



The manufacturer of Laughing Cow, Babybel, Boursin and Kiri has chosen to set up a reverse factoring platform for its suppliers.
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How Bel is helping its suppliers to overcome the crisis

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Business case : In order to cushion the economic shock associated with the COVID-19 pandemic, the manufacturer of The Laughing Cow, Boursin and Kiri has set up a 0% discount system for the benefit of some its subcontractors.

The crisis linked to the COVID-19 pandemic has brought to light two categories of companies: on the one hand, those who to preserve their cash flow, have extended their payment terms - as the Crisis Committee, co-managed by the business mediator and the credit mediator, recently cautioned - even if it means the risk of putting their suppliers in difficulty; and on the other hand, those who, well aware that the survival of their subcontractors is essential to guarantee their own activity, choose to support them. The Bel group finds itself in the latter category.

Since the crisis in raw materials, which occurred two years ago, especially in the dairy sector, the manufacturer of The Laughing Cow, Babybel, Leerdammer, Boursin and Kiri has chosen to set up a “reverse factoring” platform - also called “dynamic discounting” - developed by Corporate LinX. The objective: to allow suppliers to follow, in near real time, the progress of payment of their invoice, but also offering them a faster settlement with a discount.

They have two choices : a continuous approach, considered to be “standard”, where each invoice is paid within ten days, in exchange for an average discount of 0.18% per month, and a selective approach, depending on receivables, with an average discount of 2% on their amount against an accelerated payment. «A discount that remains quite low given the cost of credit currently in force in France,» says the Director of Treasury and Insurance of the Bel group, Benoît Rousseau.

Educational work

Faced with the COVID-19 crisis, the agri-food group wanted to go further and offered several of its suppliers, located in certain specific countries, notably in the eurozone, a 0% discount system to help them amortize the shock. *«Even if our business has had very little impact from the crisis, this is not the case for all of our suppliers, in particular packaging manufacturers, who sometimes find themselves in difficulty,»* explains Benoît Rousseau. *However, it is very important that we take care of our supplier relationships because our business continuity depends on it. If we are not destined to become their banker, to help them in such a period is also to help us.»*

Originally planned until the end of June, this system has been extended now until the end of September in order to support them over the long term. *«In this difficult period, this initiative of prepayment without charge, was welcomed by our company, with a real joy of feeling supported by its client Bel, demonstrating its concern to maintain close links with its partners»,* underlines the President of Posson Packaging, Sylvie Casenave-Péré.

While some subcontractors, like Posson Packaging, jumped at the opportunity, and even agreed to partially restart their production lines, others were more suspicious. *«We had to ensure a great deal of communication and education around this because some people thought there was a wolf somewhere,»* adds the Director of Treasury. *On the contrary, the approach is very transparent, with no hidden costs, but the subcontractors are not used to this kind of relationship.»*

We can believe that even in economic matters too, a scalded cat fears cold water.