

Building  
Competitiveness  
Through Review of  
Packaging: How TEM  
Čatež Achieved  
30–34% Savings

A CEO's guide to cost  
optimisation in manufacturing



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## A Market Leader Under Pressure

In the heart of Slovenia, TEM Čatež d.o.o. has been shaping the future of sockets and switches for decades. A trusted leader in the domestic market and a growing international force, the company now generates around 66% of its sales through exports, competing fiercely in international markets where price and quality are under constant scrutiny.

But with growth came new pressures. The construction industry, TEM's core market, is notoriously tied to volatile investment cycles. Competition forced continuous product development, refinements, and improvements, demanding ever greater resources. Procurement - while vital - was competing with R&D and innovation for management attention.



As one TEM executive recalls:

*Competition and price pressures force us to develop new products while constantly adjusting existing ones. We turned to ERA because of their structured methodology and the fact that they don't just advise - they roll up their sleeves and work alongside us to implement improvements.*



## The Turning Point: Why ERA?

TEM chose ERA to tackle two areas: packaging and waste materials.

The review of waste materials (non-ferrous metals) quickly confirmed that processes were already efficient, and no further improvements were possible. Far from a disappointment, TEM valued ERA's transparency in recognising where optimisation was unnecessary.

Packaging, however, told a different story.

ERA Group experts (Marko Školaris, Armin Pinl and Uroš Kravos), summed it up bluntly:

*"Looking at your prices, we can't say right now how they compare to the market. But with a structured approach, we can get you to the best possible level - where you never pay more than the true market price."*

**It was a comprehensive, category-wide approach TEM had never attempted before.**

## From Insight to Implementation



ERA analysed every packaging category at once, benchmarking costs, terms, and supplier performance.

- Market Benchmarking revealed pricing anomalies and inefficiencies across corrugated, hard card, and other packaging items.
- Supplier Negotiations introduced rationalised agreements, linking material costs to market indices to ensure fair pricing over time.
- Phased Implementation prioritised categories with the biggest savings potential, easing pressure on TEM's limited internal resources.
- New Suppliers were carefully introduced in two major segments, supported by technical rationalisations that improved efficiency in the packaging process.

Throughout, quality and service were non-negotiable.

## Challenges and Change Management



The greatest challenge was ensuring uninterrupted production while new suppliers and packaging solutions were phased in. ERA managed this risk by:

- Maintaining safety stock buffers throughout the transition.
- Coordinating deliveries in real time with both incumbent and new suppliers.
- Running pilot projects and sampling articles to ensure new materials met all technical and marketing requirements.

This structured approach ensured continuity and gave confidence that operational performance would not falter.

## Results: 30–34% Savings Across Packaging



ERA's "best buy" analysis showed savings potential of up to 36–46% in certain segments (corrugated: 36.7%, hard card: 46.4%). Ultimately, TEM chose a balanced solution that delivered 30–34% total savings across packaging - substantial reductions without adding unnecessary supplier complexity.

Key Results:

- 30–34% savings across packaging categories
- Improved supplier agreements, tied to material indices
- New suppliers introduced with no disruption to production
- Technical rationalisations reduced process costs
- Service quality and product presentation fully preserved or improved

*“There was never any talk of optimising costs at the expense of service or quality. Packaging is critical - not just for protecting our products in transport, but for marketing on retail shelves. It had to remain flawless.”*

## A Partnership Beyond Cost Savings

ERA's involvement didn't end with negotiations. They actively supported implementation, supplier sampling, and monitoring, working side by side with TEM's procurement and operations.

The benefits went beyond savings:

- Procurement Capacity Freed Up: TEM's procurement team was able to focus on supporting innovation and continuous improvement instead of firefighting supplier negotiations.
- Sustainability and Efficiency Gains: New packaging processes reduced waste and optimised materials without compromising product appeal.
- Long-Term Price Stability: Supplier agreements indexed to market costs protect TEM from volatility.

## Conclusion: Competitiveness Through Collaboration

For TEM, packaging had always been a cost of doing business. With ERA, it became a source of strategic advantage. By delivering 30–34% cost reductions, ensuring supplier quality, and introducing scalable processes, ERA helped TEM strengthen its competitive edge in Slovenia and beyond.

ERA finds savings where you least expect them - transforming non-core costs into opportunities for growth.

*"The decision to cooperate with ERA proved right in several respects. We achieved savings, safeguarded quality, and freed our procurement to contribute more strategically. ERA didn't replace us - they complemented us."*





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