

ONBOARDING PARTNERS



The purpose

of this manual is to share best practices on supplier onboarding

i.e. to advise on how to get as many partners as possible exchange EDI documents with your company.

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Why focus on onboarding?

Onboarding is the most crucial part of EDI project.

EDI assures faster information flow and fewer mistakes. It will make your business as well as the whole supply chain more efficient.

But benefits of EDI can be enjoyed only if your **partners actually start sending and receiving electronic documents.**

Therefore, technical capability is just a prerequisite, **business agreements** with suppliers must be in place for successful EDI project.

Prerequisites for successful onboarding

- **Top management** supports the project fully
- The **project** has an active “**owner**”, who has enough resources (time, funds) and motivation to run the project
- **Employees are aware** of the project **goals** and know **why EDI** is being implemented
- Piloting phase has been successful:
 - **Technical solution** is in place (tested with a few partners)
 - **Internal processes** are **in place**
 - **Employees are instructed** about the new process

How to onboard partners?

Partner onboarding is a relatively big project. For it to be successful, make sure that before reaching suppliers you have had enough time for preparation (analysis and planning).

Divide onboarding project into 3 phases:

1. **Analysis:** segment and prioritize suppliers
2. **Planning:** create message and communication plan for each supplier segment and set the onboarding goal for them
3. **Execution:** inform the suppliers and reach onboarding goals

1. ANALYSE SUPPLIERS

Why is analysis needed?

Suppliers are not equal - they have different technical capabilities, their document volume varies etc. For fast results, it is important to focus on those who create the most work for you. Before onboarding, you must know who those suppliers are.

Desired result of analysis:

Suppliers are **segmented** based on their **importance** and onboarding (implementation) **effort**.

1. ANALYSE SUPPLIERS

For segmentation, go through the following questions:

- **How often are you exchanging documents?** The more the supplier sends documents, the more important is its onboarding (20-80 rule)
- **How many rows are in one document?** Even if the document amount is small with a supplier, processing one document can still be time consuming in case it has many rows
- **What is the technological capability of the supplier today (EDI, PDF, paper)?** Start with the ones that are already doing EDI with other partners.
- **Is it international or national supplier?** National suppliers are usually easier to onboard.
- **Are all suppliers currently providing you services?** Clean database from outdated suppliers.

1. ANALYSE SUPPLIERS

Here is one example of grouping you may come up with:

A group:

Suppliers, who are capable of transferring needed EDI documents already today

B group:

Suppliers, who are sending the biggest amount of documents, but are not yet EDI capable

C group:

Other national suppliers

D group:

Other international suppliers

2. PLAN - create message & communication plan, set goals

Now that you have segmented suppliers, you should create plan for each group. Onboarding top suppliers groups (A and B in the example) must be the priority.

Desired result of planning phase:

Message, communication plan and target exists for every supplier group.

2. PLAN - create message, com. plan, set goals

Questions to think about before creating the message to suppliers:

- **What is your onboarding strategy (opt-in vs opt-out)?**

NB! Pressure and clear deadlines make things moving faster.

Top 3 things other companies in the market are using for faster adoption:

- Processing fees for data entry (x euros per row/document that had to be entered manually.)
 - Clear deadline (i.e 2 months to go over to EDI)
 - Determining EDI in supply contracts (as one of the ground rules for collaboration)
- **What are the benefits for suppliers to highlight?** To motivate them starting EDI with you. (For example: [reliability, security, faster processes, EDI orders...](#))

2. PLAN - create message, com. plan, set goals

Questions to think of for creating communication plan:

- **How often should you inform?** Rather over than under communicate. One or even two messages is not enough in most of the cases.
- **When to start?** Inform suppliers as early as possible. It will take time from their side as well to set up EDI (they must plan IT resources, test the solution).
- **What channels to choose - emails, calls, meetings?** The more important the supplier is for you, the more personal approach should be used.

Questions to think of for setting goals:

- **What is the result you are satisfied with?** % of suppliers onboarded, % of documents via EDI, % of time saved....

3. EXECUTION - inform, track the progress

Now that you have segmented suppliers, set goals, created message and communication plan for each of the group, it is time to start executing the plan.

This step is the most time consuming.

PS! It is wise to focus on one group at the time, otherwise you have to deal with hundreds and hundreds of request at the same time.

Desired result of execution phase:

Suppliers are **informed** according to the plan; **goals** with each segment are **reached** (EDI is used with wished % of suppliers, wished % of documents move via EDI, wished amount of time is saved etc.)

3. EXECUTION - inform, track the progress

Some tips to remember:

- **Do not assume that suppliers start exchanging EDI documents already after first message. Notify them several times. Use deadlines!**
- **Track the progress regularly.** Are suppliers sending EDI documents? Are your stores following the process (sending EDI orders)?
- **Change the message and channel if needed** (from impersonal to personal). At first, softer messages can be used. The more time passes, the more persuasive and demanding messages should get.
- **Be ready for many requests and questions from supplier side.** Train your personnel beforehand so they would be prepared to answer.

3. EXECUTION - inform, track the progress

Some tips to remember:

- **Make sure you have agreed on processes with supplier beforehand.** EDI should actually not change your business processes (only the information channel), but most of the times implementing EDI will bring out some gaps in the business process as well.
For example: what happens if the delivered amount of goods is bigger/smaller than stated in EDI invoice. Should you issue correction order? Should they issue new (credit) invoice? Should your staff return goods? ...
- **Make sure you have agreed on technical aspects beforehand.**
 - If you have some special validation rules (i.e you demand order reference number on invoice) communicate it to suppliers.
 - Unify the item codes (GTINs, supplier codes) used for ordering /invoicing with supplier.
 - Unify ordering units, min/max order quantities...

SUMMARY: Successful onboarding 101

- 20-80 rule. SEGMENT!
 - Pick the low hanging fruits!
 - Opt-out (pressure) makes things moving faster
 - COMMUNICATE -
COMMUNICATE -
COMMUNICATE
 - Track the progress
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Helpful tools for onboarding

- Sample letters for onboarding suppliers
 - EST, ENG, LAT
- Sample communication plan
- Telema can also help with:
 - Segmenting suppliers.
Providing info about supplier tech capability (on demand)
 - Keeping track of progress and provide EDI document traffic analysis (on demand)

If you need any further information or help on onboarding feel free to contact support@telema.com