



# MERCHANT EXPORTERS

## BEYOND EXPORTING ➤➤➤

### 47-Point Supplier Evaluation Framework

*Your Definitive Standard for Vetting Indian Suppliers*



#### Decades of Expertise

Leveraging **25+ Years of Specialized Expertise** in India  
Sourcing and Supplier Management.



#### High-Value Projects

Proven in **Mission-Critical Projects** exceeding \$50 Million  
for Global Leaders.



#### Systematic Approach

Employing a **Rigorous, Data-Driven Methodology** to  
Guarantee Unwavering Quality and Compliance with Global  
Standards.



#### Professional Vetting

Delivering **Unparalleled Due Diligence** for Robust and  
Trusted India Supplier Partnerships.



# What You'll Gain



## Proven Methodology

Systematic evaluation system used for \$50M+ in successful sourcing projects across multiple industries and product categories.



## Risk Identification

Red flag detection system to avoid costly supplier mistakes and protect your business from quality failures.



## Quality Assessment

Quality management templates and scoring benchmarks to ensure consistent manufacturing standards.



## Financial Verification

Financial stability checklist and compliance validation protocols to ensure long-term partnership viability.

- Bonus Included:** Top 10 Questions Every Supplier Must Answer - strategic questions that reveal critical insights about capabilities and commitment.



# Why Supplier Evaluation Matters

The difference between a profitable India sourcing venture and a costly disaster often comes down to one critical decision: choosing the right supplier. After managing over \$50 million in successful sourcing projects across six continents, we've identified that 80% of sourcing failures stem from inadequate supplier vetting.



## Projects Managed

Successfully completed sourcing projects across six continents

## Years Experience

Decades of hands-on India manufacturing expertise

## Failure Rate

Sourcing failures caused by inadequate supplier vetting

## The Cost of Poor Supplier Selection

### Quality & Compliance Risks

- Rejected shipments and customer returns
- Permanent brand damage
- Regulatory violations and import holds
- Serious legal exposure

### Financial & Operational Impact

- Missed product launches and market opportunities
- Wasted deposits and tooling costs
- Communication failures and missed deadlines
- Forced restart of supplier search process

This framework transforms supplier selection from a gamble into a data-driven decision backed by objective criteria. By systematically evaluating suppliers across 47 critical criteria organized into six comprehensive categories, you'll gain absolute clarity on which manufacturers truly have the capabilities, systems, and commitment necessary to support your business growth.



# Category 1: Company Fundamentals

These eight foundational points assess the supplier's business legitimacy, experience, and organizational structure. A strong foundation indicates a professional operation capable of supporting international partnerships.

- 1 Business Registration & Legal Status**  
Verify GST registration, company incorporation documents, and legal entity type. Ensure proper registration and export authorization.
- 2 Years in Business & Industry Experience**  
Assess operational history and industry tenure. 5+ years shows stability; 10+ indicates established expertise.
- 3 Export Experience & Track Record**  
Evaluate international trade experience, export markets served, and documentation of successful overseas shipments.
- 4 Ownership Structure & Management**  
Understand ownership composition, management hierarchy, and decision-making authority. Assess organizational structure.
- 5 Factory Ownership vs. Trading Company**  
Distinguish manufacturers with owned facilities from trading intermediaries. Direct manufacturers offer better control.
- 6 Physical Infrastructure & Facility Size**  
Assess factory size, layout efficiency, equipment condition, and expansion capacity. Request facility photos or tours.
- 7 Workforce Size & Skill Levels**  
Evaluate employee count, skill distribution, training programs, and retention rates. Adequate staffing indicates capacity.
- 8 Financial Transparency & Reporting**  
Review willingness to share financial statements, credit references, and banking relationships. Transparency signals stability.



# Category 2: Quality Management Systems

Quality systems separate professional manufacturers from amateur operations. These nine points evaluate the supplier's commitment to consistent quality through documented processes and testing capabilities.

## 1 Quality Management Certifications

ISO 9001, GMP, or industry-specific certifications. Verify current status and scope with issuing bodies.

## 2 Documented Quality Control Procedures

Written SOPs for incoming inspection, in-process checks, and final inspection. Documentation indicates systematic approach.

## 3 Testing Laboratory & Equipment

In-house or third-party testing capabilities. Equipment calibration records and testing frequency protocols.

## 4 Quality Control Team & Expertise

Dedicated QC personnel, qualifications, training records, and reporting structure. QC independence from production.

## 5 Defect Rate Tracking & Metrics

Historical defect data, acceptable quality limits (AQL), and trend analysis. Transparency about quality performance.

## 6 Corrective Action Procedures

Documented CAPA system. How issues are identified, resolved, and prevented from recurring.

## 7 Raw Material Quality Verification

Supplier qualification process, incoming inspection procedures, and material traceability systems.

