project Control	Planning Engineer	PE	Project
Project Control	Cost Controller	CC	Project
Engineering	Head Engineering	HE	Functional head
Engineering	Project Engineering Manager	PEM	Project
Engineering	Discipline Lead	DL	Functional
Engineering	Discipline Engineer	DE	Project
Engineering	Field Engineer	FE	Project
Engineering	Owner's Engineer	OE	Project
Engineering	Other External Consultants	EC	Project
Estimation	Head Estimation	HES	Functional head
Estimation	Estimation Engineer	EE	Functional
Sourcing & Procurement	Head Sourcing & Procurement	HSP	Functional head
Sourcing & Procurement	Category Lead	CL	Functional
Sourcing & Procurement	Category Buyer	CB	Functional
Sourcing & Procurement	Project Procurement Manager	PPM	Project
Sourcing & Procurement	Expeditors	EX	Project
Sourcing & Procurement	Site Procurement Manager	SPM	Project
Sourcing & Procurement	Logistics Manager	LM	Project
Sourcing & Procurement	Stores Manager	SM	Project
Construction	Construction Manager	CM	Project
Construction	Area Manager	AM	Project
Commissioning	Commissioning Manager	COM	Project
Operations & Maintenance	O&M Manager	OMM	Project
HSE	HSE Head	HHS	Functional Head
HSE	HSE Manager	HSM	Project
Quality	Head Quality	HQ	Functional Head
Quality	Quality Manager	QM	Project
Equipment management	Head Equipment Management	HEQ	Functional Head
Equipment management	Equipment Manager	EQM	Project
Land Acquisition	Land Acquisition Manager	LAM	Functional

*Note: The above defined roles do not correspond to organization level. All functional heads have been referred to as senior management in the process notes.*

## Objective and Applicability

### Objective:

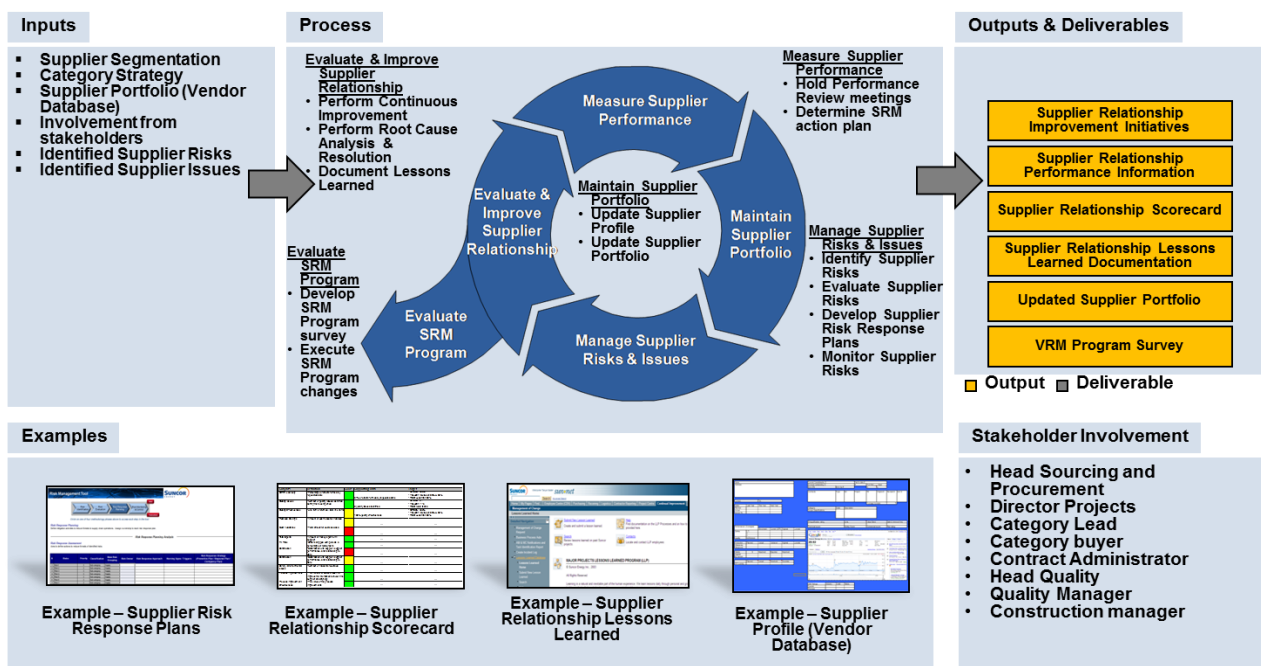
Vendors play a significant role in determining successful completion of a project in terms of schedule adherence, ensuring quality of the asset being built and cost of asset. Hence, it's important that we select our vendors in a way that ensures that capable and potentially capable vendors are selected, and mutually beneficial relations are built and maintained through continuous assessment and improvement.

To build a sustaining business relationship with the vendor it's important that the performance of the vendor is measured and feedback be provided to vendor for improvements and development. Similarly, it's also important that our obligations towards the vendor are met and vendor is provided a forum for resolution of issues faced.

Vendor Relationship Management (VRM) is the systematic approach for managing vendor relationships to optimize value through cost reduction, innovation, risk mitigation and growth throughout the relationship life cycle. VRM involves collaboratively working with and building relationships with Vendors in order to meet business objectives. This document covers following aspects of VRM:

- Vendor identification and on-boarding
- Manage vendor performance
- Manage vendors queries and expectation

**Supplier Relationship Management involves collaboratively working with and building relationships with suppliers in order to meet business objectives.**



Conceptual Exhibit



The user should go through the process document in conjunction with below mentioned processes that act as input and output to the process.

Inputs:

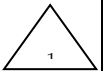
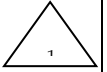
- Evaluate and select contracting strategy (PRMC.1.1)
- Source and manage categories (PROC.2)
- Procurement risk management (PROC.2.3)
- Contractor performance management (CONS.1.5) & (CONS.3.2)

Output:

- Strategic sourcing (PROC.2.2)
- Process PR (PROC.3.1)

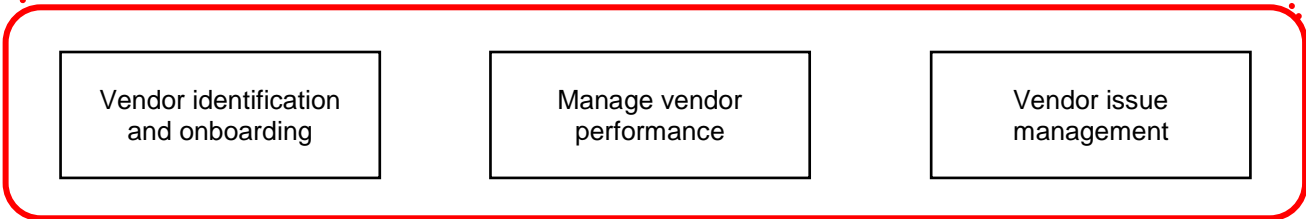
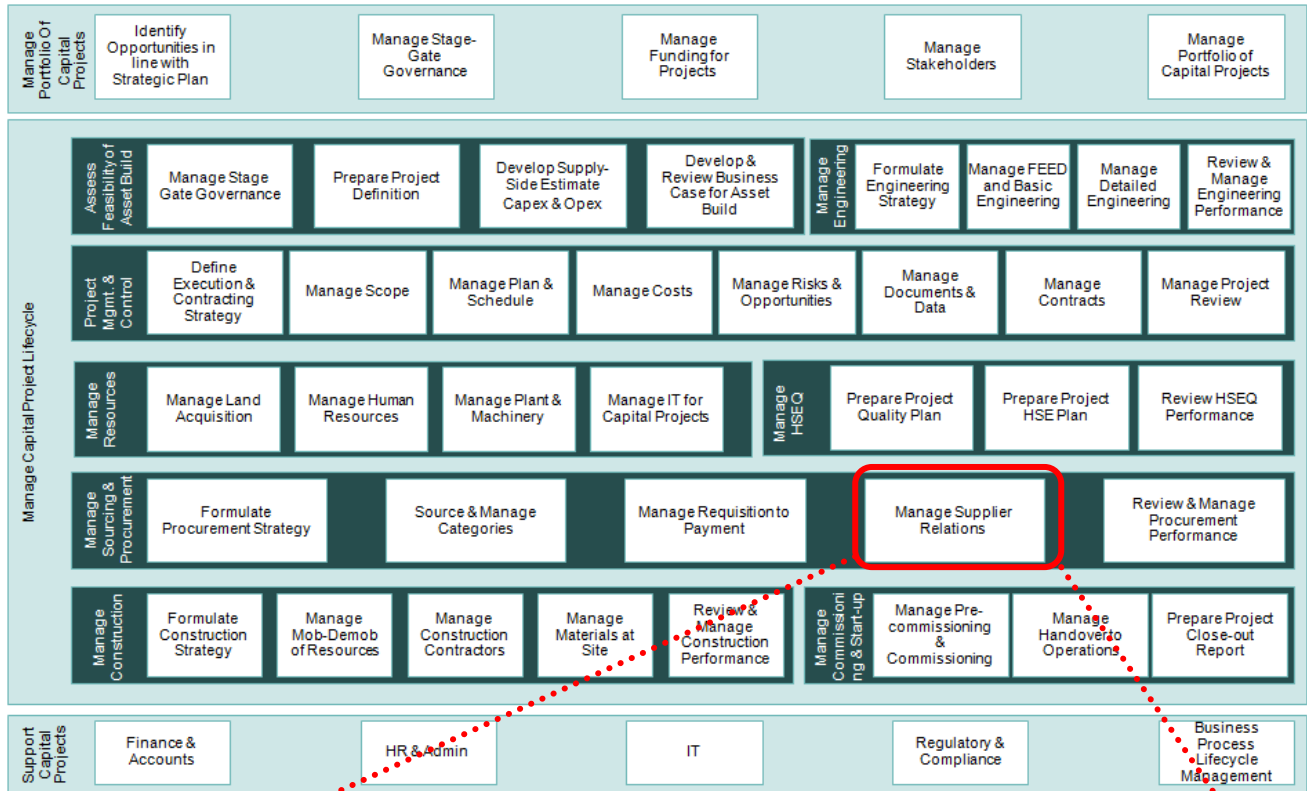
Applicability:

This process is applicable for vendor on-boarding, performance management & managing vendor's queries and expectation for all capital projects across existing business units (Power, Ports and Mining).





