

Sweet medicine: NPA's procurement now in glowing health

CLIENT:	National Pharmacy Association
SECTOR:	Pharmacy
COST CATEGORIES:	Gas, Office Supplies, Communications, Merchant Card Fees, Electricity, Copiers, Postage, Print, Distribution, IT Data Centre, Various Rebates

The National Pharmacy Association (NPA) wanted to ensure that it was achieving value for money across all areas of the business.

THE CLIENT

The NPA is the representative body for the community pharmacy trade in the UK.

In addition to supplying a range of ancillary pharmacy support products at competitive prices, it seeks to support its members by influencing government policy and consumer opinion. It is also a leading provider of indemnity insurance and legal advice for community pharmacies.

THE CHALLENGE

The NPA wanted to ensure that it was achieving value for money across all areas of the business. Adrian Palmer, Director of Finance and Commerce at NPA, decided to call in Expense Reduction Analysts (ERA) to undertake this wideranging review.

David Keating, the client relationship manager for the NPA, takes up the story: "Adrian asked us to conduct the review of many areas of expenditure simultaneously and to phase implementation, if complexity or supplier change dictated, over a longer period. We agreed an overall target of just below £300,000 of savings with no reduction in quality or service levels. We were able to form a bespoke team of analysts - all specialists in the industries that we were engaged to review - to perform the work in each area.

AN OBJECTIVE & INFORMED VIEW OF THE EXPENDITURE BEING MADE

"At Expense Reduction Analysts, as part of our supplier management process, we work closely with the incumbents to determine if they are providing value for money and if there are opportunities for them to develop their solutions to the benefit of our client. And that is what we have achieved with the NPA in many cases. There have been limited changes to the suppliers, and we are continuing to work with them on an ongoing basis to ensure that the enhanced value - as well as the quality of product and the service provision - is maintained and enhanced over time.

SUMMARY OF SAVINGS

GAS	£1,043	13%
OFFICE SUPPLIES	£13,128	30%
FIXED COMMUNICATIONS	£4,179	20%
MOBILE COMMUNICATIONS	£1,285	14%
CONTRACT CLEANING	£3,849	14%
MERCHANT CARD FEES	£7,883	17%
ELECTRICITY	£2,607	13%
COPIERS	£4,611	59%
POSTAGE	£21,400	16%
CATALOGUE PRINT	£60,789	30%
MARKETING PRINT	£44,300	41%
TRAINING PRINT	£94,243	36%
VARIOUS REBATES	£100,000	
SALES, WAREHOUSING & DISTRIBUTION	£209,309	32%
IT - DATA CENTRE	£15,851	29%
TOTAL SAVINGS	£584,477	36%



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"We judge supplier performance through the purchase data from invoices, in conjunction with stakeholder interviews to determine the required quality and service levels. This allows an objective and informed view of the expenditure being made, and the quality and service levels thereby procured. In fact, in three or four categories, we concluded that the NPA were already achieving best value - so they received the peace of mind of a positive outcome from this independent audit. In some categories, though, we found that a new approach was warranted: in copiers, for instance, we recommended restructuring the contract, which led to a 59% saving.

"In fact, we completed the programme of work in six months, implementing these projects to a schedule that allowed the NPA to accommodate the changes smoothly into their workflow. This has also allowed the NPA to consolidate their supply base, thereby achieving further economies as a result.

"We see the successful completion of these projects as the first step in a long term partnership with the NPA, who have now engaged us on a number of other areas of their business. We take this as a compliment to our work so far and look forward to working with the NPA in the coming months and years."

"The results of the programme of work undertaken by Expense Reduction Analysts have been outstanding. We agreed a target of £300,000 total savings, a substantial target. However, following development of the scope and excellent tender results we have nearly doubled it.

ADRIAN PALMER
DIRECTOR OF FINANCE AND COMMERCE,
NATIONAL PHARMACY ASSOCIATION

HOW WOULD ADRIAN PALMER SUM UP THE BENEFITS OF EXPENSE REDUCTION ANALYSTS' WORK?

"The results of the programme of work undertaken by Expense Reduction Analysts have been outstanding. We agreed a target of £300,000 total savings, a substantial target. However, following development of the scope and excellent tender results we have nearly doubled it, and we are able to see the savings being delivered through the ongoing supply auditing process. We would not have been able to complete such a review ourselves within these timescales. Expense Reduction Analysts have become an integral part of our commercial team and have worked constructively and fairly with our suppliers. And, at the end of the day, I have the peace of mind that procurement is scrutinised and controlled."