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## Streamlined Supplier Enablement



While the accounts payable (“AP”) process seems relatively straightforward, there are plenty of situations that can create stress or headaches. Suppliers and customers often have different systems, processes, and required information to fulfill their end of the AP relationship.

That being said, many of the customer hang-ups center on onboarding. Collecting, verifying, and processing the information to pay suppliers is a necessary part of the onboarding process. But for some customers, this process is highly inefficient because it is so manual.

Because of this, it is worthwhile to explore why successful supplier onboarding is so important and what a successful supplier onboarding process looks like. In doing so, you can minimize mistakes, better manage your cash flow, and develop better relationships with suppliers.



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## Streamlined Supplier Enablement (cont.)

### Why Successful Supplier Onboarding is So Important

Before getting into the how, we want to discuss the why. Successful supplier onboarding is critical for several reasons.

First, it can help you minimize mistakes. As supplier relationships begin, back-office operations like AP need to gather a good amount of information. Often, there is a back-and-forth between you and the supplier. Yet if AP professionals are manually inputting this data, there is significant room for error. This can delay and seriously harm the payment cycle. Often, there are long recovery times, which contribute to higher operating expenses.

Along with this, successful supplier onboarding can strengthen your cash flow. Quickly obtaining and inputting supplier information can help your company keep track of deadlines, more effectively collect from your own customers, and ensure that you aren't paying any late fees.

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Finally, successful supplier onboarding helps you maintain better relationships with your suppliers. Substandard supplier onboarding can lead to late payments, which can significantly harm your suppliers' operations. With strained cash flow, they will struggle to pay their suppliers. Ultimately, these unforced errors can harm supplier relationships and may even persuade them to refuse future service.



## Streamlined Supplier Enablement (cont.)

### How to Create a Successful Supplier Onboarding Process

Clearly, the supplier onboarding process is critical for any AP department. With that understanding in mind, there are several important considerations when designing your supplier onboarding process.

At its core, it comes down to collecting the correct information. If a supplier isn't properly onboarded, you'll find yourself constantly gathering piecemeal bits of information from that supplier. You and your colleagues obviously want to avoid that, as it is both time-consuming and expensive.

### AP Requirements for Successful Supplier Onboarding:

Because of this, your AP professionals need several key pieces of information. All of this information is critical to avoid the back-and-forth and efficiently begin the AP process.

- **Basic Contact Information**, This is the starting point. Make sure to get the contact information of the person that is requesting payment. This not only reduces some basic communication errors, but you can see if that supplier is on certain blacklists (like the SDN list).
- **Tax Identification (IRS or VAT)**, While it may not seem pressing at the time, it is much easier to gather tax information now rather than at the end of the year. This tax information can help you comply with FATCA requirements and validate the supplier that you're paying.
- **Payment Method**, Ensure that you are getting your suppliers' preferred payment method. That said, electronic payment methods (virtual cards, ACH, electronic check, and wires) are often better because they are safer and cheaper for the supplier.
- **An Invoice**, *While this is optional*, accepting an invoice is a great idea. This is because some supplier models trigger payments by submitting an invoice. Because of this, your company may want to consider investing in an onboarding process where submitted invoices trigger individual processing workflows. That being said, this is less important than obtaining basic contact information, tax identification information, and payment methods

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### Why Supplier Portals Can Make Your Life Easier

While this isn't an overwhelming amount of information that you must gather, it is a critical part of creating a successful supplier onboarding process. But there is another thing that you can implement that will make your and your suppliers' lives easier. **That is a supplier portal.**

Simply put, a supplier portal is a huge part of process efficiency. It is a central hub where suppliers can easily and directly upload and update their payment information. Not only does it save time for both you and your suppliers, but it reduces errors throughout the AP process.

For you and your AP colleagues, the supplier portal can offer an extremely clear view of your AP landscape. It is available on-demand and never closes. You can offer added benefits and programs to suppliers (like early payment) and immediately negotiate virtual card payments, wire transfers, or ACH payments.

Better yet, the supplier portal can free up some of your team's valuable time. Suppliers, rather than your team, are submitting data that will automatically be used throughout the payment process. This is especially helpful for a global business that is working with thousands of suppliers.

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## Streamlined Supplier Enablement (cont.)

### Convincing Suppliers to Participate

As for suppliers, you'll find that they are naturally incentivized to participate. Quite obviously, they want to be paid, so they will submit all necessary information (including preferred payment methods like virtual card and ACH payments) to make the process easy for you.

Ultimately, communication is critical here. Even though suppliers will naturally be interested in your supplier portal, you and your colleagues still need to work with suppliers so that they actually participate. When pitching them in a meeting or via email, you certainly want to speak about the value that they'll get from a supplier portal. But along with this, use simple and clear language. Also, make sure to include company branding in your communications. While this may seem like a small thing, it builds trust and adds to your credibility.

In the end, a supplier portal is truly a win-win for both sides. When guiding suppliers onto your platform, however, don't hesitate to communicate. More communication is better than less communication here.



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## Get Started Today

The importance of the supplier onboarding process cannot be overstated. Unless you invest time in designing and modifying your supplier onboarding process, you are taking on subtle, yet important risks. Those risks include damaged supplier relationships, strained cash flow, and operational losses. Because of this, a well-thought and tested technology and implementation strategy is vital. In the end, the best time to get started on this important task is today.

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