



ERA UK News

EXPENSE REDUCTION ANALYSTS BUSINESS NEWSLETTER

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RELEASING HIDDEN PROFITS

Here are a few examples of companies ERA has helped to make more profitable over the last six months.

Wouldn't you like to add your company to this list?



"As a direct result of our work with ERA, we are in a position to demonstrate a positive impact on the environment."
– Stephen Close

TOSHIBA

"We are delighted with the results Ian has been able to achieve for us."
– Remy Reinker



"Lower cost is not incompatible with higher quality."
– Ghislain Vanfraechem



"The great thing about ERA is its ability to achieve significant cost savings without compromising quality or service levels."
– Fergus Henry



"I am happy to recommend the ERA service to anyone who is serious about effective cost management."
– Graham Gunn

ERA GIVES HILTON GROUP THE VIP TREATMENT



PROFILE

Hilton International, an operating division of UK-based Hilton Group Plc with annual turnover of more than £3billion, operates 394 hotels in 78 countries around the world. A marketing alliance with Hilton Hotels Corporation extends the number of hotels to 2,500, with 500 being branded Hilton.

The Hilton Belfast is one of the city's premier hotels, situated next door to the Waterfront Conference Centre and close to the city centre. It comprises 195 bedrooms, 7 suites, meeting facilities for up to 450 delegates and a LivingWell health and fitness centre.



LEFT TO RIGHT
John McGowan, ERA Analyst; and Stephen Close, Financial Director for the Hilton Belfast

Hilton International is always seeking ways to reduce costs while improving the standards and facilities in its hotels. With this in mind, Stephen Close, Financial Director for the Hilton Belfast, met ERA Analyst John McGowan to investigate areas of expenditure which may yield savings. During their initial meeting John was able to show how the ERA Value Improvement Programme could be used to review strategic and non-strategic expenditure at Hilton to ensure it was receiving best value for money.

Stephen was impressed by the ERA payment by results proposition and with the constant threat of increased oil and gas prices, especially in the Hotel industry, he engaged ERA to analyse expenditure on fuel at Hilton Belfast. John McGowan agreed to conduct the review and invited ERA's third-party experts Brendan Byrne and Mike Daly to assist him.

Stephen explains, "As with all hotels the expenditure on heating and hot water is significant, in Belfast's case over £40,000 pa. John and his team explained they had

previously developed boiler management systems that were tuned to hotels' unique patterns of high usage in the mornings and evenings. John also guaranteed that there would be no interruptions to the hotel's business operations, equipment or systems and so I commissioned ERA to conduct a 6-month pilot at the Hilton Belfast."

ERA introduced a technology to Hilton Belfast which was designed to make the boilers run more efficiently and, after trialling the technology for a period of 6 months, John and his team were able to present and prove their recommendations to the Hilton Hotel Group. They reported **average projected savings of over 20% per room sold** to be spread over a period of 12 months, when taking into account varying external temperatures over this time period which impact upon usage rates.

The results have been so promising that it has now been agreed with Hilton International's headquarters in Watford, London, to extend the initiative to make it available to the rest of Hilton's UK hotels.

Stephen concludes, "Hilton takes its global responsibilities very seriously and, in addition to actual cost savings, we are delighted that, as a direct result of our work with ERA, we are in a position to demonstrate a positive impact on the environment due to lower gas consumption, reduced boiler burn rates and greater energy conservation." – Stephen Close



TOSHIBA

PROFILE

Toshiba, a world leader in high technology, is a diversified manufacturer and marketer of advanced electronic and electrical products, spanning information and communications equipment and systems, internet-based solutions and services, electronic components and materials, power systems, industrial and social infrastructure systems, and household appliances.

"We are delighted with the results Ian has been able to achieve for us." – Remy Reinker

ERA DELIVERS 40% SAVING ON TOSHIBA'S COURIER COSTS

Following several meetings, Remy Reinker, Finance Manager for Toshiba engaged ERA Analyst Ian Kinnaird to review the organisation's expenditure upon couriers. Remy explains, "We were happy with the service being provided by each of the three couriers we were using but were keen to learn whether or not our expenditure in this area could be reduced. Ian was prepared to carry the risk and so we had nothing to lose by letting him review the situation."

Ian's analysis led to a recommendation which enabled Toshiba to achieve a 40% reduction in their courier costs. He suggested Toshiba should continue to engage the three incumbent suppliers but should change their existing insurance arrangements and also introduce a fourth courier company.

Remy concludes, "We are delighted with the results Ian has been able to achieve for us."

ERA ACHIEVES €250,000 FLEET SAVINGS FOR ERNST & YOUNG

PROFILE

Ernst & Young is a global leader in professional services and helps businesses across all industries – from emerging growth companies to global powerhouses – to identify and capitalise on business opportunities. It implements a broad array of services in audit, tax, corporate finance, transactions, online security, enterprise risk management and other critical business-performance issues.

Expense Reduction Analysts (ERA) Brussels has achieved savings of over €250,000 on company car fleet expenses for Ernst & Young. Working with a third-party company car consultancy firm, ERA analysed the process through which Ernst & Young purchases and manages its 1000-strong fleet. A new car supply process was developed which, combined with a software and management tool, has given Ernst & Young total control over the cost of its car fleet. By redefining the service level requirements of the fleet, ERA was able to achieve better pricing with fewer suppliers.

The new system also delivered an efficient car-pool management system, an improved ordering system which has already processed 200 car orders over a period of four months, individual customer service for Ernst & Young partners and increased driver satisfaction.



LEFT TO RIGHT

ERA Brussels Managing Director Bert Hummel and Ghislain Vanfraechem, Director of Facilities for Ernst & Young Belgium; with Emmanuel Souply and Bill Oliver of the third-party company car consultancy firm.

