

Auditel turns up significant savings for Calvin Klein Jeans' UK operations

Auditel Consultant Derek Chisnall began working with Calvin Klein Jeans' (CKJ) UK Operations Director, Pierre David. With the main administration function of the company based in Italy, Pierre and his company accountant, Julian Gautier, only have a small team in London to look after the overheads of the UK operation.

An earlier internal review had failed to achieve sustainable savings because, as many organisations find, staff were too busy focusing on the core business to implement the opportunities they had identified or to consistently review new opportunities. Working with outsourced specialists, therefore, made perfect sense, especially as the self-funding contingency fee model meant there was no financial risk in engaging Auditel to make their initial investigations.

Pierre had two main objectives for the project: to introduce 'green' electricity supplies across his stores and to make savings against his telecommunications spend that could, if necessary, be redirected into his personnel budget. Although not a company-wide policy, Pierre wanted the UK stores to use electricity from renewable sources to acknowledge the growing importance of ethical purchasing and corporate social responsibility among consumers.

However, with neither the time nor the expertise to evaluate the market himself, outsourcing

the project to Auditel was the perfect solution, and Derek enlisted the specialist expertise of Auditel Consultant Richard Coward. In the end, Richard found a supplier who not only fulfilled Pierre's agenda but also saved the organisation 13.7% annually.

Richard's audit of the company's communications spend identified two main areas of concern: the cost of charges for international data traffic from the automated tills back to Italy and excessive charges for internet access.

The first issue was addressed by carrying out a review of the marketplace, allowing Richard to negotiate more competitive rates from the incumbent. The result was an annual saving of £5,000 without the need to change provider, Pierre's main stipulation for this aspect of the project. The internet connections were replaced by a specialist supplier saving another £8,500 per year. Finally, Richard saved another £7,500 by cancelling a number of redundant facilities for CKJ, leading to a 60% reduction in annual communications spend.

In addition to the annual savings, and as an integral part of the Auditel service, Richard checks CKJ's invoices every month and produces regular management reports. This check had identified a billing error by the incumbent supplier and, just as importantly, leaves the in-house team free to focus on the core task of running the stores.

CALVIN KLEIN JEANS

SAVINGS BREAKDOWN

CATEGORY	SAVINGS
Data Charges	60%
Electricity	13%

"Auditel have the time, experience and knowledge of suppliers to get the best deals for us. It really is a 'win-win' situation; we can focus on running our business, but don't have to keep looking at suppliers in such great detail."

Pierre David, UK Operations Director,