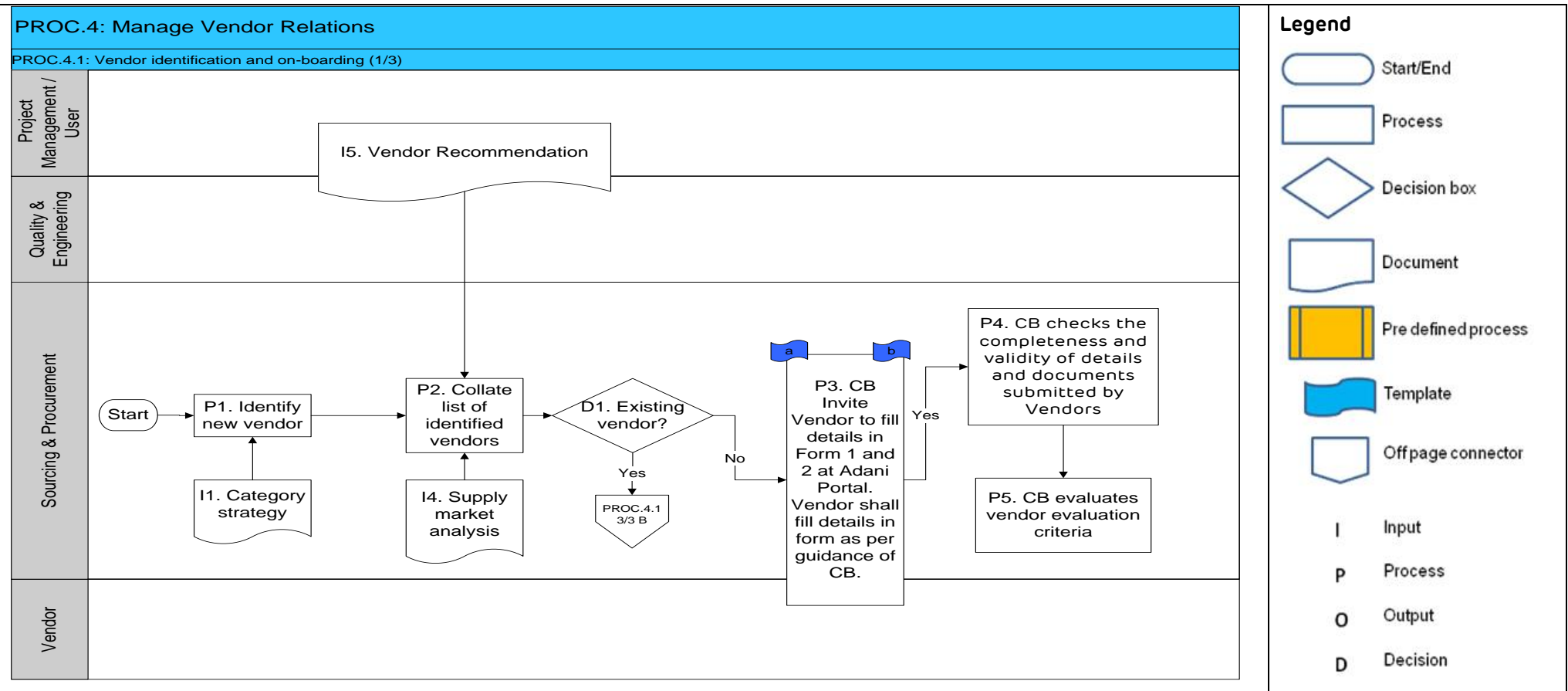
## Operating Framework



## Process Documentation

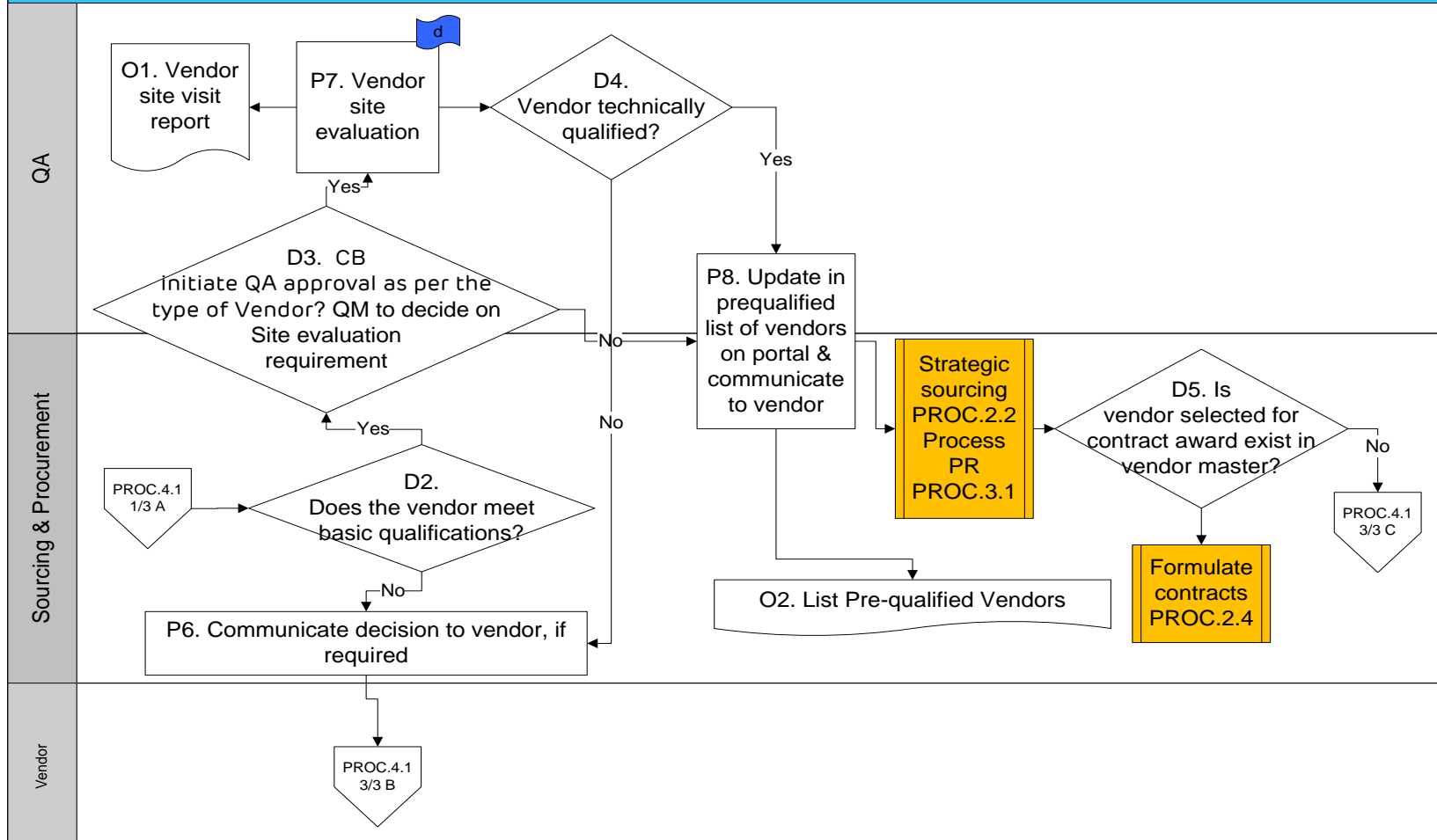
### PROC.4.1: Vendor identification and on-boarding

