



BUYLAWS

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Certified purchasing manager with expertise
in industrial manufacturing equipment

Before awarding business to a small company—or to anyone, for that matter—one must balance evaluating capabilities with encouraging innovation from which you can benefit.

OCCASIONALLY A REALLY GOOD IDEA comes up when working on a project. It might represent a faster cycle time, streamlined process, or a real process improvement. In today's manufacturing environment the pressures for making things faster, cheaper, and better are relentless. However, what appears to be a great idea for reducing cycle times or for a real process improvement may involve more than just operational or technical concepts.

Consider the following scenario: an engineer is tasked with improving the cycle time for a particular operation. A scope of work is written and sent out in the Request for Quote package. Among the responses is a quote that contains this interesting idea. The project team reviews it, compares it with other quotes, and decides to contact the bidder to come and make a presentation. The bidder arrives on the right day and time to explain his quotation and the ideas behind it. During the meeting, though, the project team learns that it is dealing with a one-man shop.

For a moment, there is silence, and then the questions for the bidder start: How long have you been in business? Do you have any silent partners? What is the current financial condition of your company? Can you provide the names of customers that can be contacted for references? What happens after you get the order? Do you perform all of the work, or do you subcontract any of it to outside suppliers? What is your area of expertise, what do you do best? How do you keep track of the orders that you receive from other customers? Is this project one that you can take on and meet all of the technical and timing requirements? Are you trying to sell your business or acquire a partner or two?

Depending on the complexity of the project, the estimated cost, and timing requirement, placing an order with a one-man shop may be worthwhile in terms of purchase cost. Such a supplier would have very low overhead, and could possibly be the low bidder. Also, there might be a great opportunity to develop a new supplier that can provide needed equipment and help grow business.

However, there are risks that must be considered when faced with this situation. For example, does the supplier have the resources to handle the project? These include financial, managerial, and operation resources. What happens if the supplier is incapacitated in some way, or even dies

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unexpectedly? What are the consequences if the supplier sells his business, and if the supplier goes out of business several weeks or months into the project, what are the ramifications of such a possibility? What happens if the supplier runs out of money and asks for more?

These are hard questions that not only must be asked, but answered as realistically as possible. They are important for the project engineer, to enable him or her to make a good business decision for the project at hand. Having to explain lost time and the need to restart a project because the one-man shop failed is something that no one should have to do, or would want to do more than once.

The project engineer should perform as much due diligence as possible before deciding to award the business to the one-man shop. Visits should be made to other customers, and banking contacts should be questioned about this supplier's financial history and potential for the future. Before awarding the business the project engineer should visit the supplier's place of business to assess its capabilities, tools, and resources.

In the end, not awarding the business to a one-

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man shop may be the most prudent decision due to the potential risks involved in dealing with such a shop. The decision should not be taken lightly because new, innovative, process improving, and cost reducing ideas contain great potential, both for the immediate project and for future requirements. There are countless examples of exciting and profitable ideas that were created by individuals. Finding, exploring, and evaluating these ideas and their creators is part of the process, but it is not one that should be dismissed out of hand. 🚫