

7 Vendor Management Tips to Use Today

By Danny Thompson, SVP of Market & Product Strategy at apexanalytix



Here are seven vendor management tips compiled from my daily [LinkedIn](#) posts. Follow and join the conversation!

01

Non-compliant Suppliers

If you find out that any of your suppliers use an email accessible by multiple people on their end:

1. Stop making payments to them.
2. Flag for critical review if a bank account change request is ever made on this account.
3. See if bank accounts have been changed in the past 3 years
 - a. If no, great!
 - b. If yes, review all payments and get a sign-off from the supplier's CFO that these are all legitimate.
4. Alert procurement that this supplier is not following security protocols and this should be added to their vendor performance and risk management assessments.

02

Vendor Management Tactic 2: Supplier Diversity

Have your supplier diversity initiative report directly to Procurement. Why? Because the people focused on spending money need to be the same people focused on meeting diversity spend goals.

A huge part of this is creating sustainable diverse spend rather than one-off payments, which would create a situation where you are constantly trying to meet goals rather than building on sustainable diverse spend.

A recent [presentation](#) with Chuck Stefanosky, Director of Strategic Sourcing and Procurement at Independence Blue Cross, further discussed this topic. They've had decades of experience in this best practice.

03

Vendor Management Tactic 3: Bank Account Change Control

Validate bank account ownership whenever possible. This type of validation confirms that the bank account is owned by the supplier in your vendor master, and that the validation is made by the vendor's bank. In the US, this type of validation can confirm up to 65% of bank accounts. Outside the US, there are several countries (Poland, India, Sweden) that provide similar capabilities.

Even if this doesn't cover all of your bank account validations, you will reduce the amount of manual labor, speed up the time to onboard suppliers and free up time to address the other bank account changes.

Here is a [webinar](#) with Wells Fargo discussing how to prevent payment fraud in vendor management.

04

Vendor Management Tactic 4: Employee-Vendor Match

Identify fraudulent suppliers by comparing former/current employee and vendor data. Critical data to compare is address, tax ID, bank account and phone number. You should discuss this with legal first. If you were only allowed to use address or phone number, those could still identify huge flags.

05

Vendor Management Tactic 5: Holiday OOO Message

Around any holiday, a common hacker tactic is to impersonate the CEO or CFO via email and request a payment to a supplier RIGHT NOW.

How can you combat this? Give everyone who will be out of the office in accounts payable this out-of-office response template:

"It's [Insert Holiday] and I am enjoying time with my family (maybe too much time!). I won't be back in the office until [the following Monday date]. If you need anything urgently, please call the head of AP on her cell [Phone Number]."

If a CEO really wanted a payment after seeing the OOO message, they would call the Head of AP on their cell phone. But no one will call. This is an easy way to prevent any attempts during every holiday.

06

Vendor Management Tactic 6: Rebate Program

During the disruption caused by COVID-19, a lot of vendor management teams had greater adoption of electronic invoices and payments. A simple way to move suppliers to electronic payments is with single use virtual cards . You could start with one-time vendors, then include all vendors receiving paper checks.

This program can provide suppliers with what they want (being paid ASAP!), reduce manual paper check processing and start creating a revenue source. Showing some success with a rebate program can be the start of turning AP into a profit center, which is only 14% of AP departments.

Kevin Jacobik, Sr. Manager of GBS NA Procure to Pay at Kimberly-Clark, discussed their rebate program in this [webinar](#).

Vendor Management Tactic 7: AP Recovery Audit

The accounts payable recovery audit. Traditionally, it has been about identifying control gaps and recovery audit. But now it is important to assess supplier risk.

Say a supplier has a large credit sitting on their books and have not informed you about it. Are they trying to hide the money? Are they financially at risk? Are they disorganized? All are red flags that should prompt a review of your relationship with the supplier. Nigel Coffey, Head of Finance Operations at Alnylam Pharmaceuticals, talked about recovery audit in a recent [webinar](#).

Plan for the Second Half of 2022

According to a 2021 apexanalytix survey, 60% of large companies onboard suppliers via PDF and email exchanges. So there is a pretty good chance that this is how you onboard suppliers.

Turning this manual internal process into a self-service supplier process creates a massive reduction of manual data entry. To execute this, there needs to be collaboration between multiple business units (procurement, accounts payable, IT, compliance) so it will take a little while to sell internally.

In this [webinar](#), Amy Platis, Program Director of Finance at Northwestern Medicine, discusses their digital transformation journey with Procurement Foundry.



About the Author

As senior vice president of market and product strategy at apexanalytix, Danny Thompson is responsible for defining, communicating and leading our company's software product strategy and roadmap. He works closely with our customers to ensure that each solution helps them meet their business objectives.

Danny has a proven track record in the procure-to-pay arena, with a strong background in ERP implementation, process automation and financial shared services. He previously was vice president of product management at Tungsten Network, a global business-to-business e-invoicing firm. He also is a former global process driver for invoice-to-pay at Pfizer.

Danny earned a B.A. degree from Harding University.

apexanalytix revolutionized recovery audit with advanced analytics and the introduction of firststrike overpayment prevention software. Today, apexanalytix leads the world in supplier management innovation with apexportal and smartvm, the most popular supplier onboarding and compliant master data management solution available. With over 250 clients in the Fortune 500 and Global 2000, apexanalytix is dedicated to providing companies and their suppliers the ultimate supplier management experience. To learn more visit www.apexanalytix.com, email apexinfo@apexanalytix.com or call +1 800-284-4522.

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