

ERA Group serves up 16.8% savings for northeastern soup kitchen

The client

A nonprofit soup kitchen dedicated to feeding individuals experiencing food insecurity. It also offers programs that promote self-sufficiency and improve quality of life. In addition to serving meals, the organization provides job training that prepares unemployed individuals for careers in food service.

Like many nonprofits, the organization operates on limited resources and relies heavily on donations. Controlling operating costs—particularly food costs—is critical to ensuring that every dollar stretches as far as possible to support its mission.

The challenge

Five years prior to ERA Group's involvement, the soup kitchen had moved away from a distributor relationship that would be considered particularly good from a low cost viewpoint.

Instead, the organization began purchasing from a new supplier that initially appeared to offer lower pricing. The change initially appeared beneficial. The salesperson offered lower introductory prices to secure the business. However, without the price protections typically provided by ERA, those prices gradually increased over time.

By the time ERA reviewed the account, the organization was paying approximately 16.8% more for food products than it would have under its previous arrangement. For a nonprofit operating on limited resources, these increased costs directly reduced its ability to serve meals and support its community.

Category savings:



The solution

ERA conducted a comprehensive review of the soup kitchen's food service spending and led a competitive RFP process to evaluate supplier options.

Rather than simply negotiating lower prices, ERA focused on creating a structure that would protect the nonprofit from future price increases. The team worked with group purchasing organizations (GPOs) that were known for maintaining pricing discipline and preventing distributors from raising markups once contracts are in place.

Ultimately, the client chose to remain with the existing distributor while adding a GPO partnership. This provided negotiated pricing and guardrails that limited the ability of sales representatives to adjust margins over time. This ensured that the nonprofit would benefit from competitive pricing not just immediately, but well into the future, even after ERA's engagement concluded.

The result

The soup kitchen achieved 16.8% savings in its food service costs annually.

Equally important, the new structure provides long-term pricing stability. The GPO framework prevents distributors from gradually increasing markups and protects the nonprofit from the type of incremental price changes that had previously inflated costs.

With lower prices and stronger pricing controls in place, the soup kitchen can stretch donor contributions further, allowing the organization to serve more meals and support more people in the community they serve.