## 8 Production Process Controls

In-process checkpoints, statistical process control (SPC), and process capability studies (Cpk values).

## 9 Final Inspection & Release Criteria

Pre-shipment inspection protocols, sampling methods, and release authorization procedures.



# Category 3: Production Capabilities

Production capability assessment ensures the supplier can actually manufacture your product at the required quality, quantity, and timeline. These nine points evaluate technical competence and operational capacity.

1

## Product Category Expertise

Demonstrated experience in your specific product category. Request samples and reference clients in similar products.

2

## Manufacturing Technology & Equipment

Modern, well-maintained equipment appropriate for your product. Technology level and automation degree.

3

## Production Capacity & Utilization

Current capacity, utilization rates, and ability to scale. Seasonal variations and capacity planning processes.

4

## Minimum Order Quantities (MOQs)

Realistic MOQs aligned with your business model. Flexibility for initial orders and willingness to grow together.

5

## Lead Time Reliability

Historical on-time delivery performance. Production scheduling systems and capacity to meet your timelines.

6

## Customization & Product Development

R&D capabilities, willingness to customize, and technical support for product modifications or improvements.

7

## Sample Development Process

Sample turnaround time, costs, iteration process, and transition from samples to production.

8

## Production Planning Systems

MRP/ERP systems, production scheduling software, and inventory management capabilities.

9

## Scalability & Growth Capacity

Ability to increase production volume as your business grows. Expansion plans and investment in capacity.



# Category 4: Compliance & Certifications

Compliance requirements vary by product category and destination market. These seven points verify the supplier's ability to meet regulatory standards and maintain necessary certifications for your target markets.

-  **Product Safety Certifications**  
CE, FDA, FCC, or product-specific safety certifications. Verify authenticity and scope with certification bodies.
-  **Testing & Compliance Documentation**  
Test reports from accredited laboratories. Understanding of target market requirements and testing protocols.
-  **Export Compliance Knowledge**  
Familiarity with export documentation, customs procedures, and international shipping requirements for your markets.
-  **Intellectual Property Protection**  
NDA willingness, IP protection policies, and respect for design ownership. Legal framework for IP security.
-  **Social Compliance & Labor Standards**  
BSCI, SEDEX, or SA8000 certifications. Ethical labor practices, working conditions, and social responsibility commitment.
-  **Environmental Certifications**  
ISO 14001, RoHS, REACH compliance. Environmental management systems and sustainability initiatives.
-  **Industry-Specific Requirements**  
Specialized certifications for your industry (e.g., GOTS for textiles, HACCP for food). Regulatory expertise.



# Category 5: Financial & Operational Stability

Financial health and operational stability determine whether a supplier can sustain your partnership through market fluctuations and business growth. These seven points assess long-term viability.

1

## Financial Health & Credit Worthiness

Bank references, credit reports (CIBIL score), and financial statement review. Debt-to-equity ratios and liquidity.

2

## Payment Terms & Flexibility

Standard payment terms, willingness to negotiate, and progression from deposits to credit terms as relationship matures.

3

## Currency & Payment Methods

Accepted currencies, payment platforms, and foreign exchange risk management approaches.

4

## Supply Chain Resilience

Raw material sourcing diversity, inventory management, and contingency planning for supply disruptions.

5

## Business Continuity Planning

Disaster recovery plans, backup systems, and operational redundancy for critical functions.

6

## Client Diversification

Customer concentration risk. Over-reliance on single clients indicates vulnerability; diversification shows stability.

7

## Growth Trajectory & Investment

Recent capital investments, facility upgrades, technology adoption, and strategic growth initiatives.



# Category 6: Communication & Partnership

Effective communication and partnership mindset are essential for long-term success. These seven points evaluate the supplier's ability to collaborate effectively across cultural and geographic boundaries.



## English Language Proficiency



Communication capabilities of key contacts. Ability to understand technical specifications and respond to complex inquiries.

## Communication Responsiveness



Response time to emails and inquiries. Availability across time zones and communication channel preferences.

## Technical Communication Skills



Ability to discuss technical specifications, interpret drawings, and provide detailed production updates.

## Transparency & Information Sharing



Willingness to share production status, address concerns openly, and provide visibility into operations.

## Problem-Solving Approach



How challenges are handled. Proactive communication about issues versus hiding problems until they escalate.

## Cultural Compatibility



Understanding of Western business practices, expectations alignment, and adaptability to your working style.

## Long-Term Partnership Orientation



Interest in building lasting relationships versus transactional mindset. Investment in understanding your business needs.



