



ERA Global News

EXPENSE REDUCTION ANALYSTS' BUSINESS NEWSLETTER

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ERA WORLDWIDE

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ERA Global News is an in-house business information newsletter designed to keep ERA clients and analysts informed and aware of the operations and activities of the ERA consultancy network worldwide. Although every effort is made to ensure that each ERA business receives accurate coverage in this publication, the editor is not responsible for any errors or omissions.

OUR MISSION

To serve our clients under a 'no risk' arrangement whereby Expense Reduction Analysts will improve client profitability by achieving cost savings and increased value on business expenses, without any reduction in quality and service.

Cost savings stack up at UPS

EXPENSE REDUCTION ANALYSTS NORTH AMERICA

In North America, Expense Reduction Analysts (ERA) has delivered major savings of up to 40 per cent for UPS Supply Chain Solutions, a leading provider of logistics and distribution services to major manufacturers globally.

UPS asked ERA to review several expense categories including warehouse and office consumables costs and waste management expenditure. The company operates in a very competitive marketplace and as a supply chain management specialist, it is vital that UPS is seen by its customers to be a diligent manager of its own supplier costs. ERA associates Anil Nanda and John Mathers conducted an initial expense review and found savings of up to 10 per cent on office consumables and 40 per cent on warehouse consumables.



ERA associate Anil Nanda (left) with Alice Mark and Richard Ayuen of UPS

Waste management

When the team came to look at UPS' waste management costs it found that waste management was split between eight different providers whose contracts were due to expire shortly. ERA conducted a thorough investigation into the services provided and selected one competitive supplier who not only offered a reasonable fixed price but was also able to take over the contracts from suppliers at 19 other UPS locations as and when they expired. The supplier also offered UPS a single date for renewal of all the contracts.

ERA's investigations reduced UPS' waste management costs by 32 per cent and the new single source supplier offered an additional benefit for UPS as the company reviews its expansion plans. Commissioning new locations at very short notice would be necessary. UPS is now well equipped to tender this business on the renewal date of the current contract as it has only one contract to manage.



UPS implemented ERA's suggestions, ensuring savings were maximized by appointing a single point of contact, Alice Mark, supervisor, administration services at UPS, who liaised with all company's bases and ensured they were adopting ERA's recommendations. "ERA was wonderful," says Alice Mark. "We just don't have these skills in-house and we would never have been able to enjoy the savings had it not been for ERA."

As a result of the successful project, UPS is currently considering using ERA's services for other categories such as packaging and energy management.

Saving the Samaritans

EXPENSE REDUCTION ANALYSTS AUSTRALIA



ERA's Keith Ketheeswaran is joined by Samaritans' Rhonda Murrey, director of client services, Cheryl Price, director of financial services and Vivian Hayes, director of corporate services

Communication is a key factor in charity work but it can also be a major cost. For one of Australia's largest regional welfare organisations, the Samaritans, phone bills alone amounted to over US\$200,000 a year.

"Our costs were spiralling," says Vivian Hayes, director of corporate services for the Samaritans. "We knew that we needed to reduce expenses but we felt that we probably didn't have the resources in-house to manage the process."

ERA managing associate Keith Ketheeswaran and his team were called in.

Using technology effectively

"We needed to enable the Samaritans to use telecommunications technology effectively to deliver its core business (that of connecting the right services to the right people) and, in the process, to save money – and lots of it!" says Keith.

Analysis of costs showed the major expense was for calls between staff, both on mobiles and fixed lines. But where the traditional solution to overspending is to control usage, that was not appropriate in this case.

"With many of the case workers having to work in off-site locations with clients, a mobile phone is a lifeline," explains Keith. "Some of the 100 locations used by the Samaritans house women's refuges – confidential locations with unlisted phone numbers. Phones are vital in connecting them to the outside world during a difficult period in their lives."

Cash saving solutions

The solution in this case was to use technology effectively. ERA put together a shortlist of telecommunications companies and, once the list was presented, Samaritans executives had a difficult job choosing a clear winner as the solutions that ERA had developed were so good. "The level of savings was surprising," says Vivian. "US\$91,000 is certainly not to be sneezed at!"

Streamlined communications

The ERA solution has also provided the Samaritans with a communications network that is streamlined and efficient. The first 'surprise' for the Samaritans was the quality of the solution," says Keith. "The organisation now has access to technology that will build its own virtual network, enabling it to link its phones across wide geographic areas. Secondly, it has an advanced and simplified billing option that is easy to operate and will enable it to manage communications costs in the future."

"Our streamlined communications system is an added extra," says Vivian. "In the beginning, we were looking for someone to analyse a situation that we found complex and fix it for us. ERA managed the process so well, and its experience in this field made the whole process a breeze."

