



ERA Global News

Expense Reduction Analysts' Business Newsletter

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ERA WORLDWIDE OFFICES

Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, United Kingdom, USA.

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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.

8000 Spanish companies offered free audit

EXPENSE REDUCTION ANALYSTS SPAIN

ERA España has just signed an agreement with the Confederación Española de Organizaciones Empresariales (CEOE), Spain's confederation of businesses, in the northern province of Cantabria. Under the terms of the agreement, the CEOE will recommend ERA's specialist expense reduction services to more than 8000 member companies based in the region. In return, ERA will offer members a free audit of their business support costs.

The deal is for one year with an option to renew, and was jointly signed by Miguel Angel Castanedo, CEOE general secretary and Lluís Guillen, chief executive for ERA España.

Subject to ERA's success with CEOE in Cantabria, the service could be extended to members nationwide.



CEOE signs with ERA

Gaming giant's freight costs slashed

EXPENSE REDUCTION ANALYSTS AUSTRALIA

ERA consultants Kim Gillespie and Jeremy Gimson helped gaming and wagering services company AWA Limited make savings estimated at over 28 per cent on their national freight and couriers costs. They enabled AWA Limited – the largest independent third-party maintenance service provider to the Australian IT and gaming industries – to cut its spend of around \$US457,000 on couriers and freight by an estimated \$US130,600 in the first year.

"I felt that we needed to make savings and the risk-free part of the proposal was very compelling," explains Glenn Parker, AWA Limited's chief financial officer. Kim and Jeremy worked closely with key AWA personnel to establish the company's current use of courier and freight suppliers and carried out detailed research into the company's service requirements.

"We were very impressed with the time they took to get a

very clear understanding of our business," says Jenny Raeside, AWA Limited's group financial controller.

In addition to finding savings while continuing to meet or exceed stringent service requirements, ERA rationalised the company's supplier list down to those who could provide the best value. They were then invited to tender for any part of the business while retendering for their existing contracts. Other good suppliers were also brought into the tendering process.

The outcome was that the number of suppliers was cut from 15 to 7 creating important savings for the company. "We are delighted with the result," says Glenn Parker. "The savings are important for us going forward and since we'll still be using our best suppliers we can be sure that our service standards will continue to be met." He now plans to look for future ways in which ERA can be involved in operational cost savings at AWA Limited.



From left to right: Kim Gillespie, ERA consultant; Glenn Parker, AWA chief financial officer; Dominic Marotta, AWA logistics manager – Gaming and Wagering; Jenny Raeside, AWA group financial controller; Jeremy Gimson, ERA state director for New South Wales.

Case study: ERA in the IT sector

EXPENSE REDUCTION
ANALYSTS UK

Armed with extensive knowledge and expertise of the IT sector, ERA consultants across the globe are creating savings for clients beyond the capacity of even the largest organisation. These savings enable IT clients to position products more competitively, price tenders more aggressively, support inward investment and enjoy higher profits.

Big savings

The achievements of ERA consultant Chris Wallace and her team of specialists (Sean Griffin, Steve Rhodes, Gareth Pandle, Hannekke Lunan, Alan Knowles and Tom Osbourne) at the UK office of Baan Company, a leading global provider of integrated computer systems, demonstrates the benefits of ERA's expertise in the IT sector. Within a year, savings averaging over 50 per cent have been identified in a wide range of categories including stationery, printing, travel, telecommunications, EuroVat reclamation, fleet hire and couriers.

Working closely with James Fuller, assistant financial controller at Baan UK Limited, consultant Chris Wallace was initially asked in December 1998 to evaluate the company's existing agreements with stationery suppliers, against current market prices and service levels.

Supplier costs reduced

In March 1999, Chris reported back with a proposal that would not only generate a significant savings in excess of 30 per cent over the coming year, but also reduce the number of suppliers used, allowing administrative personnel to be released to focus on other key activities.

Euro VAT refund

Following this initial study, ERA was asked to expand its operation to investigate a wider range of categories. Chris quickly brought in a team of specialists to investigate the new categories and over the following months savings were identified in all the target areas including 50 per cent reduction on printed stationery and a substantial refund on EuroVAT.