*PROC.4.1: Vendor identification and on-boarding-Process map*



**PROC.4: Manage Vendor Relations**

**PROC.4.1: Vendor identification and on-boarding (2/3)**



**Legend**

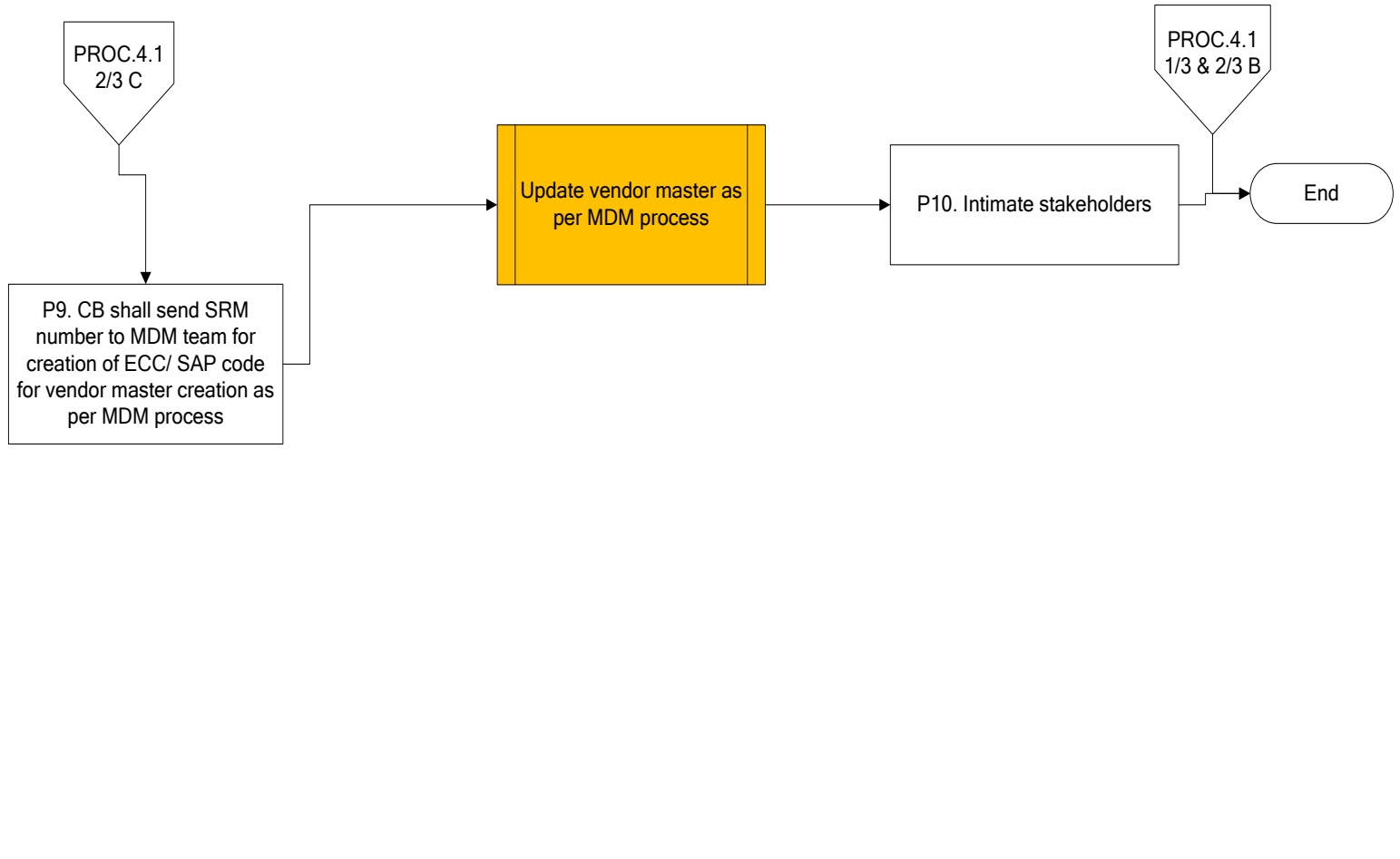
- Start/End
- Process
- Decision box
- Document
- Pre defined process
- Template
- Offpage connector
- I Input
- P Process
- O Output
- D Decision

Note: For categories identified for site visit, where there are large number of qualified vendors and the category criticality is moderate to low, site visit can be conducted post final negotiation

PROC.4: Manage Vendor Relations

PROC.4.1: Vendor identification and on-boarding (3/3)

Sourcing & Procurement



Legend

- Start/End
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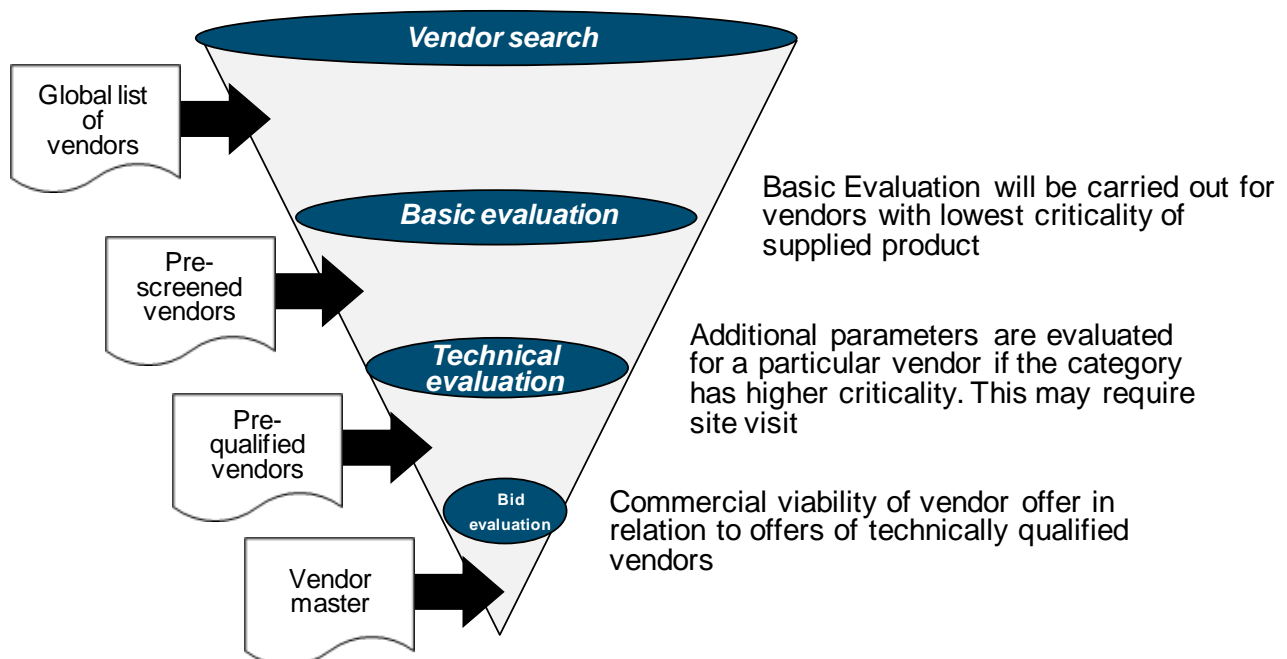
*PROC.4.1: Vendor identification and on-boarding-Process notes*

Vendor on-boarding process broadly covers three aspects:

- Vendor identification
- Vendor qualification
- Vendor approval

Vendor on-boarding requires multiple level of screening (*as illustrated in Exhibit1*) to ensure that the capable vendors are qualified for discussions while also ensuring that no capable vendor is disqualified in the process.

### Levels of Evaluation



**Exhibit1: Illustrative levels of Evaluation**

P1. CL shall initiate the identification of new vendors for the category based on the category strategy.

P2. CL shall collate list of identified vendors from different sources like:

- Vendor who have approached with business queries in the past
- Vendors identified /participated in the RFP process in the past
- Vendor registered through vendor portal,
- Vendor identified during supply market analysis.
- Vendors recommended by project management, quality, engineering departments, user and consultants

D1. CL shall check if any of the identified vendors is an existing vendor. The definition of existing vendor would be a vendor who has provided services or supplied material or a combination of both to the BU or any other BU in the last one year and has not been blocked in the vendor master. CL shall segregate all new identified vendors and proceed with further evaluation as detailed in subsequent process steps.

P3. CB shall invite Vendors to visit the Adani group website (Power, Port and Mining) and ask them to submit the information on the Adani portal. The vendors shall fill Form 1 available in Adani portal and receives the auto generated link for Form 2 on registered email id. Form 2 is the detailed questionnaire which is required for the evaluation of the vendor. Vendors submit the duly filled Form 2.

P4. CB checks the completeness and validity of details and documents submitted by Vendors.

P5. If required, CB evaluates the vendors based on Vendor Evaluation Criteria (VEC) decided by CL.

Criteria for RFI evaluation of multiple vendors with weight ages assigned

Scores for multiple vendors are collated and compared

Criteria	Wtg	Scores						
		Vendor 1	Vendor 2	Vendor 3	Vendor 4	Vendor 5	Vendor 6	Vendor 7
Past Experience	10.0%	3	3	3	3	3	2	3
Past Experience with Group	10.0%	2	1	2	2	1	1	2
Financial Turnover	10.0%	3	3	3	3	3	1	3
Statutory Compliance	10.0%	3	3	3	1	3	2	3
Customers	10.0%	3	3	3	3	2	2	3
Personnel (Manpower Available)	10.0%	3	3	3	3	1	1	1
Location, Laboratory (own lab, other authorized labs)	10.0%	2	1	1	1	3	1	1
Legal / Labour Disputes	10.0%	3	1	1	3	3	3	3
Product / Service List	15.0%	3	3	2	3	1	1	1
Environment / Quality	5.0%	1	1	2	2	2	1	1
<b>Total Score</b>		2.7	2.3	2.3	2.45	2.15	1.5	2.1
<b>% Score</b>		90%	77%	77%	82%	72%	50%	70%
<b>Decision</b>		Selected	Selected	Selected	Selected	Selected	Rejected	Selected

Overall scoring and decision

**Exhibit2: Illustrative RFI evaluation**

D2. Based on the evaluation of details submitted by vendors, CB shall check if the vendor meets the basic qualification for further quality evaluation.

P6. If vendor does not meet the criteria then CB shall communicate the decision to vendor.

D3. If vendor is qualified for further quality evaluation, CB shall initiate QA approval as per the type of Vendor as mentioned below:

Type of Vendor	Approval by			Owner of Vendor Master
	S & P	QA	OTS	
Manufacturers / OEM		√		QA
EPC Contractor (if Contractor is also a manufacturer of some of the items)		√ (with offline support of CEG / PMCG/Projects)		QA
Traders / Distributors / Stockiest	√ (with offline support of QA, if required, for engineering items. if the item being offered by such traders /distributors/ stockiest does not belong to approved OEM/manufacturer list)			S & P
Authorized Dealers	√			S & P
Service contractors - Civil, structural, Mechanical, Electrical and C&I	√ (with offline support of Projects/PMCG, QA as required)			S & P
AMC contractors (O&M)			√	S & P



Type of Vendor	Approval by			Owner of Vendor Master
	S & P	QA	OTS	
Logistic service providers	√			S & P
Consultancy service providers	√ (Offline support from User)			S & P

QM shall check for the need of site visit in case of Manufacturer / EPC contractor.

P7. In case site visit is required; Quality Manager (QM) shall form a team for vendor facility/ site visit. The team members shall be from Engineering, S&P, PRMC, Quality & Construction team. HQ shall finalize team members based on significance of visit. The team shall visit the vendor's facility/ site and prepare the vendor facility/ site visit report as per template *PROC.4.1.d (same as template HSEQ.3.1.II.b)*.