Ghislain Vanfraechem, Facilities Manager at Ernst & Young comments, "Lower cost is not incompatible with higher quality. The new system ensures rigorous cost control over areas such as car maintenance, fines, insurance issues, fuel consumption and breakdowns."

Bert Hummel, Managing Director of ERA Brussels adds, "We were able to source a new supplier which delivered a higher quality service for a lower cost. Working with Fleet Logistics we were able to deliver material savings whilst enhancing the quality of Ernst & Young's fleet management process."

"Lower cost is not incompatible with higher quality." – Ghislain Vanfraechem



ERA ENGINEERS SAVINGS FOR THE WEIR GROUP

PROFILE

Weir Group PLC employs almost 8,000 people worldwide to bring exceptional new products to market. Its business is to deliver the benefits of value engineering and innovation to all of its clients, extend the lifespan and enhance the performance of processes and equipment in many of the world's most challenging environments.

Weir Group PLC implemented a Group Purchasing Strategy in August 2002 which focused initially on production elements and key commodities required on a global scale. At the start of 2003 the Weir Purchasing Excellence Committee extended this strategy and embarked upon a programme to review a number of non-production (indirect) areas of expenditure, including stationery, hotel booking and car rental.

Fraser Sim, Commodity Manager explains, "The scope for this project was such that in order to achieve a maximum result in the shortest time it was necessary to employ the help of external procurement advisors. After a rigorous selection process, the organisation deemed to have the best fit with our requirements was Expense Reduction Analysts (ERA)."

Fergus Henry, Purchasing Director of Weir Clear Liquids adds, "The risk to Weir Group PLC in employing the services of ERA was extremely low given that the agreement operates on a contingency basis. In other words unless Weir realises a saving from implementing an option proposed by ERA, there is no fee paid."

Working in partnership within the United Kingdom, Canada, USA and Australia; ERA has made a significant contribution to the bottom line performance of Weir Group PLC and its associated subsidiaries within the past twelve months.



LEFT TO RIGHT

Fergus Henry, Purchasing Director, Weir Clear Liquids; Gerry Pentleton, ERA Analyst; and Fraser Sim, Commodity Manager, Weir Group

Fergus Henry goes on to explain, "While costs are important, service and quality are absolutely crucial to our business. In my opinion, the great thing about ERA is its ability to achieve significant cost savings without compromising quality or service levels. The professional approach of ERA Analyst Gerry Pentleton and his colleagues has enabled a relationship to develop based on mutual trust and we now have total confidence in asking ERA to review some of the more complex areas of our business."

"The great thing about ERA is its ability to achieve significant cost savings without compromising quality or service levels." – Fergus Henry



ERA GETS SERCO'S SAVINGS ON TRACK



PROFILE

Serco Docklands Ltd is the franchise operator of the Docklands Light Railway (DLR) and is part of the £1.6bn turnover Serco Group Plc. The subsidiary has transformed the DLR into one of the leading light rail networks in the world. This achievement has not gone unnoticed and Serco Docklands was awarded the title of Best UK Rail Operator in 2001 and 2002, and Best London Suburban Rail Operator of the Year in 2003.

Serco Docklands Ltd conducted an internal exercise to streamline the number of suppliers it was dealing with and discovered it was using a number of different suppliers. Graham Gunn, Finance Director for Serco Docklands Ltd explains, "We were convinced that savings could be made in this area but were unsure of exactly how best to achieve them. The idea of engaging ERA appealed firstly because their analysts have the necessary expertise and contacts to run a competitive tender exercise and secondly because of their no-win, no-fee approach. Further to a meeting with ERA Analyst Andrew Hamilton I agreed he should begin by reviewing our expenditure upon stationery and IT consumables."

Andrew set to work and was able to achieve impressive savings of 44% in these areas. He says, "As well as wanting to achieve savings, Graham was keen to ensure that all departments at the two main sites began to order in a controlled and structured manner. The feedback I have since received is that all departments, even those which were once reticent, are now buying regularly."

Graham endorses this, "It was very enlightening to see the results ERA was able to achieve. Not only did we get a genuine insight into the variety and quantity of products being purchased but the savings identified, even from incumbent suppliers, are well in excess of my expectations. Andrew presented the results in a very straightforward manner, arranged meetings with our preferred supplier and helped to ensure that the supplier has focused on customer service levels as well as the cost element.

We now get quarterly reports from our supplier, which clearly identify the quantity and value of goods purchased, and of savings made against benchmark prices that we had set. We are also benefiting from quicker turnaround times on orders and we now receive orders exactly when we want them."

Having achieved success in this area, Graham asked Andrew to review gas expenditure. Andrew invited Ian Lessen, of ERA's sister organisation, Auditel, to conduct the analysis. Having investigated gas usage at the two main sites, Ian went out to tender and achieved an 8% saving.



LEFT TO RIGHT

Graham Gunn and Brenda Soskin of Serco Docklands Ltd with ERA Analyst Andrew Hamilton

TABLE OF SAVINGS

Category	% Saving
Stationery	44%
IT Consumables	44%
Gas	8%

Andrew continues to work closely with Serco Docklands Ltd and the next areas to be reviewed are communications and cash management. Graham Gunn has also briefed other parts of the Serco Group, some of whom are likely to engage ERA. Graham is delighted with the results Andrew has achieved to date, "I have already spoken with other prospective clients about ERA, and am happy to recommend the ERA service to anyone who is serious about effective cost management."

"I have already spoken with other prospective clients about ERA, and am happy to recommend the ERA service to anyone who is serious about effective cost management." – Graham Gunn

