

CASE STUDY

# Evaluating Your Suppliers to Optimize Performance

Evaluating how effectively your suppliers support your business goals can influence the trajectory of your business. This case study shows how Sarah, the owner of The Rest & Relaxation Spa, reviewed her relationship with a key supplier and outlines what she considered during her assessment.

**Background:**

Sarah is a professional aesthetician who’s worked for 10 years in the luxury spa industry. Three years ago, she took the leap and opened The Rest & Relaxation Spa. Through loyal client referrals and a focus on sustainable green products, she’s been able to grow her business successfully.



**Problem:**

Sarah provides her clients with green beauty products during spa services and sells them in the spa’s store. Her current vendor had two delayed deliveries this year because of [supply chain disruptions](#), causing an issue for Sarah to keep products stocked on her shelves and provide the full menu of services for her customers.

Sarah is asking herself: Should I keep this vendor or find a new one?

**Approach:**

To determine if she should consider an alternate vendor, Sarah evaluated her current vendor relationship against the Communication, Performance and Trust framework below.

Communication	Y/N	Comments
Do you <b>communicate regularly and effectively</b> with your supplier?	Y	<i>We get weekly summaries from them with status updates and flags.</i>
Are <a href="#">communication norms and expectations</a> clearly established?	Y	<i>Generally communicative partner.</i>
Do you have a <a href="#">contract or other documentation</a> outlining roles and responsibilities?	Y	
Are <b>business goals and expectations</b> clearly established?	Y	

Performance	Y/N	Comments
Are <a href="#">key performance indicators (KPIs)</a> clearly defined?	Y	
Has your supplier been <b>meeting KPIs or other success metrics</b> ?	N	<i>They almost always meet their KPIs (timely delivery) except for the two delayed deliveries this year due to supply chain disruptions.</i>
Does your supplier <b>adapt well to a change</b> in plans?	N	<i>We're both stressed when shipments are delayed because of upstream issues.</i>
Is your supplier <b>timely and reliable</b> ?	N	<i>They usually are, except for these two delayed deliveries.</i>

Trust	Y/N	Comments
Do you <b>feel alignment with your supplier</b> (e.g., mission, goals, business philosophy, values)?	Y	<i>Yes! We're committed to green beauty products and healthy, clear communication.</i>
Do you seek <b>strategic advice</b> from your supplier?	Y	<i>Sometimes we connect for ad hoc brainstorming and problem solving.</i>
Does your supplier <b>act honestly and fairly</b> ?	Y	<i>We're both stressed when shipments are delayed because of upstream issues.</i>
Do you <b>trust</b> your supplier?	Y	<i>Generally, yes. The delayed delivery issues were out of their control.</i>

### Next steps

Because Sarah's relationship with this vendor is generally strong from a communication, performance and trust perspective, she doesn't want to end the partnership. However, in order to ensure her shelves are stocked and she's able to deliver her full menu of services, it makes sense to (1) discuss alternative products or processes to avoid [supply chain disruptions](#) and (2) add a [milestone check-in](#) to their regular workflow to discuss learnings or to implement best practices in case the disruptions continue.

# Key terms

**Communication norms and expectations:** The standards and ground rules dictating how people or teammates engage. For example, having a regular cadence (e.g., daily, weekly, monthly, etc.) of check-ins with your vendor or supplier can be helpful. Consider assigning one party to be on point for sharing an agenda before the meeting, as well as takeaways or action steps after the meeting, and track progress against an agreed-upon schedule.

**Contract or other documentation:** Establish expectations of both parties, goals, price and payment and deliverables in writing.

**Key performance indicators (KPIs):** Quantifiable measures of performance that provide clear targets and allow you to evaluate progress and make data-driven decisions. KPIs should be reviewed regularly for any necessary adjustments to align with business goals.

**Milestone check-in:** Takes place at the end of a milestone or project and allows involved parties to reflect on what went well and what could be improved. The “start, stop, continue” model is a helpful framework to leverage.

**Supply chain disruption:** Any event that causes a disruption in the production, sale or distribution of products. Since the COVID-19 pandemic, there have been unprecedented delays in the delivery of products and raw materials across industries, resulting in supply shortages, inventory placement challenges and reduced productivity.

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