D4. For the respective type of vendor, QA / S & P / OTS shall take decision whether Vendor is technically qualified or not and communicate to CL/ CB.

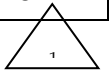
P8. If the vendor is qualified, CB/ QM shall update qualified vendor on prequalified list of vendors available on vendor portal & communicate to vendor. These pre-qualified vendors shall be considered for sending RFP as part of the strategic sourcing activities after creation of SRM number by CB.

D5. Those vendors selected for contract award shall be added in vendor master for release of a PO / SO. CL shall check if the vendor code exist for the vendor in the vendor master, if vendor code already exist, and is not blocked, then CL shall proceed for formulation of contract (*as mentioned in process PROC.2.4*).

P9. In case the selected vendor is a new vendor, CB shall forward SRM number along with required company details to MDM team for creation of ECC number / SAP code.

CB shall create request for vendor master creation as per MDM process.

P10. Once vendor master has been created, CL shall intimate user about successful registration in vendor master and the same can be viewed by vendor on vendor portal.



*PROC. 4.1: Vendor identification and on-boarding-SIPOC*

**Trigger**–Category strategy for key categories

**Frequency**–as required

Supplier	Input	Output	Customer
CL	Category strategy	List of identified vendors	CL
HIT	Vendors registered on vendor portal		
QM	Vendors recommended / suggested by other functions		
PCA			
PEM			
CL	Supply market analysis		
Vendor	Vendors approached in the past for business		
QM / CL / SPM / LM	Vendor site evaluation	Technically qualified vendor list	QM, CL, PPM, PCM, PCA, PEM
Vendor	Filled vendor master form with required documents	Updated vendor master	CL

*PROC.4.1: Vendor identification and on-boarding-RASCI*

Activity	Responsible	Accountable	Support	Consult	Inform
P1. Identify new vendor	CB	CL	PPM		
P2. Collate list of identified vendors	CB	CL	QM, PD, PPM, HSP		
D1. Existing vendor?	CB	CL			
P3. Invite vendors to register on Adani website	CB	CL			
P4. Check completeness and validity of details submitted by vendor and assess vendors based on Form I and II	CB	CL	QM, PEM, PCA, PPM		
P5. Evaluate vendor based on details submitted by Vendor in Form 1 & Form 2	CB	CL	PPM		
D2. Does the vendor meet basic qualifications?	CB	CL	PPM		
P7. Communicate decision to vendor, if required	CB	CL	PPM		Vendor
D3. Initiate QA approval process	CB	CL			
P7. Vendor site Evaluation	QM	HQ	CL, PPM, PEM, PCA		
D4. Vendor technically qualified?	QM/ CL / SPM / OTS	HQ/ CPM	CL, PPM, PEM, PCA		
P8. Update in prequalified list of vendors on portal & communicate to vendor	CB/ QM	CL/ HQ	PPM		







Activity	Responsible	Accountable	Support	Consult	Inform
D5. Is vendor selected for contract award exist in vendor master?	CB	CL			
P9. Forward required details to MDM team for SAP code creation	CB	CL	MDM		
P10. Intimate stakeholders	CB	CL	PPM		Vendor, PPM, HSP, identified stakeholders

*PROC.4.1: Vendor identification and on-boarding-KPI*

KPI	Objective	Formula	UoM
Number of vendors pre-qualified for key categories	To ensure that substantial pre-qualified vendors are available for key categories to optimize strategic sourcing timelines	Number of pre-qualified vendors in the database for key categories	Numbers

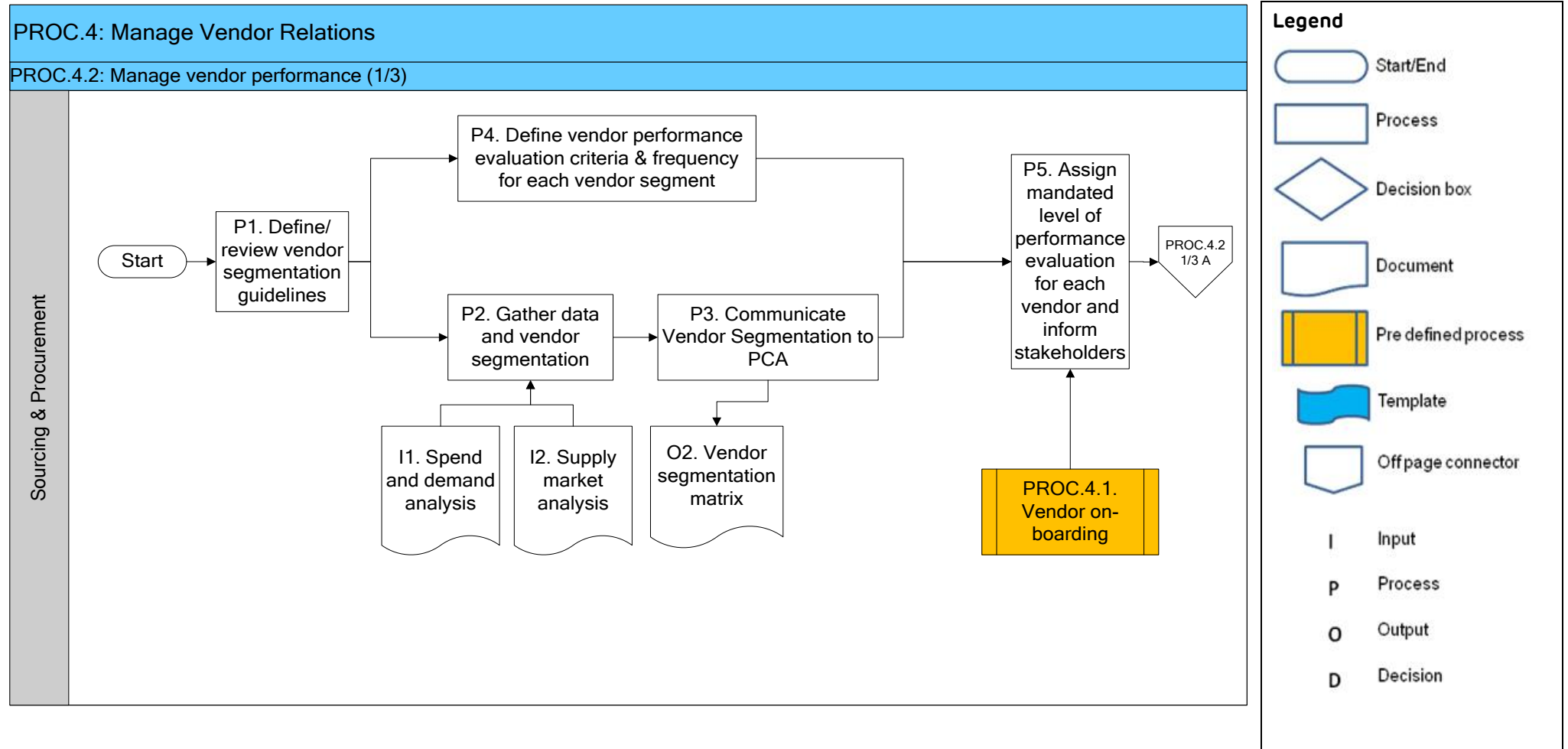
*PROC.4.1: Vendor identification and on-boarding-Templates*

Number	Name	Template
PROC.4.1.a	Vendor evaluation criteria	 PROC.4.1.a.xlsx
PROC.4.1.b	RFI questionnaire – Form 1	 PROC.4.1.b.xlsx
PROC.4.1.c	RFI questionnaire – Form 2	 PROC.4.1.c.xls
PROC.4.1.d	Site evaluation report (Same template as defined in HSEQ.3.1.b.II)	 PROC.4.1.d Vendor's facility visit report.do



**PROC.4.2: Manage vendor performance**

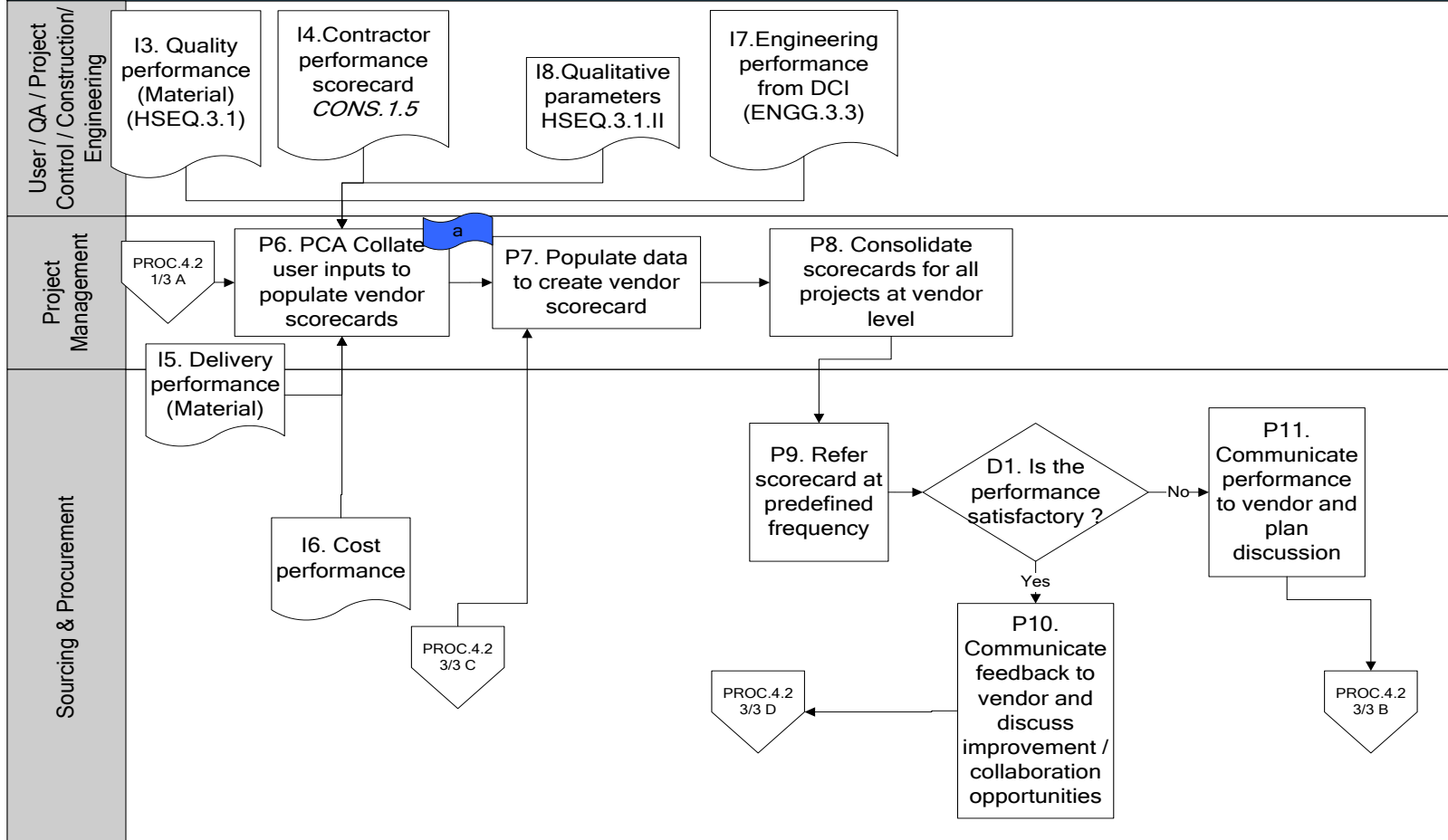
*PROC.4.2: Manage vendor performance - Process map*





