

Ongoing Vendor Performance Review Template

WHAT THIS TOOL IS

The Ongoing Vendor Performance Review Template is a comprehensive evaluation framework designed to systematically monitor and assess vendor performance throughout the contract lifecycle. This structured tool enables procurement professionals, project managers, and supplier relationship managers to conduct regular, objective performance assessments that drive continuous improvement and strengthen vendor partnerships.

Important Note: This template provides general performance review criteria applicable across most industries and vendor relationships. However, specific performance metrics, targets, and evaluation criteria should be customized to reflect your industry standards, contract requirements, and business priorities. Adjust the scoring methodology, performance targets, and review frequency to match your organization's vendor management policies and the criticality of each supplier relationship.

WHY REGULAR VENDOR PERFORMANCE REVIEWS ARE ESSENTIAL

1 Drives Continuous Improvement:

Regular performance feedback motivates vendors to maintain and improve their service levels, creating a culture of excellence that benefits both parties through enhanced quality and efficiency.

2 Identifies Issues Early:

Systematic monitoring detects performance problems before they escalate into major disruptions, allowing for proactive corrective action rather than reactive crisis management.

3 Supports Strategic Decision-Making:

Performance data provides objective evidence for vendor retention, contract renewal, scope expansion, or sourcing decisions, ensuring resources are allocated to the best-performing suppliers.

4 Strengthens Vendor Relationships:

Structured performance discussions demonstrate your commitment to the partnership and provide vendors with clear expectations and improvement opportunities, fostering better collaboration.

5 Ensures Contract Compliance:

Regular reviews verify that vendors are meeting their contractual obligations and service level agreements, protecting your company's interests and supporting dispute resolution if needed.

HOW TO CONDUCT EFFECTIVE PERFORMANCE REVIEWS

Review Frequency:

- Conduct formal reviews quarterly for critical suppliers, semi-annually for important vendors, and annually for routine suppliers. High-risk or new vendors may require monthly reviews initially.

Data Collection:

- Gather objective performance data from multiple sources (delivery records, quality reports, customer feedback) before conducting the review to ensure accuracy and completeness.

Collaborative Approach:

- Share results with vendors and conduct joint review sessions to discuss findings, identify root causes of issues, and develop improvement plans together.

Key Review Principles:

- Focus on trends rather than isolated incidents
- Use objective data supported by specific examples
- Balance accountability with partnership development
- Document everything for legal and audit purposes
- Create action plans with clear timelines and responsibilities

Vendor Name: _____ **Review Period:** _____

Reviewer: _____ **Review Date:** _____

Contract/PO Numbers: _____ **Total Spend This Period:** \$ _____

Performance Scoring

Rate each area from 1-5:

**1 = Poor, 2 = Below Expectations, 3 = Meets Expectations,
4 = Exceeds Expectations, 5 = Outstanding**

SECTION 1: DELIVERY PERFORMANCE

Why This Matters: Reliable delivery performance directly impacts your operations, customer satisfaction, and inventory management costs.

On-Time Delivery

Current Period Rating: ____/5

Metric	Target	Actual	Status
On-time delivery %	≥95%	%	<input type="checkbox"/> Met <input type="checkbox"/> Missed
Average days early/late	0 days	Days	<input type="checkbox"/> Met <input type="checkbox"/> Missed
Emergency deliveries	≤2 per month		<input type="checkbox"/> Met <input type="checkbox"/> Missed

Delivery Issues This Period:

- No issues
 Minor delays (1-3 days): ____ occurrences
 Significant delays (>3 days): ____ occurrences
 Communication problems about delays
 Incorrect delivery locations

Comments: _____

Schedule Reliability

Current Period Rating: ____/5

- Provides accurate delivery commitments
 Communicates schedule changes proactively
 Meets promised recovery schedules
 Flexible with urgent requests
 Maintains delivery consistency

Notes: _____

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SECTION 2: QUALITY PERFORMANCE

Why This Matters: Quality issues create costs through rework, returns, customer complaints, and potential liability exposure.

