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About Chairmen's RoundTable

The Chairmen's RoundTable is a non-profit volunteer organization comprised of current and former CEOs with extensive Board of Director experience and diverse industry backgrounds. They provide businesses in San Diego County with priceless business advice and mentorship, free of charge, as a way of giving back to the community. CRT's well-defined mentoring program is ideal for companies at a strategic crossroads that are looking to gain an outside perspective on key business issues.

QUESTIONS & ANSWERS

Question: What issues should I consider when selecting a supplier for my business?

Answer: It is essential to form a strategy early on when choosing a supplier because of the potential risks involved. The supplier affects the whole supply chain and eventually your bottom line. While price is an important factor, other issues must be considered.

The quality of a supplier should be foremost on the list of issues to consider. This does not simply involve the quality of the product, but also the quality of the company as a whole. A supplier must be able to deliver on time, in the quantities ordered and should be available to assist you as needed. Try to assess its operations, technologies, quality control, customer support, financial strength, reliability and responsiveness.

One way to assess the quality of a supplier is to visit its facilities whenever possible. A facility tour or even a face to face meeting will go a long way in addressing your concerns. Find out if there are any potential capacity constraints, if the facilities and equipment are up to date, if the facilities seem safe from potential hazards, and if they are operating in an ethical way. A responsible supplier will also have back up plans in case of emergencies.

If you are considering a key supplier, see if there are ways to track production, inventories, lead times, shipping and other important variables that will help you with your time table and also alert you to problems before they reach critical levels.

Once you have narrowed down your list of potential suppliers, you should consider in advance how to manage risks. Besides having a well drafted contract, some ideas include using more than one supplier and buying insurance products. The strategic assessment of a supplier and the use of risk-shifting techniques are prerequisites to a successful supplier relationship.