ERA cuts Deloitte's costs

EXPENSE REDUCTION ANALYSTS
URUGUAY

Expense Reduction Analysts (ERA) Uruguay has achieved cost savings of up to 20 per cent for global professional services firm Deloitte after being invited to review expenditure in areas including office cleaning, communications and courier services.

"We took an interest in ERA's proposal because despite continued efforts to keep our office costs at reasonable levels, we thought it would be interesting to know whether a fresh and independent perspective might identify new cost saving opportunities for us," says Raul Rivas, a partner at Deloitte Uruguay. "ERA's proposal carried no financial risks and as ERA has been working successfully with Deloitte in other parts of the world we engaged its services."

ERA identified key areas of expenditure for investigation, and after conducting a thorough review savings averaging 20 per cent were achieved without affecting the quality and efficiency of Deloitte's internal office services.



ERA Uruguay's team with Deloitte Uruguay partner Raul Rivas (standing) and Deloitte administrative officer Araceli Crocarno (second right)

Continuing customer care

EXPENSE REDUCTION ANALYSTS
NEW ZEALAND

Expense Reduction Analysts (ERA) New Zealand has launched a new service to continue customer care. The new Expense Management Maintenance Agreement (EMMA), launched in response to client feedback, means ERA NZ can continue to give clients a value-for-money service after their ERA cost analysis is complete. Under the EMMA, calculated at a percentage of the total expenditure under review, ERA will continue to monitor client costs and provide advice to ensure efficiencies identified are maintained.

Major savings for top UK venue

EXPENSE REDUCTION ANALYSTS UNITED KINGDOM

In the UK, Expense Reduction Analysts (ERA) has achieved cost savings of more than 43 per cent for The Lowry, one of the country's leading exhibition venues for the visual and performing arts.

ERA analysts Adam Wheatley and Diane Lane have reviewed expenditure on categories including catering and janitorial supplies and stationery, cutting costs by almost half.

"We first tested ERA in areas in which we thought we already had competitive arrangements in place, and were surprised by the level of savings they were still able to achieve for us," says Jon Brabbin, financial director for The Lowry.

Communications and energy

When asked to review The Lowry's expenditure on communications and energy, ERA brought in analyst Judith Ashurst to investigate these cost areas. "These are areas in which we



(From left): Jon Brabbin, financial director, The Lowry, Judith Ashurst, ERA analyst and Adam Wheatley, ERA analyst

have no experience of our own and for this reason we have very much valued the work that Judith has carried out," says Jon Brabbin.

When investigating the telephone rates, Judith found that although they were competitive, the supplier had not taken into account the number of calls made in the evenings and at weekends. Judith managed to negotiate with the incumbent supplier to obtain better off-peak rates, resulting in cost savings of 14 per cent.

"Since the initial projects have proved to be so successful for us, we are of course very keen to keep finding more cost areas for Adam and his colleagues to review," says Jon Brabbin. "It is ERA's ability to draft in experts in any given cost area from its network which has most impressed us. In areas as diverse as stationery, communications and catering supplies, ERA has been able to deploy specialist expertise with a wealth of experience and knowledge."

Marine gains in NZ

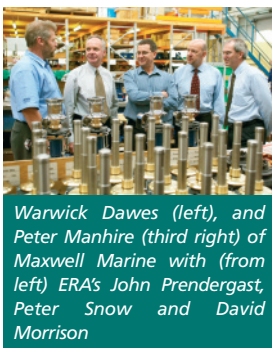
EXPENSE REDUCTION ANALYSTS
NEW ZEALAND

Expense Reduction Analysts (ERA) New Zealand has reduced the costs of one of the world's leading marine products manufacturers by more than 17 per cent.

Auckland-based Maxwell Marine, which leads the world in the design and manufacture of marine products, asked ERA to review a number of its expenses, including international freight, telecommunications and office products.

After conducting its review, ERA identified overall savings of 17 per cent for Maxwell Marine, including US\$65,000 saved on international freight expenditure and a further US\$20,000 on telecoms costs.

"The focus and expertise brought by the ERA team has resulted in savings for Maxwell beyond our expectations," says Warwick Dawes.



Warwick Dawes (left), and Peter Manhire (third right) of Maxwell Marine with (from left) ERA's John Prendergast, Peter Snow and David Morrison

ERA drives costs down for Laidlaw

EXPENSE REDUCTION ANALYSTS CANADA

Expense Reduction Analysts (ERA) Canada has helped Laidlaw Transit, the market-leading supplier of student transportation, charters, and industry shuttles across North America, to improve its bottom line by achieving savings of more than 34 per cent in key cost areas.

ERA met with Laidlaw to investigate its core business activities, and used this knowledge to implement a review of key expense areas including utilities, telecoms, couriers, employee uniform rental, branch supplies, waste disposal and office equipment. ERA's work helped Laidlaw

to coordinate and consolidate its cost management strategy at its operations across Canada, cutting costs by over 34 per cent. "The strategies implemented as a result of our work with Laidlaw should ensure long-term cost control for the company, as well as simplifying future negotiations on a national level," says ERA's Mike Simms.