**PROC.4: Manage Vendor Relations**

**PROC.4.2: Manage vendor performance (2/3)**



**Legend**

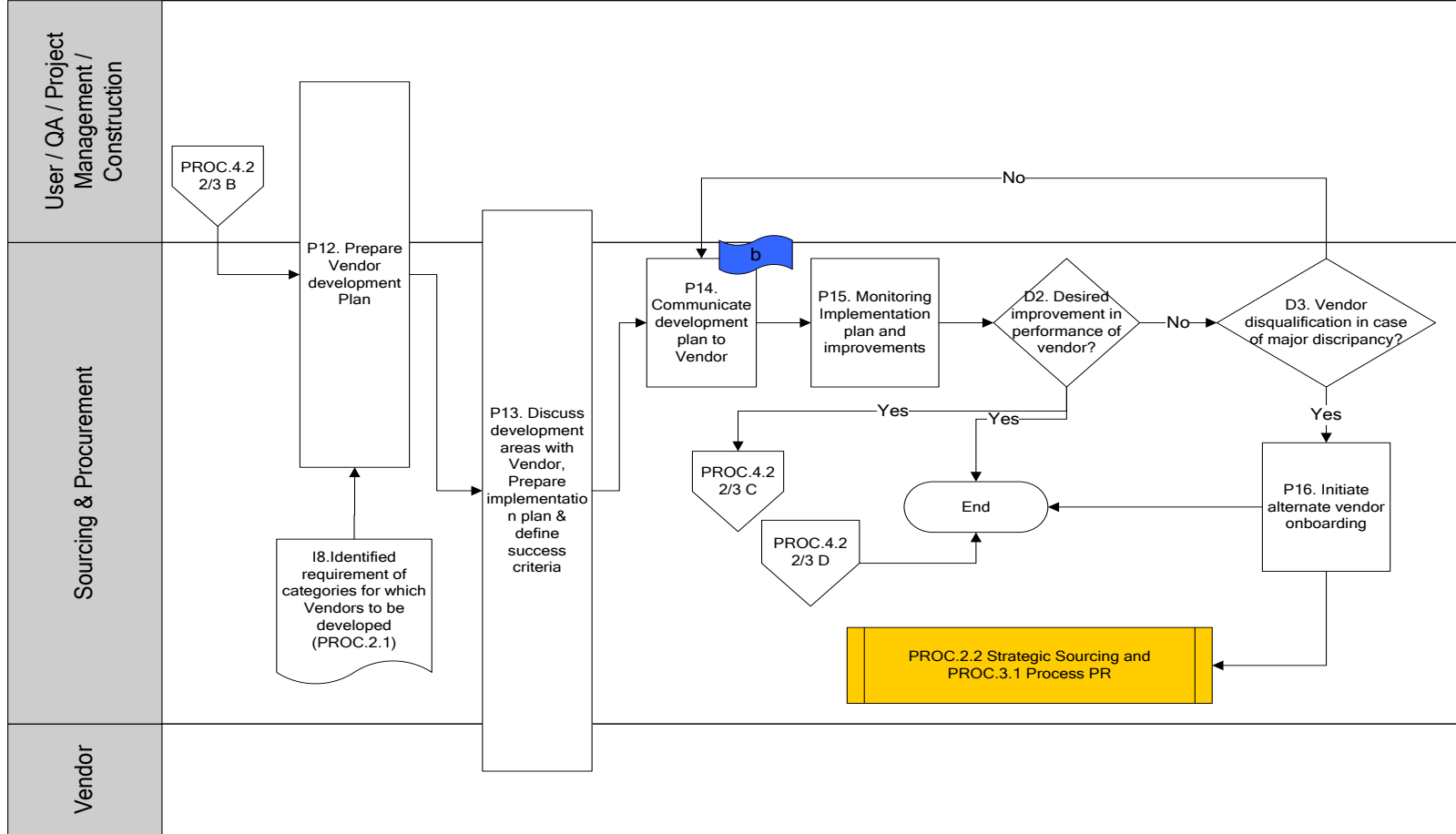
- Start/End
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**PROC.4: Manage Vendor Relations**

**PROC.4.2: Manage vendor performance (3/3)**



**Legend**

- Start/End
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*PROC.4.2: Manage vendor performance - Process notes*

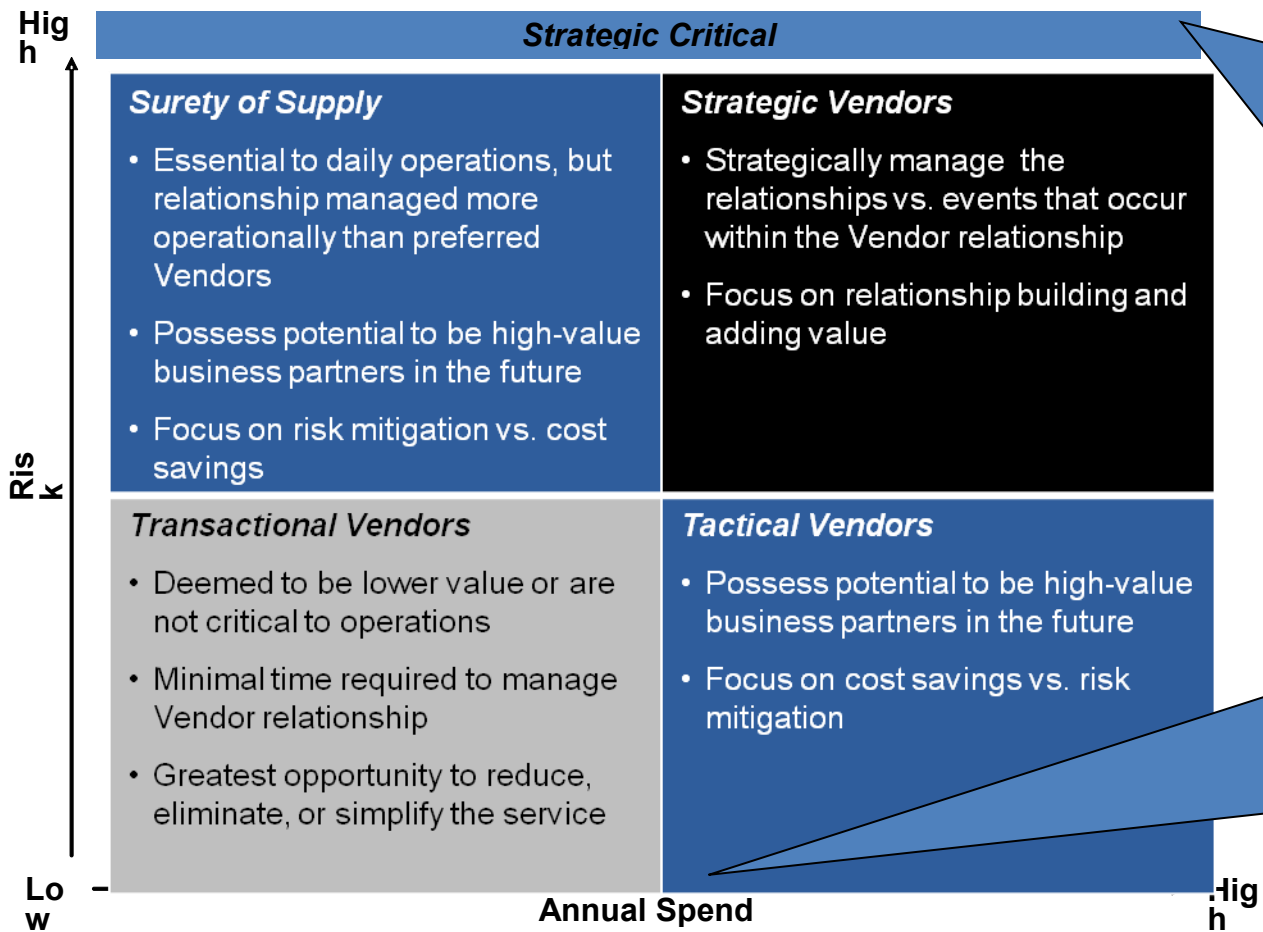
For maintaining a healthy and mutually beneficial relationship with vendors it's important to measure the performance of the vendor and use that performance score to identify vendor development needs.

