

Client: Pizza Express
 Type of Business: Restaurant
 Savings Achieved: £4million+



Profile:

PizzaExpress is noted for the quality of its food and the style of its restaurants. Founded in 1965 and originally developed through both company owned and franchised operations, it was the subject of a celebrated market flotation but returned to private ownership in 2003. The successful formula has resulted in growth to over 300 UK restaurants and a significant international business.

Savings breakdown:

over £4 million over 13 years

Auditel have saved PizzaExpress over £4 million in over thirteen years

John Metcalf, Group Operations Director of PizzaExpress, engaged Auditel Consultant David Lowe in 1995, to examine cost reduction opportunities for the Guildford restaurant.

John explains "We had not had a good experience with our previous utilities consultants. I was impressed by the risk-free Auditel approach which David offered, but wanted to tread cautiously. The high quality of the analysis work and the attention to every aspect of implementation of the agreed cost reduction recommendations quickly left me in no doubt that Auditel would make a very positive contribution to our business performance."

David's engagement was extended to the entire PizzaExpress business at a time when the group had just 80 restaurants and deregulation of the utilities market was at an early stage. He explains, "I recognised that my engagement presented both an opportunity and a challenge. Dealing with individual billing for each site was not easy and represented a considerable burden for my client's accounts department, so negotiating multi-site contracts was the initial priority, generating early savings of £175,000 p.a., one-off contract bonuses of £51,000 and a significant reduction in purchase ledger administration. The operating hours of restaurants are particularly relevant for electricity tariffs, so a programme of tariff and meter changes had saved a further £123,000 p.a. by 1998."

After 11 years savings have now reached over £4 million.

"Auditel represents the total outsourcing of our utilities and communications management", says John, "We can concentrate on our core business while David applies his considerable expertise to these non-core areas, providing me with routine reports of his activities. His ability to identify billing errors and negotiate refunds of overcharges is particularly impressive - £145,000 in the past six months alone. That goes straight onto our bottom line, and he tells me that the total is £576,000 since Auditel has been our outsourced expert."

"With a client the size of PizzaExpress, there is constant change which, combined with the dynamic supplier market, means new savings opportunities continue to be identified." Explains David, "As an example, a recent renegotiation of communications arrangements has generated a



from left to right David Lowe, Auditel Consultant; and John Metcalf, Group Operations Director of PizzaExpress.

further £70,000 p.a. (20.8%) cost reduction on top of savings implemented in previous years. Being part of the Auditel team ensures that my knowledge base is kept up to date and provides access to a wide range of specialist expertise."

Although precise measurement of actual cost reduction achievements was important in the early days of the relationship, both parties later agreed that this was less important than other aspects of cost reduction management. Routine reviews do, however, identify the main achievements and add up to over £4m in the thirteen years of Auditel involvement.

John Metcalf concludes, "Our Auditel experience has been, and continues to be, quite outstanding. We particularly value the honest and ethical approach, which gives us complete confidence that David is working solely in the interests of PizzaExpress. From the initial contingency fee arrangement our relationship with David has matured to the point where he is an integral part of our business and I look forward to his continuing contribution to our bottom line. This is one consultancy that really does deliver and I would have no hesitation in recommending Auditel to any business. In fact, any business not using the Auditel service may be placing itself at a disadvantage."

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