

## SIX MAIN STAGES OF THE SUPPLY PROCESS

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### Abstract

This article provides a comprehensive overview of the procurement process in an unstable environment, emphasizing the importance of adhering to standardized procedures. It outlines six key stages: supplier identification, product/service requests, procurement proposal requests, evaluation and contract awarding, order processing and contract signing, and finally, receipt and payment. Each stage is detailed with essential steps, including market research, supplier evaluation criteria, documentation requirements, and compliance with quality standards. The document also highlights the significance of transparency, fairness, and proper coordination among departments to ensure an efficient and ethical supply chain process.

**Keywords:** procurement process, supplier identification, market research, request for proposals (RFP), supplier evaluation, contract awarding, purchase order, supply chain management, logistics and delivery, quality assurance, payment processing, incoterms, compliance and transparency, risk management.

### Annotatsiya

Ushbu maqola beqaror muhitda xarid qilish jarayoni haqida to‘liq ma‘lumot beradi va standartlashtirilgan protseduralarga rioya qilish muhimligini ta‘kidlaydi. Unda oltita asosiy bosqich ko‘rsatilgan: yetkazib beruvchini identifikatsiya qilish, mahsulot/xizmat so‘rovlari, xaridlar bo‘yicha takliflar so‘rovlari, baholash va shartnomani taqdirlash, buyurtmalarni qayta ishlash va shartnomani imzolash hamda nihoyat, kvitansiya va to‘lov. Har bir bosqich bozorni o‘rganish, yetkazib beruvchilarni baholash mezonlari, hujjatlar talablari va sifat standartlariga muvofiqligini o‘z ichiga olgan muhim qadamlar bilan batafsil bayon etilgan. Hujjat, shuningdek, ta‘minot zanjiri jarayonini samarali va axloqiy ta‘minlash uchun bo‘limlar o‘rtasida shaffoflik, adolatlilik va to‘g‘ri muvofiqlashtirishning ahamiyatini ta‘kidlaydi.

**Kalit so‘zlar:** xarid qilish jarayoni, yetkazib beruvchini aniqlash, bozorni o‘rganish, takliflar uchun so‘rov (RFP), yetkazib beruvchini baholash, shartnomani mukofotlash, sotib olish buyurtmasi, ta‘minot zanjirini boshqarish, logistika va yetkazib berish, sifat kafolati, to‘lovlarni qayta ishlash, Inkoterms, muvofiqlik va shaffoflik, xatarlarni boshqarish.

### Аннотация

В этой статье представлен всесторонний обзор процесса закупок в нестабильной среде, подчеркивается важность соблюдения стандартизированных процедур. В ней описаны шесть ключевых этапов: определение поставщика, запросы на продукцию/услуги, заявки на предложения по закупкам, оценка и заключение контракта, обработка заказа и подписание контракта и, наконец, получение и оплата. Каждый этап детализирован с указанием основных шагов, включая исследование рынка, критерии оценки

поставщиков, требования к документации и соответствие стандартам качества. В документе также подчеркивается важность прозрачности, беспристрастности и надлежащей координации между подразделениями для обеспечения эффективного и этичного процесса цепочки поставок.

**Ключевые слова:** процесс закупок, определение поставщика, исследование рынка, запрос предложений (RFP), оценка поставщика, заключение контракта, заказ на поставку, управление цепочкой поставок, логистика и доставка, обеспечение качества, обработка платежей, инкотермс, соответствие требованиям и прозрачность, управление рисками.

## INTRODUCTION

Procurement plays a crucial role in ensuring the efficient and timely delivery of goods and services, particularly in unstable environments, where external and internal challenges can disrupt supply chains. In humanitarian aid and crisis response, procurement must adhere to standardized processes to maintain transparency, efficiency, and compliance with ethical and financial regulations.

This article explores six key stages of procurement: supplier search and identification, product/service request, request for procurement proposals, evaluation and contract awarding, order processing and contract signing, and receipt and payment. These stages form the foundation of a structured supply chain that ensures fairness, cost-effectiveness, and quality assurance.

