

A multi-faceted lodge cost reduction initiative provided both material and sustainable cost reductions for a \$50Bn business



Please clean
my room!

Award winning initiative resulted in immediate cost reductions

The results

Maine Pointe was instrumental in developing and implementing a multi-faceted lodge utilization solution. This was a key component in our client's award winning **Lodge Cost Reduction Initiative**.

- Immediate cost reduction \$11M
- Increased visibility enabled client to change its contractual arrangements with vendors with forecasted savings of \$5.2M
- Lodge asset reduction, optimization and reservation approach forecasted to deliver savings of \$8.4M
- Understanding cost-of-ownership enabled client to negotiate \$4M in contract savings by eliminating annual cost inflators and modifying the vendors' scopes of work

This story is for executives who:

1. Are entering into negotiations with third-party lodgings suppliers
2. Want detailed cost of ownership models to assist with those negotiations
3. Want to be confident that they have accurate, real-time information about lodging occupancy and allocations

The challenge

This company is one of Canada's largest Energy Companies. Their lodging operation services the diverse needs of their vast lodging community. At its peak, the company had room capacity of 14,000 in 15 lodges in the Woods Buffalo region against a total capacity of 12, 286 rooms in Calgary's hotel sector as a whole. The company's management recognized their operating model was not clearly defined or robust enough to support an operation of such magnitude.

Following previous successful engagements with ground transportation and aviation, leadership asked Maine Pointe to assist with their **Lodge Cost Reduction Initiative** to address field logistics effectiveness and efficiency by developing a clearer service model, improving service, and providing both material and sustainable cost reductions.

Helping optimize lodge capacity

It soon became apparent that our client could not accurately see utilization at lodge level. They were using a 'black book' system which didn't provide accurate real-time information on allocation or occupancy. This meant they were dependent on room contingency buffers, as a result of which lodging were getting poor negotiated results from third-party hotel and accommodation owners:

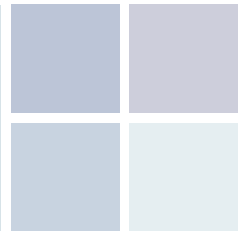
Maine Pointe deployed a solution that included:



- Benchmarking to show total cost of ownership
- Developing a model which addressed and improved utilization rates
- Developing a capacity optimization tool to model the most cost optimal strategy for assigning personnel to lodges
- Creating a real-time room inventory tool so our client knows exactly what's happening in every room, every night, an initiative known as 'Heads in Beds'
- Improving collaboration and communication with third-party stakeholders
- Enabling our client to develop a clear-cut strategy for owned resources
- Clarifying areas of responsibility in our client's team to prevent any overlaps and increase accountability
- Implementing a cross-functional team management operating system

Lessons learned for other executives

- You can have full control over lodge occupancy and allocation.
- Accurate cost-of-ownership modeling is a powerful tool in negotiations with third-party providers.



Want to reduce lodgings waste and increase visibility of occupancy rates?

Want to find out more about Maine Pointe's **cost-of-ownership** modeling?

Talk it through in a no obligation phone call or meeting with one of our advisors.

Email: info@mainepointe.com to arrange a call.

An award-winning engagement

Congratulations to our client's Field Logistics team on their President's Award in the reliability category for lodge cost reductions, business services.

This category recognizes outstanding people and initiatives that improve the inherent capability or capacity of operations, facilitate the use of world-class methodology, or enhance the stability of the company's operations.



About Maine Pointe

Maine Pointe, a member of the [SGS Group](#), is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash and growth across their procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the plan-buy-make-move-fulfill digital supply chain to deliver the greatest value to customers and stakeholders at the lowest cost and risk to business. We call this Total Value Optimization (TVO)™.

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. www.mainepointe.com