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Efficient Vendor Management to Increase Your Company's Performance

India is now one of the fastest growing economies in the world. The recent interventions in industrial growth coupled with thriving government policy push, have helped Indian companies to enhance their innovations and offerings and ensure higher productivities. In this process, organisations collaborate with several partners to ensure efficient outcomes. This brings us to a key business aspect, i.e., vendor management, the process of shortlisting and finalising vendors for a particular task/project.

The pool of vendors can expand to include partners for logistics, suppliers, manufacturers, technology support, distributors, and more. Vendors are crucial to an organisation's success. Hence, it's important to onboard the right ones. Why do companies need vendors? Often, it is easier to collaborate with an external expert rather than build that expertise in-house. This allows the company to focus better on their core offerings. It is time and cost effective and saves heavy investments in the form of research and development.

However, external vendors come with a wide range of risks – operational, compliance, financial and reputational among

others. As companies work closely with vendors and there can be a lot of exchange of critical data, it is important that a systematic vendor assessment process is followed. A non-evaluated vendor is always risky in the long run and thus, it's critical that companies take vendor evaluation seriously.

When selecting a vendor, it is important to do a thorough check on the vendor's background and past records to analyse their capabilities and if they are a right fit. While, this can be a time-consuming process and may sometimes need focused expertise, it needs to be a high-priority task as lack of a proper assessment can cause huge risk to the partnering company. A



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vendor assessment guide is therefore a boon, especially for India's budding start-ups and MSMEs.

Key factors to consider when assessing a vendor

Business Information and credit reports are key to assessing a vendor. These reports come with basic to in-depth information providing insights on the following aspects –

- **Identification:** Highlights important company information such as registration details, legal

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forms and address to map the correct details on a vendor. Includes details on industry code, number of employees, and all information enabling companies to be classified that can be a great reference point for the partnering company

- **Risk Assessment:** Provides a rating to understand the risk level

combined with a credit limit to get further insight into company vulnerability. This also screens if the vendor has any credit-related defaults that can be critical for the partnering company

- **Financial Information:** Provides relevant financial data, balance sheets and ratios to evaluate the financial strength of the business. This can significantly help in enhancing the decision-making process
- **Historic Data:** Factors any major changes or significant legal events such as changes in officers, acquisitions, fires or natural disasters, critical suits of bankruptcies among others. Business Information reports are smartly designed to map each of these essential historic parameters
- **Company Structure and Relationship:** Details the present and past senior management profiles that can serve as a good benchmark for knowing the leadership health of the company.
- **Bank Details:** Details like bank name, address, and bank branch used by the company, if available.

When collaborating with international vendors

Today, technology has diminished geographical boundaries and companies are increasingly willing to integrate with vendors overseas as well. In such situations, lack of right information for vendor assessment should not be a limiting factor for partnering companies. To solve for this challenge, industry experts have built capabilities to evaluate vendors irrespective of their locations. There

are several players that provide business information reports. For instance, International company reports by CRIF India has details on nearly 200 Million companies across the globe. This can empower businesses to take the right decisions irrespective of their vendor's geographical presence. As many companies are scaling up without any boundaries, this is truly an enabler.

Vendor management does not end with the selection of the vendor. It is a continuous association and needs frequent interventions to monitor the health of the vendor from time to time. It is therefore a best practise to check the business information report of vendors consistently. With the right customised business optimisation tools and intelligence reports, organisations can be focused on driving productivity and be risk-free with the right partners in the journey.

About Wilfred Sigler

Wilfred Sigler is the Director of Sales & Marketing at CRIF India. Across the five years, he has been driving cross functional operations across business development, sales & credit in the retail asset domain. Wilfred is responsible for managing all sales efforts and contributing to the company's success with a dedicated and performance driven approach. He also looks after strategy building towards new product launches. He is an eminent business manager with a career span of almost two decades and has worked with renowned financial services companies like Experian, AIG Consumer Finance and GE Money. Wilfred holds a diploma in Marketing and B. Com (Hon.) degree in Business and Commerce.