



How can you reduce your Facility Spend, as customers spend less in your store? A Transblue Best Practice

Author's Information

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Brief Company Overview – *TRANSBLUE is a provider of facility services across North America*

CHALLENGE

We were approached by a large national retailer. The issue was, with reduced customer spending at brick and mortar locations costs had to be reduced in their facility operation. During the initial consultation we identified core service costs, core service's needs, geographical regions, current procurement operations, and the location count. Once we identified these key facility components we began to address location push back. (Location push back sometimes occurs when each location is able to make decisions on the store level on who they will utilize as contractor partners for facilities services). Location push back can disrupt a roll out before it even gets going, so having a push back plan in place enables a successful initiative.

What we found:

- Each store location was previously enabled to choose the provider of their liking
- There were 543 locations within the portfolio
- The spend was all over the board, as each store made different decisions based on many fluctuating factors.
- The locations were East coast, Mid-West, Southwest, and West Coast positioned.
- The core services were Landscape Maintenance, Lot Sweeping, Snow Removal, Janitorial, and HVAC on demand and Preventative Maintenance.

BEST PRACTICE IMPLEMENTED

Transblue provided National bundled Pricing on Landscape Maintenance, Lot Sweeping, Snow Removal, Janitorial, and HVAC on demand and Preventative Maintenance.

- The Landscape Maintenance cost for all 543 locations was \$7,713,684.00 which averaged out to \$473.00 per service per location. In the previous year the retailer had paid \$9,173,901. On the Landscape Maintenance we were able to show a reduced cost savings of \$1,460,217.00
- The lot sweeping cost for all 543 locations was \$4,235,400.00 which was based on sweeping each parking lot an average of three times per week. In the previous year the retailer had paid \$5,506,020.00. On the Lot Sweeping we were able to show a reduced cost savings of \$1,270,620.00



- With the snow removal, we were able to provide a seasonal pricing model for 346 locations that were in snow fall areas. The total seasonal pricing we were able to provide the retailer with was \$6,971,900.00. In the previous year they had not used a season pricing model. They had been utilizing a per hour pricing model for each location, in the previous year they had spent \$7,891,563.00. Over the last ten years they averaged a spend of \$8,567,819.00. They could not budget the exact spend on a yearly basis because the price would fluctuate based on the hourly rates and snow fall, the seasonal pricing model gave the retailer a fixed budget they could count on with a reduced cost of \$919,663.00.

We provided pricing on Janitorial and HVAC, but the brand was nervous to put all of their eggs in one basket. So based on the first years' service level the Janitorial and HVAC would be revisited in 12 months.

- We provided the brand with our EMS Bundled services discount for contracting with us for Landscaping, Lot Sweeping, and Snow Removal. This discount was \$180,000.00 for the year. Each month the retailer would receive an invoice credit in the amount of \$15,000.00 over the 12 months.

RESULTS OF THE BEST PRACTICE

During our service debrief at the end of the season, we concluded with the head of Facilities and CFO that our client had received excellent service, that we had not missed a single service, nor had the brand suffered a single slip and fall loss.

We were able to identify a True cost savings of \$3,830,500.00 in reduced service costs, they identified they were able to save an additional \$463,512.00 in location labor as they did not have to procure contractors from the store level, and they saved \$612,550.00 in administrative labor as they had one monthly invoice instead of 19,548 service invoices to process and pay which was the case in the prior year. The total savings the brand experienced was **\$4,906,652.00**

Our push back program was successful as we had our boots on the ground visit every location manager a month before service was initiated and we held weekly phone conferences to express pit falls, concerns, action items, and expectations. With the expectation set, and the communication delivered the first year was a full success.

In the next season Janitorial services were added to our service agreement, as was HVAC.

The Janitorial Service cost was \$24,765,200 for all 543 locations with cleaning seven nights per week. The previous cost was \$29,346,918.00. The cost saving we were able to provide was \$4,581,718.00

The HVAC cost for the PM Service was \$1,694,160 for the year, and the previous year's cost was \$1,996,421.00 we were able to save the retailer \$302,261.00 for the HVAC services. We reduce the hourly rate for on demand repairs by 20% saving the retailer additional monies on emergency repairs.



Our total cost savings over a 2 year period with the retailer was 19.358 %. By providing a 19.358% cost reduction on the retailers total facility spend we were able to agree on a five year facility agreement that is still saving our client money today!

This cost savings and best practice enabled us to increase our services with our client and reduce their facility spend!

VERIFICATION OF EFFICIENCY AND/OR SAVINGS CAPTURED

The service was measured through our client / partner portal and on the clients side by time of sale tickets and quarterly reports. Having real time analytics on services provided and costs for services enabled our client to have a transparent view into our business and procedures.