

Case study

Evaluating how effectively your vendors 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 current situation with a key vendor and outlines what she considered during her assessment.

Background: surviving a pandemic

Sarah is a professional esthetician 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, social media and a focus on sustainable green products, she's been able to grow her business and keep her doors open during the pandemic.



Problem: delivery delays

Sarah provides her clients with green beauty products during spa services and sells them in the spa's store. Due to the pandemic, 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: Evaluate if she keeps and/or adds a new vendor

To determine if she should keep her current vendor or add a new one, Sarah evaluated her current vendor relationship against the Communication, Performance and Trust framework below.

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

Performance	Y/N	Add any other comments
Are key performance indicators (KPIs) clearly defined?	Y	
Has your vendor been meeting KPIs or other success metrics ?	N	<i>They almost always meet their KPIs (timely delivery) except for the two delayed deliveries this year due to COVID supply chain disruptions.</i>
Does your vendor make it easy to work with them ?	Y	
Does your vendor adapt well to a change in plans or when things do not go as expected?	N	<i>We're both stressed when shipments are delayed because of upstream issues.</i>
Is your vendor timely and reliable with their work?	N	<i>They usually are, except for these two delayed deliveries.</i>
Is your vendor meeting your needs for your current business goal(s)?	N	<i>Not now; they're great except for when there are supply chain issues.</i>

Trust	Y/N	Add any other comments
Do you feel alignment with your vendor (e.g., mission, goals, business philosophy, common values)?	Y	<i>Yes! We both love my business and we're committed to green beauty products and healthy, clear communication.</i>
Do you seek strategic advice from your vendor?	Y	<i>Sometimes we connect for ad hoc brainstorming and problem solving.</i>
Does your vendor act honestly and fairly ?	Y	
Do you trust your vendor?	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, due to the uncertainty COVID has introduced, it makes sense to (1) discuss alternative products or processes to avoid [supply chain disruptions](#) while (2) exploring a potential backup vendor to reduce the risk.

New targeted conversations

- ✓ Share new business goals and reduce supply chain disruptions with current vendor.
 - Are there alternative products she should consider?
 - Are there alternative processes she should consider?
 - Do they have a referral for another vendor that can serve as backup?
- ✓ Add a [milestone check-in](#) to their regular workflow after key milestones or on a monthly basis so they can apply new learnings or best practices going forward, including ways to be more prepared for supply chain interruptions.

Key terms

Communication norms and expectations: The standards and ground rules dictating how people or teammates engage. For example, having a regular cadence (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, takeaways or action steps after the meeting and track progress against an agreed-upon schedule.

Contract or other documentation: A helpful way to establish expectations of both parties, goals, price and payment and deliverables. While a contract is ideal because it's signed and legally binding, at a minimum, it's helpful to write these elements down and reach consensus via email.

Key performance indicators (KPIs): Quantifiable measures of performance that provide targets to shoot for and allow you to gauge progress and make better decisions. KPIs should have a clear objective, be shared with stakeholders, reviewed regularly and allow you to readjust the KPI or your processes accordingly (e.g., increase sales by 10% by the end of the year).

Milestone check-in: Takes place at the end of a milestone or project and allows everyone involved the opportunity to reflect. Leveraging the "start, stop, continue" model is a helpful tool to guide the conversation. Have everyone spend the first 2-5 minutes writing down their own ideas: what should you/the team start, stop, or continue doing next time? In other words, what worked well and what didn't? Then go around and have each person share their thoughts and discuss ways to improve.

Supply chain disruption: Any event that causes a disruption in the production, sale or distribution of products. During the COVID-19 pandemic, there have been unprecedented drops and surges of demand for different products and industries, supply shortages, inventory placement challenges and reduced productivity, resulting in an array of supply chain issues.

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