



Choosing a Supplier

FM Global can provide resources to help you manage your supply chain risk. When choosing a supplier to meet your business needs, consider these questions to help you understand the impact a supplier has on your business.

When choosing a supplier, consider some basic issues that can have a direct impact on your bottom line should a supplier disruption occur. The questions below are just a sample of the type you may need to ask a supplier to understand its impact on your supply chain.

Does your prospective supplier...

- Possess the only means to provide the product or material (is it available from other suppliers)?
- Have the ability to produce products or materials from more than one building or site?
- Have the flexibility to quickly outsource activity/production to third parties?
- Have a formal business recovery/continuity plan that includes on-site and alternate facilities? Has it been tested or validated?
- Possess any particular hazards or risks that will interrupt the continuity of your business in the event of a disruption?
- Rely on (or utilize) highly complex/technical equipment that would be difficult to replace, or that could prevent the outsourcing of their services to other suppliers?
- Embrace strong risk management programs, such as enterprise risk management, to ensure the identification, understanding and management of their business risks?
- Have potential natural hazard exposures (windstorm, flood, earthquake, etc.)?
- Possess a data center that is critical to services? If yes, is there a disaster recovery plan for the data center?
- Have potential external risks related to economic, social or governmental factors?
- Have potential internal risks related to business practices and physical plant protection (fire protection, construction features, loss prevention management, etc.)?

The above questions are very basic and intended to get you thinking about key supply chain issues. If critical suppliers are not properly evaluated and addressed, the potential can exist for a serious disruption to your operation. FM Global can help you to understand the physical risk quality of your company's supply chain so that you can develop a mitigation strategy that suits your specific business needs. Contact your client service team for more information.

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