BEFORE THE BUDGET LOCKS

Six costs business leaders should review before 2027

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The decisions you do not revisit now may follow you through 2027.

There is a point in every budget cycle when today's assumptions quietly become next year's commitments.

It rarely arrives with a dramatic deadline and happens in stages. For example, a supplier renewal is treated as routine, peak-season capacity is booked, a fleet replacement is approved, another software licence is added, an energy forecast is carried forward because there is no time to test it.

By the time the final budget is signed off, much of the room to manoeuvre has already gone.

That is why August and September matter. For many calendar-year organisations, this is when planning for the next financial year begins to take shape, while operational teams are also preparing for winter, peak trading and major January renewals. It is a short window in which leaders can still ask a valuable question:

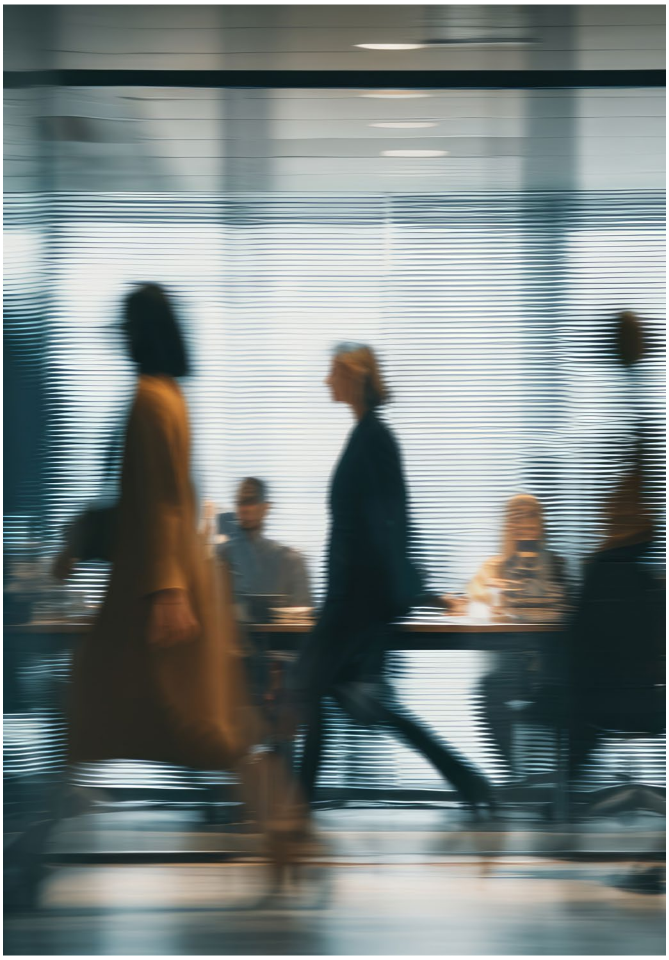
Which costs, risks and supplier assumptions should we challenge before they become part of business as usual for another twelve months?

1. Insurance and employee benefits

Insurance is easy to accept as an externally determined cost, yet the 2026 picture is more nuanced.

Marsh reported that global commercial insurance rates fell 6% in the second quarter, the eighth consecutive quarterly decrease. Greater capacity may create room to improve terms, but only where insured values, claims histories, coverage and risk information are accurate.

In the United States, the timing is even more pressing. Mercer projects employer health-benefit costs to rise 6.7% in 2026, taking the average above $18,500 per employee. For employers approaching a January plan year, late summer is the point to examine utilisation, plan design, funding and vendor performance before open enrolment.



REAL LIFE EXAMPLE

ManpowerGroup Portugal worked with ERA across several operational categories and achieved a **24% reduction in insurance costs.** The project did not treat insurance in isolation; it formed part of a cross-functional review that also covered energy, telecoms, fleet, facilities and fuel cards.

The lesson is encouraging because insurance cost is not always immovable. Better data, independent challenge and a clearer articulation of risk can improve both value and confidence.

