

# 8 Ways to Take the Risk Out of Working with New Vendors.

## ***1. Create a communication checklist.***

Before meeting with your new vendor prepare a list of questions so you can guide the conversation and to assure you have answered all the information you need to make a good decision. Clear, concise messages are key; no one can achieve the desired result with unclear information.

## ***2. Ask questions about quotes.***

High quotes often have legitimacy. Please ask the vendor to review his quote. If you walk away and don't ask you will never know why the price was high. For example, some tolerances may be unnecessary, yet vendors must protect themselves. In several cases drawings required .00005" call-outs on weldments. This was costly and is typically unnecessary. If requirements are legitimate, the pricing will reflect that.

## ***3. Collaborate on delivery expectations.***

Good vendors are often busy. Because materials must be ordered, and shop routings made, it may take time to get your job on the shop floor. Vendors want your business and will work hard to get it. Often patience and good delivery dates are the best tools for a good relationship. Shifting delivery dates in the middle of an order can be disastrous for both parties.

## ***4. Sign a contract for mutual protection.***

Signing contracts helps the vendor-customer relationship get started off on the right foot. Contracts alleviate the fears of either party getting ripped off. Quite frequently on large projects, the purchaser has an outlay of cash of 50% upfront payment; this could be very tempting for a less than honest individual. Contracts help keep everyone safe.

## ***5. Obtain proof of insurance.***

Have the vendor's insurance company forward you an Acord Certificate of Insurance. Knowing the new company is adequately insured and ready to work is an excellent sign of legitimacy. Don't be afraid to ask for this information. Any shop worth their weight isn't going to have a problem providing you with this assurance.

## ***6. Negotiate a system for progress reports.***

Progress reports provide you and your company with peace of mind knowing where your products are in the production process. Have your vendor send progress updates, and pictures as the job progresses. There's nothing more rewarding than watching your project from its inception to its completion.

## ***7. Verify your new vendor's experience and reliability.***

Do some background checking on your new vendor. One good place to begin is by checking their current customer base. If their clients include multi-billion-dollar companies, you can rest assured those corporations aren't going to want to do business with an unvetted firm. Other vendors may not have billion-dollar customers, but you can look for referrals and testimonials as other good information sources.

## ***8. Look for the highest value, not the lowest price.***

Many variables factor into a legitimate quote. While cheaper numbers may sound good at first, nothing can derail your company's production faster than shoddy tooling that fails under use. Quality, delivery, materials, and integrity are all critical to a satisfactory order. Follow each of these 8 steps to make your next new vendor relationship a successful one.