



# Securing Your Supply Chain

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**JANUARY 12, 2021**— *Although it can be difficult and challenging to accept new meeting requests and sales inquiries, the investment made can and does pay dividends long term to your business. To rely solely on your known existing supplier base for your procurement needs is a huge and unnecessary risk in today's marketplace.*

Here's three reasons why you should consider having additional sources of supply for your most critical purchase components.

## **Economic Leverage**

Probably the most regarded and obvious reason to diversify your supply base is to maintain purchasing leverage with your suppliers. Over the past couple decades, it has become increasingly popular to construct bundled product offerings and to tie rebate and discount incentives to large target buying volumes. Suppliers routinely tout the benefits of being a one stop shop and, on the surface, these can appear to be great programs to participate in as they can ease the resources necessary to manage procurement.

As the term of the commitment ages however you can quickly lose the economic value and the long-term partnership will likely end up costing you more. Many firms deploy a structured approach to this by managing suppliers in tiers, "A-B-C" as an example and limiting each level to a set % of the overall portfolio. This will help to ensure that some degree of competitiveness remains while at the same time rewarding supply partners with assurance of business opportunities.

## Supply Disruption

Another reason to consider having qualified secondary sourcing is to maintain continuity of supply in the instance of supply disruptions. The most recent pandemic brought this to light for many industries and categories as it became quickly apparent that what could normally be depended on suddenly could not be. Empty store shelves greeted customers around the world and factories that used to be able to offer ship from stock found themselves sold out for months and even years in advance. Unfortunately, many businesses were unable to find adequate supply and some cases suffered the worst possible fates.

Companies that were more reactive and quicker to lock in alternative sources of supply reaped enormous benefit not only from their retail customers but also more importantly from consumers that were looking for and often needing these products for their daily lives. Although the statistics might not yet be readily available, it goes to argue that both retained and converted consumers during the COVID19 pandemic might prove to be the very thing that decides the future fate of these companies.

## New Innovations

Innovation is the life blood of small companies and startups. It is a good practice to devote a significant amount of time looking at new companies and sources of supply for the value they can add to your existing product lines and supply options. Many large, well-known companies have stopped internal innovation and instead rely on the open market to develop and deliver new ideas and technology which they themselves often seek to license and or acquire. Trade shows, industry publications and networking events are all great locations to find would-be new companies and contacts.

The entire team at Dempsey International Packaging is available to help you navigate the new changes to the supply chain.

Contact us at [info@dempseyinternational.com](mailto:info@dempseyinternational.com) for inquiries and purchasing. Our team is here to help!

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*Todd's exceptional, proven background in the packaging industry has given him in-depth insight to the packaging world, setting him apart as a thought leader and packaging expert. As VP of Business Development he handles sales and market development for the West Coast and Northwest regions of the United States.*