In volatile markets, humanitarian organizations must balance cost, quality, and risk management while maintaining ethical standards. Factors such as market fluctuations, supplier reliability, and logistical challenges further complicate procurement processes. To address these issues, organizations rely on procurement policies and frameworks set by global institutions such as the World Food Programme (WFP) and the Chartered Institute of Procurement & Supply (CIPS).

By examining procurement methodologies, best practices, and potential challenges, this article aims to provide a comprehensive understanding of procurement in unstable environments. The insights presented here will help organizations optimize their procurement strategies, enhance supplier relationships, and ensure the effective delivery of goods and services.

## LITERATURE REVIEW

The procurement process in humanitarian aid and unstable environments has been extensively studied across various academic and institutional sources. The literature covers key themes such as supplier selection, procurement strategies, and logistical challenges. This review synthesizes relevant works from international organizations, industry reports, and academic research.

Overall, the reviewed literature provides a comprehensive understanding of procurement processes, challenges, and best practices. While academic models offer structured approaches to procurement, real-world applications in humanitarian contexts underscore the need for flexibility and adaptability. Future research should

explore digital procurement tools, supplier resilience, and sustainability in unstable environments.

## METHODOLOGY

The study adopts a qualitative, descriptive research design centered on analyzing procurement processes in unstable environments. This approach provides an in-depth understanding of procurement principles, standards, and challenges, while integrating both theoretical and practical insights.

## ANALYSIS AND RESULTS

The procurement process in an unstable environment, particularly when influenced by humanitarian aid, requires a structured approach to ensure efficiency, transparency, and compliance with key supply principles. Considering both external and internal challenges, as well as the potential impact of humanitarian aid on the local market, it is essential to establish and adhere to clearly defined standards throughout the entire process. These standards guide and reinforce adherence to supply principles.

A consistent supply process typically consists of six main stages:

1. Supplier search and identification
2. Product/service request
3. Request for procurement proposals
4. Evaluation and contract awarding
5. Order processing and contract signing
6. Receipt and payment



**Figure 1: Search and identification of suppliers.<sup>1</sup>**

Fair and transparent competition among different suppliers is at the heart of supply chain activities. To gather information about the desired product and potential

<sup>1</sup> Prepared by the author

suppliers capable of providing it, certain market research should be carried out. Market research helps identify suppliers, assists in developing technical specifications, establishes initial requirements, uncovers pricing (e.g., through company catalogs), and provides information about available technologies (*WFP Goods and Services Procurement Manual, 2020*).

It is convenient to maintain a supplier database, which serves as a basis for requesting price quotations. If such a database does not exist, creating one is advisable. This database should be updated regularly, and organizations can consult various platforms or information sources, such as:

- Specialized magazines
- Chambers of Commerce and Industry
- Business meetings and seminars
- Professional associations
- Registers of external suppliers
- Online communities
- “Yellow Pages”
- Search engine–based research
- Other relevant resources

When identifying suppliers, organizations may wish to follow a formal process. Many institutions issue official documents, including:

- Request for Information (RFI)
- Request for Expression of Interest (EOI)

Such official requests should be based on templates that allow users to form a more accurate picture of the product or service and assess its availability in the context of the operation.

## 2. Application for Products and Services

Any purchase of goods or services should be based on actual needs. Once these needs are identified, quantified, and planned—either by a group or an individual within the institution—they must be formally communicated to the organization’s procurement department. This is typically done through a formally defined purchase request, which specifies:

- The requesting department
- Requirements, including evaluation criteria
- Quantity
- Estimated cost or the maximum allowable expenditure (if applicable)
- Delivery date and location
- Confirmation of available funds

A key component of any purchase request is the inclusion of technical specifications. There are many ways for vendors to define such technical specifications, which may include:

**Table 1: Purchase requisition specifications<sup>1</sup>**

<b>Physical goods</b>	<ol style="list-style-type: none"> <li>1.Photo</li> <li>2.Material components</li> <li>3.Performance requirements (for example: computer memory capacity, bucket capacity)</li> <li>4.Quality standards (example: ISO)</li> </ol>
<b>Construction</b>	<ol style="list-style-type: none"> <li>1.Drawings</li> <li>2. Cards</li> <li>3.List of materials / structural components of materials</li> </ol>

