



# A New Approach to Supplier Onboarding

By Traverse Systems

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## Abstract

In the modern enterprise business landscape, the only constant is change. It has become paramount that businesses, and their merchants and procurement, act quickly to seize and capitalize on emerging trends and opportunities. This means onboarding new suppliers more often, and doing it at a faster rate than ever before in order to beat the competition in getting merchandise in stock or on the shelf.

The average retailer, wholesaler, manufacturer or e-commerce enterprise has hundreds, if not thousands of suppliers, all with differing levels of expertise in retailer-supplier relations. Unfortunately, supplier onboarding processes have not become more streamlined with the advancement of technology – they remain cumbersome, inefficient, and often incomplete.

A great deal of time and money is wasted managing the onboarding process, the complexity of which is exacerbated by functional silos, leading to data inaccuracies and redundancies in communications across departments. Businesses that – in their haste – forego comprehensive and accurate onboarding save time on the front end only to suffer the consequences of working with incomplete and inaccurate data, including ineffective partnerships, disrupted supply chains and lost revenue for all parties involved.

More than ever, companies need to focus on the efficiency and productivity of their supplier onboarding process and implement new digital workflows that allow seamless collaboration and scale tedious tasks.

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## Background: *Supplier Onboarding*

Supplier onboarding is a systematic process where a business collects documentation and data in order to: qualify, approve, and contract suppliers; purchase goods or services; and conduct on-time payments. It helps new suppliers understand what is expected of them so that they are able to meet the businesses's requirements, ensuring a successful and fruitful partnership.

*More than a checkbox, supplier onboarding is a process which can profoundly affect the health of a business.*

Inefficient supplier onboarding processes can dramatically slow the flow of goods through a business, resulting in missed opportunities, more markdowns, and reduced revenue. Ineffective supplier onboarding can also lead to tremendous risks; it is easy to forget that the rigamarole of paperwork and work that onboarding entails is also there to protect the enterprise from undue risks, assuring things like supplier financial strength, product safety and quality, and social standard adherence. In short, the stakes are high.

On average, a typical enterprise will bring on anywhere between 100-500 new suppliers per year. Many of these businesses are onboarding more suppliers more quickly so that they can offer new brands, quickly seize new consumer

trends, and stay relevant in a rapidly changing retail environment. Once it has been decided to onboard any given supplier, it is a race to beat competitors to get new products into stores and onto shelves.

A disciplined, streamlined process can help a retailer achieve greater speed-to-shelf while also strengthening the retailer-supplier relationship. As outlined by the Retail Value Chain Federation (RVCF) in its 2016 report, there should ideally be three phases to the onboarding process.

The first phase requires the retailer to develop a detailed setup process within their organization. The actions include identifying the team and/or department who will oversee the onboarding process. This team will then identify the key stakeholders within the organization and bring them into the process. These people will cover a range of functions within an organization: finance/accounting, compliance, operations, supplier relations, procurement, and legal, just to name a few. The onboarding team then determines what information is going to be required for the onboarding process and what key personnel will be needed to gather it.

For example, accounting and procurement must be in agreement on the payment terms and other supplier-related financial issues. When the retailer has all the necessary information and details, has stored it, and the team understands the process, phase two begins.

In phase two, the retailer brings the supplier into the onboarding process. No supplier is the same, of course. Some are large in size, others very small. Some are very experienced in working with retailers, while for others it might be their first time. Likewise, every retailer is unique and has their own procedures and processes when it comes to onboarding a supplier. Some retailers may just hand over a supplier requirements guide and be done with it. However, this kind of passive process is fraught with possible landmines. If the retailer's guidelines are unclear, lack detail, and have not been sufficiently explained to the supplier, mistakes will inevitably lead to lost or delayed product, chargebacks, and possible agitation between the retailer and supplier.

The most effective way to onboard the supplier and ensure they know the standards and requirements is for the retailer to lead them through the process and teach them how they

want things done. Preparing these teaching tools will also require the retailer to be more complete and precise in their guidance. These tools can be offered in a variety of mediums – from video to PowerPoint presentations. The key is that the retailer is working with the supplier to build a strong base of understanding so they can avoid pitfalls down the road.

