

ERA put MC Group on the road to continued savings

CLIENT:	MC Group
SECTOR:	Commercial Transport Solutions
COST CATEGORIES:	Workwear, Merchant Card Fees, Electricity, Gas, Waste Disposal, Stationery

MC Group has found that it is the in-depth expertise and level of detail that goes into the analysis that differentiates Expense Reduction Analysts (ERA).

THE CLIENT

Established for over 30 years, MC Group supplies transport vehicles for organisations across a range of sectors including construction, waste, retail distribution, local authorities and emergency services.

THE CHALLENGE

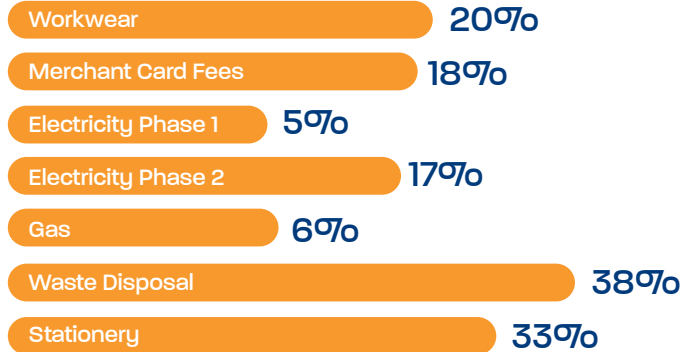
Peter Booth, Financial Director, met with ERA to find out how MC Group could be making the most of the opportunities to reduce costs. Enlisting the assistance of their colleagues, ERA put together a team of experts to explore a number of the company's expenditure areas.

The review began with ERA consultant Steve Parrott looking at MC Group's laundered workwear provision. Under the two expiring contracts, rental and laundry services were charged at a combined price on the basis of three changes a week. Steve worked with the company to define the specification and successfully tendered the new three-year contract which was implemented with a new single supplier.

With the new contract in place, ERA investigated on a thorough employee-by employee basis the actual utilisation of garments over the first six months, and identified that most employees were changing garments far less frequently than expected or planned.

"Trucks are cleaner these days and so much of what the workers deal with is electronic and there really isn't a need for staff to change their overalls quite so often" explained Mike Stevenson, who now manages the project for the client. Recognising ERA's in-depth analysis that led to the improvements in work-wear, MC Group have retained ERA's services in this category on an ongoing basis to ensure visibility of spends and optimal supplier management is consistently being achieved.

SUMMARY OF SAVINGS



"The expertise and level of detail of the reports have led to a long term partnership with ERA."

PETER BOOTH
FINANCIAL DIRECTOR, MC GROUP

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Overall, MC Group made an annual saving of 20% on the workwear spend and achieved an 18% saving on merchant card fees. In this category, the incumbent supplier had subtly changed the way transactions were charged, resulting in a notable increase in 'hidden' costs.

Once ERA consultant, Paul Davidson identified this, MC Group switched to an alternative supplier that has provided a better quality of service at a more cost effective rate. Furthermore, the new supplier offers an online management information system that is quicker and easier for the client to use.

Other areas looked at as part of MC Group's cost evaluation included gas in which an annual saving of 6% was uncovered, and electricity where two separate phases of an electricity review resulted in savings of 5% and 17%.

The fantastic results of the initial reviews lead to an examination of additional cost areas for MC Group.

ERA consultant Paul Maes was brought in to assess MC Group's arrangements for waste, and quickly established that the client had a number of service providers with each site's waste being managed individually. This resulted in various contracts across the sites all with different renewal dates, giving MC Group limited visibility on the spends for this area.

Following Paul's recommendation of consolidating the number of suppliers, MC Group now benefits from dealing with a single waste provider for all eight sites. Now in place is a single contract with a clear renewal dates for all sites, making the administration and renewals much more manageable.

Following visits to all of the sites, Paul was able to advise MC Group on the latest waste legislation to ensure compliance and best practice was consistently being adopted.

In addition to the saving, MC Group is delighted with the valuable enhancements to their processes for waste uncovered as a result of Paul's expert knowledge.

Nigel Richards was enlisted to explore MC Group's expenditure on stationery. Nigel identified that as dealers of a particular brand of vehicle, MC Group were using their entitlement to this manufacturer's group deal. Whilst this seemed like a good option, Nigel demonstrated that moving away from this deal actually uncovered a saving of 26% with the same supplier. Nigel conducted a comprehensive analysis of MC Group's ordering habits and created a purchasing profile which he used to negotiate a better price on stationery. The client selected an alternative supplier offering an overall category saving of 33%.

MC Group has found that it is the in-depth expertise and level of detail that goes into the analysis that differentiates ERA.

Peter Booth concludes, "It was apparent from the start that ERA's aim was to uncover improvements to our processes, not just source cheaper prices. They have added an immense amount of value to the way in which we operate and that is why we invited them to review more expenditure areas and why we have enlisted their support moving forwards."