



Is It Too Late to Recession Proof Your Business?

Vendor Stewardship

At the risk of oversimplifying it, the typical business must manage costs and revenues uniquely well to survive and thrive through a recession. While many of the steps may be too late to enact once a recession has hit, there are very effective ways to get on track. Here, we'll address a few specific to your vendors on the cost-management side.

This is in many ways a perfect time to review all vendor relationships. Why?

1. Starting with yourself, through what paradigm do you view vendors? If they are only a cost to be managed, that can work, albeit with limited results as compared to a stewardship prism. I can be of terrific help on this item, via another conversation, but even if only to reduce cost, do read on.
2. Your vendors are likely eager to hear how you plan on treating them; can they expect their business to grow, shrink, maintain in coming months? Will they be experiencing late pays or continued timely pays? Maybe you're in a position to increase your business with them, a shining light for sure!
3. You may find your vendors now more flexible than ever to negotiate terms of service, even if only temporary. If your business is in a stable position compared to some of your vendors' other clients, you can likely ask for more.

And what might you be asking in order to help your business?

1. Consider letting some vendors go while awarding that same service to an existing vendor. This could give you some additional bargaining power, while helping your preferred vendor at the same time.
2. Are there terms and conditions that need revising? With no immediate impact on cash flow, you might find them amazingly compliant. This can include escape clauses, terms of liability, etc.
3. SLAs (Service Level Agreements); get in writing commitments to service levels with financial penalties for misses if needed. Sometimes these can be used to give you a competitive leg up in the market, as well with your customers.
4. Revised payment terms.
5. Add or revise cyber security language.

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