The final phase is an “audit” of the supplier process. This is where the retailer and the supplier conduct their first order and analyze the process from beginning to end. The key parts of this process are the purchase order, shipment, and receiving of shipment. The retailer conducts an audit of this first order to see what was done correctly and where errors were made or bottlenecks occurred. Just a few of the items the retailer will be looking at include:

- How the order is shipped
- Pallet configuration
- Product packaging
- Labeling and ticketing
- Freight company performance
- Scheduling accuracy

Once this audit is completed, it is vital that the retailer provides the supplier with relevant feedback. In some cases – in the event there were quite a few mistakes made, for example – the retailer might conduct more audits until they feel confident the process is running smoothly.

An effective, well-run process will not only save both the retailer and supplier time and money, but will also help in building strong relationships between them and protecting their respective brands. However, even with a decent process in place, there are still redundancies and laborious tasks which will over-extend resources, taking them away from other projects and revenue streams.

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## Problems + Pain Points

Even with a well-honed process, it is still difficult, expensive, and time consuming to collect, manage, and analyze data from disparate groups and/or individuals of organizations and do so in a timely manner.

It is a complex, multi-step process. As such, multiple issues can arise in the process of onboarding and working with suppliers.

First and foremost is the sheer amount of time it takes to actually bring on a new supplier. As described in phase one of an effective process, the development of the supplier requirements guide has traditionally required input from multiple siloed business units including, but not limited to:

- Buying/Procurement
- Marketing
- Finance/Insurance
- Legal
- Transportation
- EDI/IT
- Supplier Relations/Compliance

With 100-500 new suppliers coming on every year, supplier onboarding and management is an “always on” business function. Add to this the fact that the sophistication level of the supplier can vary greatly. While one supplier may be a large organization who is well-versed in being onboarded, many others are small suppliers for whom the process is unfamiliar. One [leading EDI provider found](#) that it takes an average of 13 communications from a business to a supplier “just to get them to pay attention, let alone follow through with their end of the process.”

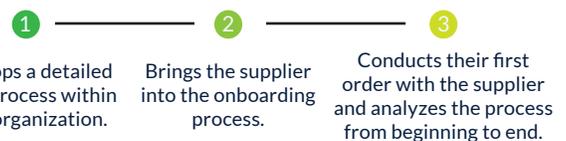
This is why simplifying the complex is essential in a quality onboarding process. On the one hand, retailers need to be able to run a standardized process with the vast majority of suppliers while remaining flexible enough to work on the fly with different types of supplier relationships. This requires disciplined organization and clear, manageable processes.

Yet another pain point is the reliance on incomplete tools like email, spreadsheets or access databases, and horizontally-focused task management software (e.g. Asana and Monday). These are all connected, yet each requires separate actions which take additional valuable time and resources away from other vital tasks.