Product/Service Quality

Current Period Rating: ____/5

Metric	Target	Actual	Status
Defect rate %	≤2%	%	<input type="checkbox"/> Met <input type="checkbox"/> Missed
First-pass yield %	≥98%	%	<input type="checkbox"/> Met <input type="checkbox"/> Missed
Customer complaints	0		<input type="checkbox"/> Met <input type="checkbox"/> Missed
Returns/rejections	≤1%	%	<input type="checkbox"/> Met <input type="checkbox"/> Missed

Quality Issues This Period:

- No quality issues
 Minor non-conformances: ____ occurrences
 Major defects requiring rework: ____ occurrences
 Safety-related quality issues
 Regulatory compliance problems

Comments: _____

Quality System Performance

Current Period Rating: ____/5

- Maintains current quality certifications
 Provides quality documentation as required
 Implements corrective actions effectively
 Conducts root cause analysis on issues
 Demonstrates continuous improvement

Notes: _____

SECTION 3: COMMUNICATION & RESPONSIVENESS

Why This Matters: Effective communication prevents misunderstandings, enables quick problem resolution, and supports successful project execution.

Communication Quality

Current Period Rating: ____/5

- Responds to inquiries within agreed timeframes
- Provides clear, accurate information
- Proactively communicates potential issues
- Maintains professional communication standards
- Escalates problems appropriately

Response Time Performance:

- **Email/phone calls:**
 - Target ≤ 24 hours - Actual: ____ hours
- **Technical questions:**
 - Target ≤ 48 hours - Actual: ____ hours
- **Urgent issues:**
 - Target ≤ 4 hours - Actual: ____ hours

Problem Resolution

Current Period Rating: ____/5

- Takes ownership of problems Provides timely resolution
- Keeps stakeholders informed during resolution Implements effective corrective actions
- Prevents recurrence of similar issues

Major Issues Resolved This Period:

SECTION 4: COST MANAGEMENT

Why This Matters: Cost performance affects your competitive position and profitability, while value delivery maximizes return on investment.

Pricing Performance

Current Period Rating: ____/5

- Maintains competitive pricing
- Honors quoted prices and terms
- Provides accurate cost estimates
- Suggests cost-saving opportunities
- Transparent about price changes

Cost Performance:

- **Budget variance:**
 - Target 0% - Actual: ____% (over/under)
- **Cost reduction achieved:**
 - \$ _____ or _____%
- **Price increases requested:**
 - _____% (approved/rejected)

Value Delivery

Current Period Rating: ____/5

- Delivers value beyond basic requirements
- Suggests process improvements
- Provides technical expertise and consultation
- Offers innovative solutions
- Supports cost reduction initiatives

Value-Added Contributions:

SECTION 5: INNOVATION & CONTINUOUS IMPROVEMENT

Why This Matters: Innovative vendors help you stay competitive and improve operational efficiency through new technologies and improved processes.

Innovation & Development

Current Period Rating: ____/5

- Brings new ideas and solutions
- Invests in technology and capabilities
- Participates in joint improvement projects
- Shares industry best practices
- Adapts to changing requirements

Innovation Examples: _____

Continuous Improvement

Current Period Rating: ____/5

- Actively seeks improvement opportunities
- Implements suggestions effectively
- Measures and tracks improvement results
- Shares lessons learned
- Embraces change and new methods

Improvement Initiatives: _____

SECTION 6: RELATIONSHIP MANAGEMENT

Why This Matters: Strong vendor relationships create mutual value, improve problem-solving capability, and support long-term business success.

Partnership Approach

Current Period Rating: ____/5

- Demonstrates commitment to partnership
- Aligns with company values and culture
- Maintains key personnel consistency
- Invests in relationship development
- Shows flexibility during challenges

Business Stability

Current Period Rating: ____/5

- Maintains financial stability
- Shows evidence of business growth/investment
- Retains key personnel
- Demonstrates market competitiveness
- Plans for future capacity needs

Concerns About Business Stability: _____

SECTION 7: OVERALL PERFORMANCE SUMMARY

Why This Matters: Tracking trends over time helps identify improvement patterns and informs strategic supplier decisions.

