

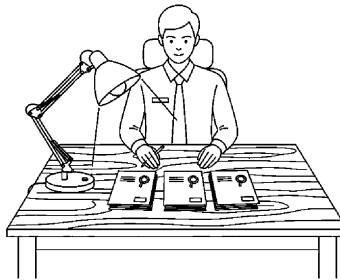
NICHE-SEARCH

WORKSHEET 5 OF 9

# Single-Source Dependency Audit

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*Maps every procurement category where only one qualified vendor exists on your AVL. Run quarterly or whenever a vendor is removed from the AVL.*



Complementary worksheet for  
***Procurement Best Practices***  
by Ibrahim Anwar

## What This Is For

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A vendor that knows it has no qualified alternative has a structurally different negotiating position from a vendor that knows another qualified supplier exists. That position affects price at every renegotiation, response time when you have an urgent need, and quality discipline when oversight is relaxed. Single-source dependency is not just an operational risk when the vendor fails — it is a commercial disadvantage that runs continuously, invisibly, in every transaction.

The trigger that brings operators to this sheet is usually a vendor notification of a lead-time extension, a price increase that cannot be challenged because there is no alternative, or an AVL vendor being removed for performance reasons with no replacement available. This audit runs before one of those events forces the issue, when there is still time to qualify an alternative without deadline pressure.

# Benefits

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What you get when you actually run this worksheet on a real situation:

- Identifies every procurement category where a single vendor failure would stop operations, ranked by monthly spend and lead time exposure.
- Creates a prioritized qualification target list: highest monthly spend with longest lead time gets an alternative vendor first.
- Provides the documented basis for a dual-sourcing conversation with management: here are the categories where the risk is unacceptable, and here is the cost of addressing it.
- Flags categories where an alternative vendor exists but has never been qualified, so qualification can happen before it is urgent.
- Produces the dependency map that due diligence teams request: which inputs have only one source and what is the mitigation plan?

## Framework To Use

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### — Dependency Risk Matrix

*Each single-source category is assessed on two axes: monthly spend exposure and days of lost operations if the vendor is unavailable. The intersection determines qualification priority.*

#### Dependency Risk Quadrants

	Low monthly spend (<\$500)	High monthly spend (>\$500)
Short lead time (<2 weeks if unavailable)	Monitor only — low priority	Qualify alternative within 6 months
Long lead time (>2 weeks if unavailable)	Qualify alternative within 3 months	Qualify alternative immediately — highest risk

## How To Use

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Follow these steps in order. Each one builds on the previous.

- 1 Pull your current AVL. For each procurement category, count the number of vendors with 'Active' status. Categories with exactly one active vendor are single-source dependencies.
- 2 For each single-source category, estimate the monthly spend in dollars from the past three months of invoices.
- 3 Estimate the lead time for emergency sourcing if this vendor became unavailable: how many days before operations would be disrupted, and how many additional days to find and receive from an alternative?
- 4 In the Identified Alternative column: name any vendor you have had any contact with for this category, even if not yet qualified. 'None identified' is a separate risk level from 'identified but not qualified.'
- 5 In the Qualification Status column: for identified alternatives, mark one of: Not contacted, Contacted (no quote yet), Quoted (not yet evaluated), Qualified – Registered, or Qualified – Active.
- 6 Sort the completed table by the quadrant from the framework: highest spend with longest lead time goes to the top. Assign a target date to qualify at least one alternative for the top three rows.
- 7 Review this audit quarterly and whenever a vendor exits the AVL. A category that moved from two active vendors to one active vendor is a new dependency that needs immediate attention.

## Example Use

*A mid-size fabrication business runs its first dependency audit after a key fastener supplier raised prices 18% citing 'supply constraints.' The business had no alternative to compare against.*

The audit reveals 11 procurement categories on the AVL. Eight have two or more active vendors. Three are single-source:

Category A — Specialty fasteners: \$1,800/month; only active vendor is the one that just raised prices; lead time if unavailable: 4 weeks. Risk quadrant: HIGH spend, LONG lead time. Priority: immediate.

Category B — Industrial solvents: \$320/month; one active vendor; lead time if unavailable: 1 week. Risk quadrant: LOW spend, SHORT lead time. Priority: monitor only.

