

Huge aggregate savings for Breedon Aggregates

CLIENT: Breedon Aggregates

SECTOR: Construction

Expense Reduction Analysts' specialists deliver cost reduction, plus enhanced management information and supplier control.

THE CLIENT

Breedon Aggregates are the largest independent aggregates business in the UK, employing around 1,000 people in England and Scotland. Suppliers of gravel to the London 2012 Olympics, Breedon provide an extensive range of products and services to the construction and building sectors.

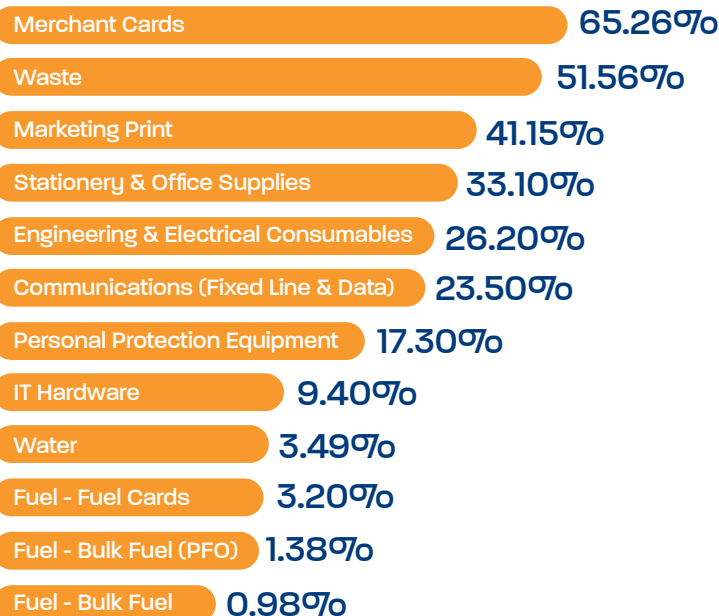
THE CHALLENGE

"Breedon engaged with us pretty quickly," says Lorraine Gannon, Business Development Manager at Expense Reduction Analysts. "They had historically made acquisitions, and were now trying to find efficiencies, so there was the feeling that their purchasing had the potential to be better coordinated, their suppliers perhaps consolidated, and their management information enhanced. "Tim Billingham, Finance Director at Breedon, recognised the possibilities, and we were soon launched on a number of different projects. I was fortunate to be able to call upon Tony Catling as Client Relationship Manager, as well as many category specialists within Expense Reduction Analysts, who each brought their unrivalled knowledge and experience to bear on Breedon's purchasing. I'll let some of them tell their own stories."

Hartley Jenkinson analysed Merchant Cards. "In addition to the 44.2% savings," says Hartley, "Merchant Card charges have been unbundled, so that the cost of each transaction can be clearly identified, leading to additional savings. "Secondly, Breedon now benefit from on-line access to their merchant card accounts, which allows any issues to be identified and rectified immediately.

"Thirdly, PCI compliance is now charged at a flat rate per month rather than a percentage of sales, contributing to additional savings and is in fact a fairer charge, given Breedon's high average transaction value."

SUMMARY OF SAVINGS



"Having initially been sceptical that Expense Reduction Analysts could find savings in all of these categories, I am now absolutely delighted with the results. Their specialists certainly know their stuff, and delivered cost savings and suggested process improvements that have made a significant difference to our bottom line and our control of our supplier base and our distributed sites."

TREVOR TAYLOR, FINANCIAL CONTROLLER,
BREEDON AGGREGATES ENGLAND LIMITED

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Radically overhauled supplier framework in key spend area

Engineering Consumables, managed by Steve Clamp, is a key spend area for Breedon Aggregates because reliable suppliers are essential for an efficient, well-run plant. Starting from a base of a vast number of diverse suppliers, a significantly reduced supplier framework was drawn up, improving resilience in the supply chain and resulting in savings of over 20%. Breedon are delighted with the smooth operation of this project. Glenn Cotter investigated Waste, "Breedon had used quite a number of suppliers, and recycling activity was limited. My remit was to improve recycling as well as to save the client money. The project yielded annual savings of around 36.5%, with recycling levels increasing by approximately 45%. The general waste contract was moved to one supplier as opposed to ten, with obvious additional benefits in terms of management information and control."

Pritesh Patel, on Telecoms, used his experience to move Breedon to a call forwarding system that features lower cost and greater management information.

Phil Howarth looked at Water, "We identified savings in over half of the 22 sites that we investigated, with tariff savings predicted to be around 5%. We are also working with Breedon long-term to monitor and manage water supplies and generate water efficiency savings."

More than savings - ongoing information and best value, backed by audit

Finally, Ken Rogers explains the ongoing benefits he brought to Breedon's fuel procurement, "In addition to achieving substantial savings, our approach means that Breedon now have a clear understanding of how their prices relate to the wider fuel markets, and they are therefore able to ensure that best value is being obtained. This is reinforced by our ongoing audit of pricing, to ensure that supplier margins remain competitive, irrespective of changes in absolute prices as determined by the wholesale markets."

Tony Catling summarises the benefits that the team of specialists brought to Breedon Aggregates, "Obviously, we saved them significant amounts of money on the rates they pay for a variety of products and services. We also made savings on their working practices, identifying different ways of doing things that yielded cost reduction. Breedon certainly now have more control over, and management information about, their distributed sites. And together we have built up a ready made set of suppliers, which Breedon can use to service any future acquisitions."

Trevor Taylor, Financial Controller for Breedon Aggregates England Limited, concludes: "I continue to be extremely impressed with Expense Reduction Analysts. At every turn, they have demonstrated in-depth knowledge of their specialist areas, and have recommended often extremely innovative ways of saving money, enhancing processes and improving management information."



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