There are two types of performance indicators for vendor performance scorecard:

- Cross-category (generic) indicator is standard across all vendor scorecards. But the targets and formulas may differ for each category and it depends on the category teams to develop (the targets and formulas).
- Category-specific indicator is specific to a particular category and will be determined by individual category team to develop (the KPIs, targets, and formulas) for each of the scorecard sections: financial, customer, process, people & learning.

P1. All vendors are not equal in their criticality for the success completion of project and hence there needs to be a category centric approach to evaluate vendor performance and development. CL shall prepare vendor segmentation guidelines. One of the ways to segment vendors is based on spend with the vendor and risk associated with the package as shown below in *Exhibit-1*.

CL may adopt another alternative for vendor segmentation like vendor segmentation based on category, work stream (like civil, mechanical, electrical, C&I etc.), spend of item, Turn over, specialized skills, delivery period, criticalness of purchase etc. depending on the business need.



**Exhibit 1: Vendor Segmentation**

- P2. Once the segmentation guidelines have been prepared, CL shall categorize vendors in respective segments as per the guidelines at the time of issuance of any contract. .
- P3. CL shall communicate the vendor segmentation data to PCA. Segmentation identifies the importance of a vendor and determines the level and sophistication of relationship management activities.
- P4. CL shall also prepare vendor performance evaluation criteria & frequency for each vendor segment. *Exhibit 2* illustrates the approach for different segment of vendors:-

Segment	Level of Involvement	Vendor relationship management levers	Description of Approach
Strategic Critical	<b>BU:</b> HOD  <b>Vendor:</b> CEO Equivalent	<ul style="list-style-type: none"> <li>Executive sponsor(s)</li> <li>Quarterly relationship meetings</li> <li><b>Vendor scorecard</b></li> <li>Vendor portfolio summary</li> <li><b>Vendor satisfaction surveys</b></li> <li><b>Monthly reporting of performance metrics</b></li> <li><b>Rate you as a customer</b></li> <li><b>Vendor roadmap discussion</b></li> </ul>	<ul style="list-style-type: none"> <li>Executive Sponsor representative(s) from the Business Unit(s)</li> <li>Quarterly meeting to discuss performance / relationship and provide feedback</li> <li>Balanced scorecard reporting against standard performance metrics</li> <li>One page summary sheet (contracts, contact list, spend, future opportunities)</li> <li>Internal satisfaction and Vendor performance surveys</li> <li>Performance measured and reported monthly</li> <li>Identified financial and non-financial benefits expected from VRM program</li> <li>Vendor to identify Company strengths and weaknesses</li> <li>Discussion focused on Vendor's product / services roadmap (both short and long term) that are relevant to Company environment, sharing of future requirements and best practices</li> </ul>
Strategic	<b>BU:</b> CL  <b>Vendor:</b> VP / Director Equivalent	<ul style="list-style-type: none"> <li>Executive sponsor(s)</li> <li>Semi-annual relationship meetings</li> <li><b>Vendor scorecard</b></li> <li>Vendor portfolio summary</li> <li><b>Vendor satisfaction surveys</b></li> <li><b>Monthly reporting of performance metrics</b></li> </ul>	<ul style="list-style-type: none"> <li>Executive Sponsor representative(s) from the Business Unit(s)</li> <li>Semi-annual meeting to discuss performance/relationship and provide feedback</li> <li>Balanced scorecard reporting against appropriate standard performance metrics</li> <li>One-page summary sheet (contracts, contact list, spend &amp; future opportunities)</li> <li>Performance measured and reported monthly</li> <li>Internal satisfaction and Vendor performance surveys</li> <li>Identified financial and non-financial benefits expected from VRM program</li> </ul>
Surety of Supply / Tactical	<b>BU:</b> CB  <b>Vendor:</b> Manager Equivalent	<ul style="list-style-type: none"> <li>Annual relationship meetings</li> <li><b>Quarterly reporting of performance metrics</b></li> <li>Established contact list</li> <li>Contract management and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Annual meeting to discuss performance / relationship and provide feedback</li> <li>Standard performance metrics</li> <li>Formalized contact list with roles and responsibilities across Company and Vendor</li> <li>Adhere to formalized Contract Management process</li> </ul>
Transactional	<b>BU:</b> CB  <b>Vendor:</b> Manager Equivalent	<ul style="list-style-type: none"> <li><b>Basic reporting of performance metrics</b></li> </ul>	<ul style="list-style-type: none"> <li>Basic performance measurements against metrics</li> <li>Take action, if needed, as issues arise</li> </ul>

**Exhibit 2: Vendor Evaluation Approach**

P5. CL shall assign required level of performance evaluation for each vendor and frequency of vendor performance review based on vendor segmentation.

P6. Respective PCA shall prepare the vendor scorecard for respective contract as per the template PROC.4.2.a. The scorecard shall have details of the vendor performance on quality, delivery, management systems, safety and cost.

For populating the contractor's performance (service contracts), PCA will get the inputs as follows

1. Quality: Project Quality Manager
2. Cost (related to site wastages), Delivery and Management System: Construction Manager
3. Safety: Project HSE Manager

For populating the supplier performance (supply contracts), PCA will get the inputs as follows:

Quality and delivery performance shall be obtained directly from the ERP system. In case delivery performance is not maintained in the system, delivery performance shall be provided by the respective SM.

In case Engineering is in the scope of the vendor, Engineering performance shall be taken up from the Document Control Index (DCI).

CL shall incorporate the inputs on cost parameters which may include:-

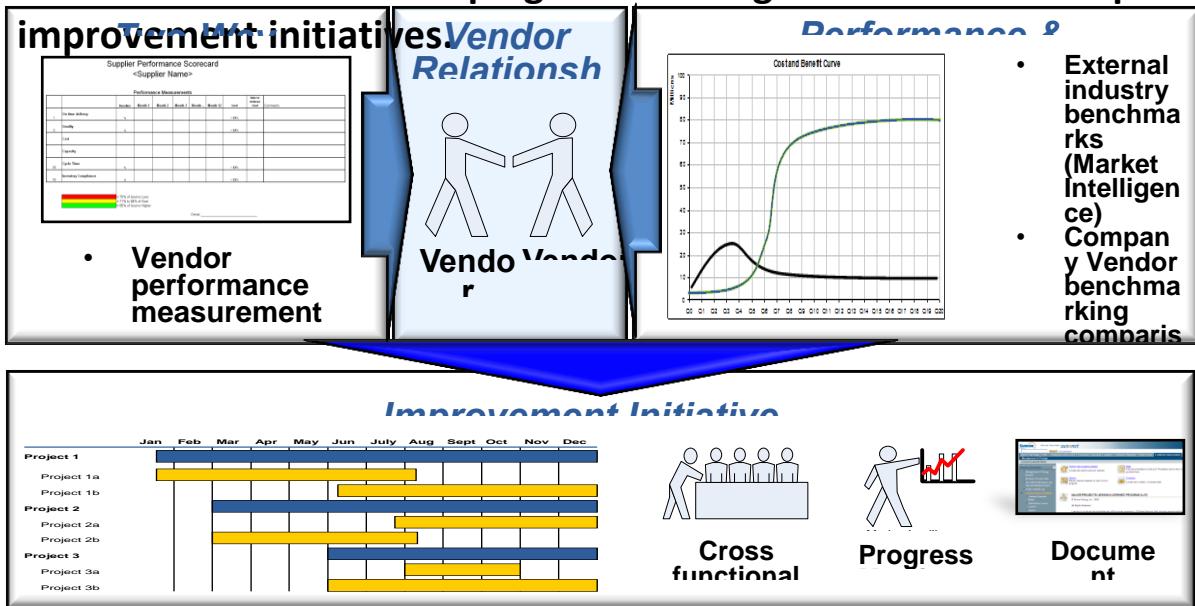
- Price
- Realized Savings
- Payment Terms
- Warranties/ Guarantees
- Incentive Discounts
- Volume Discounts
- Prompt Pay Discounts
- Emergency Ship Charges
- Value engineering

P7. PCA shall populate all the inputs to create consolidated vendor scorecard at project level as per template *PROC.4.2.a3*

P8. HCA shall consolidate scorecards for all projects and prepare consolidated scorecard for vendor as per template *PROC.4.2.a4* duly approved by DP. Vendor performance evaluation chart illustration shall be as shown in *Exhibit-3* below.

## Evaluate vendor performance & develop Vendor

Two-way scorecards and benchmarking (industry and BU) will be used as a basis for developing and tracking Vendor relationship



1/2

**Exhibit 3: Conceptual Vendor Performance Evaluation Chart**

P9. CL shall refer the scorecard at predefined frequency & assess the performance of Vendor on various parameters and check if the performance is meeting desired level.

D1. Is the performance meets the desired level? (Y/N).

P10. In case of satisfactory performance, CL shall communicate performance feedback to vendors highlighting improvement opportunities on individual parameters.

P11. In case of unacceptable performance, CL shall communicate performance to vendor and plan discussion with vendor to identify actions required for performance improvement.

Based on supply market analysis, category strategy hypothesis and Vendor pre-qualified database, CL shall identify the categories where Vendor development is required. Vendor of selected categories are to be developed.

P12. CL shall prepare vendor development plan with support of Engineering, Quality, Project Management, Construction for selected vendors. A detailed action plan shall be prepared with defined timelines as per template *PROC.4.2.b*.

P13. CL shall discuss the vendor development plan with vendor along with QM and user. CL shall share the performance scorecard with vendor and identify the



areas of improvement required and the actions required from vendors end. The plan should be discussed in detail and actionable items should be identified with clear timelines. It's important to also define the clear success criteria as well as reasonable support required by vendor to achieve that success criterion. The outcome of the discussion should be updated in the development plan created in template *PROC.4.2.b*.

