

ERA Finds 35% Savings for Australian Chemical Producer

Project Information

Industry: Chemical Manufacturing

Savings Category: Facility Management (HVAC)

Category Spend: \$90,000

Savings Per Annum: \$31,500 (35%)

The Client

Our client was established in 1971 and is considered a significant player in Australia's chemical industry. The company is privately owned and has its global head office in Western Australia.

It produces a wide range of industrial, agricultural, and mineral processing chemicals for supply to both the Australian and International markets. Coupled with this it provides bulk liquid terminal facilities for import, export and storage of chemicals and fuels and a dangerous goods transport operation in Western Australia and Queensland.

The Challenge

The CFO required reassurance that they were on par with industry benchmarks. They requested that Expense Reduction Analysts (ERA) analyse the HVAC (Heating Ventilation and Air-conditioning) contract. Before ERA was involved, there had been a long-serving supplier of these services.



The Solution

Expense Reduction Analysts (ERA) conducted a detailed analysis of the category spends. To determine seasonality trends, ERA analysed 12 months of data and established firm benchmarks. The red flags identified included climbing labour rates and time taken to service and repair their office and site chiller units.

The principal negotiating indicators included a monthly, bimonthly, quarterly, and annual preventative maintenance contract of the units. Equally important was the call out charges for repair jobs and chiller rebuilds.

The incumbent declined to bid, so it was down to three qualified bidders. Following the presentation of the ERA Options Report, our client chose to change to a new supplier.

ERA negotiated a 35% reduction in labour rates coupled with a better maintenance contract. ERA also consulted the dissipation of all call out charges.

The Result

The client achieved 35% savings with the new service. Our client has saved \$31,500 after 11 months - just in labour costs.