



Lucky letter helps Universal Printing and Manufacturing Co. find extra profit



More than \$160,000 in savings found

As a producer of paper-based small games of chance, it is fitting that Universal Printing and Manufacturing Co. took advantage of a bit of luck that landed on the CEO's desk in the form of a letter from Expense Reduction Analysts (ERA) consultant Steven Cattron.

Recognizing the value of potentially finding extra profits, the CEO forwarded the letter to the company's CFO, who hired consultants Cattron and Greg Pollard to analyze selected Universal expenses.

Universal is a \$29 million company in Kansas City, MO, with about 270 employees. It supplies wholesalers and distributors with "jar tickets" (small folded and banded slips of paper containing symbols, numbers and other configurations) and other paper products used by organizations in charitable fund-raising efforts.

With an acquisition pending, the CFO asked Cattron and Pollard to review LTL freight and courier activities to improve profits by reducing costs. The consultants determined that very competitive rates were already in place for LTL freight but were able to identify significant opportunities in courier service by switching to a new supplier.

"I'm glad we asked for ERA's assistance," said Mike Dehlic, Vice President of Operations for Universal. "We were able to invest the savings generated toward new printing equipment."

Savings were invested in new printing equipment

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Courier 21% of \$439,000 = \$92,190

Shortly after ERA completed the small-package freight project, Universal completed its acquisition of Reflection Printing. The acquisition roughly doubled courier expenses. The consultants immediately assessed the combined shipping profile and re-entered the market on Universal's behalf.

Cattron and Pollard studied each company's spend profile, analyzed contracts and ultimately asked for bids from two major international transportation and delivery services. The final result was new and improved pricing from the incumbent supplier.

Packaging 21% of \$325,000 = \$68,250

Universal next asked ERA to analyze packaging expenses related to the purchase of approximately 120 different corrugated boxes. Cattron and Pollard conducted a "like-to-like" analysis — comparing costs for boxes provided by the incumbent supplier with boxes identical in every way (materials, dimensions, capacities, weights, strengths, labels, warehousing, delivery, etc.) from other vendors.

"Greg and I were new to packaging," Cattron admitted, "but we were able to leverage other ERA resources, expertise and knowledge for the benefit of Universal."

Extra profits found for Universal Printing and Manufacturing Co.

Cost Category	Client Spend	Extra Profits	Cost Savings
Courier	\$439,000	\$92,190	21%
Packaging	\$325,000	\$68,250	21%
TOTAL	\$764,000	\$160,440	21%

Through their efforts, Cattron and Pollard negotiated a new contract with the incumbent supplier that reflected more attractive terms.

Payroll processing fees, waste management and insurance

As a result of the extra profit generated for Universal, the company has recently authorized ERA to analyze costs related to payroll processing fees (savings average 44% in this expense category). The consultants anticipate beginning a review of waste management (average savings found are 29%) and insurance (average savings of 23%) later this year.

"Thanks to Steve's and Greg's analysis, negotiations and probably most importantly, their watchful eyes, we're pleased with the measured savings they found and expect our luck to hold when they look at future categories," said Dehlic.