



## Customer Success Story

# Finding the beauty of stakeholder buy-in and better supplier relations

## Bonfire & L'Oreal

Every growing company reaches a point when transaction volumes overwhelm misapplied IT systems and manual business processes.

It's apparent when executives and other key stakeholders spend more time searching to identify suppliers or sifting through email threads for key documents like contracts, which might actually be stored elsewhere because the staff doesn't have a centralized system.

When procurement processes become overloaded like this, businesses become at risk — they face risks such as renewing contracts with suppliers who don't meet performance criteria or don't have updated insurance documents, or the risk of missing out on a more competitive offering because the best suppliers were unaware of your RFP.



## ORGANIZATION PROFILE

# L'ORÉAL

### KEY CHALLENGES

- Disconnected sourcing and supplier management process
- Multiple vendors with different requirements and paperwork
- Manual, paper-based record keeping
- Lack of engagement from suppliers and evaluators due to complex, manual work

### IMPLICATIONS

- Inability to track supplier performance
- Risk of renewing contracts with expired COIs
- Lost contracts
- Lack of contingency planning
- RFP projects include errors or take longer to complete than necessary

When the process breaks down and the risks rise, businesses have to begin the necessary task of identifying a better way forward. For many organizations, that means automating and optimizing the sourcing process with dedicated esourcing software — ideally a setup that’s easy to use and gives your company a competitive edge.

As a division of the beauty products maker L’Oreal found out, the **strategic sourcing platform** from Bonfire could resolve many of these issues. To start, the L’Oreal team realized it could do more work with the personnel it had. They also noticed that a sense of collaboration developed between departments, evaluation stakeholders and suppliers when all the contracts, certificates of insurance, spreadsheets, invoices and purchase orders were in one place — and easily accessible.

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“A central repository for all information, like RFPs and governance documents, makes our process so much easier,” said Jon Anderson, the product lead for L’Oreal’s travel and retail division in Miami.



## Doing More with Less

Anderson said that before deploying Bonfire's collaborative system, L'Oreal used spreadsheets and emails to cobble together projects.

"Information became scattered," he said in a discussion about why his division selected Bonfire and the benefits that he and his colleagues have experienced since implementing the system.

The L'Oreal group knew it needed help managing its hundreds of suppliers and bringing some rigor to its internal operations so its stakeholders could collaborate better. With a lean staff that runs its procurement and purchasing team, L'Oreal chose

a solution that aided supplier governance as well as improved collaboration — and one that also provided a sound return on investment.

"The lightbulb moment came when we looked at Bonfire's capabilities as well as what we get for our money," Anderson said. "The functionality was right up there with the best we saw, but if you look at cost-per-ROI ratio, Bonfire was the best by far."

He said the proof of it being a sound investment is reflected in the amount of business that L'Oreal can now do.

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“We have more than doubled the amounts of projects we've done since implementing Bonfire,” Anderson said, detailing other benefits. “It also allows other departments to have a say and participate in events and gives the procurement team more control over the supplier database.”

# Moving from Paper to Electronic for **Better Supplier Governance**

Supplier relationships are key for L’Oreal, which expected any new software system to have an application that allowed the suppliers to manage their own data and information.

Anderson reports that moving from a paper format to the introduction of an electronic solution was a change for the team and something for suppliers to get used to, but a good change. It helped that the designated Bonfire **support and implementation manager** worked one on one with L’Oreal to ensure the database was updated accurately and in a timely manner. Once suppliers understood their role and L’Oreal’s expectations, the processes and lines of communication began to run much smoother.

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## Common Bonfire features used:

- Bid tables
- Questionnaires
- Supplier Information Management
- COI Declarations
- Supplier invites to RFP opportunities
- Staged Evaluation Groups
- Supplier activity tracking (Documents and Intent to Bid)



“Many of our suppliers are happy with the move to an e-sourcing solution, and some are in shock because they are realizing their information is outdated and now they’re asked to be on top of the information that is required of them,” he said. “So with that, integrating the system has shifted our role of managing paperwork to now managing team interactions with suppliers, gaining control over supplier governance and thinking more strategically about who we partner with and how our projects will run in the future.”

Anderson said he can understand how the change-over could seem daunting but said it was necessary for the company and suppliers. Governance paperwork ranged from six to 10 documents per supplier, but there was no direct repository to manage documents because the company’s long-tail supplier database made it complicated to make sure suppliers had all the up-to-date and correct information on file. The procurement team faced a constant challenge to ensure the documents were in place.

“We knew supplier governance was an issue because documents should be updated on a yearly basis. But given how the information was stored before, it was virtually impossible to stay on top of it,” he said. “Now, having all the supplier documents on one database allows us to easily manage 500 suppliers through one click of a button.”

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“We can communicate to all our suppliers easily, we can manage those communications; they all have an opportunity to participate in bids. If you look at 500 suppliers, 80% of spend is concentrated on a fifth of that, so to be able to manage the rest of the supplier base in the middle gives you great control.”

# Improved User Experience Means **Faster Turnaround on Projects**

Anderson said the suppliers have found **Bonfire easy to use** and self-explanatory. “Bonfire is much easier to use than other systems and Excel.”

For internal users at L’Oreal, the new system allows more visibility into the process, improves efficiency and increases participation from evaluation stakeholders, he said. That encourages involvement from more departments, smooths out interactions with the procurement and purchasing staffs, and speeds up decision-making so stakeholders are really driving the business.

“Bonfire allows us to easily give access to different stakeholders and bring transparency to the process — having the participation of the stakeholders all the way through,” Anderson said. “It has helped us have additional involvement from different teams. It’s democratized the process — with the business team driving what they need and want.

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