"We have found the network of ERA's category specialists to be extremely beneficial," says Tony Wilson, regional director – financial operations at Laidlaw. "The ERA specialists know much more about their areas of expertise than we could possibly bring to the table. ERA has not disappointed with the seven areas reviewed. It has aligned itself with specialists that understand the markets in which they negotiate and they have demonstrated an effective approach to securing the best cost efficiencies available."



(From left) Tony Wilson, regional director – financial operations at Laidlaw with ERA's Mike Simms and John Giannone, regional director – fleet and maintenance at Laidlaw

Call costs cut

EXPENSE REDUCTION ANALYSTS BRAZIL



ERA's Fernando Macedo (second right) is joined by (from left) Ariovaldo S. Branco, Itali G. Del Padre and Mario Sergio R de Souza of Expresso Aracatuba

Expresso Aracatuba is Brazil's third largest transportation firm, with a fleet of over 600 vehicles and 1,500 employees nationwide. The company is currently expanding its operations across other parts of South America, including Argentina, Uruguay, Paraguay, Chile, Bolivia, Peru and Venezuela.

Expresso Aracatuba asked Expense Reduction Analysts (ERA) to analyse its long distance telecoms expenses, with the particular objective of integrating the telecommunications services between its 40 branches in Brazil to reduce costs and optimise efficiency. The existing system involved multiple suppliers spread across the business, all with differing rates which were leading to unnecessary costs. By

analysing individual calls ERA was able to compile a database which identified the suppliers with the most competitive prices, enabling Expresso Aracatuba to streamline its supply chain and achieve cost savings of more than US\$150,000.

"ERA offered us the highest level of professionalism, and a business proposal with little financial risk to ourselves," says Mario Sergio R de Souza, finance and administration director at Expresso Aracatuba.

ERA engineers big savings for Kailay

EXPENSE REDUCTION ANALYSTS TAIWAN

Expense Reduction Analysts (ERA) Taiwan has achieved cost savings of more than 33 per cent on categories such as stationery, printing, computer consumables and couriers for leading engineering company Kailay Engineering, an affiliated company of Carrier Taiwan.

ERA Taiwan has generated savings of up to 24 per cent on Kailay's photocopiers by replacing the firm's existing machines with a better quality supply, raising quality and cutting costs. ERA has achieved savings of more than 20 per cent on stationery by negotiating a better deal with one of Kailay's former suppliers that had previously refused to lower its prices.

Additionally, after monitoring invoices between Kailay and the supplier, ERA Taiwan found that instead of an agreed 40 per cent discount, Kailay was in fact receiving only 35 per cent off. By liaising with the supplier, ERA arranged for the extra amount to be credited back to Kailay.

"Not only do we benefit from reduced operational costs," says Jerry Jan, COO and director of Kailay Engineering, "we have also been able to implement an effective internal cost management system following ERA's professional analysis of our business."



From Left: Waldo Yeh, CEO and president, ERA Taiwan, Stan Zets, managing director, ERA International, Jerry Jan, director and COO of Kailay Engineering and Mimi Chien, senior sales manager, ERA Taiwan

FACT FILE

Kailay Engineering:
 Established in March 1969
 Turnover in 2003: US\$10 billion
 Based in Taipei, Taiwan
 Employs more than 430 people

Savings soar for Ecuador airline

EXPENSE REDUCTION ANALYSTS
ECUADOR



(From left) Juan Carlos Paez, director, ERA Ecuador and Captain Esteban Saltos, executive vice president of ICARO

Expense Reduction Analysts (ERA) Ecuador has achieved cost savings of almost 50 per cent for ICARO, Ecuador's largest private domestic airline.

ICARO is currently undergoing a period of rapid expansion, having acquired a new fleet of aircraft in 2002. The company was interested in ERA's cost review proposal due to the explosive growth it was experiencing. It wanted expert advice to ensure it was minimising expenses and adopting good purchasing habits.

ERA developed a no-risk cost savings proposal tailored to meet ICARO's unique needs. Drawing on its years of experience advising companies about cost reduction, ERA conducted a thorough review of ICARO's expenditure in several key areas, including printing, accommodation and office supplies. Overall savings of almost 40 per cent were achieved, with savings of up to 60 per cent on printing and 30 per cent on accommodation costs.

"The general quality of the service provided by ERA, as well as the financial benefits obtained by our organisation after their participation in the projects have met our expectations," says Captain Esteban Saltos, executive vice president of ICARO. "ERA's consultants demonstrated a high degree of professionalism."

ERA has now completed five expense reduction projects for ICARO, and is currently in the process of implementing its recommendations to gain more than 60 per cent savings on the airline's on-board snack service.