



## 11 Ways to Manage Supplier Risk in Times of Business Uncertainty

Following years of economic stability and growth, we are now confronted with unprecedented disruption to global supply chains. Now, Finance and Procurement leaders must get a complete understanding of their suppliers' health and take action to reduce risk across their business.

### Here are 11 steps to reduce your supplier risk today:

- 1. **Continuously monitor supplier health to flag emerging risks.** Monitor supplier risk and optimize your supply base with risk scores drawn from external data sources and actual supplier performance data from a large community of *their* customers.
- 2. **Tap into multi-dimensional supplier risk ratings.** Measure your supplier risk by looking at multiple data points such as financial risk, judicial filings, and news sentiment. Use a digital platform with risk management technology to create a risk score for every supplier at scale.
- 3. **Understand N-tier risk across the supply chain.** Make sure you have insight into not only third-party risk, but also the suppliers that supply their business (and their suppliers and so on).
- 4. **Access critical risk domains to manage third-party risk.** Constantly evaluate your supply base on critical risk domains including Operational Resilience, Information Security, Bribery and Corruption, and more.
- 5. **Automate your supplier management.** Digitize processes to help your supplier and your team navigate work-from-home relationships now while increasing efficiency over the long run. Surface requests for missing supplier information when issuing new POs or when suppliers submit invoices to get the information you need without chasing them.
- 6. **Get transaction-level visibility with each supplier.** Make sure you can easily understand your spend by supplier risk level, as well as all transactions, disputes, and rejected invoices for each and every one of your suppliers.
- 7. **Develop contingency plans.** Do more than monitor supplier risk. Take instant action based on risk scores and recommendations. Put high-risk suppliers on hold to immediately freeze all transactions as needed and/or review alternate suppliers.
- 8. **Help smaller suppliers with liquidity.** If your business is able to, offer to pay key suppliers struggling with cash flow issues early. Consider paying struggling suppliers with a "virtual" credit card at the time you issue each PO, helping to help keep suppliers afloat. This reduces the risk of disruption to your business with minimal impact to your cash flow.
- 9. **Move from paper to digital checks.** If you are still using paper checks to pay suppliers, now is the time to move to digital. With digital checks, you can reduce costly delays and late payment fees. You can also pay suppliers easily while working from any location—even your home office.
- 10. **Ensure full visibility into spend at risk.** Use a comprehensive business spend-management platform that provides visibility into POs and invoices with risky suppliers.
- 11. **Realign the supply chain as needed.** Replace risky vendors with trusted suppliers by using an algorithmically optimized sourcing process. Increase redundancy and diversify your supplier base by geography to minimize risks.

**By following each of these 11 steps, you can significantly reduce risk across your supplier base.**

Access the Success Framework for Building Resilience in Times of Business Uncertainty at [www.coupa.com/resilience](http://www.coupa.com/resilience)