



# ERA Global News

EXPENSE REDUCTION ANALYSTS' BUSINESS NEWSLETTER

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## ERA WORLDWIDE

### OFFICES

Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Ecuador, France, Germany, Hong Kong, Ireland, Italy, Mexico, Netherlands, New Zealand, Portugal, Singapore, Spain, Taiwan, UK, Uruguay, USA.

email:info@expense-reduction.net  
www.expense-reduction.net

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.

# Insurance savings for Currie & Brown

EXPENSE REDUCTION ANALYSTS UNITED KINGDOM

Expense Reduction Analysts (ERA) has helped a major UK risk management consultancy to reduce its insurance costs by 17.5 per cent. Currie & Brown, established in 1876, is one of the largest consultancies of its kind in the world, with 16 offices across England, Scotland and Wales.

### Key expense category

When Richard Anderson, financial controller for Currie & Brown, engaged the services of ERA analyst Scott Girvin to review levels of expenditure at the company, initial meetings identified that one area which was a major priority for Currie & Brown was the renewal of its commercial insurance.

Currie & Brown has substantial involvement with the insurance sector and as such has a significant level of in-house knowledge and long-standing relationships with insurance brokers and insurers. With commercial insurance cover vital to the business, Currie & Brown asked ERA to conduct an independent review of the quality of the existing broker; the service provided, its cost and the cover received.

### Sharing expertise

Scott Girvin worked together with ERA's insurance experts Laurie Malyon and Scott Ingham to conduct a thorough review. "Currie & Brown, like most companies in its sector, had been paying year on year increases in its insurance programme costs, despite being a highly professional and very well managed practice," says Scott Ingham. "After our initial meeting, Richard Anderson and his colleagues were convinced that ERA could bring an additional level of expertise to complement their own to negotiate their insurance renewal."

Working together, ERA and Currie & Brown reviewed the insurance programme and looked at the service offered by the incumbent broker, a major international company, and also two other brokers introduced by ERA. Although the incumbent was able to reduce costs on a like-for-like basis by almost nine per cent, an alternative broker introduced by ERA was able to further reduce costs by 17.5 per cent. In addition it was able to offer wider benefits to both the insurance programme and the company.

"I can really see the value which the ERA team has added to the process," says Richard Anderson. "We did not want to destabilise our relationship with our incumbent broker but did feel the alternative broker was able to add value to our programme as well as offering substantial cost reductions. Laurie and Scott were able to achieve this whilst working to a tight timescale and I would recommend them to other companies."



From left: ERA's Scott Ingham and Scott Girvin with Richard Anderson, financial controller, Currie & Brown and Laurie Malyon of ERA

# Brussels airline calls in ERA

EXPENSE REDUCTION ANALYSTS BRUSSELS



Expense Reduction Analysts (ERA) Brussels has helped Belgium's newly created airline, SN Brussels Airlines, to save up to 17 per cent on its office and courier costs.

The airline, which was created less than three years ago, has a no-nonsense, zero-base budget for non-strategic costs such as office supplies and courier expenditure, but it felt that cost efficiencies could still be made. With neither the time nor the resources to investigate this, the airline decided to employ ERA's

proven expertise in cost reduction.

"The airline is very new and we have other core priorities in this early stage of our development," says Willy Buysse, vice president of facilities and purchasing at SN Brussels Airlines. "However, we felt that reviewing our non-strategic costs may add value to our business, and decided to bring in an expert to help us to achieve this."

"Despite SN Brussels Airlines' cost-conscious approach to overheads, we have still managed to identify savings of between 12 and 17 per cent on non-strategic expenditure," says ERA managing partner Bert Hummel. "We are confident that our review of other categories for the airline will result in further cost efficiencies."

"So far, the implementation of ERA's recommendations has caused little turbulence, and has required little involvement from us," adds Patrick De Meuter, purchase and facilities manager at SN Brussels Airlines. "This is a good exercise for a young and expanding organisation like ours. The small spend is important, but it is not our priority, and it is good to have a partner like ERA to look after this for us."



ERA managing partner Bert Hummel (centre) with Willy Buysse (left) and Patrick De Meuter of SN Brussels Airlines.

# Profits bloom in Canada

EXPENSE REDUCTION ANALYSTS CANADA

Expense Reduction Analysts (ERA) Canada has helped profits bloom for Ontario Flower Growers, a major North American floral importer and distributor, saving the company up to 27 per cent on its telecommunication costs.