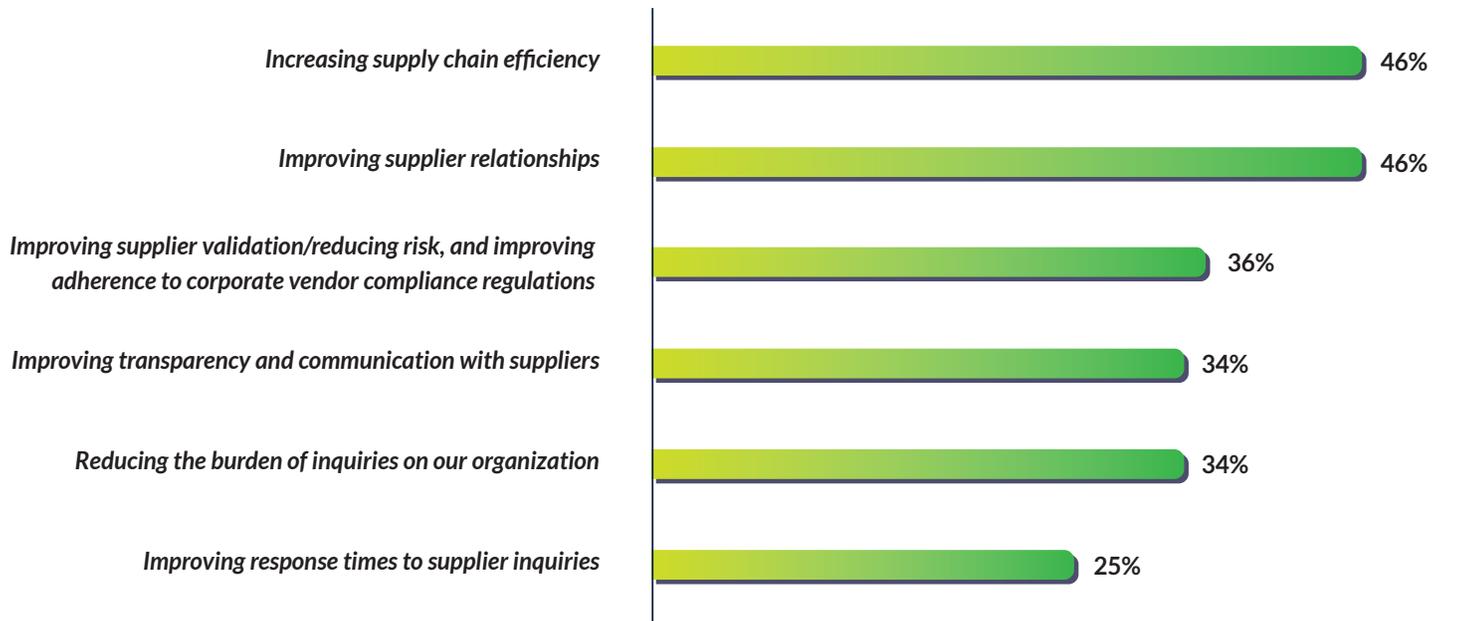
The consequences of not having an effective supplier onboarding process can be devastating to the bottom line. Supplier management requires an incredible amount of resources to support – resources which, if more effectively deployed, could be utilized in other areas of the business. However, too many suppliers are left unprepared to properly and effectively meet retailers’ compliance requirements, which will clearly hurt both the retailer and supplier in time. This can be easily avoided with proper supplier onboarding. Much like a new employee orientation, supplier onboarding should introduce and explain all the compliance requirements and standards to avoid costly errors.

As much as retailers would like their departments to coalesce as a collaborative team to undertake the supplier onboarding process, most departments are siloed. As a result, data collection and communication are fragmented. Information ends up siloed across departments and different media (email, spreadsheets, paper files), meaning there is rarely, if ever, a clear sense for the outstanding tasks at any given time. This makes it difficult for retailers to efficiently ladder their onboarding processes up to internal timelines, like those for staging merchandise in stores. The impact this has on the bottom line is not always visible on a balance sheet, but it is no less harmful.

### During the 3 stages of the supplier onboarding process, the enterprise:



### Supply Chain Professionals' Top Goal When Managing Suppliers



Level.io, "Supplier Onboarding and Automation."

## Speed vs. Quality and the Impact on the Business

Every year, especially around the holidays, there is a race for some new product that underscores the need for speed-to-shelf. In recent years, we have seen this phenomena demonstrated with the arrival of Hatchimals (2016) and Fingerlings (2017), and some might remember the craziness that ensued when Cabbage Patch Kids or Tickle Me Elmo came onto the market. Children beg their parents for the product, and merchants get to work onboarding a supplier that can get the product on the shelf.

Like retailers, parents are eager to get these hard-to-find products, and will often rush to the first store to carry them. The price for getting second place is often missing an important date (like December 25th) and having to mark down the merchandise that everyone worked so hard to secure.

Just as important as speed is the ability to keep the shelves stocked consistently. On time and accurate orders ensure a retailer stays ahead of the competition. First-to-shelf is not the only metric that matters.

Most companies prioritize getting suppliers onboarded as quickly as possible. However, this speed-over-everything mentality can be met with costly errors. When data quality is sacrificed, mistakes are made, orders are wrong, shipments cannot be processed at the distribution center, chargebacks are issued, and the relationship between the retailer and supplier can be frayed.

