

# Expense Reduction Analysts added value to the efficient cost management that already characterizes MZBI

CLIENT:	MZBI
SECTOR:	Food
COST CATEGORIES:	Packaging, insurance, promotional materials and logistics and transports

Talking to João Dotti, MZBI's CEO

## THE CLIENT

Who is MZBI and what it does?

Massimo Zanetti Beverage Iberia S.A. was founded in 2017 from the merger of Segafredo Zanetti Portugal and Nutricafés S.A.. It is 100% owned by Massimo Zanetti Beverage Group.

Nutricafés, S.A. was founded in 2000 from the merger of two historic Portuguese companies: Chave D'Ouro and Nicola Cafés. Chave D'Ouro was dedicated mainly to the production and trading of high quality selected coffee from the beginning of the XXth century, while Nicola Cafés goes back to 1779, when an Italian priest named Nicola opened a grocery store in downtown Lisbon where he sold coffee, among other products. Later, the brand was strengthened with the establishment of the now historical and iconic Café Nicola, a meeting place for writers and politicians and the home of the "tertúlias", one of Lisbon's most famous intellectual salons.

Segafredo Zanetti was the first Italian brand to be established in Portugal in 1986 and set the concept of the Italian espresso coffee, now the favourite drink of most Portuguese consumers.

In September of 2016, Segafredo Zanetti Portugal bought Nutricafés, S.A. and in September of 2017 the two companies merged their main activities of roasting, grinding, packaging, distribution and service and they combined modern technologies, raw material high quality and expertise consolidated with a national distribution in the Food Distribution, On Premise and Food Service.

With this merger, MZB Iberia has become the third operator in the very competitive Portuguese coffee market.

In the beginning of 2019, MZBI acquired its neighbour Cafés Nandi. The main objective of this acquisition was the plant expansion allowing MZBI to double its production capacity.





## THE CHALLENGE

Why did you hire Expense Reduction Analysts?

ERA seemed to be a company that could add value to the efficient cost management that already characterized MZBI. For several years, we manage continuously the price and quality of services of our suppliers. This cost control is essential to offering our customers great quality products with competitive prices. As a complement to the work we were doing over the years for cost optimization and, considering the company growth, also due the market consolidation process checked last years, we've decided to hire external consultants to understand if we could be even more efficient, particularly, in areas that aren't core to us and not always have the time, resources or needed expertise to explore them in depth.

The savings achieved had a positive impact in our bottom line results and ERA process was well praised by our Headquarters.

JOÃO DOTTI, MZBI'S CEO

What attracted you most in the initial ERA's proposal?

One of the factors that led us to choose Expense Reduction Analysts was its work methodology, very little time consumed of our resources, and having ERA managing all the work. Working in general categories was also a relevant factor, with an intervention that does not cause us "distractions" from our business. The way ERA works allowed us to get significant savings without interfering in our daily jobs.



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## How do you describe ERA's work dynamics?

Since the beginning, we had a very good work dynamics between both parties and the coordination was excellent. Expense Reduction Analysts consultants focused right from the beginning in generating an atmosphere and good work environment with our team, which encouraged the collaboration. The communication was always fluid, and they had in mind our goals and ideas for specific improvements, which helped us to overcome some early reluctance. Besides, they understood our priority was maintain or improve our products quality and maintain the current operational dynamic, and we did not want to give up on them to lower the prices. I think this is one of the key factors to this project's success.

## What do you value the most on ERA's project?

**One of the most remarkable aspects of their work is the way they present the saving options, very concrete and focused towards a practical and smooth implementation.** All their work is focused on finding solutions of practical and fast implementation. **The fact they only get paid on effectively generated additional savings, reinforce this focus on implementation** and it was an important differentiating factor for MZBI. This aspect gave us a lot of assurance, once there was nothing to lose and any benefit they found, would mean a direct improvement in our result. From the starting point we saw this as an advantageous partnership, regardless of the result.

Besides, one of the success points of the project proper functioning and the achieved success was the professionalism and market knowledge of the involved consultants.

## THE RESULT

### Which areas of cost optimization did you focus?

After the start of the project, ERA consultants gathered information about several costs areas and prepared a situation report that represented the actual state on each cost category. With this data, already very interesting by itself, they started the work of finding saving opportunities and proposed us several options in 4 areas: packaging, logistics and transports, insurance and promotional materials.

### What are the results obtained in each one of the analysed categories?

We were already optimistic in the beginning about finding savings, **but the results in packaging and logistics clearly exceeded our expectations.**

With ERA support, we were able to reduce these costs with double digit figures, despite having opted in some cases for more conservative options, precisely to avoid operational impact. Thanks to this detailed work, to deep market knowledge, to the understanding of MZBI needs and to the fast implementation, we got very positive results.

In MZBI we produce about 15 million of packages per year. They is huge and we seek for using state-of-art processes and materials. This way, we guarantee that product arrives in quality, hygiene, and safety perfect conditions of to our consumers. The savings in this item due to ERA's intervention ranged between 5% and 21%, allowing us to obtain important benefits to keep competitive and continue investing on innovation. **This project confirmed that it is possible to save without losing quality.**

In terms of transports and logistics, ERA and MZBI teams successfully identified very interesting savings and brought a very transparency approach to the analysis.

**We are very happy with the results. The savings achieved had a positive impact in our bottom line results and ERA process was well praised by our Headquarters.** This benefit was another contribute for our continuous investment in marketing and most innovative systems and processes, that reflects on product quality and service we offer to our clients.

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## THE CLIENT OPINION

### Beyond financial results, what did ERA provide?

Expense Reduction Analysts work allowed us to carry promoting an internal culture of continuous improvement, particularly when it comes to cost optimization. There was some skill sharing to our teams we will keep benefiting in the future.

### After working with ERA and, considering the overall achievements, would you recommend ERA?

I strongly recommend ERA professionals. They inspired confidence right from the beginning, with strongly trained and experts consultants across categories. Besides, they managed properly the relationship with our teams, leveraging our expertise and working together with our people, with common goals, to become a more efficient company.

We encourage companies to do this analysis regularly. We believe we do the right things, but it is very positive that someone from outside, with deep knowledge and a critical mindset, analyses the situation and comes up with better options. Thanks to this kind of projects, we can continue generating results to continue investing in key areas for our business. We will certainly keep working in new areas with ERA and, who knows, revisiting some of the current ones in a while.