In other words, the customer must provide all relevant information and complete the agreed-upon forms during the planning stage. If a preliminary plan has not been established, the request may experience delays while its feasibility is assessed. Typically, a purchase request is a standard, official form used to initiate a purchase. This form consolidates and verifies the details provided by various participants in the procurement process, effectively converting a request into an actual purchase:

- Requesting department: Commits to ensuring the accuracy and completeness of all information within the purchase request. Detailed specifications are attached, if necessary.
- Purchasing unit: Commits to procuring the requested goods or services as specified in the purchase request, considering quality, price, and delivery schedule.
- Finance department: Commits to releasing the available funds.

One effective way to ensure that each request is properly presented, understood, and agreed upon by all involved departments is to create a shared coordination space for the process. A common coordination tool is holding regular meetings among requestors, department heads, and the procurement team, where requests can be discussed and approved.

### 3. Request for Purchase Proposals

After selecting potential suppliers (or before initiating an open tender process), the documentation for the purchase proposal request must be carefully prepared. The way in which offers are solicited and accepted affects the rest of the process; there is a reciprocal relationship between what is requested and what is ultimately offered. Procurement teams will only choose from what suppliers propose, but what suppliers offer depends significantly on how and what they have been asked to provide. Consequently, the specifications for the required goods or services must be clear, and the terms of the requested application must be properly defined.

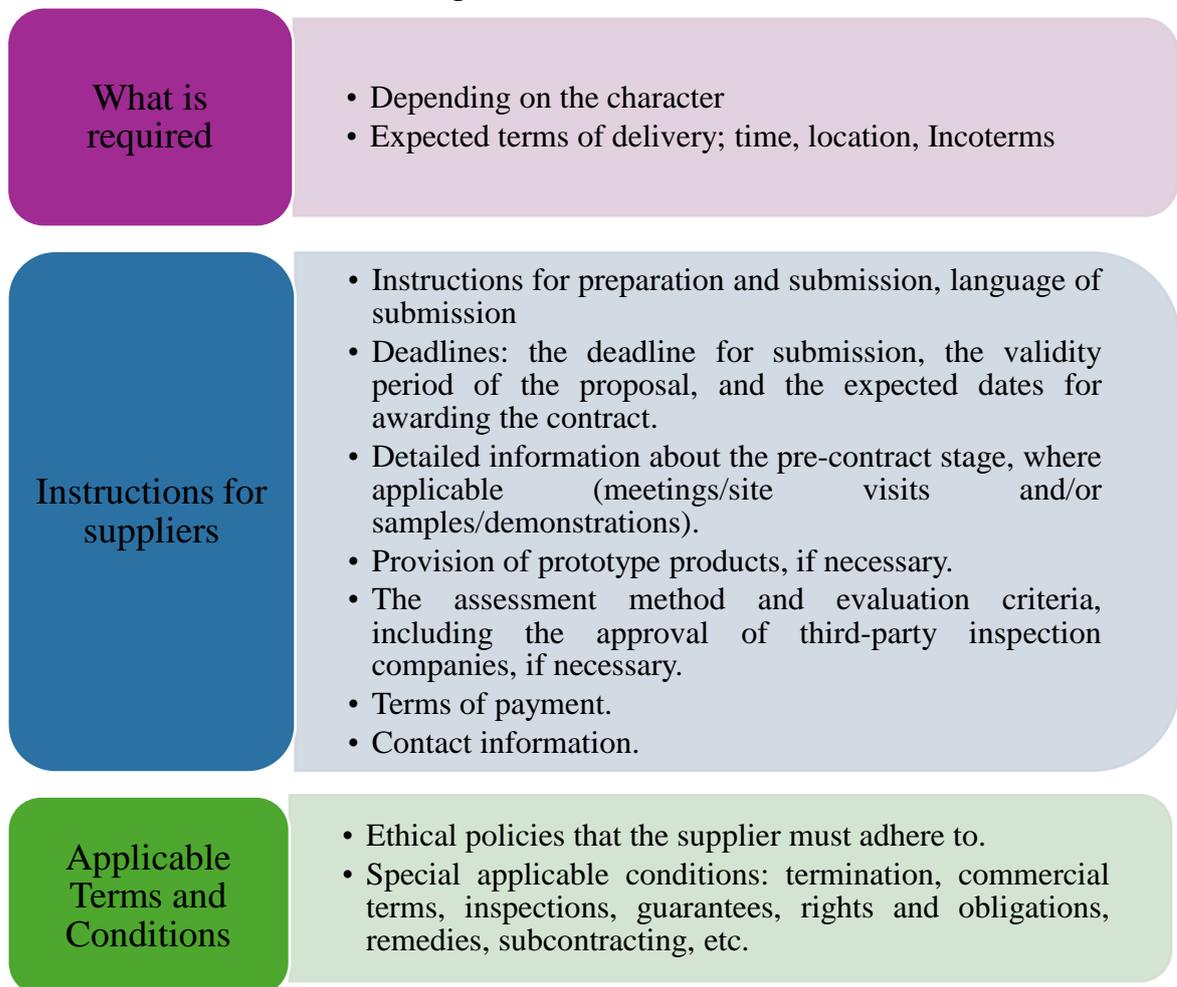
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<sup>1</sup> Prepared by the author

