

Case Study: Catering & Janitorial Services

Extracting environmental mining profits

Project Information:

- **Industry:** Mining
- **Category:** Catering & Janitorial Services
- **Spend:** \$4'742'493.00 – 2 years
- **Savings Implemented:** \$254'794 (5.4%) PA – 2 Years
- **Project Date:** April 2011 – May 2013

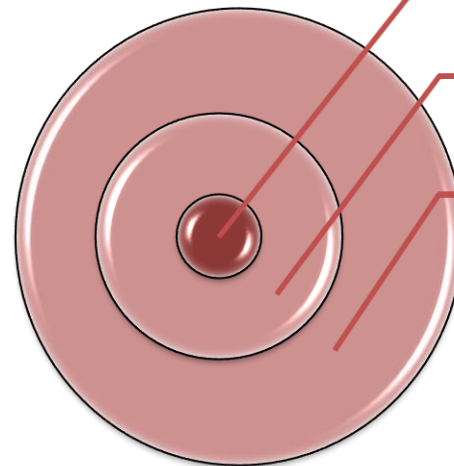
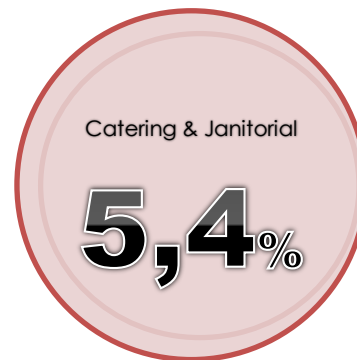
Our client is a high grade Iron Ore producer and key supplier of carbon steel raw materials into Asia. They have an iron ore operation in Northern Territory. Synergy West conducted a review of their Catering & Janitorial expenses at its Northern Territory operations. The objective was to assure Territory management that it is receiving best value for money. Synergy West its industry knowledge, buying power, and negotiating skills to introduce a range of supply arrangements that delivered a reduction in Territory's Catering & Janitorial costs.

We identified the areas of cost and the agreed baseline rates and charges as at October 2010 and confirmed any variation in these rates and charges that applied since that time. We identified savings during preliminary analysis and an improvement in the quality of service. We issued a RFP in March 2011 and finally implemented presented the new rates & charges on the 1st June 2011. In this case, the client decided to stay with the incumbent catering company. For 24 months, Synergy West monitored the contract in order to confirm the accuracy of invoiced rates and charges, assess the overall reasonableness of the bills under the new contract in respect of historic profiles and validate savings achieved versus project estimates.

As part of the RFP process a number of features were identified by the client as of interest to them in a new supply arrangement. In addition to these items further "innovations" were nominated by the supplier as part of their offer/response. These included items from providing ice making machines through to a shared Darwin bus service. Client is enjoying a \$126K per annum savings following Synergy West's intervention.

Key Considerations:

- ❖ A fair and equitable Service Level Agreement and conditions of contract
- ❖ A reliable service that meets all legislative, occupational health and Food Safety requirements.
- ❖ Services that are provided by appropriately experienced and skilled staff suitable to work within the particular demands and needs of a remote site. Noting health and Safety needs, local community needs and recreational needs.
- ❖ A catering service that not only meets the dietary and nutritional needs of camp residents but also satisfies elements of the social needs of residents and visitors to camp.
- ❖ A fair and equitable Service Level Agreement and conditions of contract
- ❖ Competitive rates and prices including variable rates to accommodate a range of camp occupancies and service requirements.



monitoring & management of staff retention bonuses

improved services at the camp site

\$254K savings in 24 months

Synergy West Pty Ltd is a full member of the Institute of Management Consultants. We were founded in Perth, Western Australia in 1998. We are a boutique cost management consulting company serving the needs of SME and corporate clients in Australia.

Synergy West helps top tier clients in both the public and private sector with cost management by delivering outcomes that really matter. We are about strategy and implementation. We amalgamate specialist skills in sustainable cost reduction including carbon accreditation with extensive industry experience to make a difference to the operational performance of our clients. Making a difference to our clients has helped make Synergy West grow into a leading cost management consulting practice in West Australia. Visit us at www.synergywest.com.au



INSTITUTE OF
MANAGEMENT CONSULTANTS