

Million pound savings on a time-critical turn around for Vertas Group

CLIENT: Vertas
 SECTOR: Multi-Service Management
 COST CATEGORIES: Food & Beverages

SUMMARY OF SAVINGS

Catering/Food & Beverage

15.5%

With the help of Expense Reduction Analysts (ERA), Vertas report that product availability issues have disappeared overnight and the new supplier has received 99.7% rating on service levels over the last two years.

THE CHALLENGE

It's any Finance Director's nightmare for a major supplier to impose an unprecedented price increase just months before a business-critical contract is due for renewal. But in 2015, that's the position in which Vertas Group's new Finance Director, Marcus Yarham, found himself.

With spend already in excess of £4.5 million, the proposed 10% price increase would prove unsustainable, and so, notice was given despite the operational challenges that would need to be overcome.

Whilst extremely competent, Vertas' inhouse team simply didn't have the expertise to resolve such a complex and timely issue. Marcus reached out to Steve Rhodes, Client Relationship Manager at ERA having worked with him in a previous role. The pressure was now on to secure not only a new, more cost-effective supplier but one who could mobilise a distribution network in a matter of weeks.

Vertas provide bespoke catering services to primary, academy, senior, independent, free schools and colleges, as well as commercial sites and regional hospitality events and functions.

Partnering with over 400 school sites across Suffolk, Norfolk, Cambridgeshire and Essex, they provide great quality, locally produced and nutritious meals for the region's young people. Whether it is their ability to learn at school or their concentration at work, the company believes good nutrition is essential.

At a meeting in April of 2015, Marcus and Steve reviewed Vertas' position and discussed openly the potential risks and the difficulties involved in such a time sensitive and intricate project.



We were a company in need of support and ERA worked quickly and efficiently to find us not just any solution but the very best in the market. A million-pound annual saving was staggering to us but on a day-to-day basis, the improved service and supply levels make an impact for every single stakeholder.

MARCUS YARHAM
 FINANCE DIRECTOR, VERTAS GROUP

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With a wealth of acquisition, joint venture and business finance expertise, Marcus understood only too well the value that working with external specialists could bring. Not least experience, knowledge and relevant industry contacts.

Following this meeting, confident that they could deliver a solution, Steve introduced Marcus to ERA specialist consultant, Craig Warhurst. An ex-purchasing director of FTSE 100 companies, Craig has a lifetime of procurement and supply chain experience. With a career spanning more than 28 years in the catering and food industry, he remains extremely well connected with suppliers. Historically responsible for £1.2 billion of spend, Craig has the purchasing expertise and product knowledge to drive the very best outcome for his clients.

“We just didn’t have the time, the resource or crucially, the specific expertise to tackle the problem. Having worked with Steve in my previous company, I already understood the no-nonsense methodology that ERA employ. Transparency is very important to me so I appreciate the level of communication that I’ve had throughout. I hoped that by bringing ERA in at our time of need, we could quickly secure a favourable outcome. I wasn’t disappointed!” commented Marcus Yarham, Vertas Group Finance Director.

“Vertas had a real ‘burning platform’ scenario; their existing supplier agreement was coming to an end and as of 25th May, unless we secured a suitable alternative, the supply to their 400+ schools in the region would cease. This meant a fast and efficient tender process and hard negotiations, all with a focus on a seamless transition to minimise disruption. Communication and transparency with our clients is key to success in a project such as this,” said Craig Warhurst, ERA project specialist.

LEVERAGING A LIFETIME OF EXPERTISE FOR MAXIMUM BENEFIT

Craig prepared a comprehensive tender and went straight out to the market to begin his negotiations with wholesalers and manufacturers alike. The two key objectives - cost saving and speedy implementation, were further complicated by the need for a supplier with the capacity to deliver to over 400 schools. Drawing on his industry knowledge, once a best-fit supplier had been identified, Craig’s tactics involved benchmarking against Vertas’ existing expenditure, minus the proposed increase, and decoupling 80 lines from the incumbent supplier.

This gave him the ability to buy direct from the manufacturer if needed - valuable leverage for negotiations.

Craig also knew that if a new supplier were to attempt to add the Vertas contract onto an existing distribution network, the result would be very inefficient. Therefore, it was crucial that he identified a supplier who could create a dedicated distribution network for Vertas. As anticipated, the preferred supplier pushed hard to delay the start of operations until September. But with firm communication and involvement at every step of the process, Craig facilitated the launch of two new depots for 25th May which would later merge to a central distribution unit.

CRAIG WARHURST, PROJECT SPECIALIST, EXPENSE REDUCTION ANALYSTS, SUMMARISES THE VALUE OF PARTNERING WITH EXPENSE REDUCTION ANALYSTS:

Vertas had a real ‘burning platform’ scenario; their existing supplier agreement was coming to an end and as of 25th May, unless we secured a suitable alternative, the supply to their 450 schools in the region would cease. This meant a fast and efficient tender process and hard negotiations, all with a focus on a seamless transition to minimise disruption. Communication and transparency with our clients is key to success in a project such as this.

“As well as the negotiations on pricing, logistics and timings, we did a lot of work on rationalising the product range in support of the menu requirements and to ensure we were sourcing the right products to fit the nutritional standards of the schools. It’s a core value of Vertas so it was essential that the products met a healthy solution for the children of Suffolk and bordering counties. We worked closely with the operational team at Vertas to ensure the needs of the different school tiers were met - primary education needs are different to secondary etc. So, we created a bespoke authorised product list for each operating division and then ‘locked down’ these lists so one couldn’t accidentally buy from the other,” explained Steve Rhodes, Client Relationship Manager at ERA.

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ERA's client relationships don't end with identifying the best supplier and saving costs. Steve and Craig managed the transition to the new supplier to ensure the changeover was seamless. Monthly reviews by Craig validate that the promised service levels are being met and keep an open channel of communication between all parties. As with most things in life, communication is key and that's something that ERA pride themselves on.

A final facet to the project was to address issues of service and supply, experienced from the previous supplier. Product availability issues had often affected delivery across the network and levels of customer service fell below expectations. With the implementation of the new supplier and relationships forged with the help of ERA, Vertas report that product availability issues have disappeared overnight and the new supplier has received 99.7% rating on service levels over the last two years.

ADDED VALUE

- Rationalised product menu.
- Implemented bespoke authorised product list for each operational division.
- Resolved product availability issues.
- Improved level of service and support.
- Access to specialist category experts.