

Supply Chain & Procurement for Small Business — Workbook

This workbook turns the course into a working buying system for your own products. You will score your real suppliers, build purchase orders and a three-way-match log, calculate reorder points and order quantities for your best sellers, and build a true landed-cost model. Work through one section per module, then keep using the templates every month in your procurement review. Wherever a cell is a total, subtotal, or calculated value, leave it blank and fill it from your own numbers.

Choosing Suppliers You Can Actually Rely On

Move from picking the cheapest quote to scoring at least three suppliers on total value and qualifying them before you commit.

Exercise: Total-Cost Reality Check on a Current Supplier

Pick one supplier you currently buy from for a meaningful product. Pull their unit price, then write down the four hidden cost factors taught in the course and answer the prompts honestly. The goal is to feel how far the real cost sits above the quoted price before you build a formal scorecard.

- What is the supplier's quoted unit price, and what payment terms do they demand?

- Roughly what percentage of their shipments arrive defective, damaged, or short, and what does that do to your real cost per good unit?

- What is their real lead time from your reorder decision to goods on your shelf, and how much extra stock do you carry because of it?

- Knowing all four factors, is this supplier actually cheaper than you assumed, and would you re-sign them?

Worksheet: Weighted Vendor Scorecard

Choose one important product and list three suppliers across the rows. Set your weights in the header so they sum to 100 percent, then score each supplier 1 to 5 on every criterion. Leave the weighted-score and total columns blank; you will multiply score by weight and add them up yourself to find the winner.

Supplier name

Quality score (1-5)

Landed cost score (1-5)

Lead time score (1-5)

Reliability / OTIF score (1-5)

Payment terms & MOQ score (1-5)

Communication score (1-5)

Weighted total (leave blank to calculate)

Rank (leave blank)

Checklist: New-Supplier Qualification Checklist

- Ordered a paid sample and inspected it against the written spec
- Confirmed the business is legally registered and, for factories, has an audit certificate
- Requested two trade references and actually called both
- Sent one awkward question and judged the speed and clarity of the reply
- Obtained the full volume price-break table, not just a teaser price
- Checked for red flags: no references, prices far below all rivals, or 100 percent up-front demanded
- Recorded everything learned in a one-page supplier profile

Running Purchase Orders That Prevent Disputes

Replace casual email orders with proper purchase orders, the right terms, and a three-way match that protects every payment.

Worksheet: Purchase Order Builder

Draft a real purchase order for your next order using the fields below. Fill the description, quantity, price, dates, and terms exactly; vagueness is what causes disputes. Leave the line total and order total blank to calculate from quantity times unit price.

PO number (sequential)

Supplier name and contact

Item description with SKU or part number

Color / size / grade if applicable

Quantity with unit of measure (units / cases / pallets)

Unit price and currency

Line total (leave blank to calculate)

Required delivery date

Ship-to address

Payment terms (e.g. Net 30)

Incoterm (e.g. EXW, FOB, DDP)

Order total (leave blank to calculate)

Exercise: Early-Payment Discount Decision

Find a recent or upcoming supplier invoice that offers terms like 2/10 net 30. Walk through whether taking the early-payment discount beats holding your cash, using the prompts. Decide and note the action.

- What is the discount percentage and how many days early must you pay to earn it?

 - What is the dollar value of the discount on this specific invoice?

 - Do you have the cash to pay early without straining anything more urgent this week?

 - Given the effective return, will you take the discount, and what is your default rule for future invoices like this?
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Checklist: Receiving and Three-Way-Match Checklist

- Counted cartons against the packing slip before unloading finished
- Opened a sample to inspect for damage and correct items
- Photographed and noted any shortage, damage, or wrong item the same day
- Recorded exceptions on the delivery receipt before signing it
- Matched the supplier invoice against both the PO and the receiving record
- Investigated any price or quantity mismatch before releasing payment
- Checked the invoice is not a duplicate of one already paid

Planning Around Lead Time So You Never Stock Out

Measure real lead time, then calculate reorder points, safety stock, and a sensible order quantity for your A-class best sellers.

Worksheet: Lead-Time Segment Map

Pick one important product and reconstruct three recent real orders. Fill in the days for each segment from your records and emails. Leave the total-lead-time column blank to add up yourself, then note the average and the range across the three orders.

