

MISCO's perspective on managing the global supply chain.
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Most of the panel's discussion has centered on how to buy parts from China. I would like to broaden the discussion to thinking globally and strategically which means developing the best vendors whether they are located in China or in your own back yard.

While most North American transducer/speaker factories have closed their doors, MISCO continues to thrive, in part, because of successful policies towards developing strategic vendors in all parts of the world, including domestically. As a small company we can afford to make decisions based on our company and personal values while at the same time keeping in mind that we will not be our vendors' key or largest customer.

- 1) Choose vendors based on the big picture – ones with competent people, with the ability to make defect free products that can go directly into stock, ones that are flexible and can accommodate changing demands using Kan-Ban or JIT deliveries. The best vendors are financially strong and can support your growth and also are able to weather a soft market. They very responsive to new requests, always responding within 24 hours. They are committed to eliminating waste in their own operations.
- 2) Pay vendors their fair price and ALWAYS pay them within terms. Pay your vendors before you pay yourself and do not use your vendor's money unless they free agree to let you do so. (Of course, if they offer inventory space and extended payment terms, take it) Stay out of debt so you can always afford to pay your vendors. Offer long term business commitments for those best vendors.
- 3) A vendor that is nearby is worth more than a vendor far away – even with today's communications. For a comparable product, the ability to Kan-Ban, ease of communications, solve problems, and product brainstorming is worth a price premium to a local / domestic vendor. Local supply chains are less susceptible to international volatility in politics, currency, material availability, and freight delays.

If you are committed to the elimination of waste in all of its forms, start with a lean supply chain and choose vendors that can fit into your company's big picture. Stay away from vendors who offer you a low direct materials price and force you to spend even money in increased freight, inventory space, inspection costs.