



bidding low, they must be cutting corners. Cutting corners increases risk, and no one wants more risk. On the other hand, if the supplier is charging more, they must be sending you a better product, right? They wouldn't just raise their prices to protect their profit margin, and outsource to a cut-rate supplier themselves, would they?

There are three things you can do to try and prevent your suppliers from doing so, and reduce the risk that you will find yourself in the headlines as a result of another recall.

You can monitor the entire supply chain yourself, all the way back to the source. You can also ask for International Standards Organization certification, and make sure your suppliers use a Hazard Analysis Critical Control Points plan and Good Manufacturing Practices. Finally, you can ask for third-party inspections.

Believe it or not, some companies, especially in the restaurant industry, have started monitoring the supply chain all the way back to its source.

It isn't enough for them to know that their distributor is reputable. It isn't even enough for them to know that the shipper who gets the product to the distributor is reputable. They want to go all the way back to the farm, and see that every step of the chain is doing everything it can to reduce risks. Any weak links are ruthlessly culled out and replaced.

Sure, that sounds great. But what if you don't work for a company big enough to spend the time and the money policing the entire supply chain? How about if your supply chain starts somewhere overseas that is difficult to monitor? What then?

If you can't go all the way back to the beginning of the supply chain, you can at least find out if the parts of the supply chain you can reach are using HACCP plans and GMPs and ideally are ISO certified.

HACCP was developed by NASA when they realized they could not guard against absolutely everything. Their theory was that risk prevention should focus on identifying and controlling the most serious risks, rather than every possible risk. The corollary to HACCP is GMPs. If a company is using GMPs, they should be reducing or avoiding the worst hazards. ISO certification, whether under ISO 9001:2000 for supply-chain quality or the newer ISO 22005:2007 for the food chain, is often seen as the gold standard for a company's procedures.

But is it enough for a supplier to tell you that they have (and follow) a HACCP plan and use GMPs?

While that is clearly a start, verification is in order. If you can't do it yourself, ask about third-party inspections. Every industry has its version of the Good Housekeeping Seal.

If your supplier is being inspected by a reputable third party, you have some assurance that the supplier really is doing what they say they are doing. Although these inspections are not perfect, they do mean that someone is helping you look for weak links in the chain. By eliminating the weak links, you reduce the risk to your company and its reputation.

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## Eliminating the Weakest Links

OK, you've learned your lesson. After a steady diet of headlines of recalls of food, drugs, toys, cars, and just about everything else you can think of, you've made up your mind. As of this moment, the purchasing department is no longer allowed to take the lowest bidder. After all, if a supplier is

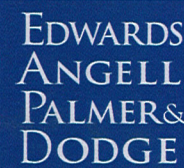
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