Supplier selection criteria should be established and clearly communicated to suppliers in advance, ensuring equitable treatment. It is important to devote sufficient time to defining or understanding these criteria, as they cannot be changed or supplemented once shared with suppliers.

Documentation involved in the procurement request process may vary depending on the type of competition applied (see *Procurement Procedures*) and the nature and complexity of the goods or services being procured. All documentation should contain detailed information on the procedural, technical, financial, and contractual components suppliers must follow when submitting proposals. These documents are typically based on templates adapted to the specifics of each procedure and populated with details relevant to each purchase proposal request.

As a general rule, any purchase proposal request document, regardless of the procedure, will include the following:



**Figure 2: General rules<sup>1</sup>**

The documentation for the Request for Purchase Proposals should be distributed simultaneously to all pre-selected suppliers, allowing sufficient time for analysis and

<sup>1</sup> Prepared by the author

proper preparation of their offers. A standardized presentation format may be included in the proposal request documentation to simplify proposal comparison at the evaluation stage.

#### Specifications of Materials

When procuring tangible goods, it is advisable to include as much technical information about the materials' specifications as possible, presented in a clear, transparent format that is easy to understand yet difficult to misinterpret. Material specifications may include:

- Units of measurement (weight, volume)
- Packaging measurements (weight, volume)
- Color/appearance
- Chemical composition
- Compliance with specific ISO standards
- Strength/durability
- Packaging and handling requirements
- Branding and labeling requirements

#### Following Specifications Throughout the Supply Chain Process

These material specifications should be included in:

1. Requests for Purchase Proposals – The more detailed the specifications, the more accurately suppliers can respond. Detailed specifications will help filter out suppliers unable to meet specific requirements and encourage suppliers to commit only to those standards they can achieve.

2. Supplier Contracts – Including material specifications in the contract legally binds suppliers to the standards they proposed in their bids. The specifications in the contract must match those outlined in the tender process.

3. Instructions for Third-Party Inspection Companies – After a supplier is chosen and a contract is agreed upon, third-party inspection companies can be engaged to test products against the contract's material specifications. These inspection companies may use visual examinations or laboratory tests to confirm compliance with all specified material requirements. Many organizations prefer to receive prototypes prior to placing a final order and conduct inspections at multiple points throughout the process. Buyers may also choose to withhold payment until the final inspection is complete.

#### 4. Evaluation and Contract Award

Many organizations utilize evaluation committees or groups to analyze and assess incoming proposals fairly and transparently. Once all steps in the Request for Purchase Proposals process are properly documented and before opening the bids, the evaluation committee/team convenes to review the submissions. The composition of the evaluation team can vary—ranging from a simple, two-person team (the requester and the buyer) performing an informal review to a more formal, cross-departmental group operating under regulated procedures. Regardless of the purchase cost or procedure used, there should always be a team of employees adhering to the principle of separated responsibilities. In more stringent procedures, evaluation groups are

formed at the very beginning of the process, formalizing it by signing a “Declaration of Objectivity and Confidentiality” and/or “Conflict of Interest Disclosure.”

