



# Cost Optimization and Beyond for Education Leaders

**Illuminating Opportunities for Education Leaders.**

Cost optimization is crucial for maintaining financial stability in the education sector as institutions struggle to balance their income and expenditure.

Unprecedented increases in energy and food costs – to name just two – have significantly impacted budgets, leaving educational leaders to focus on controllable factors to alleviate financial stress.

Strategic cost management is vital for efficient resource allocation and ensuring that broader sustainability and social value objectives are achieved. This involves not just budgeting but also strategic planning and meticulous control over expenditure, suppliers, and the processes required to deliver results in a timely and efficient manner.

Effective spend management ensures optimal utilization of funds, directing resources toward enhancing educational quality, infrastructure development, and student-centric initiatives – in short, it puts money back into the classrooms and lecture halls. By aligning financial resources with educational goals, institutions can invest in modern technology, faculty development, and innovative teaching methodologies.

Moreover, strategic procurement practices help control costs, prevent unnecessary spending, and identify areas for cost-saving measures. This approach fosters a sustainable financial model, ensuring long-term viability and growth for educational institutions in a dynamic economic environment.

**Of course, it is easier said than done.**



## Lack of Resource and Expertise

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The roles of CEO, COO, CFO, Bursar, Business or Finance Manager within this sector are vitally important.

Unfortunately, incumbents in these roles often do not have the time, resources or expertise to manage each and every cost area, with the added challenges of statutory constraints and demands faced by those in public sector education.

External support can be a lifeline.



## Successful cost optimization requires an evidence-based approach

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A deep and broad understanding of your current cost structure sets the foundation on which sound decisions can be made. It can be tempting to target the 'easy' costs or apply equal cost reduction across all operations.

However, without regard to a broader strategy, this approach ignores the strategic investments required for future growth, leaves savings on the table, and rarely delivers sustainable benefits. Organizations must be strategic, dig deeper than high-level profit and loss statements and employ more granular diagnostic methodologies.

Having worked extensively within the Education sector over the past two decades, ERA get best value from suppliers by improving the quality of the products and services their clients receive and reducing the price paid for them.

Our unparalleled network of over 1,000 people boasts a range of expertise in the areas where you spend money with suppliers. With

this unrivalled expertise, in depth market knowledge, over €411m of supplier spend under review annually, and with the time and resource to help implement and monitor solutions – ERA Group work alongside stakeholders to help overcome the challenges that are preventing them from achieving best value from suppliers.

ERA Group's analytical benchmarking across hundreds of education clients allows us to compare your 'spend per pupil' in any given spend area against others similar to your organization.

Crucially, ERA Group is completely independent, so are free to approach any suppliers in the market and always work in our clients' best interests.

**There are typical cost areas where ERA Group can really make an impact.**

# Photocopiers

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With pressure on budgets and the need to make funds go further, finding the right photocopier supplier is key.

Working smarter using the very latest technology paired with quality support can ensure that the right resources are in place whilst reducing your print costs.

Here are just a few things we typically find in schools, colleges and universities are guilty of...

- They have machines with higher specifications than they need, meaning they are paying more for their fleet. We provide detailed analysis of usage and device requirements in order to “right-size” the fleet.
- They have more machines than they really need – we optimize size and location of clients’ fleets.
- They remain with the same supplier each time a contract is due for renewal, because they do not have the time or resources to research the market. This often leads to pricing complacency and higher costs. We conduct a thorough test of the market and provide a range of machine and supplier options. We then ensure that the supplier terms and conditions are fair and reasonable, and are written in favour of our clients.
- They are amongst the highest users of colour pages, which can cost up to 10 times more than mono. We provide detailed analysis of each machine’s colour output, provide assistance in helping to reduce their colour ratios and benchmark them against other similar sized establishments.
- They are not monitoring supplier performance. We ensure that service levels are agreed up front and monitor these for supplier and machine performance. Any non-compliance is followed up with suppliers.



# Facilities Management

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Facilities management is key to ensuring the success of an education establishment, but it can be a huge undertaking.

Keeping school buildings working optimally takes a lot of work, and even more planning. It’s a complex job with a lot of moving parts.

As budgets decrease caused by inflation and higher costs, you have to ‘do more with less’.

Some areas to look in to for cost optimization can include:

- Cleaning and Janitorial – ensuring service and pricing is at optimal levels.
- Waste Management
- Property Tax and Business Rates
- Security Services

A good facilities management plan can help reduce operations costs. It starts with an Opportunity Assessment, we benchmark what you are already doing well, and reveal opportunities you didn’t know were there.



# Energy and Water

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Energy and water are major expenditure for schools, colleges and universities and have a major environmental impact.

Many overspend on energy and water bills simply because they don't understand what can appear to be complex utilities markets, contracts, tendering techniques and cost management. Overspends are much higher when default rates are incurred following energy contract expiry – sometimes up to 50% or more.

It makes sense to tighten the management of energy and water costs and plan to switch and spend less. When it comes to renewal, all contracts should be put out to tender to gather as many quotes as possible in order to identify the best value deal. The renewal price of an existing contract at the end of the term can

be significantly higher than those that can be found via a thorough tender process.

Very often, schools, colleges and universities simply don't have the time, resources or the expertise in-house to manage their energy and water costs. ERA Group does, and can research the market, source, negotiate and procure the best value for all energy and water contracts for all educational organizations.

We start by undertaking an independent forensic audit of your utility invoices to establish if your current charges are correct, before providing alternative solutions at equally quality, but reduced costs.





## Waste

In our experience, educational establishments have heavy bins due to the nature of waste disposed of, which means they often pay higher unit rate costs or alternatively are hit by overweight charges. We work with our clients to reduce the weight of bins, recommending cost effective solutions to reduce overweight charges.

Educational establishments generally create a lot of food waste – ensuring that this waste is captured and dealt with in an environmentally effective way reduces their carbon impact. We can advise on the best methods that have worked for hundreds of educational clients.

Improving the efficiency of waste handling processes, such as the introduction of waste segregation, compaction or baling will usually provide expense reduction opportunities that

wouldn't otherwise have been achieved. Apart from the obvious environmental benefits, such changes reduce vehicle movements, transport costs and maximize any rebates available.

If your organization hasn't reviewed its waste systems in recent years, then there are almost certainly more efficient and effective options that could be employed. Approaching the market, we help our clients to select suppliers that are the best match for their unique needs.

**Despite the mounting financial challenges, some education providers are managing to push forward, utilizing their most effective talent to thrive in a world that never stops changing.**

**Our team at ERA Group will provide practical advice and methodologies to help you to optimize costs and efficiencies within your organization, evolving your processes to embrace change instead of being hindered by it.**

**Additional funds made available can be re-invested for the benefit of students.**



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It means we understand our client's business  
in ways others can't.

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