

New Vendor Setup Checklist for Small Business

Setting up a **new vendor** for your small business requires a detailed checklist to ensure smooth onboarding and compliance. This process includes collecting essential documents, verifying vendor credentials, and establishing payment terms. A thorough setup helps maintain strong vendor relationships and operational efficiency.

1. Gather Vendor Information

- Vendor legal business name
- Contact name, email, and phone number
- Business address (billing and shipping, if applicable)
- Business type (LLC, corporation, sole proprietorship, etc.)
- Tax Identification Number (TIN or SSN)

2. Documentation Collection

- Completed **Vendor Application Form**
- W-9 form (for US vendors), or appropriate tax form for other countries
- Proof of insurance (if required)
- Business licenses or certifications (if applicable)
- Bank account information for payments (voided check or direct deposit form)
- Signed Non-Disclosure Agreement (NDA), if necessary

3. Verification and Due Diligence

- Verify business registration status and tax ID
- Check references or customer reviews
- Perform background checks, if needed (especially for critical vendors)
- Confirm vendor compliance with industry regulations

4. Set Up Payment Terms

- Negotiate and document payment terms (e.g., Net 30, Net 60)
- Agree on invoice submission process
- Specify payment methods (check, ACH, wire, etc.)
- Document early payment discounts or late fees, if any

5. Internal Setup

- Enter vendor details into your accounting or ERP system
- Assign vendor ID/code for internal tracking
- Set up approval workflows for purchases and payments
- Notify relevant departments (accounting, procurement, etc.)

6. Communication and Onboarding

- Send welcome email or onboarding packet to vendor
- Share your company's purchasing and invoicing policies
- Provide key contacts for vendor questions/issues

Tip: Regularly review your vendor information and keep documents updated to ensure ongoing compliance and efficient vendor management.