



SupplierGateway®

Three Steps To Developing a Fast, Secure Supplier Onboarding Program

Download the Guide



Onboarding with SupplierGateway has significantly reduced our manual processes and increased our data security. I'd highly recommend the SupplierGateway platform to anyone looking to streamline their processes.

-RTI International



Introduction



Your organization's decision to initiate a formal supplier onboarding program is a significant step forward in managing both supplier information and supplier relationships. If your organization has goals for enhancing supplier relationships, reducing manual processes, paying suppliers faster, and keeping important supplier data safe, a formal vendor onboarding program will help you achieve these goals, and more.

So, where to begin?

While starting a formal supplier onboarding program might seem daunting, it's quite manageable with the right approach. This guide is tailored to help you swiftly implement your program, focusing on technology and automation that reduces supplier onboarding time, gets vendors paid faster, and keeps your data secure.

We'll delve into setting achievable goals, mapping out a realistic timeline, and navigating typical challenges in supplier onboarding. With this structured guide, you'll soon master the art of onboarding suppliers, contributing significantly to your organization's procurement success.

The benefits of a supplier onboarding program are substantial and align with your institution's strategic objectives and broader mission. Let's embark on this journey together and unlock the full potential of your supplier relationships.

What Is Supplier Onboarding?

To put it simply, supplier (or vendor) onboarding is the process of collecting necessary information from suppliers to set them up as approved entities to purchase from. Onboarding suppliers at the start of your relationship with them also helps your company build stronger relationships with your vendors right from the start.

What exactly does supplier onboarding involve?

Essentially, it's registering new suppliers into your procurement system and making sure they meet your company's standards. You'll collect information from potential suppliers like business licenses, insurance certificates, product details, and compliance documents. You'll also evaluate things like their quality, delivery, and customer service to ensure they're a good fit.

BENEFITS OF SUPPLIER ONBOARDING

The advantages of effective supplier onboarding are substantial and can really elevate your procurement process. Here's what it brings to the table:

1. **Connect with Top-Tier Vendors:** Find vendors that align with your organization's values.
2. **Enhanced Visibility:** Gain a clear understanding of your supplier base.
3. **Risk Mitigation:** Ensure your suppliers meet all necessary requirements.
4. **Foster Strong Partnerships:** Collaborate with vendors who truly understand and support your business objectives.

Yes, onboarding new suppliers requires a bit of time and effort, but the payoff is significant. Adopting a streamlined approach will simplify the process for your team and your new partners. Maintaining open, honest communication and being ready to assist vendors as they navigate the onboarding steps is important. Regular communication is key to smoothly addressing any concerns that arise during the process.

With the right strategy and the right tools (hint: think SupplierGATEWAY), you'll find yourself efficiently onboarding new suppliers. Focus on creating a positive experience for them, and you're laying the groundwork for relationships that are not only lasting but also mutually rewarding. View onboarding as an investment that leads to a stronger, more dependable supplier network and smoother procurement operations.

THE IMPORTANCE OF SUPPLIER ONBOARDING

Supplier onboarding is a linchpin in procurement, and its importance can't be overstated. Let's break down why it's so crucial:

- **Ensuring Compliance:** Onboarding is your first line of defense in adhering to both internal policies and external regulations. It allows you to thoroughly vet suppliers against your company's standards and legal requirements.
- **Controlling Spending:** A smooth onboarding process steers employees towards approved suppliers that meet your specific qualifications, reducing instances of off-contract or non-compliant spending.
- **Enhancing Supplier Relationships:** A strategic onboarding program clearly communicates your expectations, setting the stage for a smooth relationship right from the start. Suppliers feel more valued and are better positioned to fulfill your needs.
- **Driving Cost Savings:** Suppliers that fully grasp your needs and standards often offer more competitive pricing and superior service. Plus, onboarding helps filter out suppliers that don't meet your benchmarks.

Develop Your Program in Three Steps

Developing a solid supplier onboarding program takes time and effort, but the payoff—seamless integration of valued partners—is well worth it. Here are the basic steps to build your program:

1. Establish Clear Goals and Metrics.
2. Design Your Onboarding Process
3. Deploy Supplier Onboarding Technology

Establish Clear Goals and Metrics

First, determine what you want to achieve with your onboarding program. Things like reducing risk, decreasing time to value, and improving supplier performance are common goals. Then establish key performance indicators (KPIs) to measure success, e.g. supplier compliance, cost savings, and quality metrics.

COMMON KPIS FOR SUPPLIER ONBOARDING PROGRAMS

Time to Onboard: Measures the time from initial contact to full integration of a new supplier.

Supplier Compliance Rate: Tracks the percentage of suppliers meeting your organization's compliance requirements during onboarding.

Supplier Adoption Rate: Assesses the proportion of suppliers who successfully adopt your onboarding procedures and systems.