While retailers may miss out on a few selling opportunities due to a slow onboarding process, one that is ineffective will be even more costly down the road because of back-end supply chain issues.

There are many negative impacts that result from a disorganized and inefficient onboarding process. Processes that lack a focus on quality can result in the following:

- **Delayed shipments** due to missing documents, signatures, and approvals. These are often missed because there are not sufficient guardrails to keep the right people informed.
- **Additional labor expenses** needed to complete manual tasks and/or fix mistakes due to inefficient processes.
- The need for **multiple full-time employees (FTEs)** just to manage the ongoing process.
- **Productivity loss** due to too many resources focused on fixing avoidable supply chain problems rather than other critical tasks.
- **Time spent bridging incomplete tools** like emails, spreadsheets and task management software.
- **Duplicate entry of data** received via email, fax, spreadsheets and snail mail.
- **Correcting data entry errors** due to not having a data normalization process.
- **Information lags** due to bottlenecks which, in turn, delays progress.
- **Spreadsheets that must be manually updated** to understand true onboarding progress and do not reflect when there is a disruption.
- **Tasks may be completed but may delay the process** because it is residing in a silo (i.e., a signature sitting on a desk in an accounting department).
- **Governance issues** result from limited visibility into the campaign progress, creating ambiguity and confusion over who and what followup is required.
- **Financial risks** as the result of incomplete or late campaigns (i.e., an annual proof of insurance campaign).
- **Undue risk to the enterprise** because vendors have not been adequately assessed for financial strength, product quality, and social standards adherence.

Even if retailers are armed with a clear onboarding process, there can still be multiple ways in which it can tie up time and resources, and cost not only speed-to-shelf but create friction with suppliers due to mistakes made by either side.

*How can retailers possibly achieve the seemingly impossible – speed to-shelf as well as accurate data? Well, the solution has arrived.*

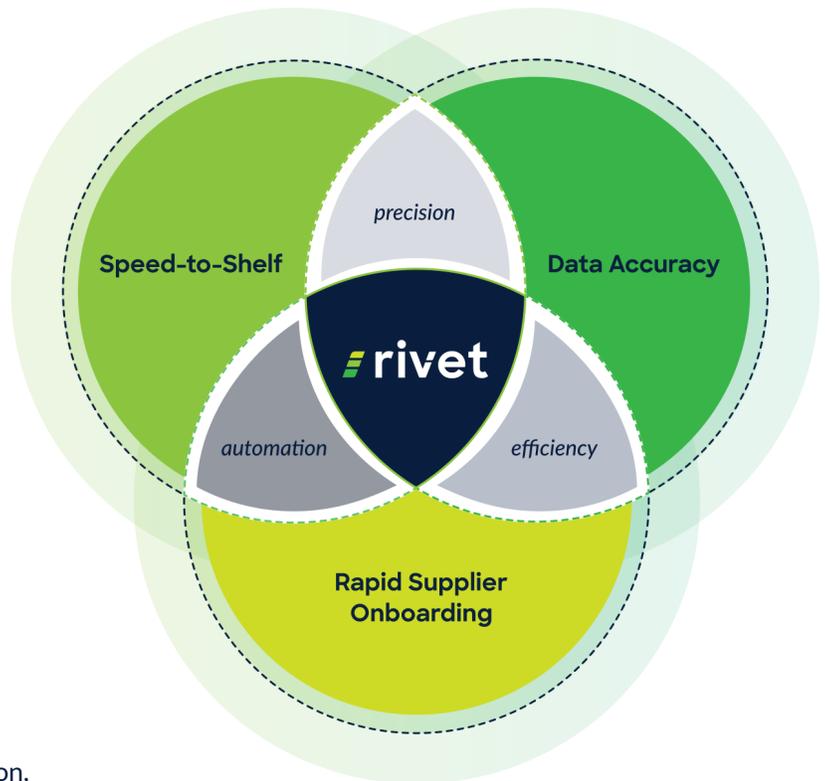
## Introducing Rivet

Traverse Systems has developed **Rivet**, a Business Partner Management Solution that minimizes or eliminates the complexity, time, and expense associated with the supplier onboarding process. Founded and designed by former retailers, Traverse Systems is uniquely qualified to help enterprises optimize this process for both productivity and efficiency.