Category C — Custom fabrication jigs: \$2,400/month; one active vendor (long-term relationship with a small toolmaker); lead time if unavailable: 8 weeks. Risk quadrant: HIGH spend, LONG lead time. Priority: immediate.

Action plan from the audit: Category A — contact two alternative fastener suppliers identified from the industry association directory by end of week; qualify at least one within 60 days. Category C — approach two alternative toolmakers for a feasibility quote; begin qualification process. Category B — note dependency but defer qualification given low monthly spend and short lead time.

Two months later, Category A has a second active vendor. The first vendor's next price negotiation goes differently: "We have qualified an alternative supplier. We'd like to discuss your Q3 pricing."



## Reflection Prompts

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*After filling in the worksheet on the previous page, work through these.*

1. For any category with no identified alternative: assign a target date to qualify at least one alternative. Priority order: highest monthly spend first, then longest lead time if unavailable.
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2. A category where the identified alternative has 'Not Qualified' status is still a single-source dependency in practice. Qualification of alternatives does not happen during a supply disruption. It must happen before one.
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# Tips and Traps

## TIPS

- Run this audit quarterly, not only when a crisis forces it. A dependency identified 90 days before a disruption gives you time to qualify an alternative. A dependency identified during a disruption gives you no time.
- When you identify an alternative vendor, request one small trial order before a disruption forces you to rely on them. A vendor who has delivered once on a small order is a partially-qualified backup, not just a name.
- Treat 'Qualified — Registered' (completed evaluation, not yet used) as a meaningful risk reduction. You do not need 80/20 volume split to get the negotiating benefit of an alternative existing on your AVL.
- For long-lead-time categories in the high-priority quadrant, consider a standing blanket order with the alternative vendor for a small volume per quarter, purely to maintain the relationship and the vendor's familiarity with your requirements.

## TRAPS

- Treating a vendor you have used once informally as a qualified alternative. A qualified alternative has passed the five minimum AVL criteria: valid registration, adequate capacity, logistics coverage, references, and market-comparative pricing.
- Assuming that a dependency in a category with a currently good vendor is not a risk. The dependency risk is not about the current vendor's performance — it is about your leverage if their performance changes.
- Running the audit but not assigning target dates with named owners. An audit without action dates is a list, not a plan.

# Appendixes

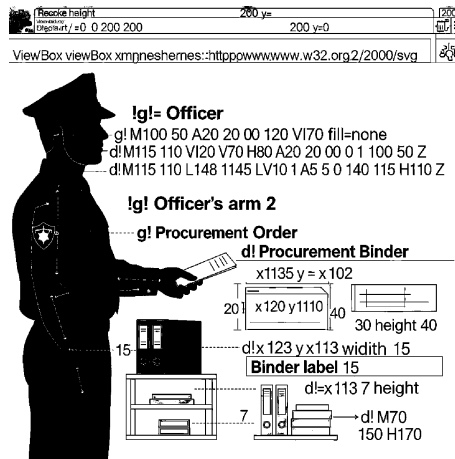
## Appendix A – Five-Criterion Vendor Qualification Checklist

Use this checklist for each alternative vendor before marking them Qualified – Registered.

CRITERION	STATUS	DATE CHECKED
1. Valid business registration (active NIB or equivalent)	Pass/Fail	_____
2. Adequate supply capacity (can consistently meet our volume)	Pass/Fail	_____
3. Appropriate logistics coverage (can deliver to our location with known lead time and cost)	Pass/Fail	_____
4. Three customer references checked (on-time delivery + quality complaint response)	Pass/Fail	_____
5. Pricing within market range (within 30% of current primary vendor; outliers require documented justification)	Pass/Fail	_____

Qualification outcome: Qualified / Not Yet / Disqualified

Evaluated by: \_\_\_\_\_ Date: \_\_\_\_\_



WHERE THIS WORKSHEET COMES FROM

## Procurement Best Practices

*Every Rupiah Paid to a Vendor Starts With a Decision Before Signing*

by Ibrahim Anwar

This worksheet is one of nine in the *Procurement Best Practices* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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