

# Hospitality Case Study

## *Hotel achieves over 20% in savings in less than 2 months*

### Our partner:

Our partner had recently purchased one of Melbourne's oldest public bars, and one of the regions most recognisable Irish pubs. Faced with a new operation, the owner had spent over a year improving operations, driving sales strategies and bringing on board trusted staff.

Licensed for 200 patrons, the bar provides food and beverage, function venues, beer garden facilities and a pool table. One of the key strategies implemented by the new owners and management team was to appeal to the craft beer community using a rotating craft beer tap selection, and complimentary food strategies.

With the operations under control, our partner turned their attention to the next phase of their strategy, getting costs under control.

### Our Solution:

Source Right Solutions was approached to provide its unique "Hospitality Plus" service. Our service promised to provide management insight into suppliers, benchmark costs and ultimately reduce costs. The appeal of this service to the owner and management was that there are no up front charges. We believe that small business should not foot the risk for engaging with consultants, so we have taken a different approach. We don't charge for our time and effort, nor do we put forward fixed prices (only to claim changes and charges down the track!) - we split any savings we make with our partnering business 50/50. No savings, no charge. Where else can you find a risk free, guaranteed return?

The Source Right Solutions team employed the specialised "Hospitality Plus" service to crunch the numbers and long list of suppliers. What resulted was key insights into the large supplier list and outgoing costs for the hotel.

Working closely with our partners management team, Source Right Solutions delivered 5 key outcomes for the business.

- Strategic Supplier insight report – Our tailored approach dissected and presented the complex supplier data. This provided the business owner and managers insight into suppliers' contribution to competitive advantage and guidance on best-practice supplier management.

 0490 348 564

 134 Allchin Cct, Kambah ACT 2902

 [info@sourcerightsolutions.com.au](mailto:info@sourcerightsolutions.com.au)

 [www.sourcerightsolutions.com.au](http://www.sourcerightsolutions.com.au)

- A review of existing contracts – As all businesses are different, this review allowed us to identify opportunities for negotiation and limitations on cost reduction strategies. This review, combined with the alignment with the Strategic Supplier Insight report, provided a structured approach to reducing material and service costs for the hotel.
- Sign off approval – As a small business, it is important to keep control of what happens in your business. We ensure you keep sign off of any strategies or approach. We presented the management team with a succinct, tailored mix of benchmarking, request for quotes and negotiation strategies with suppliers to achieve better costs and assurance of supply.
- A professional, consistent approach to suppliers and cost management – We brought a tested, best-practice approach to quoting, benchmarking and evaluating alternative suppliers. This allowed the hotel to compare and select suppliers that were the best fit for them, and provide a platform and a source of information for negotiation with existing suppliers.
- A full report on all outcomes, cost savings and indirect benefits.

The key to our success is the idea that a business should manage suppliers in ways that achieve it's competitive advantage, and partnering with the best business for the long term will lead to the best business outcomes. We provide a unique service tailored to achieving practical outcomes for small and medium businesses.

## The Result:

- 20.7% total cost reduction across the suppliers and categories that we analysed, including;
  - 68% cost reduction in waste and recycling services
  - 16% cost reduction in non-perishable food dry goods.
  - 15.2% cost reduction in meat and poultry
  - 48% cost reduction in Gas services
- Through the “quality assurance” process, we were able to achieve all savings without any reduction in quality – and through the quote process and supplier negotiations, we provided additional recommendations on improving supplier relationships and operations improvements.
- Through our unique process, savings were made using a mix of new suppliers and negotiation with existing suppliers. The benefit of this was that our partner had the option of keeping trusted suppliers that were key to the business strategy and going to market for those that supplied supporting services – all while making savings across all.
- Return on investment from day 1.

**Contact Source Right Solutions today to see how much we can save you.**

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