

How a multifaceted Lodge Cost Reduction Initiative developed a clear service model, improved service and provided both material and sustainable cost reductions for a \$50 billion business.



With Maine Pointe's help, our Client's Lodgings Field Logistic team implement an award-winning initiative with immediate cost reductions of 8% of addressable spend.

The results

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

- Immediate cost reduction \$11 million
- Increased visibility has enabled our client to change their contractual arrangements with vendors with forecasted savings of \$5.2 million
- The Lodge asset reduction, optimization and reservation approach is forecasted to deliver savings of \$8.4million
- Understanding cost-of-ownership has enabled our client to negotiate \$4million 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 in 2013, 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 that their operating model was not clearly defined or robust enough to support an operation of such magnitude.

Following previous successful engagements with Ground Transport and Aviation, our client, asked Maine Pointe to assist them with their **Lodge Cost Reduction Initiative** the purpose of

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which was 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 to Maine Pointe that our client had no ability to accurately see utilization at lodge level. They were dependent on an archaic black book system which did not provide accurate real-time information on allocation or occupancy. This meant they were dependent on room contingency buffers as a result of which our client's Lodging were getting poor negotiated results from third-party hotel and lodging owners:

Maine Pointe deployed a solution that included:



- Benchmarking to show total cost of ownership
- Developing a model which addresses 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 would know 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 executive advisors.

Email: hello@maineptune.com to arrange a call.

An award-winning engagement

Congratulations to our client's Field Logistics team on their 2014 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.



Maine Pointe is a results-driven, implementation focused consulting firm that is trusted by many chief executives around the world to deliver sustainable, significant value and compelling economic returns for their businesses. We achieve this through transforming the global supply chain into a competitive weapon and accelerating business value through performance improvements in both EBITDA and Cash.

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