

A solution that fits - Savings and service improvements for Lucideon

CLIENT:	Lucideon
SECTOR:	Pharmacy
COST CATEGORIES:	Office Stationery, Industrial Gases, Parcel Carriage, Waste Disposal, Laboratory Supplies and Chemicals

THE CLIENT

Lucideon is a global expert in materials testing, analysis and consultancy, providing customised solutions that help to measurably improve performance and profitability through safer, regulatory-compliant and better-engineered products.

Headquartered in Staffordshire with laboratories and offices around the world, Lucideon employs a team of research and product development professionals who are involved in physical and chemical materials testing, research, process engineering, product design and failure analysis.

THE CHALLENGE

Rob Broad, Financial Controller at Lucideon, wanted to explore effective procurement to increase purchasing control and improve profits without compromising on quality or service. It was felt by Rob that some of Lucideon's suppliers had become complacent and were no longer offering the best value available.

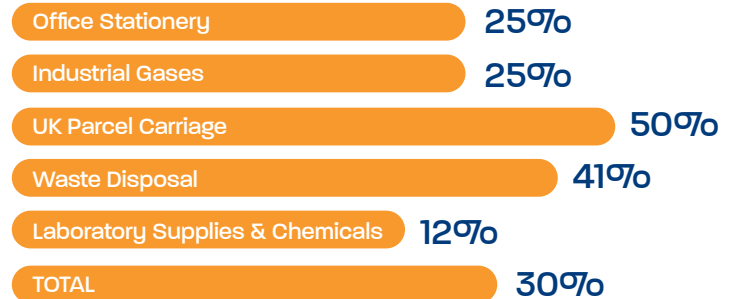
Rob said, I was initially sceptical about the ERA concept. Without experience of ERA's approach it appeared that some claims could have been unrealistic given the work we had already done - we now know that this scepticism was unfounded."

Lucideon's internal buying staff had looked at several expense areas and achieved some significant reductions, but enlisted the assistance of Mark Davis and a team of specialist procurement advisors from Expense Reduction Analysts (ERA) in a number of cost areas that Lucideon didn't have the internal resource to explore.

"We felt that the ERA consultants had the knowledge and influence to further this initiative, achieving savings that we couldn't tap into," comments Rob.

Mark has carried out numerous office stationery reviews since joining ERA in 1999. Lucideon had previously been ordering their office supplies including stationery and printer toners from two different suppliers.

SUMMARY OF SAVINGS



LUCIDEON
insight creating advantage

"In addition to cost savings we have formed a very strong working relationship based on teamwork and trust. We have gained knowledge to ensure that we will continue to receive best prices and the best quality of service in the future."

ROB BROAD
FINANCIAL CONTROLLER, LUCIDEON

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The client was satisfied with the service they were receiving from the suppliers, but Mark profiled their usage and found that they were paying more than they should have been. Mark established that Lucideon were able to acquire all of the required office products from one of the suppliers, streamlining the supply chain. This resulted in a saving of 25% and improved processes for ordering and invoicing.

Mark enlisted the assistance of his colleague, Manoj Pabari, a chemistry expert with a background in industrial gases and chemicals; Lucideon uses these types of gases in research and wanted to achieve better value. Due to contractual obligations with the supplier and the specific requirement to have the exact same products, implementing a new supplier was not a feasible option. Manoj's extensive knowledge of the industry allowed him to negotiate the rates with the existing supplier, putting them in line with the market conditions and uncovering a saving of 25% and an additional benefit of consolidated invoicing.

Lucideon had been using the same company to carry their samples for many years. Mark conducted a review of the client's rates for UK parcel carriage and found that they were not in line with the current market conditions. A tender was carried out and the client selected a carrier that could provide the same level of service at a cost that was 50% lower.

The new supplier was implemented and Lucideon experienced a minor adjustment issue around pick up times. As part of the ongoing supplier management service that ERA provides, Mark worked between the client and the new carrier to identify suitable pick up times for both, resolving the problem before it became a real issue.

Expert in waste, Steve Jones, was enlisted to develop Lucideon's arrangements for waste disposal. At the time, Lucideon was in the process of application for

the ISO14001 accreditation, an internationally accepted standard based on reducing environmental impact. Steve's approach in this project was therefore not to just reduce Lucideon's costs for waste, but also increase sustainability. Steve worked with the client to introduce an internal waste segregation system whereby the different types of waste were separated into designated containers before disposal. Separating the waste in this way diverts the recyclable material from unnecessarily going to landfill, making it much more environmentally sound and due to increasing landfill tax, much more cost effective. In addition to a substantial saving, this has had multiple benefits for the client including increased Corporate Social Responsibility, compliance with evolving waste legislation and an enhanced application for the ISO14001 accreditation.

Mark appointed Peter Randall to review Lucideon's expenditure in the 'laboratory supplies and chemicals' category. As a previous role of Peter's involved being responsible for all aspects of management of an established drug foundation, he was aware of the need for consistent quality and supply in this area. Peter conducted a review and established that the client had a number of incumbent suppliers in place. Although a range of alternative suppliers were considered, the client decided to retain one of the existing suppliers as they had a good working relationship and was happy with the service levels being received. This has resulted in a saving of 12% and greatly reduced the number of invoices to process.

Describing the importance that ERA places on improving value as opposed to uncovering cheaper unit cost prices, which inevitably results in a poor quality of service, Rob said, "Most businesses are under pressure to reduce costs but it is crucial to avoid this happening at the expense of undermining service to the business elsewhere, so I fully support the ERA concept."