

Connector

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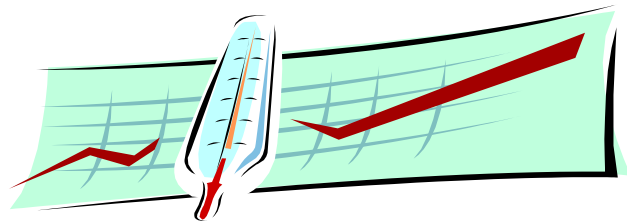
How Healthy is Your Supply Chain?

When is the last time you disaster proofed your Supply Chain? Kent Ruth joined Die-Tech three years ago as the Supply Chain Manager, and one of the first things he noticed was the vulnerability of his supply chain to disruption. "Our number one product line -- comprising nearly ten percent of our annual revenue -- was sole-sourced for both materials and post-stamping electroplating. This circumstance brought to the forefront how important our supplier base is to our success."

How important are your suppliers to your success? What would happen if one of your key suppliers shut down? These are the questions that keep Supply Chain Managers up at night. And, in these very uncertain economic times, the questions become even more important. Normal disaster scenarios, as unforgiving as they may be, are now compounded with the knowledge that the current economic downturn is putting many of your suppliers at risk. And, if it's not your direct supplier in peril, it might be one of *their* suppliers.

So, what can you do about it? What steps should you take now to avoid, or at least minimize, the impact a lost supplier would have on your business? Here's a list of questions Die-Tech uses as a barometer to measure a supplier's "health":

1. What is the financial health of my supplier? Are they struggling to pay their bills? Are they asking for advance payments or early AR retirement? How badly has the economy affected their sales? A financially strapped firm is a lagging indicator of a supplier on the precipice of disaster.
2. Have they done long-term layoffs? Short-term layoffs are not an issue to be concerned about in most cases, but long-term layoffs are an indication a supplier is in



- trouble and sees no near-term resolution. Did the layoff impact the 'tribal knowledge' the supplier needed to be successful?
3. If I lose this supplier, what will the impact be on my operation? If the answer to this question is that operations will very quickly come to a grinding halt what is the backup solution?
 4. When problems occur, how does my supplier communicate the issues? How soon did my supplier let me know a problem occurred? How well did my supplier work with me to resolve the issues? Do they give me timely and accurate information, or do they avoid me and try to 'spin' the issue?
 5. Has my supplier changed their business model? Am I now seeing performance issues that didn't exist before? Has their quality dropped? Has their on-time delivery suffered? Are communications holes developing? Changes to these metrics are a leading indicator of problems with the supplier.
 6. How well does my supplier manage *their* supply chain? Is my supplier at risk for all the reasons listed above?

The key to successful Supply Chain management is open communications with your supplier base. The six questions above are difficult to ask. But action on the front end is infinitely better than waiting until disaster occurs. A little bit of work on the front end will help you sleep at night.

Ready to make a change in your supply chain?
 Call **1-888-89-STAMP** (1-888-897-8267)
 and speak with a business development engineer to
 find out how Die-Tech can assist.