Proposals should be evaluated using the criteria and specifications previously outlined in purchase requests, invitations to submit proposals, or any other part of the process prior to the receipt of applications. General evaluation criteria may include:

- Competitive pricing
- Ability to meet specifications and standards
- Product availability and capability to fulfill requested delivery dates
- Quality of products and services
- Productivity and durability of products
- Reliable shipment methods
- Quality control methods and practices
- Technical and leadership expertise
- Ability to provide niche or unique products and/or develop concepts
- Financial stability and creditworthiness
- Payment terms/requirements
- Compatibility with existing products
- Distribution/storage facilities and related resources
- Availability of spare parts
- Warranty, insurance, and supply obligations
- Proven capabilities and experience
- Availability of service support resources
- Previous experience and demonstrated performance in supplying the required products/services (supported by documented evidence, such as prior certificates of compliance; “poor past performance” should also be documented)

- Safety

All evaluation criteria must be:

- Objective – Criteria should be verifiable and designed to measure facts rather than assumptions or promises from the supplier. Objective criteria are tangible and unlikely to be interpreted differently by different suppliers.
- Unambiguous – There should be no confusion or duplication in the selection, description, and evaluation of criteria.
- Reliable – Clear and measurable criteria that can be evaluated consistently across multiple applications and by multiple evaluators.
- Fair – Criteria should not improperly exclude suppliers from the procurement process or grant an undue advantage to any particular supplier.
- Balanced – Criteria that are appropriate and justified when viewed objectively in the context of procurement activities.

During the assessment process, it is necessary to balance various tangible and intangible factors—some of which may conflict with one another. Methods for determining the extent to which a potential supplier can meet the criteria include:

- A visit to the supplier by management and/or the evaluation team (factory, warehouse, or storage inspection, review of production facilities and supplier

equipment).

- Confirmation of the supplier's quality system either through on-site assessment (with a written report) or by requesting proof of quality system registration, such as an ISO certificate or another recognized certification.
- Interviews/recommendations from other NGOs served by the supplier.
- Obtaining publicly available financial reports (accessible in some countries) and verifying any negative records.
- Evaluation (e.g., through laboratory tests or validation tests) of samples received from the supplier (see the "Quality Assurance" section).

To present the evaluation results, a summary document—often in the form of a comparative table or a full report—is typically prepared and signed by all members of the evaluation team. Any summary document should contain a reasoned recommendation for supplier selection and the necessary explanation supporting that choice.

After approving the proposal to award the contract to the supplier, the selected supplier's proposal must be confirmed through the organization's internal approval procedures. The contract award decision should then be communicated to the winning supplier, while unsuccessful suppliers should receive notice of a mechanism that allows them to complete a results-based survey and register potential complaints.

#### 5. Making an Order and Signing a Contract

Each order must be formalized with either a contract, a purchase order (PO), or another official document confirming the contract award.

- Purchase Orders (POs) represent a financial commitment that confirms the details of a purchase (units, quantity, price, time and place of delivery, etc.) and formalizes the order. POs are typically used for simpler, one-time, or lower-value purchases where no complex terms are required and/or the purchase poses low risk to the organization.

- Contracts are legally binding agreements between an organization and its suppliers. They define the terms and conditions for the provision of goods and services, as well as the respective rights and obligations of the signatories. Contracts are used when there is a need to detail conditions in a more complex order (partial deliveries, different dates/locations, special product conditions, large financial outlays, or potential risks to the organization) and always for labor or specialized services.

Some organizations prefer a form of Long-Term Agreement (LTA) wherein suppliers undergo pre-qualification through a standard procurement process, then hold an indefinite contract for supplying goods and services. Requesting agencies with an LTA can use simple notifications (e.g., purchase orders) to communicate supply needs—indicating units, quantities, delivery details, and other pertinent information. The principle underpinning the LTA is that a single supplier used for routine supplies can be evaluated once within a predetermined period rather than resubmitting bids for each transaction.

