

Richard Welch, vice president and chief operating officer of **UniRac Inc.**, was glad to see his business growing quickly but was challenged by the pressure it put on his expenses. The question was, where to look to trim the fat?

Then he was contacted by Patrick Garr of **Expense Reduction Analysts**, who suggested looking into his supply chain, which opened up a new perspective for Welch.

“We’re a company focused on new products and innovation, so you don’t focus on the things already in your lap,” Welch said. “You get satisfied dealing with a known quantity – until you realize there’s some more savings there.”

Garr’s company uses benchmarks and client input to identify potential savings in any of 30 expense categories, including everything from freight and packaging to temporary workers and insurance. It then goes through a systematic request for proposal process to find a better value.

“We act as an expert procurement arm for our client,” Garr said.

The company, started in the United Kingdom in 1992, operates in 28 countries and has some 1,000 area directors like Garr, who operates his business on a franchise basis. Among others, it has worked with **Hewlett-Packard, United Airlines, UPS, BMW, and Ernst & Young**.

Garr, who has a Bachelor of Science degree in industrial and systems engineering, worked for Intel in Albuquerque for 12 years, eventually taking on internal supply chain planning and saving the company, he says, \$80 million. Around the time Garr started looking for an opportunity to work on a more independent basis, in August 2007, the U.S. economy started to turn sour and businesses began to go into safety mode.

“This is absolutely a good fit for today’s marketplace,” he said, though he notes that his services can help businesses in any number of stages, including growing companies like UniRac.

Garr opened his ERA franchise in the second quarter of 2008, and began looking for clients. ERA focuses on companies with \$5 million or more in yearly revenues that are spending \$500,000 or more in a single expense category. That means, by the state’s standards, his targets in New Mexico are medium-sized to large firms.

When Garr contacted UniRac, a manufacturer of solar energy mounting equipment with 61 employees, he and Welch identified the company’s packaging costs as an area of potential savings. As he generally will, Garr then brought in a category expert, in this case a Floridian with 32 years of experience in packaging.

The process led Welch to a new supplier, providing, he said, “good savings.” He and Garr will soon meet to consider other expense categories.

Garr said the process results in retention of the incumbent supplier 60 to 70 percent of the time, but generally at a lower cost, thanks to the introduction of competition. He said ERA only gets paid once it has identified cost-saving measures and the client company has agreed to implement them. He said the process results in savings averaging 20 percent across all categories, and ERA’s fee is generally the equivalent of one-half of the savings realized over 18 months.