Performance Trends

Category	Current Rating	Previous Rating	Trend
Delivery Performance	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Quality Performance	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Communication	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Cost Management	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Innovation	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Relationship	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓
Overall Average	____ /5	____ /5	<input type="checkbox"/> ↑ <input type="checkbox"/> → <input type="checkbox"/> ↓

SECTION 8: ACTION ITEMS & NEXT STEPS

Why This Matters: Documenting specific actions and timelines ensures accountability and drives continuous improvement.

Vendor Strengths to Leverage

1. _____
2. _____
3. _____

Areas Requiring Improvement

1. _____
Action Required: _____
Due Date: _____ Responsible Party: _____
2. _____
Action Required: _____
Due Date: _____ Responsible Party: _____
3. _____
Action Required: _____
Due Date: _____ Responsible Party: _____

Opportunities for Enhanced Partnership

1. _____
2. _____
3. _____

Contract or Business Changes Needed

- No changes required Modify delivery terms Adjust quality requirements
 Revise pricing structure Expand/reduce scope Other: _____

SECTION 9: VENDOR DEVELOPMENT PLAN

Why This Matters: Investing in vendor development creates mutual value and strengthens long-term partnerships.

Training or Support Needed

- Quality system improvements
- Process optimization
- Technology upgrades
- Communication training
- Other: _____

Joint Improvement Projects

1. Project: _____
Timeline: _____ Success Metric: _____
2. Project: _____
Timeline: _____ Success Metric: _____

Resource Allocation

- Increase business volume
- Maintain current levels
- Consider reduction
- Diversify to other suppliers

Rationale: _____

SECTION 10: NEXT REVIEW INFORMATION

Why This Matters: Planning next steps ensures continuity and maintains momentum for improvement initiatives.

Follow-up Actions

- Schedule vendor improvement meeting
- Conduct on-site visit/audit
- Review contract terms
- Benchmark against other suppliers
- Discuss long-term partnership opportunities

Next Review Date: _____

Special Focus Areas for Next Review: _____

Key Metrics to Monitor

1. _____
2. _____
3. _____

APPROVAL & DISTRIBUTION

Reviewed by: _____ **Date:** _____

Vendor Results Shared:

Yes - Date: _____

No - Reason: _____

Distribution List:

Procurement Manager

Project Manager

Quality Manager

Finance/Accounting

Senior Management

Vendor Contact

Copy to Vendor:

Full Report

Summary Only

Verbal Feedback Only

BEST PRACTICES FOR VENDOR PERFORMANCE REVIEWS

Preparation Guidelines

- **Collect objective data** from multiple sources before scoring
- **Review previous action items** and improvement commitments
- **Gather input** from all stakeholders who interact with the vendor
- **Prepare specific examples** to support ratings and feedback

Review Process Tips

- **Be objective and fair** - focus on facts and documented performance
- **Recognize improvements** and positive contributions, not just problems
- **Involve the vendor** in identifying root causes and solutions
- **Set SMART goals** (Specific, Measurable, Achievable, Relevant, Time-bound) for improvements

Rating Guidelines

- **5 (Outstanding):** Significantly exceeds expectations, best-in-class performance
- **4 (Exceeds):** Consistently above expectations, strong performance
- **3 (Meets):** Satisfactory performance, meets all requirements
- **2 (Below):** Some deficiencies, requires improvement
- **1 (Poor):** Significant problems, major improvement needed

Follow-up and Documentation

- **Share results promptly** with vendors to maintain transparency
- **Track action items** and follow up on commitments
- **Document improvements** and recognize vendor achievements
- **Use results** to inform sourcing strategy and contract renewals