"The involvement of Chris and the team from ERA has genuinely helped us reduce our costs, allowing us to concentrate on the integration of acquisitions, expanding our UK presence and focussing on our core enterprise applications business," says James Fuller, assistant financial controller at Baan UK Limited.

Recently, Baan has consolidated its position in the UK by acquiring domestic computer companies, Computer 3000 and Koda.

"The competitive advantage we can provide a company in the IT sector should not be underestimated," says ERA consultant Chris Wallace. "What we have found at Baan is not uncommon; many companies in the IT sector are overpaying suppliers, in some cases by as much as 70 per cent. This is something we can easily rectify at no risk to the client."

For ERA, Chris Wallace and her team, the quest continues to identify savings for Baan offices worldwide and within the IT sector in general.



ERA consultant Laurie Malyon

Travel costs cut

EXPENSE REDUCTION ANALYSTS UK

Savings projected at more than \$US270,000 have been achieved for one ERA UK client, a world-leading pharmaceutical company, against an annual travel budget of more than \$US1.1million.

ERA consultant Laurie Malyon headed the team, working with fellow consultant John Meredith, and investigated a range of categories for the Surrey-based company, including business insurance, bank charges, print, stationery and computer equipment.

The Word's Out...

"ERA's involvement has helped us reduce our cost with no reduction in quality, service or disruption to our business, allowing us to concentrate on the expansion of our publications and staffing levels." EXCEL PUBLISHING

Top consultants' workshop

EXPENSE REDUCTION ANALYSTS GERMANY

ERA Germany has recently been elected to the membership of the elite German Management Consultants Association. The company has been invited to present to a workshop within the Management Consultants World Conference 2000, in Berlin in October. The subject will be (naturally!) "Payment by Results Arrangements." Other sessions at the conference will be led or addressed by such leading companies as Andersen Consulting, Ernst & Young, KPMG and McKinsey, so ERA will be in excellent company!

Rüdiger Tibbe is delighted that ERA Germany has gained membership of the German Management Consultants' Association. "It is not easy to become a member of that organisation," he says. "Selection criteria include five years' experience in consultancy and the evaluation process includes analysis of previous and current consulting projects."

Public sector signs up ERA

EXPENSE REDUCTION ANALYSTS ITALY

ERA Italy has recently won a major new contract to review the everyday running costs of 319 local councils of the Mezzogiorno region of Southern Italy. The three-year contract was awarded amid stiff competition by ASMEZ, Associazioni del Mezzogiorno, the consortium responsible for coordinating the operational activities of the local councils. Running costs are being reviewed in an effort to balance the budgets without increasing local taxes.

ERA has moved quickly to establish an office in Naples and to bring in a team of specialist consultants to work in close cooperation with the consortium's staff. The team will first study the detailed cost and supplier information from the records of all the individual councils and then establish real requirements and specifications in advance of tenders for goods and services. Areas set to be investigated will include telecommunications, building maintenance, equipment hire and transportation.

Advice on tender preparation

ERA will also advise on the preparation of the tender documents and be on hand to evaluate the bids. Dott. Francesco Pinto, President of ASMEZ, says: "The appointment of ERA Italia will give the local councils access to consultants who are specialists in specific cost areas."

This contract, which began in January 2000, is the latest in a long line of public sector appointments for ERA Italy. ERA has already achieved significant savings for the Universities of Florence, Trento and Bologna, the City Mayor of Turin and several public health authorities in Northern Italy in a wide range of cost categories including printing, office equipment, catering, cleaning and communications.

VDO motors to major savings in Spain

EXPENSE REDUCTION ANALYSTS SPAIN

ERA España consultant Fernando Merce has identified over US\$119,000 in savings on waste management, stationery, office and computer supplies for VDO Automotive España, S.A., a subsidiary of electronics and communications giant Mannesmann. Having trimmed an impressive 41 per cent off these costs for the international manufacturer of automobile instruments, Fernando has now undertaken an audit of the company's cleaning services, which accounts for an annual budget of \$US161,000.

Naturally, VDO Automotive España SA was very pleased with Fernando's work. "By outsourcing to ERA we have been able to achieve even bigger savings on routine business costs and enhance our operational efficiency," a company spokesperson said.

