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Why high-quality supplier data is more important than ever before

CLEAN DATA

Why high-quality supplier data is more important than ever before

Written by **Stephany Lapierre, CEO Tealbook**

A new year brings new priorities for procurement teams across the globe. After last year's unexpected challenges, CPOs are evaluating every facet of their procurement strategies to find areas for improvement.

According to Deloitte's 2020 CPO Flash Survey, 66% of CPOs cite cost management as their top priority, while 47% also expressed a need to expand their current supplier base. Further goals include increasing visibility into Tier 1 and Tier 2 suppliers, empowering procurement team members to work more efficiently, and deepening supplier relationships.

Every one of these areas is important, and fortunately, one critical piece impacts all of them: supplier data quality. In 2021, there is no good reason to be working from messy, outdated vendor masters. Clean supplier data is powerful, and the effect that data has on your ability to meet your organizational goals should not be overlooked. By prioritizing the need for reliable, complete, and rationalized supplier data, CPOs will see incredible gains made towards every one of their objectives.

Stephany Lapierre is the founder/CEO of Tealbook, a highly coveted supply chain thought leader, and one of the most influential minds in emerging data technologies. She has been recognized as one of the Top 100 Most Influential Women in Supply Chain,

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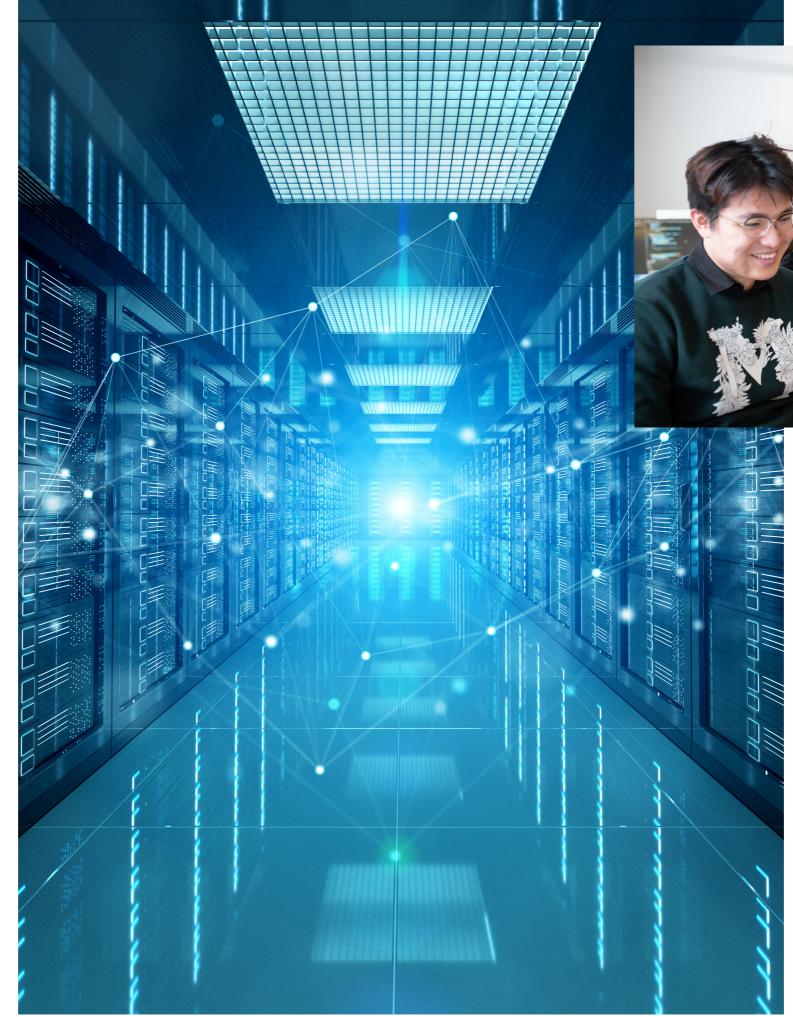**Hear more about supplier data with Stephany on the latest episode of The Digital Insight**
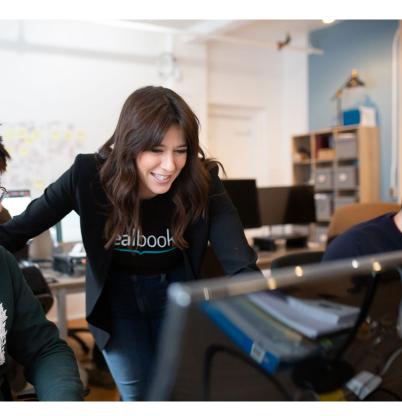
Clean Data Can...

1. Facilitate Strategic Decision Making

Better results start with better decisions, but if your supplier data is unreliable, you don't have the information you need to make the best choices for your organization. Data-driven decision making is the cornerstone of a future-minded strategy, and can be enabled by pursuing digital transformation that starts with a foundation of clean data.

An article from Harvard Business School cites the benefits of data-driven decision making as the ability to be more confident in your decisions, the ability to be proactive, and the ability to use data to drive cost savings. Put into a procurement lens, clean supplier data will allow you to move faster—making better decisions about which suppliers to work with, how to best leverage their capabilities, and how to use your supplier information as a competitive weapon to receive more advantageous bids, reduce risk, and optimize spend.

2. Maximize Value from Technology Investments

Your e-Procurement technology stack is only as healthy as what you feed it. Even if you have premium software, if you're inputting bad supplier data, your tools are not going to be performing at maximum efficiency.

Before re-evaluating the solutions your team is using, consider focusing your attention on data quality. Is your data incomplete? Stagnant and outdated? Rife with duplicates and contradicting information? No matter the specifics of your data problems, you can solve them by seeking out an automated data enrichment solution that integrates with your current technology stack.

3. Revolutionize Supplier Discovery and Relationship Management

Having clean supplier data means that you'll be able to find more suppliers faster, reduce onboarding times, and manage supplier relationships across your entire organization.

These wins are rooted not only in data quality, but also in data completeness. Not only does having complete and accurate data about your current suppliers allow you to fully leverage those relationships, but complete data about potential suppliers can help you fill gaps within your sourcing plan and narrow down prospective suppliers by sustainability and diversity accreditations, location, company size, year founded, and more.

Complete data also means that your supplier records are updated to reflect the relationship between a supplier and your entire organization, not just your procurement team. A large company with multiple departments using the same suppliers is always at risk of creating dissonance between the data sets owned by different organizational arms. Supplier data platforms with integration capabilities can easily solve this problem by powering multiple technology solutions—different tools to fit the needs of different departments, powered by the same clean, enriched, harmonized supplier data.

4. Expand Your Supplier Diversity Program

Best-in-class supplier data solutions will offer visibility into Tier 1 and Tier 2 suppliers. This is particularly important when trying to expand your supplier diversity efforts and account for all qualified diverse spend. In the same Deloitte survey mentioned above, 90% of organizations rated visibility into their extended supply networks as moderate to very low. This means that these organizations are missing out on the benefits of knowing who their suppliers are working with, and being able to leverage those relationships to create a healthier, more diverse supplier chain for themselves.

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Don't settle for Bad Data

We will never forget the lessons we learned about procurement in 2020. For many of us, we witnessed the most significant supply chain disruption of our careers, and the strategies that emerged from these challenges will become the best practices of the future. Chief among these lessons was not underestimating the importance of data quality.

Make 2021 the year you start demanding more from your supplier data. It's the perfect time to evaluate the quality of your vendor master data, and to determine if it's working as hard as it could to serve the needs of your organization, in good times and in bad.