2. Freight, parcel and fulfilment

For freight and parcel operations, peak season is not a single date. It arrives differently by trade lane, mode, carrier and customer sector.

What matters is that price and capacity signals often appear before the volume does.

In the United States, FedEx has already published 2026 holiday demand surcharges beginning on 28 September, with different charges applying through the highest-volume weeks of November and December. In ocean freight, Maersk announced a revised peak-season surcharge for containers moving from Northern Europe to the United States from 19 August 2026.

By late summer, some businesses will already have placed much of their peak inventory. The opportunity is therefore broader than asking for a new freight quote. It is to make sure that forecast volumes, carrier commitments, service choices and exceptions are understood before the network is under maximum pressure.

REAL LIFE EXAMPLE

Rocket Dog's work with ERA Group is a useful example because the incumbent 3PL remained in place. The project delivered approximately **£180,000 in annual logistics savings**, but it also strengthened contractual protections, reporting, KPIs and inventory controls. The next-day order cut-off moved from 3pm to 5pm, improving flexibility and customer service.

Mike Routledge, General Manager at Rocket Dog, said ERA massively helped the company ***"challenge costs, improve visibility and strengthen our supplier relationship"*** without disrupting service.

At Swedish Match Industries, the scale was different, but the principle was the same. ERA reviewed sea and land movements across 53 countries and helped achieve a 26% reduction in international freight costs without compromising service or delivery standards. Ongoing monitoring was built into the approach so that negotiated terms continued to be delivered in practice.

This is what a good pre-budget logistics review should reveal - not only whether the rate is competitive, but whether the operating model is resilient and fit for the demand ahead.

3. Packaging

Packaging sits at the intersection of procurement, production, logistics, brand, customer experience and regulation. That is why a narrow review can miss the largest opportunities.

The EU's Packaging and Packaging Waste Regulation generally begins to apply from August 2026. It covers all packaging placed on the EU market and introduces requirements relating to composition, manufacturing, reuse, recovery and waste prevention, with further recyclability and recycled-content milestones ahead.

For companies selling into Europe, this makes the 2027 packaging budget a design and compliance question as well as a purchasing one. Waiting until specifications and production volumes are locked will make changes harder and more disruptive.

REAL LIFE EXAMPLE

TEM Catez, a European manufacturer exporting around 66% of its sales, asked ERA Group to review packaging and waste materials. The waste review confirmed that existing arrangements were already efficient - an important result.

In packaging, detailed best-buy analysis identified sizeable gaps in corrugated and solid cardboard pricing. The implemented outcome was a **19% overall packaging saving**, with no reduction in quality or supplier service. New contracts linked material costs to market benchmarks, helping protect competitiveness beyond the first negotiation.

The case makes two points that are easy to overlook. First, a credible review should be willing to say when a category is already well managed.

Second, packaging value is sustained when pricing logic, specifications and supplier capability are addressed together.

4. Energy

Energy can tempt businesses into two unhelpful positions - trying to time the market perfectly or deciding that volatility makes action pointless.

A stronger approach is to understand the organisation's exposure and choose a consumption strategy that reflects its tolerance for risk. That is especially relevant in 2026. The European Commission said in July that the Middle East crisis was driving a spike in fossil-fuel energy prices and affecting companies and economies.

The International Energy Agency's mid-year outlook forecasts global electricity demand growth of 3.6% in 2026 and 3.8% in 2027, while highlighting the effect of geopolitical tension, data centres, electrification and higher cooling demand.

For Northern Hemisphere organisations, August and September are also the final practical months to review heating systems, maintenance plans, backup arrangements and consumption patterns before colder weather. In the Southern Hemisphere, the seasonal timing should be adapted, but the pre-budget discipline remains valid.

REAL LIFE EXAMPLE

Clarity creates options. ManpowerGroup Portugal achieved an 18% reduction in energy costs through its wider ERA review, despite a period of sharp market increases.

Chisholm Institute in Australia achieved **$2.25 million in annual savings** across nine categories, including electricity and telecommunications, while also introducing stronger processes, supplier agreements and technology platforms.

