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Knowing your suppliers.

As part of the vendor compliance process there is the task of gathering data about the company – the seller of goods – that desires to establish themselves in a supply chain relationship with your company – the buyer of goods.

Most buying companies will require the traditional profile that includes name, address, corporation records, Dun and Bradstreet profile, GS1 certificate, and perhaps some customer references. But how good is this information and how much more investigation should the buying company do on its own?

According to an article in the July-August 2016 edition of Supply Chain Brain titled “How Supplier Vetting Is Becoming a Numbers Game” between 60 and 70 percent of supplier data is self-reported. And even financial data from a trusted source such as Dun and Bradstreet simply comes from the supplier company themselves, so the veracity of the data may still be in question when the information trail is traced to the source. Private companies are not required to disclose information to the public, so there may be limited information a resource firm like Dun and Bradstreet has to go on.

While the Internet has significantly broadened the ability to search and seek out information on just about anyone and any company, this task represents a burden to be undertaken by the buying company’s vendor compliance or vendor management group or department. How much time should be invested in researching a potential supplier (or customer, for that matter) trading partner? What is the liability for an employee who misses finding some key information such as a news article? Are the employees responsible for these searches trained in investigating competitive information or a related field such as to be properly prepared to undertake this job role?

While there are companies that provide vetting services, there are questions to be asked. Much like employee background services, make sure these service companies rely on databases with recent information, especially if they are purchasing data from other sources including state division of corporations. County records vary greatly in terms of their digital age, with some counties still very far behind in moving from paper to digital records. At the county level is where you will find the most information about a person, not at the city, state, or federal level. As such if you are going to investigate the owners of a potential supply chain partner’s business, you’ll want to get to the county level, and that can be tricky depending on where they have lived and for how long.

Knowing your suppliers, and your supplier’s suppliers, can be critical in ensuring the safety and security of your supply chain and in ensuring the health and safety of your customers.

“Buyer beware” extends to not just consumers but to supply chain buyers as well.

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