

## ***Are you effectively managing your suppliers?***

*by Hugh large*

Successfully managing and operating a convenience store in today's difficult and competitive environment is a challenging and stressful job. Not only do C-Store operators need to cope with long hours and the difficulty of finding and keeping good staff and supervising a 7 day a week operation, but they also have to worry about more demanding consumers, increasing competition, shrinking margins and increasing operating costs.

With all of these things going on, it is not surprising that many retailers turn to their direct-to-store / off-truck suppliers to help them with product selection and ordering for the supplier's section within their store.

What is surprising is that in many cases the retailers seem to forget that it is their store, their customers and their inventory dollars and they don't spend enough time adequately supervising what the suppliers are doing.

In my frequent visits to a broad cross-section of convenience stores I often find these direct supplier's sections with inventory levels far greater than is needed, slow selling products that have never been removed, stock spread in a variety of places around the store, and even cases where the sections are out-of-stock because the sales rep has forgotten to call.

If you believe that you need to stock the brands and products that are supplied by these direct / off-truck suppliers, there are a number of things that you need to do to make sure that they are providing an effective and valuable service, specifically:

- You need to make sure you and the supplier have a clear understanding of when and how frequently they will service your store.
- You need to both agree on exactly what products they are going to supply.
- You need to both be clear about what they are going to do each and every time they call to service your store, i.e.
  - Do they straighten out their section?
  - Do they remove damaged products and give you credit?
  - Do they check for slow selling products, remove them and give you a credit? How long do you have to keep a product before you can determine if it is a slow seller?
  - Do they price their products at prices you agree with and that will not offend your customers?
  - Do they merchandise the section before they leave?
- You need to both agree on a specific space or area that they can use to display their products and make sure they understand they are not to go beyond that space without asking.
- You need to make sure that you review the order they are going to place and ask questions to make sure you understand what they are ordering and why? Are they providing you with the "best sellers" your customers want or are there too many fringe products?
- Ask them to commit to providing you with regular sales results, either weekly, monthly, or quarterly, so that you can measure their performance and make sure that their space and products are producing adequate sales and a return on your investment.

Although direct-to-store suppliers can usually provide you with a valuable service, it must be noted that they may not necessarily have the same objectives that you have. They may be more interested in selling to you what they have available rather than the products your customers want to buy.

*It is only by working closely with these suppliers and by setting clear guidelines and objectives, that you can ensure that they are satisfying your needs and more importantly the needs of your customers.*