

Case Study: \$10 Million in Fuel Cost Savings Through a Redesigned Buying Process

Overview

A multi-location fuel buyer achieved more than **\$10 million in cost savings** by redesigning its fuel procurement process. The new approach replaced a complex, manual bid normalization model with a structured, data-driven methodology that significantly improved pricing transparency, speed, and accuracy.

The Challenge

The legacy fuel buying process allowed suppliers to submit bids using any market price basis across more than 300 locations. As a result, bids had to be manually normalized before comparisons could be made. This effort took up to six months to complete, required substantial internal labor, and was prone to calculation errors. The lack of standardization limited competitive tension and often masked true pricing performance.

The Solution

Each location was first analyzed to identify the most appropriate market price index based on local supply and logistics dynamics. Suppliers were then required to bid exclusively against those predefined indexes. This upfront analytical discipline eliminated the need for downstream normalization and ensured true apples-to-apples bid comparisons.

Execution & Results

With standardized bid structures in place, supplier pricing could be evaluated quickly, accurately, and with minimal manual effort. The redesigned process delivered **over \$10 million in savings across the top six locations alone**, compared to the prior bid year. Bid evaluation cycle time was reduced from months to days, internal workload was dramatically lowered, and pricing errors were eliminated.

Strategic Impact

- \$10+ million in fuel cost savings (six locations)
- Faster, error-free bid evaluations
- Improved supplier transparency and competition
- Scalable procurement framework for enterprise-wide deployment

This new fuel buying process transformed procurement from a slow, high-risk exercise into a repeatable, high-impact value creation lever.