Rivet is the ultimate tool for managing the supplier onboarding process so that speed-to-shelf and accuracy of data are not just the expectation, but the reality. With a combination of software and professional services, Rivet helps businesses formalize what are typically manual and informal processes.

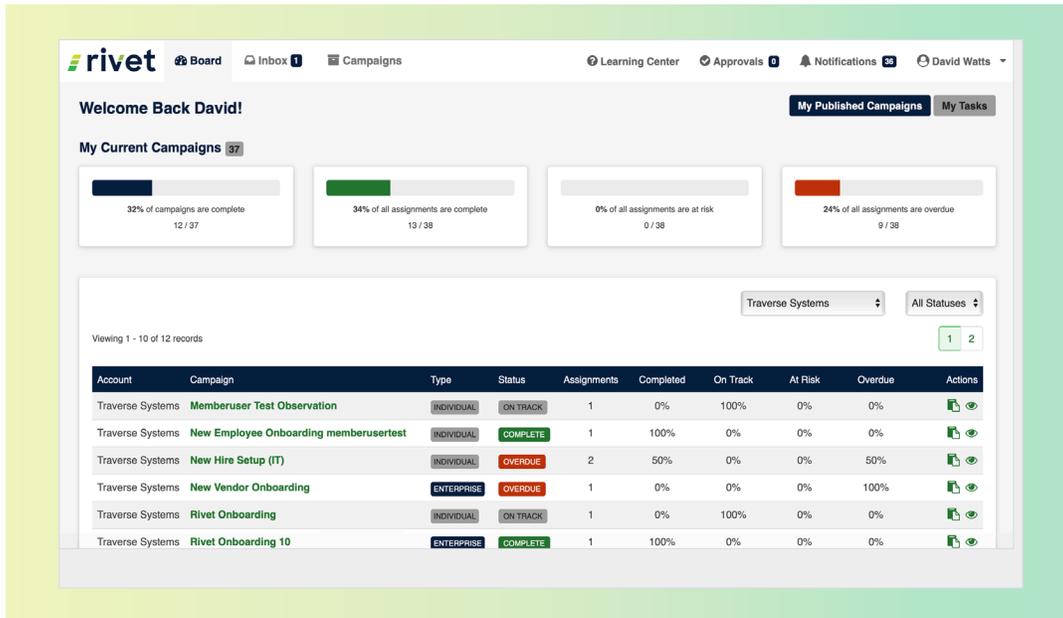
By automating the mundane tasks that comprise supplier onboarding, enterprises can focus on higher value activities and in finding the next big thing. Additionally, Rivet provides businesses the ability to build an automated onboarding process that flags at-risk and incomplete items before they happen, not after.

Rivet provides enterprises with the ability to aggregate, manage, and analyze large amounts of data and supporting documentation in an automated format, saving both time and expense. Key features of Rivet include:



**Key features of Rivet include:**

- ✓ Containing tasks, data, supporting documentation, and follow-up actions within a single platform, minimizing the need for incomplete tools such as email, spreadsheets, and task management software.
- ✓ Our platform is machine-driven and, as a result, this formalized process eliminates the need for a manager - the system manages the responsibilities of the various departments including the suppliers.
- ✓ Capture the data directly from the supplier and auto populate via an API or upload directly into the platform, eliminating double data entry.
- ✓ Virtually eliminating campaign scale and complexity as barriers to success as Rivet provides automated repeatable processes that can manage an unlimited number of recipients.
- ✓ Eliminating non-industry specific task management tools because deadlines and follow up tools are automated within the Rivet platform.
- ✓ Automating emails alert campaign recipients of their daily progress, specifically, when their tasks are unacceptable, incomplete or at risk of being late.
- ✓ Providing enterprise-wide visibility, control, and governance to traditionally siloed and informal processes.
- ✓ Managing thousands of existing suppliers while onboarding new ones through automated processes.
- ✓ Providing enterprises with visibility and control through dashboards to easily determine the status of campaigns progress, what is on-time, what is at-risk, and if and where corrective action needs to be taken.
- ✓ Automating mundane daily tasks, allowing FTEs to transition from transaction-based activities to exception-based. It also allows employees to get to the next project faster.
- ✓ Reduced onboarding time without sacrificing data quality
- ✓ Achieving ROI through the reduction of labor expense alone.



