

Accounting

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ended, a bidding war ensued. Lesson learned. I advise clients to establish a network of supply sources. If goods primarily come from China, find alternatives—Mexico and Canada are close enough to reach by road in times of emergency. Of course, there's no place like home, so my mantra is...don't rule out the United States. Yes, the cost of home goods may be higher, but not nearly as high as the cost involved when business stops because no one planned for one of those inevitable rainy days. The bottom line—always have a minimum of three different supply chains in different geographical locations to make sure your company is ready for the future.



Grassi

By Michael A. Violano,
CPA, MST,
Partner, Manufacturing &
Distribution Practice

A best practice I recommend to manufacturers is diversifying the vendors in their supply chain across multiple regions. The COVID-19 world has shown us just how important this strategy is, but it's also crucial in times of political unrest, natural disasters or other crises that cause disruption in one part of the world. If raw materials or manufactured goods are only sourced from one country, the

client should find two or three vendors there to mitigate the dependency risk. Assessing a supply chain and evaluating new options should take several factors into consideration. Low cost alone is not enough if the shipment takes too long to arrive, whereas quick delivery may not offset high costs. Manufacturers should take a holistic view of the entire supply chain performance—from quality and cost to timeliness and lead time—to determine how well the supply chain is functioning and which links to strengthen.

Marcum is advising retail and manufacturing clients to work together to get things back on track.



Klatzkin

By John Blake,
CPA, MBA, Partner

One supply chain strategy that we advise our clients on is whether their system allows for accurate and timely data and information. Having real-time information available is key to the decision-making process and

enables the business owner to make expedient changes. We also encourage clients to standardize as much as possible to increase efficiency. Another area that we review with clients, especially due to the COVID-19 pandemic, evaluates their vendor performance. The company can only operate as efficiently as their vendors will allow, and many supply chains have been interrupted or broken due to COVID-19, so finding new vendors may be necessary. Finally, we will typically review the client's cash flow and offer strategies to reduce the cycle time. This is even more important due to the COVID-19 pandemic when many companies are short on cash.



Marcum LLP

By Ronald Friedman,
CPA, Partner, National
Co-Leader, Retail & Consumer
Products Group

With no cash coming in the door, many brick-and-mortar retailers turned to online sales, but few could generate enough revenue this way to cover ongoing expenses. Most retailers advised their suppliers they would need anywhere from 90 to 120 extra days to pay current and past due bills. All open orders were cancelled, and suppliers were advised not to ship without approvals. Marcum

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sales@ibsre.com
www.IBSRE.com
(973) 575-4950