Five steps for buying well

Use this when you next review a key supplier. Worked example: Valentina, catering kitchen, Mendoza.

1. List every supplier

Write monthly spend, what they supply, and what happens if they stop tomorrow. High spend and high impact go at the top. Keep the map in Systex.

2. Write the spec

One page per key item: what you want, how it is packed, the delivery window and the quality check on arrival. Same spec for every quote. Keep it in Systex.

3. Three quotes, once a year

For anything over about $500 a month, ask three suppliers (including your current one) to quote against the same spec. Order a small test batch.

4. Score more than the price

Score out of ten: quality from a test order, reliability on delivery, price, and how easy they are to deal with. The cheapest quote is not always the best.

5. Put the terms in writing

How long prices hold, the delivery window, what happens when an order is late or wrong, and how much notice either side gives. Keep signed terms and end dates in Systex.

Valentina's example figures (illustrative, not a promise)

About $14,000 a month on ingredients and packaging; nine suppliers; one meat supplier about 40% of that spend, used
After the five steps, buying costs dropped by about 9%, roughly $1,260 a month. Late or wrong deliveries fell from
Example figures. General education, not financial or legal advice. Results vary.

Five steps for the week a supplier fails

Worked example: Ingrid, bike repair and rental shop, Bergen.

1. Find the single points of failure

Not just suppliers. List anything that, if it stopped, would stop the shop: a key supplier, a key person, a tool or a payment machine.

2. A working backup for each top risk

Open an account and place some orders now, so the relationship is already live. A name on paper is not a backup. Train a second person on key jobs.

3. Safety stock for the parts that matter

Keep about three weeks of the few parts (or inputs) that stop a job. Not everything. Cash on the shelf is cash you cannot use.

4. Set limits

No single supplier gets more than about half of spend. No large prepayment to a new supplier. Every agreement says how either side can end it, with notice.

5. A short risk review every quarter

Thirty minutes, one list: what could stop us, what is the backup, has anything changed? One small action and a name next to each change. Keep the list in Systex.

Ingrid's example figures (illustrative, not a promise)

Five mechanics; one parts distributor about 70% of parts. A three-week warehouse close at the start of the spring rush c
She gave a second distributor about 20% of orders every month, kept about three weeks of the 20 parts that stop a job, a
The next spring a two-week delay cost about $600 in sales, not $9,000. Most customers never knew there was a problem.
Example figures. General education, not financial or legal advice. Results vary.

Your supplier risk map — this week

- List every supplier and every key tool or person your business relies on.
- Next to each one, write the monthly spend and what happens if it stops for two weeks.
- Circle the top three risks.
- For each of those three, write a backup and one limit.
- Pick the biggest supplier and write a one-page spec before you next ask for prices.

Three things to watch

1. A backup on paper only. If you have never ordered from them, they are not a backup.
2. Too much safety stock. Keep it to the parts (or inputs) that stop a job.
3. Forgetting the people. A key person with no backup is a risk too. Write down how the important jobs are done.

Keep the list, specs and backups in Systex (our own product).

Download extras and the editable sheet: click the link in the description, or go to loftybiz.net

Example figures. General education, not financial or legal advice. Results vary.