

SUPPLY CHAIN MANAGEMENT VENDOR CHECKLIST

In today's fast moving marketplace, the importance of Supply Chain Management (SCM) is growing exponentially. SCM is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage, according to Robert Hanfield, Ph.D.

The main difference between SCM of yesterday and today, however, is that it is not enough that you practice SCM in your organization. In order to compete in today's economy, it is important to strategically align yourself with vendors that support your SCM initiatives and don't try to transfer their supply chain costs onto you. So, what do you need to look for in a strategic SCM partnership?

Let this checklist guide you as you evaluate vendors to support your SCM initiatives.

Multi-Purpose Vendor

It's not enough for a vendor to sell you just one product or service. Look for a vendor that can handle multiple product and/or service needs. This allows you to save time and energy by utilizing a vendor that offers:

- Opportunities for vendor consolidation.
- Services the products they sell
- Extensive expertise in multiple areas.
- A Broad range of products and equipment.
- Consolidated invoicing.
- Visibility of spend across multiple related categories.
- Opportunities to reduce labor cost and environmental footprint by maximizing the amount of products you can purchase and have delivered at one time.

Delivery

At the heart of SCM is receiving, storing and returning product. Look for a strategic vendor that minimizes your delivery cost by offering these services.

- Employs their own fleet of delivery drivers. A vendor can't maximize savings for you with a workforce they outsource.
- Offers fast, complete delivery, saving you time in waiting for your product.
- Consistent delivery schedule so you don't waste time waiting for an order that doesn't arrive.

- Doesn't charge a normal delivery fee.
- Includes return pick-up in their regular activities (not an additional charge).
- Doesn't require a minimum order value.
- Willing to make inside deliveries (ie. To your supply room instead of dock or lobby).

Accounting & Invoicing

Accounting & Invoicing in SCM is not just 'paying your bills'. Specific attention needs to be placed on the visibility and ability to track the dollars you are spending with your vendors. Look for vendors that:

- Provide custom reporting and invoicing to support your internal systems.
- Can set up your account to track spending by department or cost center.
- Offer consolidated invoicing to lower your processing cost.
- Provide fast and easy returns and credits processing.
- Have purchasing and budgeting controls such as:
 - Approvals
 - Budgets
 - Contracted Items
- Enables you to easily audit invoices and credits.
- Utilize item numbers on purchases that are easily matched to the product you purchased.

Account Review

Many vendors offer a 'Business Review.' Make sure your vendor's review includes the below capabilities to ensure you can identify the greatest opportunities for improvement. Your vendor should be able to:

- Provide an experienced, dedicated and responsive Account Support Team.
- Demonstrate an established Business Review Program to get the most out of your vendor partnership.
 - Account review for continued cost savings and supply chain improvements
 - Informs you about new products and services used in your industry that may help you lower costs, improve productivity and/or improve YOUR customer's experience.
- Track your current spending, including:
 - View where you are currently spending your dollars by category.
 - Benchmark spending habits against peers in your market.
 - Get a clear view of your historical spending trends.
- Manage future spending, including:
 - Strategic Account Planning to help reduce costs.
 - Set Account goals for specific time periods
 - Helps you discover new 'Lean Procurement' Opportunities.