Order reference / date

Order processing days (decision to PO accepted)

Production days

Transit days

Customs / clearance days

Receiving & put-away days

Total lead time (leave blank to calculate)

Exercise: Reorder Point for a Best Seller

Choose one A-class product and calculate its reorder point using the course formula. Gather the inputs from your last 60 to 90 days of sales and your measured lead time, then work the formula. Do the multiplication and addition yourself rather than guessing the answer.

- What is your average daily sales for this product over the last 60 to 90 days?
 - What is your real measured lead time in days, not the supplier's quoted production time?
 - How many units of safety stock cover your worst realistic demand spike and lead-time slip?
 - What is the reorder point when you compute average daily sales times lead time, plus safety stock, and at what stock level will you now place the order?
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Checklist: Inventory Planning Health Check

- Calculated a reorder point for every A-class product
- Based safety stock on a chosen service level, not a round-number guess
- Used real measured lead time, including your own processing and receiving
- Estimated annual carrying cost as a percentage of inventory value
- Ran an EOQ or order-size check before accepting any volume discount
- Scheduled a quarterly recheck of all reorder numbers

Cutting Cost and Managing Supplier Risk

Build a true landed-cost model, classify products and suppliers to focus your effort, and stand up a monthly procurement review.

Worksheet: Landed-Cost Calculator

Pick one product and one recent shipment. Enter the shipment quantity and every cost component below, dividing shared shipment costs across the units. Leave the per-unit landed cost and the total blank to calculate; this is the figure your pricing should be based on.

Product and shipment reference

Shipment quantity (units)

Supplier unit price

Freight per unit (total freight divided by units)

Import duty / tariff per unit

Broker, port, and handling fees per unit

Currency spread and payment fees per unit

Insurance and damage allowance per unit

Landed cost per unit (leave blank to calculate)

Total landed cost for the shipment (leave blank to calculate)

Exercise: ABC Classification of Your Catalog

Export your product list with annual sales value. Sort highest to lowest, add a running cumulative percentage, and assign A, B, or C labels per the course rule. Then answer the prompts about where to redirect your attention.

- Which products make up the first 80 percent of your sales value and are therefore A items?
- Are any A-class best sellers currently managed loosely or sourced from a weak supplier?
- Which C-class slow movers are eating attention they do not deserve?
- What is one rule you will set for C items so they need almost no ongoing thought?

Worksheet: Monthly Procurement Review Tracker

Use this every month in a 30-minute review. Fill in the status of your key items and suppliers for the month, and write the one or two actions you will carry forward. Leave any score-average or variance cells blank to calculate from your records.

Review month

A-class items near reorder point this month

Key supplier OTIF this month (leave blank to calculate)

Quality issues or rejects logged this month

Landed-cost movement versus last month (leave blank to calculate)

Bottleneck items still lacking a backup supplier

One or two actions for next month

Checklist: Negotiation Preparation Checklist

- Listed the value you bring: repeat volume, prompt payment, low hassle
- Chose terms to ask for that cost the supplier little: payment terms, lower MOQ, free freight
- Bundled requests into one ask rather than nibbling repeatedly
- Identified and qualified a genuine backup supplier as your BATNA
- Decided your walk-away point before the conversation
- Planned to get every agreed change in writing and onto the next PO

Your Action Plan

1. Pick your three most important products and build a weighted vendor scorecard for each, comparing at least three suppliers on total value
2. Order a paid sample from any unproven supplier and run the full qualification checklist before committing real money
3. Switch from email orders to numbered purchase orders that carry SKU, quantity, price, delivery date, payment terms, and Incoterm
4. Set up a three-way-match log so no invoice is paid until the PO, receiving record, and invoice all agree
5. Measure the real lead time on three recent orders by timestamping each segment, and find the days you can cut
6. Calculate a reorder point and safety stock for every A-class best seller using your real sales and lead-time data
7. Run an EOQ or order-size check and use it to accept or reject your suppliers' volume discounts on purpose
8. Build a landed-cost model for your top products and reprice anything you were costing off the bare unit price
9. Run an ABC classification of your catalog and redirect your attention toward A items and away from the C-class tail
10. Schedule a recurring 30-minute monthly procurement review using the tracker, and protect that time

