



## Case Study

# Open + Close Utility Account Services

## Rapidly Growing Retailer Avoids \$6.75 Million in Lost Revenue With a Better Utility Transfer Process



### Client

A private equity-owned, Fortune 500 discount retailer operating more than 18,000 stores in 47 states. The stores sell frequently-used products including food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices in convenient neighborhood locations.

### Challenge

The retailer is rapidly expanding with approximately 1,000+ new store openings per year. General contractors put utilities in their name during construction. Responsibility for the utilities transfers to the corporate office once construction is completed. Unfortunately, this transition was not happening in a timely manner. As a result, the client was missing utilities turnover deadlines and shut offs were occurring frequently.

Once permitting is complete and build out dates are set, a lack of organization in initializing utility accounts can delay store openings up to 30 days. In addition to lost sales,

committed salaries are paid out with no actual work attached. These factors have a direct negative effect on EBITDA.

Additionally, stores were often caught off guard when initial utility bills went unpaid and services were turned off with no notice. When this happened, stores had only two to four hours to save refrigerated and frozen foods. Water, heating, and air conditioning was turned off and stores were forced to close down until utilities came back online. The company stood to lose \$15,000 - \$20,000 in perishable food products in addition to the opportunity cost of lost revenue while closed down.

### Solution

The client hired Cost Control Associates (CCA) to help them proactively avoid missed store opening dates by managing the utilities open and close process for all new stores. CCA established a one-month pilot project to ensure success and is now working on a multi-year project to manage an effective opening and closing of utilities accounts.

# Results

CCA manages the utilities transfer process and ensures that stores remain open and that all new accounts are set up properly in the client's system. As part of our process, CCA confirms that the first bill is properly sent and that the store numbers are correctly assigned to utility accounts. Additionally, CCA created a process to review existing store billing errors and rectify legacy issues that they were unable to address with internal resources.

This growing retailer went from being five months behind in transferring services into their name to now working ahead by 1.5 to 2 months. As a result, they no longer deal with disconnects and avoid costly shut downs and loss of perishable products.

## CCA helped a rapidly-growing retail chain to overcome an ineffective utility transfer process and to significantly improve value creation.

	Without Intervention	After CCA Intervention	IMPACT Lost Revenue Avoided
# stores getting closed down due to utility shut off	80	5	
Loss of refrigerated and frozen inventory	\$1.2M	\$75K	
Value of lost revenue when store gets closed down	\$6M	\$375K	
<b>Total</b>	<b>\$7.2M</b>	<b>\$450K</b>	<b>\$6.75M</b>

• **\$6.75 Million** in Lost Revenue Eliminated Through Utility Account Open Services



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### About CCA

Cost Control Associates helps organizations with utility expense management through improved spend visibility, energy procurement, price risk management and purchase of renewable energy. Its services include utility bill processing and payment, utility bill management, regulated rate review, energy procurement and sustainability and renewable services. Its customers include retailers, healthcare, supermarkets, telecom, extended living, and restaurant chains. Learn more about our [open/close service exception handling](http://www.costcontrolassociates.com) at [www.costcontrolassociates.com](http://www.costcontrolassociates.com). CCA is owned by SIB Development and Consulting, [www.aboutsib.com](http://www.aboutsib.com), the market leading provider of cost reduction and spend management services.