



## Vendor Management Best Practices

The relationships between your business and its third-party vendors and suppliers are incredibly important. Vendors and suppliers provide access to basic materials, products and services, making them essential to your company's long-term success.

Therefore, fostering mutually beneficial relationships with suppliers and vendors is essential. Consider these best practices for vendor management:

- **Be selective.** Do your due diligence to find quality candidates by establishing a thorough process for reviewing potential vendors and suppliers. Having a research process in place can ensure vendors and suppliers meet your standards regarding industry expertise, capabilities and financial stability, as well as confirm they have the necessary licensing and insurance in place.
- **Review every contract.** Carefully evaluate any contracts with your legal counsel before entering into a written agreement with a vendor or supplier. Contracts should explicitly spell out every internal control requirement in detail, including language that aligns with or exceeds industry standards. When reviewing a contract, ensure there are no hidden fees, especially as it pertains to ending the contract or relationship. Check that the payment terms are fair for both your company and the vendor, the standards of service are clearly defined, and security and privacy protection are outlined for all parties.
- **Communicate and collaborate.** Establish and maintain communication with your vendors and suppliers by dropping by their offices occasionally, responding to questions and concerns quickly and keeping them informed on your company's

current and future needs. By establishing consistent communication and collaboration early in the relationship, you can work together to better address concerns and solve problems.

- **Be a good customer.** Earn your vendors' and suppliers' respect and trust by making payments on time, giving as much lead time as possible, rewarding good work and referring more businesses to them when you get the opportunity.
- **Monitor and measure performance.** Identify relevant key performance indicators (KPIs) for your industry and determine what success looks like for your partnership with vendors and suppliers. Utilize risk management tools, such as risk assessment questionnaires, to assess and evaluate vendors' and suppliers' performance. KPIs change over time, so evaluate them every six months to ensure your business and partnerships are keeping up with industry standards.
- **Secure adequate coverage.** There is always a risk that a vendor or supplier may be unable to deliver a critical part or service to your business due to various factors. Fortunately, insurance can help protect your business against any incurred losses. For example, contingent business interruption insurance may reimburse lost income and extra expenses that result from a shutdown of a key supplier. Consult an insurance professional to discuss your company's specific coverage needs.

By implementing vendor management best practices, your business can establish effective partnerships to help ensure long-term success. For more risk management guidance, contact us today.

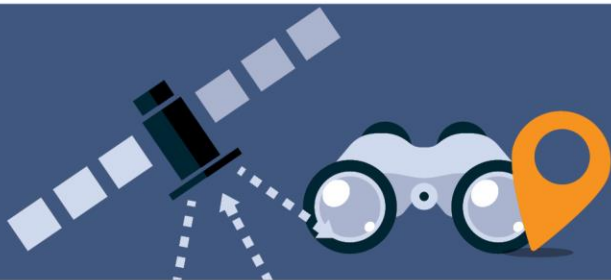
## The Benefits of Telematics Software for Commercial Fleets

Managing a commercial fleet and drivers can be a challenge, particularly given the potential for accidents, employee injuries, liability concerns and increased costs associated with vehicle upkeep. Nevertheless, your fleet—whether it be a handful of cars or dozens of vehicles—plays a major role in the success of your business.

As such, it's crucial to take a proactive approach to fleet management. To accomplish this, many businesses have started utilizing telematics—a form of vehicle software that combines the features of telecommunications and informatics to help employers effectively manage and monitor their fleets. This software operates by connecting to devices installed within vehicles, including GPS technology, sensors, mobile applications, dashcams and engine diagnostics solutions. Implementing telematics software can benefit your commercial fleet by:

- **Reducing operational costs**—Telematics software can help keep your drivers updated on upcoming traffic concerns or road hazards, offer rerouting options and locate preferred gas stations—all of which can contribute to maximum fuel efficiency and lowered operational costs.
- **Encouraging safe driving**—Because telematics software detects driving behaviors, your employees will be even more motivated to follow safe driving practices and meet company standards. This technology also allows employees to better monitor their individual driving habits and detect any flaws.
- **Fostering employee engagement**—By implementing telematics software in your fleet, your drivers will have an increased ability to digitally communicate and interact with others (e.g., their supervisors, co-workers and dispatchers) regarding their travel progress, road conditions, delivery requests and vehicle concerns.
- **Bolstering fleet security**—Due to advanced tracking and communication features, telematics software can help keep your commercial vehicles safe and secure in an emergency, thus minimizing potential theft concerns.
- **Upholding vehicle maintenance needs**—Telematics software is able to detect a wide range of vehicle issues, such as engine problems and diagnostic concerns. This technology is also able to inform drivers of such issues and locate nearby repair centers or garages. Further, telematics software can be programmed to notify drivers of routine maintenance requirements, such as oil changes and tire pressure checks. It's best to pair telematics software with a preventive vehicle maintenance program to streamline the upkeep of your fleet.
- **Reducing administrative costs**—Telematics software allows your business to digitize vehicle and driver records that would otherwise have to be maintained manually, which can be a time-consuming process. Specifically, this technology permits you to generate reports regarding fleet expenses, driver performance and vehicle maintenance, thus simplifying your recordkeeping practices overall.

As a whole, it's clear that telematics software can help reduce numerous fleet risks, improve operational efficiency and promote safe driving behaviors. For more risk management guidance, contact us today.



The 2022 Fleet Safety Report found that **57% of fleet managers** who use telematics software and GPS technology have reported effective results in improving fleet safety and operations.