It may be noted that some of the smaller vendors having potential for larger value contract, but not currently ready to take up large contracts can also be taken up for development as detailed in process step P12 & P13.

P14. CL shall communicate vendor development plan to vendor.

P15. CL shall monitor vendor development plan and vendor performance on ongoing basis.

D2. CL shall evaluate performance of the vendor as defined in the vendor development plan and check if desired improvements have been made. In case the improvements are as per plan, CL shall continue to monitor the performance as per defined development plan and thereafter as per frequency defined in the vendor segmentation.

D3. In case vendor is not able to reach desired level of performance or has not taken actions as per vendor development plan, CL shall evaluate the degree of deviation. In case of minor deviation CL shall check if deficiency in performance can be brought back by making changes in the vendor development plan. In such a case CL shall revise the plan as defined in process step P14.

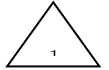
In case of major deficiency in performance of vendor, CL shall evaluate if vendor can be disqualified or blocked for future procurement. The decision will depend on availability of capable alternate vendors, capacity available with alternate vendors, impact on project in case a new vendor has to be introduced. CL shall take following steps in case vendor is not performing as per desired outcome:

- Offload remaining part of the contract to alternate vendors based on recommendation of HCA, PD and DP.
- Offloading of part of contract to alternate vendor based on recommendation of HCA, PD and DP.
- Limiting vendor to specified work/ limited value/ limited capacity in the future
- Blocking vendor for future work based on recommendation of PCA, PD & DP.

P16. In case of unsatisfactory performance of the vendor, and depending on the action identified in process step D3, CL may be required to initiate new vendor identification and on-boarding and strategic sourcing.



*PROC. 4.2: Manage vendor performance - SIPOC*



**Trigger** – Awarding of contract to vendor  
**Frequency** – As defined in Vendor segmentation

Supplier	Input		Output	Customer
PPM	Spend analysis		Vendor segmentation guideline	CL
CL	Supply market analysis			
QM	Quality performance		Vendor score card	HCA/ CL/ DP
CL/ SM/ CA	Execution/ delivery performance			
User	Qualitative parameters			
CL	Cost performance			
PEM	Engineering performance			
CM	Contractor Performance			

*PROC. 4.2: Manage vendor performance - RASCI*

Activity	Responsible	Accountable	Support	Consult	Inform
P1. Define/ review vendor segmentation guidelines	CB	CL	PPM	HSP	
P2. Gather vendor segmentation data	CB	CL	PPM		
P3. Segment vendors	CB	CL	PPM		HSP
P4. Define vendor performance evaluation criteria & frequency for each vendor segment	CB	CL	DP, CM, HHS, QM, PEM, PCA, PPM, HSP		
P5. Assign mandated level of performance evaluation for each vendor and inform stakeholders	CB	CL	HHS, QM, PEM, PCA, PPM		HSP
P6. Collate user inputs to populate vendor scorecards	PCA	PD	HHS, QM, PEM, HCA, CM, PPM		DP
P7. Populate data to create vendor scorecard	PCA	PD	HHS, QM, PEM, PCA, CM, PPM		DP
P8. Consolidate scorecards for all projects at vendor level	HCA	DP	PCA		HSP, PPM, PD
P9. Review scorecard as per predefined frequency	CL	HSP	HHS, QM, PEM, PCA, CM, PPM		HSP
D1. Is the performance satisfactory?	CL	CL			HSP
P10. Communicate feedback to vendor and discuss improvement / collaboration opportunities	CB	CL	PPM		Vendor, HSP
P11. Communicate performance to vendor and plan discussion	CB	CL	CA, PCA		Vendor, HSP
P12. Prepare vendor development plan	QM, CB	CL	PPM, HSP, QM, CM, PCA		HSP
P13. Discuss development areas with vendor, prepare implementation plan and define success criteria	CB	CL	PPM, HSP, PCA		Vendor
P14. Communicate development plan to vendor	CB	CL	CA, PCA	HSP	Vendor
P15. Monitor implementation plan and improvements	CL	HSP	PD, CM	CA, PCA	PPM, Vendor
D2. Desired improvement in performance of vendor	CL	HSP		CA, PCA	PPM







Activity	Responsible	Accountable	Support	Consult	Inform
D3. Vendor disqualification in case of major deficiency?	CL	CL	PCA, CM, PPM	HSP, PD, DP, HCA	
P16. Initiate alternate vendor onboarding	CL	CL	PPM		HSP



*PROC.4.2: Manage vendor performance - KPI*

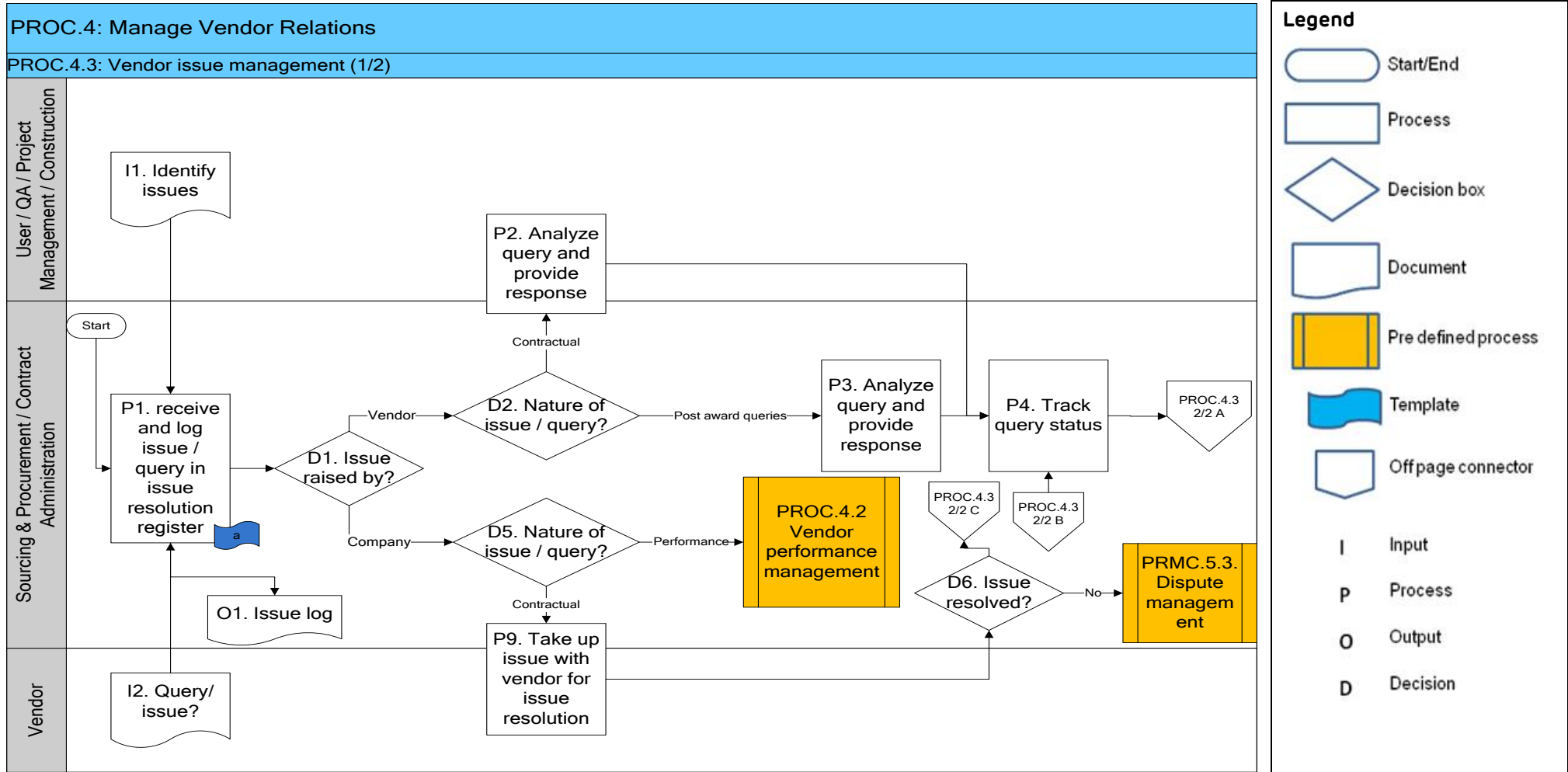
KPI	Objective	Formula	UoM
Adherence to vendor scorecard publication frequency for each vendor segment	To ensure adherence to vendor scorecard creation as per pre-defined plan	No. of vendor scorecards created during the period / No of vendor scorecards planned for the period	%age
Improvement in performance of vendors taken up for performance improvement / development	To measure efficiency of the development efforts	Average increase in the performance scorecard of the vendors who were undertaken performance improvement / development	%age

*PROC.4.2: Manage vendor performance - Templates*

Number	Name	Template
PROC.4.2.a	Consolidated vendor scorecard PROC.4.2.a Functional inputs PROC.4.2.a1. Contractor Scorecard PROC.4.2.a2 Supplier Scorecard PROC.4.2.a3 Conversion form contractor to vendor scorecard PRC.4.2.a4 Contractor and Vendor performance scorecard	 PROC.4.2.a.xls   PROC.4.2.a1.xlsx   PROC.4.2.a2.xlsx   PROC.4.2.a3.pdf   PROC.4.2.a4 Contractor and vendr
PROC.4.2.b	Vendor development plan	 PROC.4.2b Vendor Development Plan.xls

