

## **Business Services Common: Poor service from Supplier**

The business is constantly not receiving the supplies it requires. This disrupts the quality of service the business provides to its customers.

### **Indicators**

- There are large variances between actual results and what is budgeted for in daily or weekly production.
- The business is often required to return supplies.
- Numerous employees have the power to lodge orders but there is no central record of these orders.
- Supplies are frequently received late.
- Overtime expenses and unproductive time are increasing.

### **Causes of the problem**

- There are no employees specifically responsible for control of the overall ordering of supplies.
- The supplier is inefficient.
- Orders are not placed in a timely manner.
- Raw material inventory levels are not constantly examined to determine whether more are required.

### **Short term solutions**

- If the supplier is constantly delivering wrong or late orders, liaise with them to determine why this occurs and whether the business can assist in solving the problem. If the problem is going to continue, search for a new supplier.
- Designate specific employees with total responsibility for co-ordinating all orders and maintaining predetermined inventory levels.
- Examine all overtime reports and determine whether their cause is supplier related.

### **Long term solutions**

- Liaise with suppliers to determine the optimum period between the time of ordering and the required delivery date. Institute procedures whereby all orders are placed within this time period.
- Determine optimum inventory levels for smooth production, examine the possibility of implementing Just In Time inventory control.



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