Upon the supplier's signing of the purchase order and acceptance of the organization's terms and conditions, the purchase order effectively becomes a

simplified contract. Each organization should define a threshold beyond which the relationship can no longer be formalized solely through a purchase order, necessitating a contract instead. Regardless of the procurement method, the organization's terms and conditions should apply to all contracts and purchase orders.

## 6. Reception and Payment

Delivery terms must be clearly stated in the order documents (purchase order or contract). These delivery terms specify who is responsible for transporting goods, when and where responsibility for the products transfers, and all pertinent details for transport and logistics planning.

Supply planning involves reviewing all aspects of the logistics-related supply chain process. It begins at the needs assessment stage by considering the desired outcome of the requesting group and the end user, then identifying the actions needed to ensure successful completion of the activity (WFP Goods and Services Procurement Manual, 2020).

The transfer of responsibility between the seller/carrier and the organization is a critical point in the procurement process. Responsibility may transfer on the manufacturer's/seller's premises, or the supplier may be fully responsible for transporting the cargo to an agreed destination. The agreed destination can be the organization's premises or warehouse, or, in special cases, the beneficiary's own location. The most standard method of determining the manner and location for transferring responsibility is by defining Incoterms in the purchase agreement. However, Incoterms apply only to international procurement, so responsibility transfers for domestic procurement may need to be explicitly stated. In all cases, the transfer of responsibility must be clearly documented in the standard set of shipping documents.

For simpler deliveries or when the supplier delivers to the final destination, an invoice is generally used, containing at least the following:

- Full name and contact details of the seller
- Full name and contact details of the buyer
- Date of issue
- Date of delivery
- Description of the goods in the order
- Quantity of each type of goods

Upon delivery of goods, the recipient must physically inspect the packages against all delivery documents to ensure they fully comply with the contract. This inspection involves checking:

- Quantity – The number of items received matches the documentation and corresponds to the quantity requested in the purchase order
- Quality – The items are in the condition specified by the shipping documents and meet the conditions stipulated in the purchase agreement, are undamaged, and adhere to the ordered specifications

If any discrepancy in quantity or quality is found, it must be noted in writing on the shipping documents. Without a written statement made at the time of delivery,

filing claims later will be very difficult if the products do not meet the order requirements.

The transfer of responsibility goes into effect when the organization's representative signs the consignment note. A signed invoice, purchase order, and shipping document are the minimum required to process payment. If the supplier/carrier cannot provide a delivery document or waybill, organizations may create and sign a waybill themselves, documenting the transfer of responsibility for the cargo and noting any discrepancies. Institutions that generate their own receipt invoices should still request a second signature from the supplier or the supplier's designated carrier.

## CONCLUSIONS AND RECOMMENDATIONS

The procurement process in an unstable environment requires a structured and transparent approach to ensure efficiency, fairness, and compliance with organizational standards. By following the six key stages—supplier search, product/service requests, procurement proposals, evaluation and contract awarding, order processing, and receipt/payment—organizations can minimize risks, strengthen supplier relationships, and maintain the integrity of supply chain operations. Proper documentation, clear communication, and adherence to quality standards are essential for achieving successful procurement outcomes.

Implementing best practices—such as maintaining supplier databases, establishing clear evaluation criteria, and employing robust contract management—helps organizations optimize procurement strategies while ensuring the effective delivery of goods and services. Below is a brief outline of the six key stages:

1. **Supplier Search and Identification** Conduct thorough market research using various resources such as supplier databases, industry journals, and business associations.

2. **Product/Service Request** Clearly define procurement needs, including quantity, quality, and evaluation criteria.

3. **Request for Procurement Proposals** Allow adequate time for suppliers to analyze requirements and prepare proposals.

4. **Evaluation and Contract Awarding** Document and justify supplier selection decisions, ensuring a mechanism for dispute resolution if necessary.

5. **Order Processing and Contract Signing** Establish clear terms and conditions to define supplier obligations and organizational expectations.

6. **Receipt and Payment** Maintain accurate financial records, including invoices and delivery documents, to facilitate timely payments.

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