Beyond Rivet, Traverse Systems has gone the extra mile to ensure onboarding success for its customers.

**The additional features include:**

**Supplier Onboarding Services:** Traverse Systems offers additional service capabilities to assist the enterprises in meeting the supplier onboarding challenge.

**Supplier relations guide creation:** A successful business partner relationship starts with clear expectations and a mutual plan for profitability. Though seemingly a fundamental requirement, many enterprises either provide a limited supplier requirements guide, often only related to transportation, or have created a document that is not consistent with what their competitors require from their trading partners. By not setting clear and consistent expectations, the downstream effects multiply as the products make their way to the consumer. Traverse Systems can offer an enterprise the following services:

- Create a supplier requirements guide from the ground up
- Optimize existing guides to industry standards
- Benchmark existing guides (when able) against competitors to ensure requirements are not creating a competitive disadvantage

**Consulting:** Setting up an efficient and productive supplier onboarding process is time consuming. Traverse Systems can offer various services that range from optimizing current processes to building an automated process from the ground up.

- Develop flow chart of existing process to uncover areas of opportunity
- Create a more efficient supplier onboarding process
- Work directly with suppliers to uncover pain points and improve process flow

**Managed Services:** Traverse Systems can oversee and manage the supplier onboarding process on the retailer's behalf.

- Assume day-to-day responsibilities of managing the supplier onboarding process
- Interface with either internal, external contacts or both
- Built on Rivet, Traverse Systems will provide retailers with an automated process to bring in-house if desired

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## Return on Investment

Using Rivet not only removes headaches and increases efficiency in the supplier onboarding process, it provides a clear return on investment. According to RVCF, in most enterprises, Rivet's functionality would replace two FTEs, typically at a salary of \$50-60K/year. Before the impact of speed-to-shelf and data accuracy is measured, Rivet provides a \$100-120K return on investment in labor savings alone.

**In addition to labor savings, companies using Rivet can expect to realize the following results:**

- ✓ Faster speed-to-shelf and/or -stock: Seamless, errorless processes help items sell more quickly.
- ✓ Fewer data errors to correct: Less data clean-up means more time to take advantage of upside.
- ✓ Fewer supply chain bottlenecks: When everyone is on the same page, there are fewer issues and they require far less time and effort to solve.
- ✓ More fruitful relationships: Efficient communication leads to better decision-making and relationships that can focus on opportunities rather than logistical challenges.

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## Summary

The future of commerce will require companies to onboard new suppliers faster than ever to take advantage of emerging market opportunities. Additionally, it will require accurate data to ensure the uninterrupted flow of merchandise to the consumer, no matter the channel they choose. Rivet ensures both objectives are met while providing a rapid ROI in labor savings alone.

Traverse Systems was founded by retail specialists who were driven by the desire to develop transformative solutions for enterprises that address pain points, increase efficiency, and positively affect the bottom-line. Rivet is the latest solution we have designed to that end. We believe it will have a net plus impact on the end-user and help build a predictable and mutually beneficial process for both the enterprise and the vendor.





## Learn how Rivet helps you onboard your suppliers faster, so you can transform your business.

To learn more, reach out to us at [info@traversesystems.com](mailto:info@traversesystems.com), or visit [engage.traversesystems.com/rivet](https://engage.traversesystems.com/rivet).

### ABOUT TRAVERSE SYSTEMS



Traverse Systems is an interdisciplinary team of supply chain professionals. Our platform drives a unified understanding of your entire supply chain. Since 2000, we have served some of the world's most respected brands including CVS Health, Burlington Stores, Michaels, Tractor Supply, Kohl's and more. Our platform aggregates data from disparate systems and provides a holistic understanding of your operations so that nothing is left to chance.

Traverse Systems is proudly based in Sugar Land, Texas. To learn more, please visit: [www.traversesystems.com](https://www.traversesystems.com).