

# Do you care? YES YOU SHOULD!

## Vendor Compliance

If you buy goods or services from vendors in order to effectively run your business, you should care about vendor compliance. Whether you're purchasing from office supply stores, parts and materials manufacturers, service providers, or any other type of vendor, you should have a formal document that outlines the proper procedures and processes that must be followed in order to do business with your company. You rely on your vendors, so you need to make sure that the procurement process goes smoothly. When you create a vendor compliance policy, you can better promote accuracy and efficiency.

Here are some of the reasons why you should care about Vendor Compliance.

### A Smooth Process

The contents in vendor compliance policies will vary, but one of the main reasons companies use such a document is to cover topics that support a smooth process, from start to finish. The policy might include exact steps for packing shipping cartons, how to lay out and place the shipping labels on the boxes, what type of information needs to appear on the packing slips, which pallet dimensions are acceptable, how to communicate status updates, how payment will be processed, and when shipments need to arrive.

When you give your vendors clear and concise instructions to follow, you can avoid a lot of mistakes that will ultimately end up costing you in time and money. A vendor compliance policy will help you to increase performance, including undamaged products, on-time arrivals, and accurate orders, and help you better engage and communicate with your vendors to avoid **Costly Errors**. It will help you ensure that your vendors are operating at the highest standard.

### Social Responsibility

Consumers care deeply about social responsibility in today's sales environment. If a company works with suppliers that use unethical business practices, such as using child labor, pouring toxic waste in oceans, using cancer-causing materials, harming rainforests, or treating animals cruelly, for example, it may lose a lot of customers and clients because of it. A compliance policy will help you to ensure that your suppliers only use fair and ethical business practices while working with your company, so you can protect yourself from a damaged reputation and loss of sales.

### Adherence to Government Regulations

Such a policy is also critical in case legal issues arise. Lawsuits and non-compliance with government regulations won't be good for business. When you adopt vendor compliance, you

can avoid these costly legal problems by ensuring that your suppliers adhere to all industry and government laws, rules, and regulations.

### **Reduce Costs**

A smooth procurement process, where all the steps and requirements are carefully laid out, can drastically reduce the amount of money you spend on procurement. It can also prevent your company from having to deal with costly errors, like late shipments or damaged goods. When all of your vendors follow your regulations and you increase efficiencies, you can save considerably on administrative and operational costs. Considering the amount of money you spend on procurement, the savings could be significant.

### **Easier Problem Solving**

It's never fun to have to go back to a vendor because you're dissatisfied with the products or services you've received, the hidden costs you were hit with, or their customer service level. If something does go wrong, and you don't have a vendor compliance policy in place, you have few avenues to take. You can complain and demand improvements, but without a formal document, you might end up having to absorb the costs of the error anyway. A compliance policy can protect you in case problems arise. You will have recourse for non-compliance, likely by being able to charge the hefty non-compliance fee stated in your policy.