

Cost Down, Service Intact How ERA Cut 24.7% for Direct Heating Group

ERA Group were extremely helpful throughout the entire process, All savings were clearly identified, fully transparent, and delivered as outlined. Most importantly, they achieved a substantial cost saving for the business which, without their expertise and knowledge, would simply not have been realised. Their approach was professional, thorough, and delivered real, measurable value for Direct Heating Group.

Dan Healey, CFO, Direct Heating Group



We see opportunities where you never thought possible.
Contact us today to discover the true potential of your business.

Summary of savings:

Kevin summarised "It is always a pleasure to introduce ERA Group's specialists to a client, they consistently deliver value. Not only through great cost savings, but also through the Service, quality and process improvements that they identify and support implementation for"

Courier: 57.42% (£64k on £112k spend)

Pallets: 18% (£96k on £536k spend)

Technology: 22% (on Microsoft licences)

Total Savings: 24.7% (£160k on £648,000)

The client

'Make the home with Direct Heating Group.'

Whether you're a homeowner or a trade professional, Direct Heating Group's multi-channel approach, commitment to quality and honesty, and exclusive brands make them the UK's premier choice for all heating needs.

Direct Heating are enjoying a period of growth, particularly through strong online sales – but knew there were efficiencies to be found within their business.

Initial Discussions

The first conversation with the Direct Heating Group was very productive, Adam Leah (CEO) and Daniel Healey (CFO), were keen to understand where ERA Group would be able to add value to their business.

"Following an initial meeting with Direct Heating they shared their General Ledger so that we could carry out an Opportunity Assessment", said Kevin Davies & Russell Baker, Consultants at ERA Group.

"We do this at no cost to the client, and it enables us to identify potential areas where our specialists can support. It is up to the client which areas they want to progress with (if any) – the client remains in complete control of the process."

The Opportunity

The Opportunity Assessment highlighted 6 categories where we were confident that we had the knowledge, experience and expertise to deliver cost savings, process improvements and efficiencies for Direct Heating Group. Some of these were under contract so will be reviewed at a later date, and priority was given to 3 areas with immediate potential.

CFO Daniel Healey, received positive feedback from his peer group on ERA Groups performance and agreed to progress.

Couriers

Direct Heating Group were coming to peak period and were nervous about changing supplier, so Charles Reid, one of ERA Group's Lead Logistics Specialists, negotiated and secured a significant rate reduction with the incumbent, with potential for a full market review at a quieter time for the client. Charles commented "For Couriers, we renegotiated substantial savings with the incumbent supplier. Within 3 weeks of engagement it was fully implemented, meaning no change to service and a reduced cost ongoing. We have also enabled some larger box sizes, previous sent on pallets, to be sent through the Courier. Meaning better service and a substantially lower cost".

The team also identified other areas for improvement. Projects are underway to integrate the client and courier IT systems to automate data transfer and reduce non-value added effort.

Pallets

Pallet transport is typically regarded as a low margin business. However, with ERA's leverage with the pallet networks, Charles was able to leverage a great result for Direct Heating Group. Consolidating all of the group's sites with one national pallet network whilst delivering an 18% saving and improved service levels.

Technology

Historically Direct Heating Group had received a great service from their MSP provider, unfortunately though, through a series of acquisitions, they were now contracted to a much different, larger, and unresponsive supplier. John Addis, ERA Group's technology lead, was engaged and quickly moved licences to a different provider, securing a better service, with a responsive account manager, delivering a saving of 22%.

