



Better Buying™ reports poor purchasing practices along with guidelines to help brands and retailers support mutually beneficial sustainable partnerships during these tough times

Amidst the chaos of order cancellations and payment delays, there is some respite offered by brands and retailers who remain committed to their supplier partnerships and are working to ensure their mutual long-term business viability



Purchasing practices reflecting business as usual will have to be discarded when demand resumes and crisis recovery is in full swing. Credit: Better Buying Institute.

April 1, 2020 – A recent survey conducted by Better Buying™ with suppliers around the globe finds that suppliers are facing a devastating range of issues stemming from unilateral decisions made by buyers without regard for the resulting impacts on suppliers. Yet, collaborative efforts that some buyers are taking to help ease the pressure on supplier businesses and workers provide examples that others can follow during crisis management and recovery. Better Buying’s guidelines highlight critical steps for buyers to take now and in the near future to help support resilient supply chains that can weather the pandemic-created storm and be ready to meet demand when it returns.

294 suppliers from 39 countries have responded to Better Buying’s survey about the supply and demand challenges they are experiencing due to the coronavirus crisis, and how their buyers’ purchasing practices are further impacting business and workers. While best practices can be difficult to discern, some suppliers reported ways their buyers are helping them wade through this difficult time.



“We wanted to go beyond adding to the accumulating evidence of pressures suppliers in certain countries are facing, to get clarity on how suppliers globally are being impacted – both by COVID-19 itself and by their customers’ reactive purchasing practices,” says Marsha Dickson, president and co-founder of Better Buying™. “But more than that, one of our goals at Better Buying™ is to help buyers and suppliers identify and implement mutually-beneficial solutions to problematic purchasing practices, so we wanted to tap into suppliers’ knowledge and experiences to share constructive short-term solutions that can reduce long-term and damaging social, business, and environmental sustainability impacts.”

Cancellation of orders is by far the biggest impact suppliers are experiencing with 70% reporting their buyers have pursued this approach to addressing cash flow problems. Reduction in volumes of existing orders, postponing the shipment dates of existing orders, and changing forecasted volumes are examples of other brand and retailer practices that are negatively impacting a majority of suppliers’ businesses now and will continue to do so for several months. In terms of impact on workers, the most prominent has been the reduction in hours of work/underemployment as reported by 35% of suppliers; another 29% report workers have been laid off, though the current impacts on workers vary in different regions of the world.

In the short term, it is critical for buyers to help manage the supplier cash flow crisis. One supplier responding to the survey explained the situation: “All of the confusion on current and future orders coupled with lack of payment, goods stuck in the production process as WIP, ordered but unusable fabric, and inability to ship has created a short-term liquidity crisis. It has caused an inability for us to pay our vendors, employees and landlords. All cash is being preserved to pay our employees first and foremost.” Another supplier was more blunt: “We are screwed big time.”

A first critical step will be for buyers to use whatever formal financial mechanisms are available to secure the cash needed to cover their accounts payable to suppliers, which includes paying for existing orders. “Paying suppliers for work that has been completed or is in progress is mandatory and must be carried out on top of efforts being explored by buyers to get government and international agencies to fund direct support to factory workers,” Dickson emphasized, adding that “the humanitarian efforts for workers are important but buyers have to take responsibility for their own business transactions.”

Major changes in business practices will also be required as demand picks up in later months. Better Buying™ urges brands and retailers to prepare for a future where their suppliers will not provide credit through long payment terms, and will even expect advance deposits or COD payments.

While the survey documents many issues that are affecting suppliers in these unprecedented times, there is hope in the fact that many brands and retailers are walking the extra mile to collaborate with their suppliers. “Many brands and retailers are staying in very close touch with their suppliers and collaborating with them to identify solutions that don’t involve cancelling orders,” explains Kelly Allen, strategic partnerships manager for Better Buying™.

These and other best practices are described in Better Buying’s evidence-based guidelines for brands and retailers. This renewed commitment to partnership between some buyers and their suppliers remains a highlight of this report and the response to the crisis.

The Covid-19 survey results can be read here: [Better Buying™ Special Report: Guidelines for Better Purchasing Practices Amidst the Coronavirus Crisis and Recovery](#)



END OF PRESS RELEASE - NOTES TO EDITORS

About Better Buying™

Better Buying™ is a global initiative that provides retailers, brands, and suppliers a cloud-based platform to obtain data-driven insights into purchasing activities. Better Buying's transparency fosters sustainable partnerships and mutually beneficial financial results and other outcomes. Anonymous supplier ratings of buyer purchasing practices obtained by the independent third-party initiative are aggregated, scored, and made available to the retailers, brands, and suppliers with the goal of accelerating change and industry-wide improvements across supply chains. Better Buying™ is a non-profit organization based in Delaware in the United States. For more information, visit:

<https://betterbuying.org/>