ERA Principal Consultant Tim Woods said the improvements were delivered with ***"minimum time input by their management and staff."***

A well-structured external review should add capacity and evidence, not create another full-time project for the finance team.

5. Fleet

Fleet decisions are often spread across finance, operations, HR, procurement and sustainability. That can make individual choices look reasonable while the total cost remains hard to see.

A vehicle may be replaced because it reaches a certain age, even if its lifecycle economics say otherwise. Another may stay in the fleet despite low utilisation. Driver policy, fuel cards, maintenance, downtime, rentals, tax, insurance and administration may sit in separate systems. Electric vehicles can offer compelling benefits in the right use case, but a target-led transition without route, charging and utilisation analysis can introduce new cost and operational risk.

The 2026 energy shock reinforces the need to model scenarios rather than rely on last year's fuel assumptions. The goal is not to forecast every market movement. It is to understand which parts of the fleet cost base are controllable and which decisions must be made before next year's replacement and funding budgets are approved.

REAL LIFE EXAMPLE

In the ManpowerGroup Portugal programme, ERA helped reduce **fleet-management costs by 17% and fuel-card costs by 29%**, even as the partnership navigated market volatility and fleet shortages.

That result is a reminder that fleet and fuel should not be treated as one supplier negotiation. The opportunity often lies across utilisation, contract structure, control and behaviour. Better visibility makes it possible to fund the vehicles the business genuinely needs - and stop funding the assumptions it no longer does.

6. Technology

Technology budgets are expanding because the business is asking more of them. AI, cybersecurity, data, cloud infrastructure and digital customer experience all require investment. The danger is not growth itself. It is allowing new tools, licences and consumption to accumulate without removing what they replace.

Gartner's July forecast put worldwide IT spending at $6.37 trillion in 2026, 14.2% above 2025, with AI infrastructure, cloud platforms and intelligent applications among the strongest drivers. Flexera's 2026 State of the Cloud research estimated wasted cloud spend at 29%, reversing a five-year decline as AI and new infrastructure services increased cost complexity.

Vendor changes add another reason to review the run rate. Microsoft introduced global commercial Microsoft 365 pricing updates from 1 July 2026 alongside new capabilities, while earlier changes had already altered Enterprise Agreement discount structures and purchasing routes.

Once departments submit next year's requirements, unused licences, duplicate tools and unmanaged cloud growth can become the accepted baseline for another year.

ERA technology expert John Addis has highlighted how Microsoft 365, Azure, on-premises licensing and hybrid arrangements can leave organisations without a reliable view of what they own, use or need. Optimisation begins with entitlement and usage visibility, not with asking a reseller for another quote. Technology optimisation does not have to mean slowing innovation. Done well, it redirects budget away from duplication and inactivity and towards the tools that people are actually using to create value.

QUESTIONS LEADERS SHOULD ASK NOW:

- How many paid licences are assigned, active and genuinely needed?
- Are former employees, contractors and dormant accounts still being charged?
- Which applications overlap in function across departments or business units?
- Has cloud consumption grown in line with business value, workload and governance?
- Are reserved capacity and commitment discounts being used effectively?
- Are telecoms tariffs and device policies still appropriate for current working patterns?
- Are new AI subscriptions being added without a clear owner?
- What will renew automatically during 2027, and what notice is required to change it?

Book a 'Before the Budget Locks' Review

A strong 2027 budget should not simply repeat the current cost base with an inflation percentage added. It should show where the organisation has choices.

The most expensive words in a budget are often not "price increase." They are "we have already assumed." We have already assumed the same volumes, licences, fleet, risk structure and supplier approach.

Late summer and early autumn offer a chance to replace assumption with evidence. Not every review will uncover a dramatic saving. Some will confirm that the business is already buying well. Others will reveal that a familiar cost is no longer aligned with how the organisation operates.

Enter 2027 with a cost base you understand, supplier decisions you have chosen and more room to invest in what comes next.

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