A woman with long, wavy brown hair, wearing a light blue blazer, is smiling and looking down into an open cardboard box. She is in a warehouse or office setting with other boxes and a red circular sign in the background. The text 'sage' is in the top right, and the main title is in the center.

sage

THE QUICK START GUIDE TO PURCHASING

Advice about buying for start-ups and small businesses

THE QUICK START GUIDE TO PURCHASING

Find good suppliers and ensure best value for your business

Purchasing basics

How much you pay for things your business buys can have a major impact on your costs and cash flow, while the materials, products and services you purchase affect the quality of whatever your business sells.

As well as knowing precisely what you want when you buy, you must find the right suppliers, create good relationships and manage your purchasing.

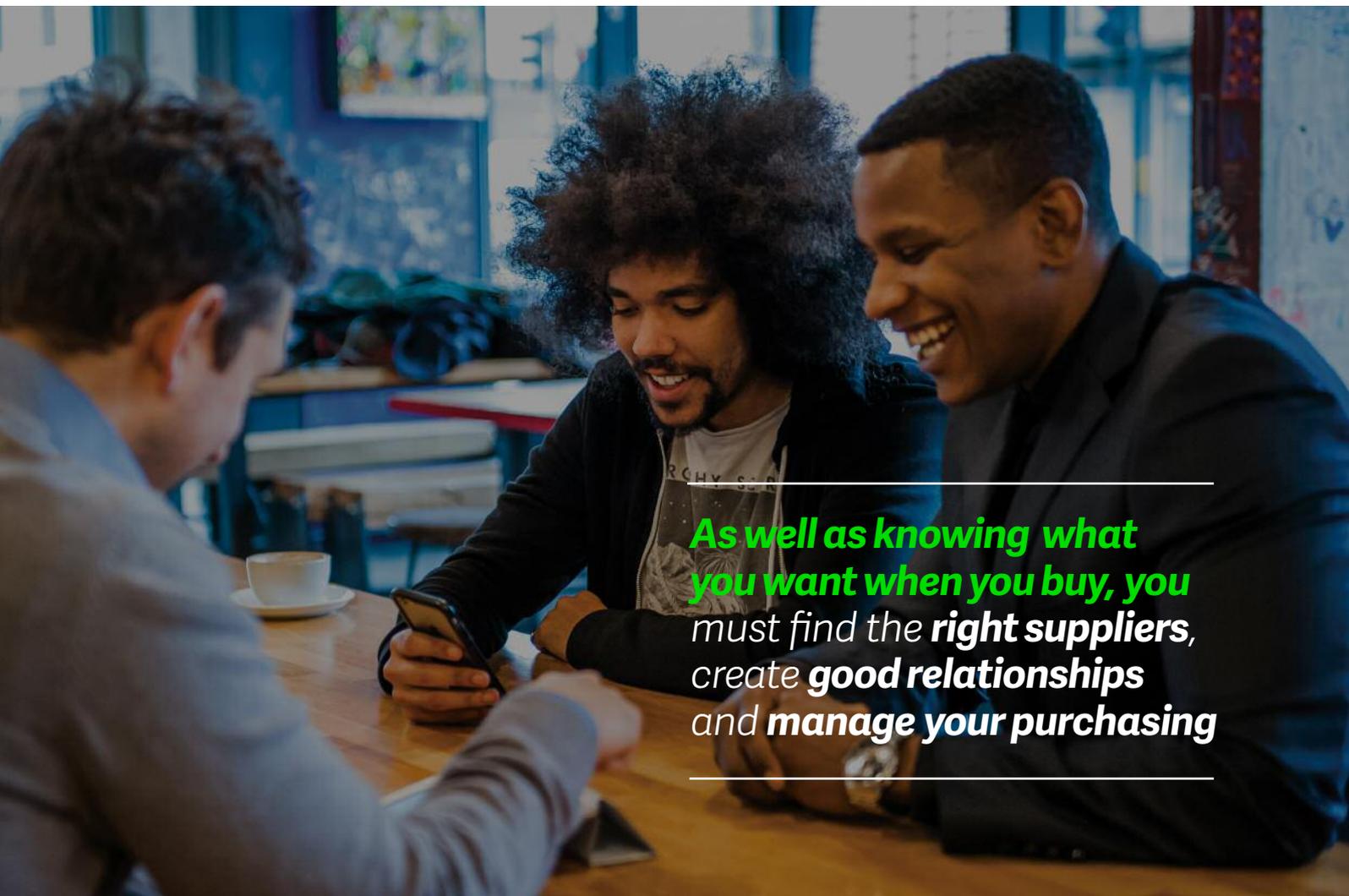
Decide what you want

Before buying, you must be clear about your priorities. Size, appearance and functionality are only a starting point. Quality and reliability are equally important considerations, while delivery and after-sales support can also be critical factors.

Price is key, too, but value is more important. It can be worth paying more for better value. Remember to account for all the likely costs when purchasing, for example, equipment running costs as well as initial purchase price. You may need to get credit, which creates extra cost to factor in when comparing different options.

Alternatively, you may want to consider:

- buying second-hand rather than new to save money
- renting or leasing expensive equipment or vehicles to avoid high upfront costs
- developing your skills so you don't need to buy advice from others.



As well as knowing what you want when you buy, you must find the right suppliers, create good relationships and manage your purchasing



For more expensive goods and services, you might **ask short-listed potential suppliers to explain how they would meet your needs**

Find the right suppliers

The effort you put into finding and choosing suppliers will depend on what you're buying. For less expensive items such as stationery, you may just search online or visit local shops.

For more important and expensive supplies you'll need suppliers you can rely on. Ask other businesses for recommendations, but carry out your own checks too. Read online customer reviews, for example, or visit their premises and find out how they add value and ensure quality. Placing smaller trial orders can enable you to assess supplier performance before committing to anything more.

For more expensive goods and services, you might ask short-listed potential suppliers to explain how they would meet your needs. Then ask them to detail exactly what they'll supply, when and how, with a fully itemised quote. This will help when you're considering your options.

Manage your purchases

Aim to build good relationships with valued suppliers. The better you treat them, for example, by paying them on time, the more likely they'll look after you. And buying from local suppliers can offer extra flexibility.

Concentrate your orders with a few suppliers. Buying more from one supplier might get you discounts and better credit terms. Avoid relying too much on any one supplier, because they might put their prices up or let you down. Don't limit your options.

Before signing supply contracts, know exactly what you're agreeing to – particularly for more costly purchases or longer-term deals. Get legal advice if necessary.

Also make sure you have good purchasing systems including:

- stock control – so that you avoid running out or buying too much
- delivery checking – so you can spot problems straight away
- financial management – so you can control your cash flow and pay suppliers on time.

Get help

Business and networking organisations (local and national) can be useful sources of supplier recommendations. Your trade association could be another option.

We've developed a **FREE mobile app** to help cash-based business-owners keep track of their expenses.

Sage One Start and **Sage One Accounting** software enables you to record purchase invoices, track due and overdue purchase invoices, record supplier payments and issue remittance advice notes.