

Office Supplies, Packaging & Utilities

CLIENT:	Ercol Furniture Limited
SECTOR:	Manufacturing
COST CATEGORIES:	Manufacturing

Expense Reduction Analysts make exceptional developments in service improvements across significant spend categories for Ercol Furniture Limited, freeing up their valuable resource and saving impressive sums of money.

THE CLIENT

Ercol was founded in 1920 by Lucian Ercolani who in June 1964 was awarded an OBE for services to UK design and manufacturing. A great British company, Ercol's designs are made in a state of the art, purpose built factory in Buckinghamshire and by Ercol's manufacturing partners across the globe.

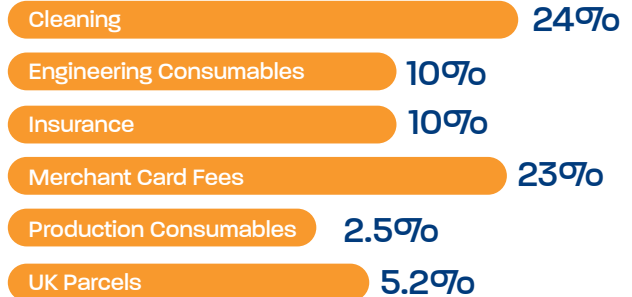
THE CHALLENGE

When Mark Lawrence, Finance Director, Ercol, first met with Iain Middleton of Expense Reduction Analysts (ERA), he wasn't entirely convinced that ERA could deliver the savings quoted. However, as with the contingent fee basis, there was nothing to lose, Mark asked Iain to explore two areas of expenditure as a trial - Merchant Card Fees and Insurance, both of which uncovered significant savings and gave confidence in ERA's approach, leading to a team of ERA's specialist procurement advisors being engaged to review a wide range of additional categories.

Iain enlisted the assistance of Paul Giness from ERA's specialist property team to review Ercol's property rates. Paul and his colleagues used their deep understanding of property valuations to uncover a saving by reducing the rateable value of Ercol's premises. The team identified that as an area of the factory had a slatted roof and the walls had no insulation a case could be made to appeal the current rating assessment. This resulted in savings to the client in excess of £7,000.

Specialist, Steve Clamp was brought on to evaluate Ercol's spends on cleaning, engineering consumables and production consumables.

SUMMARY OF SAVINGS



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"I was a little sceptical at first so we allowed ERA to explore a couple of areas, in both of which we were pleasantly surprised at the savings they achieved. This provided the confidence to engage ERA on a number of other categories and looking at the end results, I'm very happy that we did. The contingency fee aspect also meant there was no risk for us; if there was not a saving to be made, we didn't have to pay."

IAN PEERS
OPERATIONS DIRECTOR, ERCOL FURNITURE LIMITED

More profit on the table for Ercol Furniture Limited

In the cleaning category, Steve found the existing supplier was not providing the best value available and that cleaning requirements could be met by Ercol's facilities management provider, offering a single solution. This was ideal as Ercol were pleased with this existing supplier as they knew them to be reliable and provided a high quality service. This arrangement has additional benefits of streamlined ordering, invoicing and deliveries.

Engineering consumables includes products such as abrasives, tooling and workwear used in the client's factory. Steve used his extensive market knowledge and deep understanding of Ercol's requirements to provide a solution. As Ercol's furniture is always finished to a high standard, Steve arranged a sampling process to ensure that the client was completely satisfied with the proposed supplier's products. As the items included in this category were very specialist and it was not possible to source the products from a single supplier Steve added a selection of new suppliers to Ercol's existing suppliers to meet all requirements for engineering consumables.

Production consumables includes the materials such as wood, glass, panels and brackets that are included in finished furniture items. Again, as many of these are bespoke products, a single supplier was not a feasible option for this category. Steve conducted a review of Ercol's existing suppliers and aligned the prices to reflect the current market conditions, and implemented new suppliers for the additional items.

Expert in logistics and parcel distribution, Kevin O'Neill was appointed to examine Ercol's arrangements for UK parcels. The client had been facing some challenges with their incumbent supplier relating to penalty charges on larger parcels. These larger parcels carrying furniture components were often impacted by additional charges due to their size. Kevin worked with the client to set detailed criteria to reduce the level of charges and sourced a selection of suppliers that understood Ercol's product and parcel requirements. In addition, the overall service to Ercol's customers has been enhanced while delivering an annual category saving of 16%.

Summarising the relationship, Mark said, "Throughout all of the projects, the consultants consistently ensured that we never had to sacrifice quality or level of service to achieve lower costs." Ian added, "The results they have achieved across the different categories have now lead to exploring our packaging costs which is anticipated to be the most significant project with the highest savings."



IAN PEERS, OPERATIONS DIRECTOR AT ERCOL SUMMARISES THE VALUE OF HIS COMPANY'S PARTNERSHIP WITH EXPENSE REDUCTION ANALYSTS:

"The experts did the majority of the work, requiring minimal resource from our staff. I was extremely impressed with the industry knowledge and level of high quality information they have provided us with. In addition to saving money, the consultants aim was to improve the level of service we were receiving; the developments they made in the UK Parcels category were exceptional."