

# ERA Finds 24% Savings in Freight for Steel Distributor

## Project Information

Industry - Construction

Category- Freight Services

Client Spend - \$1,000,000+

Savings - 15%

## The Company

The company was a distributor of stainless-steel piping product including valves and instruments has branches across all states, along with a small manufacturing site in Sydney.

## The Challenge

The company was heavily reliant upon numerous freight companies to transport its many varied product lines to customers across the country. These freight charges had become significant and annual increases were eroding profit margins. A thorough competitive review of freight charges had never been conducted, and the company suspected a better deal could be struck.

Management was aware it didn't have the expertise or resources to properly investigate, the time to invest, or the negotiation skills required to source a better deal. However, the knowledge that any savings would improve profit margins overnight could not be ignored.



## The Solution

Expense Reduction Analysts (ERA) undertook a comprehensive analysis of the company's internal systems and freight dealings with numerous suppliers.

The task was slow and difficult at first because of the numerous stakeholders and anticipated resistance to change. However, once stakeholder trust and buy-in were achieved, results were quick and significant.

The analysis conducted by ERA revealed there were more than 100 freight companies being used on a regular basis at a cost of over \$1 million a year.

## The Outcome

ERA identified annual savings of approximately 24% overall and as much as 28% for road express.

ERA consultants managed to streamline the number of freight suppliers down to just 3 major regular suppliers, with the arrangements successfully maintained for the 2-year monitoring period.