

How to manage your suppliers

Last Updated: 10 March 2021

Suppliers are a crucial part of your business. This page provides information on how to find suppliers, negotiate contracts, build and maintain relationships and resolve disputes with suppliers.

Suppliers

A supplier is an individual who sources items at a suitable price for your business. They supply the business with the right materials, products and/or services to be able to conduct business. Having good relationships with suppliers means you can find and receive goods and services at the right price within the right timeframe.

Suppliers don't only supply your business with products and other physical supplies — they may also supply a service to your business. These suppliers could include:

- banking and financial services
- utility services
- property suppliers
- internet and phone services
- insurance products

Finding a supplier

It can take time and research to find the right suppliers for your business. Having a reliable supplier means you can provide your customers with quality products and services at the right price.

Before you take on a new supplier, have a look at the following steps to help you find the right supplier for your business.

1. Research suppliers

You'll need to do some research to find a supplier you're happy with. Here are some ideas to get you started on finding suppliers for your business:

- search online for wholesalers
- attend an industry event or exhibition
- join an industry group, forum, and/or professional network
- use an industry database or association website to find a list of local suppliers
- talk to other businesses to get a personal recommendation

2. Compare and choose your suppliers

Once you have a list of potential suppliers, you'll want to compare them. Your suppliers will provide different services, offerings and features. You need to determine which ones best fit your business.

You can compare suppliers on the following factors:

- **Price**– affordability is important to consider as this can affect your bottom line. However, it's equally important to remember that cheap doesn't necessarily represent value for money. If you pass poor quality products on to your customers, or compromise on service because of your supplier, you'll run the risk of damaging your business's reputation.
- **Reliability** – can the supplier deliver the right goods or services on time?
- **Size of supplier** – large suppliers generally have enough resources and systems in place to make sure they can still deliver on time if anything goes wrong. However, you may be able to establish a closer relationship with a smaller supplier.
- **Stability** – find out how long the supplier has been in business for. An experienced supplier might be a better choice for your business, particularly if you want to have a long-term contract, or if they're the only supplier of a certain item. However a new supplier may be able to work with you to provide a better service, allowing you to grow your businesses together.
- **Location** – suppliers that are located further away might mean longer delivery times and extra freight costs. Local suppliers might be better if you need something quickly.
- **Supplier background** – make sure you ask for a supplier's references and check them. You can also search the [Personal Property Securities Register](#) (PPSR) to find out if the goods the supplier is selling are being used as security for a debt or other obligation.

[Find out more about how you can use the PPSR to help protect your business by reading *Why use the PPSR?*](#)

Finding and choosing suppliers checklist

The checklist from Business Victoria can help you understand what to look for in a supplier. If you're already running a business, you can use it to improve your existing supplier procedures.

The online checklist gives tips on:

- what to check for when choosing a quality supplier
- making a shortlist of preferred suppliers
- setting payment and delivery terms
- how to maintain a good relationship with your supplier
- questions to ask when ordering stock

[Learn more](#) 

3. Negotiate contracts with suppliers

Now that you know which supplier you want to do business with, you can start to negotiate a contract with them. It's a good idea to document the terms in a written contract to minimise disagreements about each party's rights and responsibilities. The contract should document details, such as:

- what you want
- what you'll get
- how much you'll pay
- when you'll need to pay

You may also want to negotiate other factors such as delivery times, payment terms and the quality of the goods.

Remember that if you want to do business with the supplier in the future, you should aim to negotiate outcomes that both parties are happy with.

Your contract should include:

- the goods or services to be provided
- price and payment terms
- timeframes

- delivery terms
- warranty periods
- insurance responsibility
- dispute resolution terms
- termination and exclusion clauses

Make sure you know who you're doing business with – do background checks on your suppliers before you sign with them.

- Look up their Australian business number [☐](#) (ABN) to identify the person operating the business.
- Search for them through the Australian Securities & Investments Commission (ASIC) Business Checks [☐](#).

When you negotiate a contract, you may also want to seek legal advice to understand the terms.

→ HOW TO NEGOTIATE A GOOD CONTRACT

4. Maintain relationships with your suppliers

Your relationship with suppliers can directly influence your business. Once you've found the right supplier it's important to develop a productive and professional relationship with them.

The following tips can help you establish good working relationships with your suppliers:

- Set up regular times to communicate with your suppliers.
- Discuss issues or concerns in an open and honest way.
- Actively listen to advice and feedback.
- Provide feedback and report issues early.
- Keep track of your supplier's performance.
- Agree on a standard ordering process.
- Pay your accounts on time.
- Stay organised and try not to change or rush orders.

Your business is important to your supplier, but also remember you're just one of their many customers. Give your suppliers the benefit of the doubt if your needs aren't instantly met, be a great customer to them.

5. Review your suppliers

Once you've selected a supplier and start working with them, it's important to continually review, evaluate and maintain your relationship with them.

Regularly monitor your suppliers against your business's priorities. As your business and the suppliers grow, often the priorities change. This can result in contract changes or changes in supplier.

Here are some common reasons you might need to change:

- You've found another supplier who's better value for money.
- You need to cut down on your expenditure to increase your business's bottom line.
- Your business has grown and you've found a supplier who can better fulfil your changed needs.
- Your current supplier is closing their business, or no longer stocking the items you need.
- Your current supplier contract is expiring and you want to check out other suppliers before renewing the contract.

Whatever your reason, make sure you take the time to go over your decision carefully. Changing suppliers will mean having to rebuild trust and relationships, which can take time and energy. It might be more cost-effective to stay with your current suppliers and renegotiate your contract.

Make sure you consider all your options before making the switch.

6. How to resolve disputes with suppliers

While you can do your best to develop strong and productive relationships with suppliers, sometimes disputes arise.

Most disputes can be resolved quickly using a common sense approach.

Our tips may help you identify and resolve the issues quickly and easily:

- **Check your facts** – if you have a written contract, read it carefully. Your contract may help you understand the problem, or help you identify a dispute resolution clause.
- **Contact your supplier** – you may find a resolution by simply talking through the issue with your supplier.
- **Listen** – if you put yourself in your supplier's position, you may be able to recognise the issue.

- **Keep records** – records will help you keep track of what has happened. You may need these records if you take the matter further.

Remember, the issue could be a simple misunderstanding. You may not know all the circumstances or facts. Give your supplier the benefit of the doubt!

If you're having difficulty resolving the issue, there are agencies you can contact for help, depending on the situation. These include:

- the [Australian Small Business and Family Enterprise Ombudsman](#) 
- Small Business Commissioners (where available in your state)
- [state or territory consumer protection or fair trading agencies](#) 

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