

Leveraging knowledge and experience for dramatic savings

Isle of Man Steam Packet Company

> ERA Success Story

Savings per annum

Merchant Card Fees	8.4%
On Board Services	6.4%
Janitorial Materials	62.9%
Perfumes	3.9%

Added value

- Access to specialist cost-centre experts
- Improved levels of service & support
- Extended reach of existing procurement team



"We have conducted similar procurement projects in a number of areas and ERA have secured savings on each occasion. Usefully, ERA provide a company of our size with expertise and resource which we could not otherwise access. In addition, their knowledge of pricing in different markets has helped us to ensure that we get value in the marketplace."

Duncan Jude, Chief Financial Officer
Isle of Man Steam Packet Company

Chief Financial Officer of the Isle of Man Steam Packet Company, Duncan Jude, runs a tight ship. However, whilst confident that he and his team maintained good working relationships with their suppliers, he was keen to understand the true value being enjoyed in comparison to the wider market. Recognising the limited resource within his in-house procurement team, Duncan met with Steve Cummings, of Expense Reduction Analysts (ERA) for some specialist assistance. The results brought savings, efficiencies and improvements in every area.

The Isle of Man Steam Packet Company is the oldest continually operating passenger shipping company in the world, having begun operations in 1830. The company's rich and illustrious history saw its vessels and many of their crews actively involved in both the 1st and 2nd World War. Since its inception, the company has owned some 72 vessels.

Today, the Steam Packet carries over 600,000 passengers each year, along with 170,000 cars, motorcycles and commercial traffic. Services connect the Isle of Man to Heysham, Liverpool, Belfast and Dublin, with more passenger sailings now than at any time in the past 50 years.

ERA Client Relationship Manager, Steve Cummings specialises in managing relationships to his client's best advantage and identifying projects for long-term benefits. During an initial meeting, Duncan explained his desire to establish a clear understanding of the ERA programme, and so, asked ERA to first review the Merchant Card Fees expenditure... With the added constraint that his preference was to remain with the existing supplier.

"Due to my long experience of working with business consultants, I was initially sceptical about working with ERA. However, given the self-funding nature of their fee proposal, whereby fees are only paid out of tangible and proven savings to the business, I decided that there was little to lose. The initial project was to conduct a tendering of our credit card settlements contract. ERA demonstrated a level of expertise in the market which a Company of our size will always struggle to secure from its limited resources. ERA successfully delivered material savings for us and also helped to increase our knowledge of the credit card industry."

- Duncan Jude, Chief Financial Officer at the Steam Packet Company.

Aware that this cost was already closely scrutinised, Steve engaged a member of the ERA Payments Team to review activity, contracts and spend. Thanks to ERA's knowledge and expertise in this area, a saving of almost £15,000 p.a. was secured with the incumbent supplier.

Swayed by the successes, and particularly encouraged by the minimal amount of time required of his staff, Duncan requested ERA to review three other cost areas. Steve engaged project specialist, Hartley Jenkinson, to review all three.

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On Board Services

Hartley met with the team at the Steam Packet and identified that the relationship with the incumbent supplier had evolved over many years. This had led to a very good understanding of client needs and excellent service levels. Duncan had expressed his desire to challenge this situation in order to identify any missed opportunities which might prevail; bearing in mind their long standing relationship. Hartley's analysis of this spend revealed that the service levels were extremely bespoke and, as a result, many alternative suppliers were unable to match all aspects of the current provision. However, thanks to his expert negotiating skills and experience with similar suppliers, Hartley identified and secured a saving of almost £45,000 from the incumbent. A win-win situation for Duncan who had again expressed a preference to remain with the existing supplier.

Janitorial Materials

The spend in this area was less significant, but still key to Duncan's strategic plans. Hartley again closely reviewed the spend, and, following a full tender programme, identified fairly modest savings.

Having extensive knowledge in this area, Hartley recommended to Duncan that consideration be given to a switch from dilute to concentrate cleaning solutions, in order to realise greater savings. Whilst any change from the existing structure was not ideal, Duncan and Hartley met with an alternative supplier, who demonstrated the change required

to take advantage of this opportunity. As with many alternative solutions in supply, providers recognise the need to minimise change to routine practice, and the alternative supplier was able to demonstrate that minimal change was in fact required. Full training was given to the staff on board the company's vessels as well as their on shore sites. The net effect was a significant benefit, with annual savings of over £35,000 secured.

Perfumes

For the Steam Packet, this is a cost centre spend of some significance. Duncan hoped that the wider knowledge of ERA might assist in establishing the Steam Packet's existing competitive standing. The company had a long standing and close relationship with the supplier which included not only supply but also assistance in range selection and promotions. Hartley met with the incumbent supplier and negotiated not only lower purchase prices but also support for promotional items. Something which the Steam Packet had to previously fund themselves and resulting in an overall project saving of more than £10,000.

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