# Scoring Methodology & Interpretation

Each of the 47 evaluation points should be scored on a scale of 0-2, with the following interpretation:



## Total Score Interpretation (Maximum: 94 points)

|  |                                                                                                                |
|--|----------------------------------------------------------------------------------------------------------------|
|  | <b>75-94: Excellent</b><br>Strong candidate for partnership. Proceed with confidence after final negotiations. |
|  | <b>60-74: Good</b><br>Solid supplier with minor gaps. Address specific weaknesses before commitment.           |
|  | <b>45-59: Fair</b><br>Significant concerns exist. Only proceed if gaps can be remediated with clear timeline.  |
|  | <b>Below 45: Poor</b><br>High-risk supplier. Recommend continuing search for better-qualified alternatives.    |



# Red Flags: Warning Signs to Never Ignore

Certain warning signs indicate fundamental problems that should disqualify a supplier regardless of their overall score. Watch for these critical red flags during your evaluation:

“Unwillingness to provide verifiable references”

“Refusal to sign NDA or IP protection agreements”

“Inconsistent or evasive answers to direct questions”

“Pressure to pay large deposits before sample approval”

“No physical factory address or reluctance to allow visits”

“Inability to produce current certification documents”

“Extremely low pricing that seems too good to be true”

“Poor English communication from supposed export team”

“Requests for payment to personal accounts vs. company accounts”

“No quality control processes or testing capabilities”

“Unwillingness to provide production timeline commitments”

“Defensive or hostile reactions to reasonable questions”



# Bonus: Top 10 Questions Every Supplier Must Answer

Beyond the 47-point framework, these strategic questions reveal critical insights about supplier capabilities, commitment, and cultural fit. Ask these questions during initial conversations and evaluate both the answers and the willingness to respond openly.



## **1 What percentage of your production is exported, and which markets do you serve?**

**Why it matters:** Reveals export experience depth and familiarity with international quality standards and documentation requirements.

## **2 Can you provide contact information for three current international clients?**

**Why it matters:** Willingness to provide references demonstrates confidence in their service quality and client satisfaction.

## **3 What is your typical lead time from order confirmation to shipment?**

**Why it matters:** Sets realistic expectations and reveals production planning capabilities and capacity management.

## **4 How do you handle quality issues discovered after shipment?**

**Why it matters:** Shows problem-solving approach, accountability, and commitment to customer satisfaction beyond the initial sale.

## **5 What certifications do you currently hold, and when were they last audited?**

**Why it matters:** Verifies compliance capabilities and commitment to maintaining standards through regular audits.



# Top 10 Questions (Continued)

1

**What is your minimum order quantity, and is there flexibility for initial orders?**

**Why it matters:** Determines if supplier can accommodate your business scale and is willing to grow the relationship gradually.

2

**Do you manufacture in-house or outsource any production processes?**

**Why it matters:** Clarifies control over quality and production timeline. Outsourcing isn't necessarily bad but requires transparency.

3

**What payment terms do you offer, and how do they progress with relationship maturity?**

**Why it matters:** Reveals financial stability and willingness to build trust through evolving payment arrangements.

4

**How do you communicate production status and handle urgent issues?**

**Why it matters:** Establishes communication expectations and reveals responsiveness to time-sensitive situations.

5

**What makes your company different from other suppliers in your category?**

**Why it matters:** Forces articulation of unique value proposition and reveals self-awareness about competitive positioning.



# Your Next Steps: From Evaluation to Partnership

Implementing this framework transforms supplier selection from guesswork into a systematic, repeatable process. Follow these steps to maximize the value of your evaluation efforts:



## Initial Screening

Use the first 15-20 points (Categories 1-2) to quickly eliminate obviously unqualified suppliers before investing significant time in detailed evaluation.



## Detailed Assessment

For suppliers passing initial screening, conduct comprehensive evaluation across all 47 points through document review, facility visits, and reference checks.



## Score Calculation

Assign scores objectively based on evidence rather than promises. Document specific observations supporting each score for future reference and comparison.



## Gap Analysis

For suppliers scoring in the 60-74 range, identify specific gaps and determine if they can be addressed through supplier development or partnership agreements.

## Comparative Evaluation

Evaluate multiple suppliers using the same framework to enable objective comparison and identify the best-qualified partner for your specific needs.

## Negotiation & Agreement

Use evaluation findings to negotiate terms that address identified weaknesses and establish clear expectations for quality, communication, and performance.

## Ongoing Monitoring

Re-evaluate periodically using the same framework to track supplier performance improvement or deterioration over time.



# Ready to Find Your Ideal India Supplier?

Whether you choose to implement this framework independently or partner with our team, we're here to support your India sourcing success. Contact MerchantXporter for a complimentary consultation to discuss your product category, target market, and sourcing objectives.



## Get Started Today

Transform your supplier selection process with our proven 47-point evaluation framework and decades of India sourcing expertise.

"After managing over \$50 million in successful sourcing projects, we've refined this framework to help you avoid costly mistakes and build lasting partnerships with qualified India suppliers."

### Contact Information

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### What We Offer

- Complimentary consultation
- Supplier vetting services
- Quality assurance programs
- End-to-end sourcing support