On a roll in Toronto

EXPENSE REDUCTION ANALYSTS CANADA



Delegates at the ERA Canadian Conference

The success of ERA's new office in Toronto, Canada demonstrates the global strength and value of ERA's services to clients across the world. Launched in September 1998, ERA Canada is already established as a national cost management consulting firm with a portfolio of over 35 clients and a team of 10 consultants located in three provinces.

The consulting team has achieved average savings of 22 per cent for a wide variety of companies, from manufacturers and distributors to accountants and lawyers. ERA is particularly having an impact on Canada's legal sector, where cost reductions ranging from 9 to 51 per cent are being achieved for a number of leading legal firms.

"I am delighted with the progress achieved," says Ross Pinkerton, president, ERA Canada. "In just over a year, ERA Canada has developed a team of high calibre consultants and delivered significant results for its clients. Canadian businesses are thrilled to pay ERA Canada since the results we deliver are unexpected and previously thought unachievable."

Newsround

New ERA for Portugal

A new ERA office has opened in Lisbon, Portugal. Among the first clients of the new business, launched in May 1999, are Credit Lyonnais Portugal Bank, engineering consultancy Lusotecna and employment agency Adecco. ERA manager Gerard Mutrel has also recently given a presentation to the French-Portuguese Chamber of Commerce and Industry in Lisbon.

Securing savings in France

ERA consultants Nathalie Soria and Edwige Zandvliet have recovered over \$US66,000 (€66,000) of excess payments on local taxes for Guardal, distributors of the Chubb line of security products in France. The ERA team is currently investigating social security taxes and expenditure on telecommunications.

UK Consultant of the Year

Alan Brock has been awarded 'ERA UK Consultant of the Year'. A former director of the engineering division of the Royal & Sun Alliance Group, Alan Brock joined ERA just 12 months ago, and in that time he has helped a portfolio of clients to achieve significant savings.

Alan's work with Rochdale-based company Invent Water Treatment is typical of his achievements. Alan was engaged to investigate the costs of telecommunications landlines, mobile phones and office stationery and to evaluate the competitiveness of the existing agreements, against current market prices and service levels. His investigations are expected to deliver estimated savings of 22 per cent on telecommunications, 21 per cent on mobile phones and 32 per cent on office stationery over the coming year.

A big bite from Donut costs

Having helped Costafreda & Cia, S.L. to significant economies on their energy bills, ERA España was introduced to Donut Corporación Del Norte, a company within the same group. In just four months, consultant Xavier Ferrer-Dalmau has saved his client \$US154,000 in telecommunications, cleaning and couriers costs. Now there are plans to extend ERA's cost-cutting service to two further Donut licensed factories. Such is their confidence in Xavier's work, the company has simply asked him to "Go ahead with the expense category you choose and let me know when you have done it!"



ERA Global Conference

First global conference

EXPENSE REDUCTION ANALYSTS CANADA

Over 100 ERA consultants from the UK and Europe, and as far afield as Australia, USA and Canada, met in the UK for the first ERA Global Conference at Horwood House, Milton Keynes.

The three day conference was officially opened by Paul Wirtz, founder of ERA, with Ross Pinkerton, president of ERA Canada hosting the event alongside John Allison, managing director of ERA UK and John Goodhardt, head of ERA France.

The Global Conference provided consultants with the opportunity to attend formal presentations and conference sessions covering all aspects of ERA's international business. Consultants were also invited to participate in a series of workshops aimed at exchanging ideas regarding business opportunities, including exploring new categories for cost reduction.

Following the outstanding success of the conference, the second ERA Global Conference will be hosted this year in Barcelona by ERA Spain.



ERA founder Paul Wirtz addressing the audience at the recent ERA Global Conference

Did you know...

- A 1 per cent cut in purchasing costs has the same impact as a 10-15 per cent increase in sales.
– UK CHARTERED INSTITUTE OF PURCHASE AND SUPPLY
- UK companies overspend by an estimated £10 billion each year on every day business expenses.
- Businesses could significantly reduce their occupancy costs by reconfiguring space to eliminate wastage.