

ERA Finds \$254,000 Savings for Automotive Supplier

Project Information

Industry: Automotive

Savings Category: Factory Consumables

Savings: \$254,000 (12.5%)

The Client

Our client, an automotive supplier with three production facilities and over five dealership centres, was simply overworked. The client worked with nearly 60 suppliers, handled 11,000 invoices, and purchased 24,000-line items every year.

The Challenge

Realising the client needed to increase efficiency to remain competitive in the market, the manufacturer turned to factory consumable experts with Expense Reduction Analysts.

Expense Reduction Analysts (ERA) consultants thoroughly analysed the client's \$2+ million annual spends and prepared a detailed RFP that included a market basket with 80% of the top dollar-volume purchases.

ERA evaluated bids based on price as well as service and quality criteria to ensure the "best fit" with a compatible supplier.

The Outcome

Our client realised the value of "hard" and "soft" savings and achieved an overall savings of 12.5%. The client also benefited from ERA's vendor consolidation solution and improved processes with POU and VMI.



The Solution

As the automotive industry enjoys an upswing in sales, experts with Expense Reduction Analysts specialising in the manufacturing industry understand that achieving healthy earnings comes from both "hard" savings dollars and "soft" savings process improvements.

ERA recommended consolidating purchases with a single supplier that could provide Point-of-Use (POU) distribution and Vendor Managed Inventory (VMI).

The solution process also considered the supplier's ability to service the client's anticipated future growth.

Today the manufacturer works with a single supplier for contract items and handles only 52 invoices a year.

Combined with the POU and VMI streamlined processes, lower inventory carrying costs, automated ordering processes and lower obsolescence, "soft savings" are valued at an additional \$150,000 per year.