

9 INDICATORS YOUR VENDOR OR SUPPLIER IS HEADED FOR BANKRUPTCY & HOW TO PROTECT YOUR INTERESTS

#1 THEY ARE SLOW TO FILL ORDERS

A new pattern of slow deliveries could mean problems with the vendor's cash flow. They might be behind in paying their own suppliers or freight carriers.



#2 THEY ABRUPTLY CHANGE SUPPLIERS OR CARRIERS

If they suddenly change their longtime supplier, it could be a sign of financial issues. Be sure to ask why the changes were made and investigate further.



ATTENTION PLEASE

#3 YOU CAN'T GET CLEAR ANSWERS ON THE STATUS OF YOUR ORDER

When a vendor is overwhelmed by calls from their creditors, customers may experience difficulty reaching them. If they used to be available and gave straightforward answers, but now you can't reach them or get a direct answer, this could be a sign of financial issues.

#4 EMPLOYEES ARE LEAVING THE COMPANY

If you start seeing significant turnover among your longtime contacts or you learn some executives have suddenly left, this can mean financial difficulty regardless of whether or not employees are leaving voluntarily.



#5 REQUESTS TO CHANGE PAYMENT TERMS

If they request a change to longstanding payment terms, it's a significant sign they are experiencing cash flow problems.



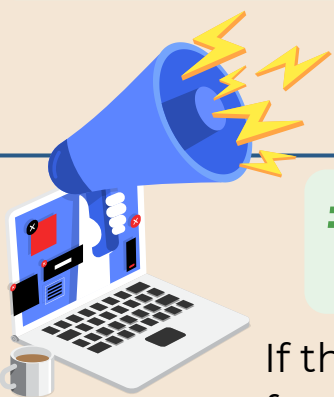
#6 WORD OF MOUTH IN THE INDUSTRY

If you're hearing reports in your industry regarding the financial health of a vendor or supplier, it's wise to conduct due diligence to determine if there's a basis in fact to the rumors.



#7 INVENTORY IS OVERSTOCKED OR DEPLETED

If your freight carrier tells you your vendor's inventory is overstocked or depleted, this could indicate financial issues. If inventory is perishable, this could result in significant financial loss. If inventory is depleted, it might be the result of credit issues.



#8 SIGNIFICANT MARKET PRICE INCREASES FOR VITAL MATERIALS AND SUPPLIES

If they are dependent on a certain commodity such as fuel or foods, be aware that increased costs may be passed along to your business. Despite passing costs along, these increased expenses will have a negative effect on their overall sales.

#9 DELAYED OR DISRUPTED PAYMENTS

Late payments, bounced checks and delayed refunds are obvious signs of financial difficulty. Pay attention to checks dated in advance of receipt as a sign of cash flow issues.



LISTEN. SOLVE. EMPOWER.