Ontario Flower Growers wanted to investigate potential cost savings in its telecom overheads but had no resources to review its expenditure in this area. ERA analyst Serge Kalashnik was brought in to conduct a thorough review of the company's telecom costs, and to identify opportunities for cost efficiencies. Savings were achieved by reducing the company's long distance costs and by maximising the efficiency of its existing telecom system by reconfiguring its hardware.

"We did not have the time or the resources to investigate cost savings for our business in this area," says Lillian Marini of Ontario Flower Growers. "ERA's work required little involvement from us. Serge Kalashnik took care of everything."



# ERA makes business headlines in Latin America

EXPENSE REDUCTION ANALYSTS  
LATIN AMERICA

ERA's major savings for airline Icaro Ecuador and other household name clients in Latin America have helped it hit the headlines in one of the region's best selling business magazines, *AmericaEconomia*. The publication recently covered in detail ERA's work with major clients across Argentina, Brazil, Chile, Ecuador, Mexico and Uruguay, including Dell Computers, Royal & Sun Alliance, Expresso Araçatuba and Unilever. Highlighted was ERA's work with Coface Mexico and Icaro Ecuador, where ERA has achieved savings of over 60 per cent on some of the companies' costs. Other clients featured include Deloitte Uruguay, with partner Raul Rivas commending ERA on the savings it achieved on Deloitte's cleaning expenditure.

"ERA's profile in Latin America has been growing steadily since our launch in 2000 and this exposure in one of our biggest business publications is great recognition of our leading expertise and the savings and results we have achieved for our clients," says Bernardo Façaig, managing director of ERA Latin America.



ERA cost-cutters Bernardo Façaig (left) and ERA Uruguay director Ricardo Wasersztein, as featured in Latin America's best-selling *AmericaEconomia*

# Streamlined systems for global property group

EXPENSE REDUCTION ANALYSTS AUSTRALIA

In Australia, Expense Reduction Analysts (ERA) has helped global retail property company the Westfield Group to streamline its document storage system, generating major time and cost savings.

The Westfield Group is the largest retail property group in the world with more than 4,000 employees and interests in 124 shopping centres across four countries including the USA, UK and Australia. In any kind of business, managing the paper trail can be time-consuming and frustrating, but the Westfield Group's paper trail crosses international boundaries and spans the company's 44-year history. To complicate things, many of the company's records need to remain accessible. They can't be filed and forgotten, and constant retrieval and return drives up costs.

## Independent analysis

For the Westfield Group, document storage was becoming a big problem. Frustrated by the level of service received from its supplier, and unhappy with escalating costs, the Group called in ERA. "Using the services of

an external consultancy like ERA made sense to us," says Michael Raphael, purchasing services manager for the Westfield Group. "They know the market, have industry experts and were able to do pre-tender analysis of our needs, take the project to market and assist us with evaluating offers put forward."

## Efficient monitoring system

During its investigations, ERA found that online access to information about the contents of storage boxes would be an efficient monitoring system for the Westfield Group, reducing costs significantly. "It was also obvious that the Group had some very old boxes which could be destroyed, further reducing its costs," says ERA consultant Pamela Mason.

ERA collected data on expenditure and took it out to market to look at what was on offer. The best solution was deemed to be the one that offered ease of use.

While savings achieved were not the main objective for this project – in fact, it was undertaken on a fee-for-service basis – signif-



(From left) ERA's Pamela Mason; Michael Raphael, purchasing services manager, Westfield Group and Amanda Lumsden, purchasing officer, Westfield Group

icant cost savings were made. More importantly, however, ERA helped the Westfield Group to identify more integrated systems for document storage.

"ERA did all the legwork, but we still felt in control of the project," says Michael Raphael. "Best of all, we achieved the desired result, a state-of-the-art document storage system."

# Cutting costs at CablePrice

EXPENSE REDUCTION ANALYSTS NEW ZEALAND



(From left) Matthias Zuschlag, management accountant, CablePrice; ERA's Chris Highet, Geoff Pearce and Patrick Senior, and Anthony Cox, chief financial officer, CablePrice

In New Zealand, Expense Reduction Analysts (ERA) has helped leading heavy equipment and commercial vehicle distributor CablePrice (NZ) to cut its costs on sales and overhead expenditure, achieving savings of up to 63 per cent.

ERA's analysts reviewed a range of categories including protective clothing packaging, cafeteria supplies, hygiene services, pest control, indoor plant hire, and laundry and premises cleaning, generating savings of up to 63 per cent and achieving overall savings of more than 23 per cent.

ERA's analysts negotiated simplified and rationalised supplier arrangements, creating a solid base for long-term cost control, and worked closely with CablePrice to implement their suggestions, ensuring a smooth transi-

tion to new supply contracts and arrangements.

