



Satisfying Suppliers: A How-To

The supplier is an important business associate to any ecommerce store. The relationship depends on clear forecasts, a well-grounded strategy and a good understanding of the seasonality of stock as well as key events coming up on the calendar and historical performance based on sales figures. This information all needs to merge so that it can all be factored in to the decision making process. The ideal tool to assist with the figures is of course a supplier management software. If you deal with multiple suppliers already then you know how many numbers and sales margins you need to track.

A strong relationship with suppliers can lead to good opportunities. That relationship rests on the level of up-to-date information available when key decisions need to be made. As with everything in business those decisions usually have to be made quickly so a system that's logs information in an easy to follow way is a valuable tool.

What's so important about suppliers?

Suppliers are one of the relationships that can make or break a business and are often equal in importance to the customer. Establishing a strong relationship with them can lead to opportunities in terms of bulk buys, cheap deals on surplus stock, and insider info on upcoming trends. A supplier management software system can help you grow the kind of straight talking relationship that leads to a competitive business model.

The relationship with the supplier is a numbers game as most business is. It comes down to how much you need to order, how quickly you can sell it and when you need to repurchase. If you can be consistent with a supplier then a good relationship will grow and from there you can branch out into bespoke products/services, rolling discounts and even exclusivity on certain lines.

How can Khaos Control help?

Overview

If you're a manufacturer, then you might need to secure resources from a number of different suppliers in order to make your product. If your products are especially complex, or you have a lot of them, then this web of supply can grow enormously complicated very quickly. If those in charge of purchasing are to make good decisions, and good relations are to be maintained between you and your suppliers, you'll need to be able to see at a glance which suppliers are contributing the most to each of your products in turn. At the same time, you'll be able to 'zoom out', and oversee the entire inventory of a given supplier.

Economies of scale

It's cheaper to ship lots of products to the same place than it is to ship them to many. Bulk pricing allows firms to pass these savings onto their customers – and thereby incentivise larger, more efficient orders (and of course, repeat business).

Setting the right bulk pricing can yield considerable increases in custom, and so it's important that those configuring those price breaks are able to adjust them easily and often, and that they've access to information.

Of course, bulk pricing breaks occur at arbitrary thresholds – and savings can be made by ordering just a few more of a given item. The Khaos Control supplier management

software will provide you with notice whenever you're nearing one of these quantities – ensuring that you secure your goods for the lowest possible price.

Lower Administration Costs

Since the system offers its users so much relevant information in a comprehensible form, human workers needn't waste time with unnecessary administrative micro-management, and can instead focus on the tasks to which humans are better-suited than machines: analysing the investments being made, making decisions about future purchasing decisions, and securing a strong and dependable relationship between you and your suppliers.

Measuring supplier performance

We've mentioned that suppliers can differ in quality. A good supplier might lift your business to new heights; a bad one might be dragging it down. But the differences between good and bad might not be so apparent. We might pay special attention to the price of a certain good, and then take a look at the price being offered by rival firms. But a good supplier should not be judged entirely according to price. There are other factors in play which are not so easily quantified.

With the help of supplier management software from Khaos control, you'll be able to keep track of other factors: how quickly are orders being fulfilled? What percentage of your orders are being returned? With access to the cold, hard, numbers, you'll have more than a vague feeling that things aren't as they should be – you'll have the information you need to make better decisions about your purchasing.