

# Auditel team proves to be a valuable resource for soft drinks manufacturer, Silver Spring



## Profile:

Silver Spring Soft Drinks is the third largest, independent soft drinks manufacturer in the UK and is based in Kent. With a workforce of around 140, they produce a number of branded drinks including such household names as Perfectly Clear, 1870 Mixers, Pulsar Isotonic, Fruit Squeeze and Stripes Cola, as well as many own brand drinks for major supermarkets. They also have a New Product Development Team constantly developing new soft drinks concepts and flavours, and the production lines regularly make and bottle drinks for many major brands.



*From left to right: Derek Chisnall, Auditel Project Manager, Trevor Conway, Financial Controller Silver Spring, Peter Lawrence and Jeremy Bailey, Auditel Specialists.*

Initial savings on implementations in first 10 months exceed £266,000



lowering the cost of doing business

Silver Spring Mineral Water Company, a fourth generation, family run producer and manufacturer of soft drinks, went into administration in September 2009. At that time the business was bought out of administration by a new company, Silver Spring Soft Drinks, using private equity investment, and a new management team installed.

Auditel were initially engaged at the time of the purchase to ensure continuity of the electricity supply during negotiations and to establish an ongoing supply for the new Silver Spring. To quote Gary West, CEO: "Faced with an extremely precarious situation including threat of disconnection, a significant increase in security deposit and uncompetitive tariffs, Silver Spring were pleased to be able to call upon the expertise of Auditel to help our newly formed company negotiate a workable solution. Derek and his team worked with us to ensure a successful outcome and in the process re-wrote the rule book with a major energy provider in establishing a way forward".

Encouraged by Auditel's success and impressed by their level of detail and breadth of skills, Gary quickly realised that Auditel could offer a level of cost and purchase management over a much wider range of areas than his in-house procurement team had the time or the necessary skills to implement.

Due to the success of the electricity project Auditel were engaged to assess Silver Spring's spend over a basket of 14 additional areas as well as electricity, dealing with them in an agreed order of priority, and augmenting the team with other Auditel specialists where necessary. A reward structure for Auditel's work was negotiated comprising a fixed fee, a monthly retainer, a targeted success fee and a share of savings beyond that target. This ensures that Silver Spring benefits properly from Auditel's flexible methods of charging larger companies based on commercial fairness.

The Auditel team quickly established its reputation throughout the Silver Spring management and procurement teams. Regular monthly review meetings are held with the Silver Spring management teams to ensure that projects continue to deliver real value. This has resulted in many business cost areas being added to the list to be reviewed and as a result Silver Spring has now given Auditel an open brief to identify all areas where savings might be found.

## THE TOTAL COST OF PURCHASE® IN ACTION



Auditel's attention to detail has already led to impressive results extending far beyond financial savings alone, for example, stationery and pallets, a major cost for Silver Spring.

In respect of pallets Auditel has:

- identified a new supplier of superior pallets compatible with both production needs and the requirements of major customers of Silver Spring
- conducted detailed contractual negotiations which involved structuring a deal with target driven price reductions
- co-ordinated implementation which has delivered substantial ongoing monthly savings
- hugely reduced administration time in the transport department at Silver Spring
- achieved process time savings - now very few unusable pallets, previously there were over 30,000pa
- continued to monitor monthly reports and invoices to achieve targeted price reductions
- attended pallet supplier review meetings
- carried out detailed analysis and major reconciliation of highly complicated supplier reports, as a result of which Auditel negotiated with the former pallet supplier for Silver Spring to receive a significant refund.

The recently implemented stationery project has generated impressive savings on price with the added bonus of an on-line ordering system. This has given Silver Spring full visibility and control of stationery ordering. As a direct consequence the number of stationery orders has dropped dramatically with no loss of productivity, creating additional savings.

## THE TEAM APPROACH

With over 200 Auditel specialists covering the country Auditel can deliver its fully independent cost and purchase management services to clients in well over 100 business cost areas. Auditel's huge range of skills and experience, supported by highly sophisticated bespoke tools and information resources which bring security and effectiveness to project management for large companies with multiple sites.

To maximise the benefits for each client, specialists are brought in by the Auditel Project Manager as needs require. At Silver Spring those involved in the team so far are:

- Derek Chisnall, Auditel Project Manager and negotiator
  - Peter Lawrence, Auditel Specialist
  - Jeremy Bailey, Auditel Specialist
  - Tony Sedden, Auditel Specialist
  - Ravi Wickramasuriya, Auditel Specialist
  - Business Rates – strategic partner
  - Insurance – strategic partner
- and a number of other members of the Auditel network who have contributed their experience as needed.



## INDEPENDENT STRATEGIC PARTNERS

Over the years Auditel has recognised that there are some specialist areas essential to all clients yet professional or statutory requirements mean suitably qualified external professionals have to carry out the work, for example insurance and business rates. Careful research and experience has enabled Auditel to develop strategic partners of the highest calibre and reputation to assist with clients' needs in these areas.

Thus, through these partners, Auditel 's engagement by Silver Spring has also already achieved great results:

- Business rates – a substantial refund and guaranteed future reductions
- Insurance – the 2011 renewal negotiated by our strategic partners has cost significantly less, whilst achieving both improved and additional cover in areas not previously insured.

AUDITEL OUTCOMES so far – the engagement of Auditel by Silver Spring's senior management has already led to cash savings of well over a quarter of a million pounds, provided significant savings of time, and simplified some processes for the Silver Spring team.

Gary West, CEO at Silver Spring, sums up:

"In order to make Silver Spring profitable again, one of my key objectives was to ensure that the non-core business costs were streamlined to the business needs and kept under control. Auditel have not only made us more profitable, but have also become a sounding board and a valuable extension to our management and procurement teams."

## NEXT STEPS

- continue to review the business cost areas listed and implement new savings
- ongoing monitoring of implemented projects
- electricity renewal
- identify other areas where savings might be found
- energy efficiency review and implementation
- CRC processes and implementation
- ongoing monthly review meetings, contribution to planning processes and project management within internal cost engineering forum



## BUSINESS COST AREAS UNDER REVIEW:

- Electricity
- Pallets
- Carbon Reduction Commitment
- Steam Generators
- Energy Management
- Gas – LPG
- Gas – Mains
- Fuel Oil
- Computer Equipment
- Computer Consumables
- Stationery
- Printers/Copiers
- Laboratory Supplies
- Stock Management
- Production Line Cleaning (CIP)
- Production Line Dry Lube/Track Treatment
- Production Line PC's
- Janitorial, Health & Hygiene
- Mobile Communications
- Telephone Systems
- Landline Calls
- Waste/Skip Hire
- Waste Management
- Water
- WorkWear
- Business Rates\*
- Insurance\*

\* highly respected strategic partners working with Auditel

Initial savings on implementations in first 10 months exceed £266,000 across the following areas:

Electricity, Mobiles, Landline calls, Pallets, Stationery, Business Rates, Insurance.

Initial savings are increasing substantially month by month in these areas and additional savings will be realised as further projects are implemented.



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