

Suppliers can be a critical component of your growth and survival. Your approach to suppliers needs to be part of your strategic plan, since almost every company, whether product or service oriented, is dependent on suppliers. Many people seem to get this supplier issue wrong. They feel that because they write the order, they are in the dominant position and can exploit it with unreasonable demands upon their suppliers, including personal perks.

Please, let's get this right! You need good and reliable suppliers. When you find them, treat them like gold. Work as hard on building a supplier relationship as with any other one.

Be loyal to your good ones. They are essential to your good health and your growth. They are a nuanced Bootstrapping strategy.

## How suppliers impact your business

Let's briefly look at all the ways they can impact your company.

**Quality.** Whether you purchase a component, finished product, or service, suppliers can positively or negatively affect the quality of your product. Higher quality increases customer satisfaction and decreases returns, which add cash to your bottom line.

**Timeliness.** Their timely deliveries are crucial to how customers view your reliability. Their quick turnaround becomes the key to your minimization of inventory, which in turn translates to less risk of inventory obsolescence and lower cash needs.

Competitiveness. They can keep you competitive and one-up on your competition based on their pricing, quality, reliability, technological breakthroughs, and knowledge of industry trends.

Innovation. They can make major contributions to your new product development. They are working to be on the cutting edge of innovation of their product. The good ones will understand your company, its industry, your needs, and help you accordingly in your new idea execution.

Finance. They can be a major and constant source of financing for you. Your payment terms to them can be an important source of money because their extended terms don't usually carry interest. If over a period of time you've proven to be a trustworthy, considerate, and loyal customer, you may be able to tap into them for additional financing in your growth mode—or if you run into a cash crunch. It may take the form of postponed debt, extended terms on new purchases, a loan, or an investment in your company. . . all of which improve your cash position.

The best way to become a great customer of a supplier is clearly to PAY YOUR BILLS ON TIME.

Paying your bills on time in your personal life CAN improve your credit and integrity rating.

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