"ERA's skills and expertise enabled savings to be made in areas where savings were not expected," says Anthony Cox, chief financial officer, CablePrice. "ERA was working with CablePrice during a very busy period for our business. An important part of the exercise for us was that there was minimum distraction and disruption to our staff and that ERA was able to produce a very good savings result while enabling our staff to continue with their jobs.

"As a result of this successful project we have not only achieved cost savings but also put in place a better framework for service levels from these essential services suppliers. A very big 'thank you' to the ERA team."

# Super savings for Sandvik

EXPENSE REDUCTION ANALYSTS FRANCE

When market-leading Swedish engineering group Sandvik launched a cost-cutting programme, Expense Reduction Analysts (ERA) France was asked to identify areas where expenditure could be reduced, leading to cost savings that already exceed US\$1.6 million.

"The first cost savings to be identified were on telephone and mobile phone bills which were provided by a number of suppliers," explains ERA specialist Alain Costy. "In order to reduce these costs and negotiate better deals for Sandvik, we centralised under one supplier resulting in a saving of US\$222,000 for the client."

ERA looked at other key areas of Sandvik's expenditure and made a number of cost reductions. ERA reduced Sandvik's social security costs by standardising tariffs, and the profit from this was used to offer free social security cover for all employees.

When it came to look at Sandvik's car fleet costs, ERA found that half of Sandvik's vehicles were hire cars, while the others were purchased. "We advised Sandvik that it would save significantly on maintenance costs if it stopped purchasing cars and moved its entire fleet over to hire vehicle status," explains Alain Costy. "What we demonstrated was that



(From left) ERA's Alain Costy with Udo Voght and Jean-Luc Allard of Sandvik

it wasn't cost effective for Sandvik to be paying for the maintenance of a fleet of 300 vehicles."

ERA is now set to make more savings for Sandvik on office furniture, photocopiers, transport and logistics.

# Major savings for Merrill Lynch affiliate

EXPENSE REDUCTION ANALYSTS TAIWAN



Waldo Yeh, CEO and president of ERA Taiwan, is pictured (left) with Henry Chiu, general manager, GSS

Expense Reduction Analysts (ERA) Taiwan has achieved cost savings of more than 17 per cent for leading asset management company Global Servicing Solutions (GSS) Taiwan, an affiliated company of Merrill Lynch Taiwan. With most of its resources dedicated to collateral liquidation and accounts receivable collection, GSS decided to bring an independent cost consultant in to review its overhead expenditure.

ERA's analysts conducted a thorough investigation of GSS' office expenditure, achieving major cost savings of 17 per cent overall in areas including stationery, photocopy paper and machine maintenance, printing and drinking water.

"I am very impressed with the professionalism of the ERA Taiwan team," says Henry Chiu, GSS general manager. "They have always made our needs and requirements their first consideration. Without affecting the service standard and product quality we receive from our suppliers, ERA's analysts have delivered a 30 per cent saving on our printing expenses. I am looking forward to continuing our partnership with ERA Taiwan and identifying savings on further categories."

# Achieving best practice

EXPENSE REDUCTION ANALYSTS INTERNATIONAL

Corporate governance is becoming a top priority in all industry sectors, with public companies realising the importance of validating the accuracy and integrity of their financial management systems. Expense Reduction Analysts (ERA) has developed a new service to support corporate clients in their drive to be recognised as 'best practice' organisations. The *Accounts Payable Recovery Audit* offers a company a complete review of its accounts payable systems, including past accounts and procurement transactions, to ensure that suppliers are conforming to trading terms and conditions.

"We generally analyse a client's payment information from July 2000 to the current accounting period," says ERA consultant Dean Bray. "Our data analysts can offer the client a host of different reports, depending on the criteria. Anomalies in payments are often an indication of accounting errors due to deficient process controls."

The *Accounts Payable Recovery Audit* gives a highly detailed analysis of a client's accounts payable systems identifying overcharges, duplicate payments, unclaimed tax credits, contract pricing errors, supplier rebate errors, and settlement discounts issues. "We aim to validate all claims via the client's accounts payable system through research and access to invoice documentation," says Dean. "Overpayments are recovered on behalf of the client as cheque refunds or credit notes, and are documented and analysed to provide the client with recommendations for process improvement."

## SAVINGS OVERVIEW

Printing	30%
Translation	25%
Drinking water	25%
Stationery	23%
Photocopy machine maintenance	10%
Photocopy paper	4%