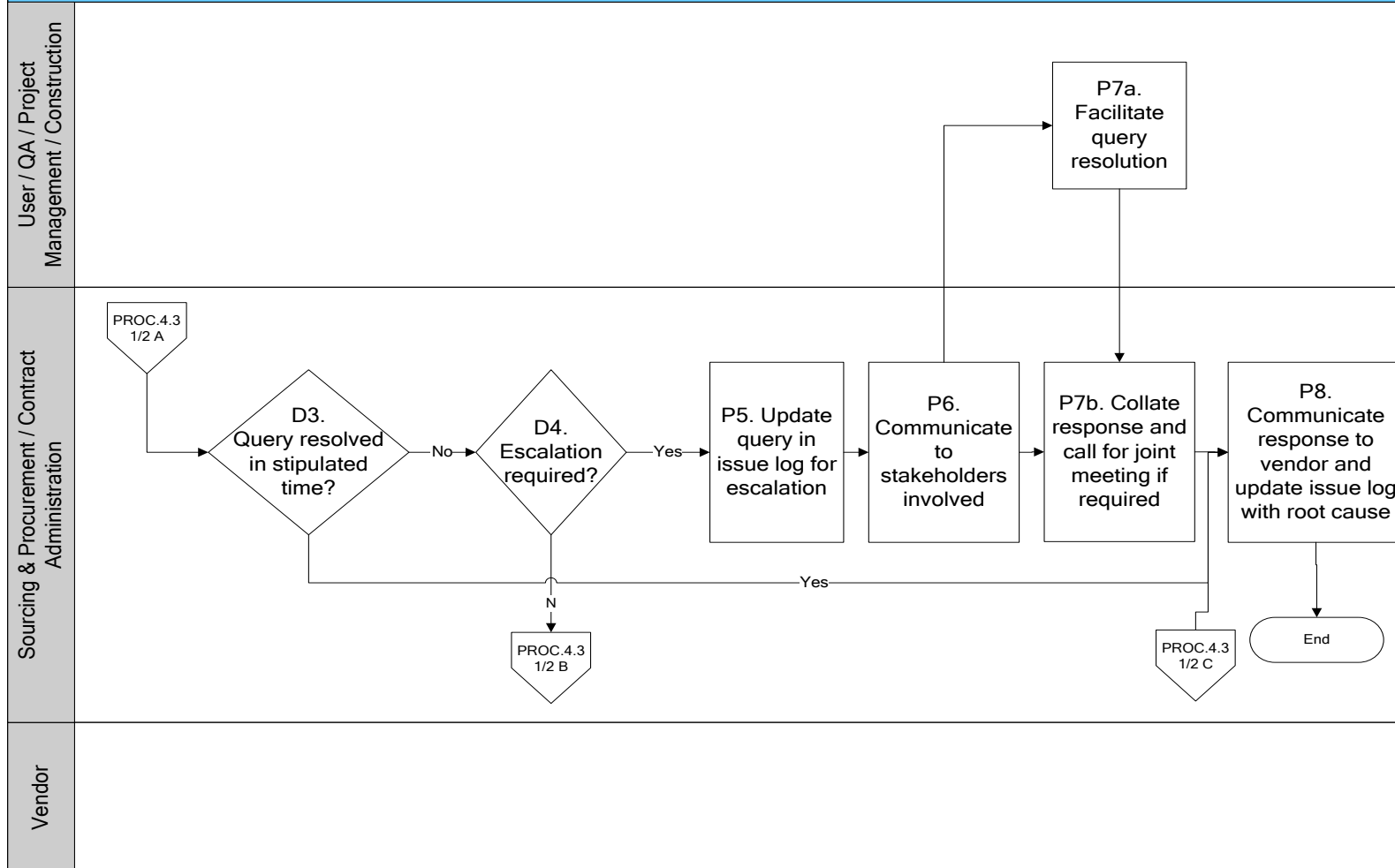
**PROC.4.3: Vendor issue management**

*PROC.4.3: Vendor issue management - Process map*



**PROC.4: Manage Vendor Relations**

**PROC.4.3: Vendor issue management (2/2)**



**Legend**

- Start/End
- Process
- Decision box
- Document
- Pre defined process
- Template
- Offpage connector
  
- I Input
- P Process
- O Output
- D Decision

*PROC.4.3: Vendor issue management- Process notes*

The objective of this process is to manage issues raised by either vendor or by internal stakeholders. It's important to have a well-defined issue management procedure in place for building healthy relations with vendors.

P1. CL/ CA shall receive issue / query either from vendor or from internal stakeholders like quality, engineering, project management, construction etc. The various issues which could be raised with the vendor can be categorized as:-

- Product Delivery – Repeated Non-delivery
- Product Delivery – Repeated Late Delivery
- Product Delivery – Repeated Incorrect Delivery
- Quality – Repeat rejections
- Quality – Test certificates not submitted
- Quality – Rejection levels beyond acceptable limit
- Services Performance – Repeated Non-performance
- Services Performance – Repeated Late Performance
- Services Performance – Repeated Poor Performance
- Contract Issue – Pricing and Variations
- Contract Issue – Terms and Conditions
- Contract issue – Breach of Contract
- Sustainable Development – Occupational Health and Safety
- Sustainable Development – Employment & Labour
- Sustainable Development – Environmental Management
- Technical Issue – Design
- Technical Issue – Function and Performance
- Technical Issue – Guarantees and Durability
- Relationship Issue – Communication
- Relationship Issue – Engagement
- Legal and Regulatory
- Reputational, Social, Community Issue
- Others

Throughout the Vendor Issue Management process following working principles should be adhered to:

- ***Not every operational incident should be logged as an issue.*** Issues should rather be logged for incidents that have a major impact on the project or for ongoing, unresolved problems (i.e. repeated late deliveries) that are detrimentally impacting the project.
- ***The Issue Management & Escalation process should not be a barrier to communicating critical issues.***
- ***All vendor-related issues should be documented and recorded through the Vendor Issue Management,*** even when they are resolved without escalation, to ensure that: resolutions to common issues are visible



across organization, preventable issues do not occur in other parts of the organisation and BU / group level action can be taken if common issues are occurring across multiple Sites

- ***Every effort should be made to resolve an issue prior to escalating,*** unless it is clear that the issue cannot be managed at the current level where it was identified, to ensure that only issues requiring escalation are passed on to other resolvers. Issues that cannot be resolved
- ***Stakeholders who are impacted by the issue will be informed of the issue and impact when it is identified and will be informed of the resolution and necessary actions to be taken when the issue is resolved.*** Every effort should be made to maintain frequent communication about the status of an issue to ensure that stakeholders are confident that the issue is being resolved as quickly and thoroughly as possible.

D2. In case the issue has been raised by the vendor CL/ CA shall check nature of query/ issue.

P2. If query is contractual in nature, CL shall analyze query along with CA and prepare response to query post consultation with relevant departments.

P3. In case of post award queries, CL/ CA shall analyze the issue, find out the solution to resolve it and provide response to vendor. Post award queries could be one of the following:-

- Payment related query
- Clarification on any part of the scope
- Procedure related query

CL/ CA shall allocate the query to concerned person for resolution

P4. CL/ CA shall track query status through issue log.

D3. In case issue has not been resolved in stipulated time CL/ CA shall evaluate if escalation is required.

D4. In case escalation is not required CL/ CA shall continue to monitor the status.

P5. For queries, which have not been resolved in stipulated time and nature of query requires escalation, should be logged in the issue register. The nature of queries which need to be included in the issue register could be:

- Payment delay
- Clarification sought by vendor on payment deductions (Tax etc.)
- Any penalties imposed and disputed by vendor

- P6. CL/ CA shall communicate the issue to identified stakeholders for resolution.
- P7. CL/ CA shall collate response from the stakeholders, in case required, call for a joint meeting with the stakeholders.
- P8. CL/ CA shall communicate the query response to the vendor and update the resolution in the issue log.
- D5. In case the issue has been raised by the organization, CL/ CA shall evaluate the nature of the issue. In case issue is related to vendor's performance, same shall be taken up for resolution through *Manage vendor performance process, refer PROC.4.2.*
- P9. In case of contractual issues, CL/ CA shall take that up with the vendor for resolution directly as per the escalation matrix shared by the vendor during the contracting/ kick-off meeting, *refer PRMC.5.1.* In case issue is not resolved in the stipulated time, issue will be treated as a dispute and will be resolved as per process defined under *Manage dispute process, refer PRMC.5.2.V.*

*PROC.4.3: Vendor issue management- SIPOC*

**Trigger** – On receipt of any query / issue

**Frequency** – As & when required

Supplier	Input	Output	Customer
Vendor, QM, CM,DL	Identified issue / query	Updated issue log	CA / CL


*PROC.4.3: Vendor issue management- RASCI*

Activity	Responsible	Accountable	Support	Consult	Inform
P1. receive and log issue / query in issue resolution register	CA / CL	CA / CL	CM, QM, CB, PD, PPM, PCA		
D2. Nature of issue / query?	CA / CL	CA / CL			
P2. Analyse query and provide response (contractual query)	CA / CL	CA / CL		PD, PPM, PCA, HLL	
P3. Analyse query and provide response (post award query)	CA / CL	CA / CL		PPM, PD, PCA, HCA	
P4. Track query status	CA / CL	CA / CL			Vendor
D3. Query resolved in stipulated time?	CA / CL	CA / CL			
D4. Escalation required?	CA / CL	CA / CL			HSP, PCA, HCA
P5. Update query in issue log for escalation	CA / CL	CA / CL			PD, PPM, PCA, HLL, HAC
P6. Communicate to stakeholders involved	CA / CL	CA / CL			
P7. Collate response and call for joint meeting if required	CA / CL	CA / CL			PD, PCA, PPM, HLL
P8. Communicate response to vendor and update issue log with root cause	CA / CL	CA / CL			HSP, HCA
P9. Take up issue with vendor for issue resolution	CA / CL	CA / CL	PD, PPM, PCA		HSP, HCA

*PROC.4.3: Vendor issue management- KPI*

KPI	Objective	Formula	UoM
Time required to resolve issue	To ensure that the issue is resolved in reasonable time for healthy vendor relationships	Average of difference in issue log date and issue resolution date	Days

*PROC.4.3: Vendor issue management- Templates*

Number	Name	Template
PROC.4.3.a	Issue Log	 PROC.4.3a.xlsx