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Digital Insights:

Implementing the Capacity Assessment of Suppliers in the Mega Projects

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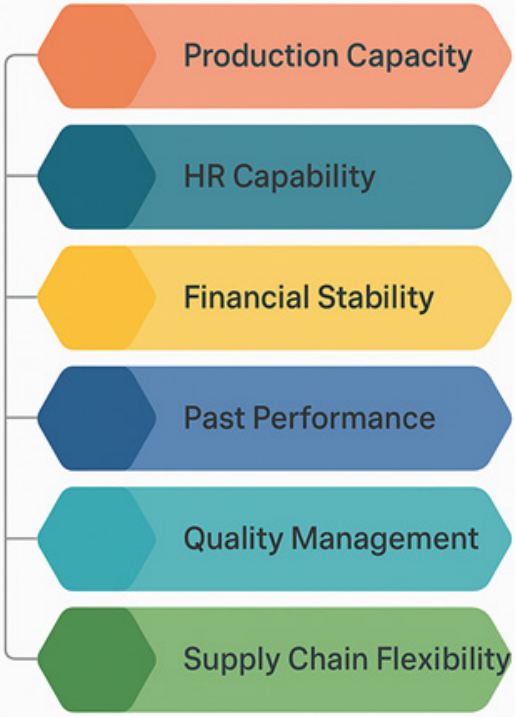
The project is the discipline of planning, executing and overseeing a specific project to achieve goals within set constraints like time, budget and scope. It ensures the projects are completed efficiently, meet stakeholder's expectation's and deliver the intended value. In the project management especially when it comes to the Mega projects, there are many factor's whether it is external or internal. Let's talk about the issues that we are engaged in the projects. Furthermore, these issues either can be improved or to be solved as to enhance the flow of the procurement in the project. Procurement is the process of sourcing, purchasing, and a quirings goods, services. Selecting's supplier's, negotiation contracts and ensuring timely delivery of quality products or service at the best value. Procurement play a critical role in controlling costs, maintaining supply chain, ensuring compliance and supporting organization goal. In this matter, procurement is one of the major core pillars in the project management, therefore, addressing these issues of procurement will save us, the time, cost and defiantly will reflect on the business economy and elevate the final profit of the company. First of all, before starting the project, the buyer or the contractor in this matter should analyze the market carefully and see the procurement in a holistic view. Because one of the main issues here is that the buyer always sees the low cost but this is not only the best practice to follow. Looking at the price is not always the best point however, the contractor should have taken the other aspects, such as Delivery, Quality, find another back up source of material in case of emergency because sometimes the vendor has a lack of resources, natural disaster, or commercial issues leading the manufactures or the vendor not to supply. Therefore, the price here is not the solution especially when you are involving in a mega project and you have to supply a huge quantity of materials. For example, main material's such as piping, valves, flanges, fittings, and other are critical So, the buyers shall always have to look at these risks that are involved in the scenario. Selecting the right vendor's supplier's by making a capacity assessment in the first place also making sure

that these vendor's, sub vendor's or suppliers are capable of doing it. Capacity assessment should be used in the procurement process Despite the fact that these vendors sometimes agreed on the time of delivery but does this vendor or supplier can be committed to the right time of delivery. Many issues here can be discussed but rather we are focusing on the improvements. Buyers shall always have an idea of the consequences regarding the delay of the materials. The capacity assessment begins with a comprehensive evaluation of the supplier's operational capabilities across several dimensions. These dimensions include production capacity, human resource strength, financial stability, past performance, quality management systems, technological maturity, and supply chain responsiveness. Each of these elements plays a key role in determining the supplier's ability to meet quality and quantity requirements consistently and within defined lead times. To ensure objectivity, each assessment criterion is assigned a weight based on its strategic importance. Suppliers are scored on a scale of 0 to 100 for each criterion, and a weighted average score is calculated.

Based on the total score, suppliers are then classified into four categories: -
Class A (Strategic Supplier): Score ≥ 90 – These suppliers are highly capable and are considered for high-value, critical items. –
Class B (Approved Supplier): Score between 89–75 – These suppliers meet all required standards and are suitable for regular sourcing. –
Class C (Conditional Supplier): Score between 74–60 – These suppliers have moderate capacity and are used with close monitoring. –
Class D (Not Approved): Score < 60 – These suppliers are not onboarded until capacity deficiencies are corrected.

This classification system ensures that only capable suppliers are involved in procurement planning for critical materials, thereby reducing the risk of delivery delays. By incorporating this process at the start of the procurement cycle, organizations can enhance supplier reliability, manage risks proactively, and achieve better project outcomes. A structured assessment enables the buyer to classify suppliers according to their reliability and readiness. Strategic suppliers with high capacity scores should be prioritized for critical materials. This proactive approach ensures that procurement decisions support consistent supply flow and project success, not just cost savings. As below Diagram visualizes the classification of various suppliers based on their capacity assessment scores:

Supplier Capacity Assessment and Classification



Score	Classification
90-100	Class A Strategic Supplier
75-89	Class B Approved Supplier
60-74	Class C Conditional Supplier
Below 60	Class D Not Approved

In sum, to ensure timely material delivery and avoid project delays, buyers must assess supplier capacity before procurement begins. Focusing solely on low prices can result in selecting vendors who lack the operational strength to meet delivery requirements. Instead, buyers should evaluate suppliers in the beginning of the process of the procurement, based on the key capacity indicators such as production capability, workforce adequacy, financial stability, previous performance, and quality control systems. This is a recommendation can add an outstanding value to the project and definitely it will improve the process of the procurement in a positive way as it is line with the Saudi 2030 vision.