Cost Per Onboarding: Calculates the total cost involved in onboarding a new supplier, including all related expenses.

Supplier Satisfaction: Gauges supplier happiness with the onboarding process, often through surveys or feedback.

Onboarding Error Rate: Monitors the frequency of errors or issues during the onboarding process.

First-Time Approval Rate: Measures the percentage of suppliers approved on their first submission.

Supplier Retention Rate: Looks at the percentage of suppliers that remain active over a set period post-onboarding.

Design Your Onboarding Process

MAP OUT THE END-TO-END ONBOARDING PROCESS

Supplier Evaluation and Selection: Develop standardized criteria to assess potential new suppliers.

Supplier Registration: Create an online portal where new suppliers can register their information. Collect essential details like contact info, capabilities, certifications, etc.

Contracting: Establish templates for standard paperwork like NDAs, MSAs, and SOWs. Define an efficient workflow for legal review and approval.

Supplier Kickoff: Schedule an initial meeting to introduce the new supplier relationship, share key contacts and processes, align expectations, and address any questions.

Performance Monitoring: Regularly track supplier KPIs and compliance. Provide feedback and take corrective actions as needed.

Continuous Improvement: Solicit regular feedback from suppliers and internal stakeholders. Look for ways to optimize the onboarding program and strengthen supplier partnerships.

Deploy Supplier Onboarding Technology

Investing the time upfront to build a comprehensive supplier onboarding program will lead to higher-quality supplier relationships and better business outcomes. With the proper goals, metrics, processes, and tools in place, you'll easily onboard new suppliers. Choosing the right technology, like onboarding portals, source-to-pay platforms, and contract management systems can make all the difference in your program's success.

THE SUPPLIER ONBOARDING PORTAL

A single online portal dedicated to supplier onboarding provides a flexible, automated solution that's available on demand. A centralized supplier portal and onboarding platform helps ensure consistency and provides an audit trail of all communications and documentations. Suppliers can log in to access and submit all necessary paperwork, certifications, and information in one place. For procurement teams, portals offer:

- A central communication hub to send messages, deadlines, and updates to suppliers
- Storage for all supplier documents, contracts, and compliance records
- Configurable, automated workflows to guide suppliers through your onboarding steps
- Reporting and analytics on supplier onboarding metrics and KPIs

STANDARDIZED ONBOARDING TEMPLATES

Provide suppliers with standardized templates based on category type. Standard information like compliance questionnaires, product data sheets, or service agreements will differ depending on supplier type. Ensure you're getting the correct information from the correct supplier. Segmenting in this way ensures you get the details you need in a consistent format while making the process faster and easier for suppliers to complete. You can then store finalized templates in your portal.

COLLABORATION TOOLS

Tools like shared drives, project management software, and video conferencing platforms facilitate collaboration during onboarding. Your supplier onboarding portal should allow for document sharing, but having another cloud-based file-sharing system to share draft documents, schedules, and other work-in-progress materials is helpful. Video calls are useful for remote suppliers or complex onboarding scenarios.

LEARNING RESOURCES

Develop resources to educate suppliers on your organization's processes, values, and best practices. These may include guidelines, video tutorials, checklists, or FAQ documents. Making this information easily available in your portal helps suppliers understand your requirements and what they need to do to get onboarded efficiently.

With the right tools and resources in place, you'll find supplier onboarding becomes a streamlined, scalable process. Suppliers will have a positive experience from the start, and your team will gain significant time savings and improved oversight.

Common Onboarding Challenges

Speed: Manual onboarding is sluggish. Streamline the process with guidelines, technical specifications, and supplier onboarding software like SupplierGATEWAY's platform for faster results.

Visibility: Maintain clear visibility of the onboarding progress by using a standardized process and a checklist for forms, approvals, and next steps.

Compliance: To meet regulatory standards, define compliance requirements from the start and incorporate review checkpoints throughout the process.

Handoffs: Reduce delays caused by multiple handoffs between teams by assigning a primary contact point for suppliers.

Relationships: Invest time in building relationships with new suppliers through calls or meetings to establish a strong foundation for long-term partnerships.

By strategically focusing on these areas and employing the right tools, you can streamline the onboarding process and start benefiting from your new supplier partnerships more efficiently.

Start Your Onboarding Program Right

You now have the basics to get started with your supplier onboarding program. By focusing on the fundamentals, setting clear goals, and choosing the right tools and technologies, you'll collaborate with new suppliers in no time.

Remember, start small and build from there. Trying to onboard every supplier at once is overwhelming, so take your time to get the process right and make improvements. Supplier onboarding, like any new initiative, takes practice. Stay flexible, get feedback, and make changes as needed.

With the right mindset and approach, you'll have a world-class program up and running before you know it. When you're ready to take your supplier onboarding to the next level, schedule a demo and discover how SupplierGATEWAY can help!