

National Procurement

National hospitality company lowers costs by aggregating procurement within several states



Tradition Energy's national procurement experience helped this client reduce costs by 22%.

Services Provided

- Market Research & Intelligence
- Strategic Risk Management
- Supply Management & Procurement: Electricity and Natural Gas

Opportunity

- A growing North American hospitality company that owns more than 30 hotel properties in 9 states was searching for an energy advisor with a national presence.

Approach

- Tradition began by defining the client's energy exposure.
- We assessed the company's energy usage in each state, which clarified ways in which the client could find more competitively priced energy offers. Then we put together a custom procurement strategy designed to aggregate sites within each market to maximize leverage and simplify supply agreement management.
- After designing a procurement strategy, Tradition managed an iterative, reverse auction for seven facilities from a pool of top-tier suppliers. In our competitive pricing process, the prices fell with each round of bids, which resulted in significant savings for the client.
- With Tradition's expertise, a new, customized agreement was negotiated, including a provision relating to a recent business acquisition.

Results

- Tradition's initial procurement efforts **helped lower the client's costs by an average of 22%. Tradition helped further reduce costs more than \$300,000 on additional sites** and through well planned supply agreement renewals.
- Tradition's national deregulated market presence supports the client's effort to stay apprised of local market prices and regulatory developments, ensuring they remain on track to continue reducing costs and receiving optimal customer service.