

# Notation calculation for suppliers



**Constructionline gives all suppliers a value and this calculation is called a notation.**

Our unique notation formula has been developed over a number of years by key buyers, industry leaders and government bodies. The formula looks at a supplier's financial ability and established track record for successfully delivering contracts in each category to a certain value.

The notation is calculated as the lowest of two amounts that bring together the last reported annual turnover and the average value of references obtained, however the finance factor is also calculated. It is based on the original criteria agreed with buyer and supplier working groups.

## EXAMPLE

### Finance factor

Turnover	1,200,000	
{divided by 3}	400,000	
Net assets	150,000	
{multiplied by 5}	750,000	
Average of sum above	1,150,000	= 575,000

### Reference factor

Substantiated proof of service or product 200,000 multiplied by reference factor\* 2 = **400,000**

### Turnover Cap

Turnover	1,200,000	
{minus 25%}	300,000	
=	900,000	

### Reference Factor Cap

Reference factor	400,000	
{add 25%}	100,000	
=	<b>500,000</b>	

The Notation figure is then set to the lowest of the turnover cap and reference factor cap figures in the example eg: 500,000

\* In recognition of the variation in the frequency of work and likely contract values, a reference factor will be allocated to each category which enables different specialisms to be compared on a like-for-like basis. The highest multiple is 3 and will change according to product and service.

## References

Each supplier must supply a minimum of two satisfactory references for each sector/discipline of work. Those references must be for work completed within the last four years and need to include a value for the work completed. If the reference contains more than one element the references need to have the financial values broken down