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BRITEinfo.com

Solution: BRITE Business Intelligence

Self Heating Company

SUCCESS STORY: MARGIN OPTIMIZATION

Self Heating Company is a full service heating oil and propane dealer in Southeastern, PA. Like many quality companies, Self has built an outstanding reputation for service honed over three generations of family operation. Currently led by Rob Self, the company offers a wide range of pricing and payment options, including price caps, fixed and variable options for their oil customers, and usage-based pricing for their propane customers. Self also offers a variety of service plans and payment options. Like most companies today, it faces intense competition which sometimes leads to very low margin, retention pricing to save customers.

THE CHALLENGE

While the myriad of options and product choices allowed Self to broaden their business, increased the complexity of managing the operation and profitability has increased. What's more, the need to stay competitive has reduced the margin for error considerably. This winter, when degree days collapsed concurrently with the increase in wholesale fuel prices (especially in propane), the cracks widened into chasms. While the company planned for target margins to ensure profitability, conditions were changing too quickly. They were having trouble accounting for the gallons that had been discounted, were fixed and couldn't be raised, or had hedges, particularly when volume declined by nearly 20% because of the warm weather.

THE OPPORTUNITY

After they launched BRITE, they not only discovered that their actual margin was 40% lower than their target, they discovered process issues in the way their back-office system was pricing the propane usage buckets. After a major snow storm, BRITE also shed light on the fact that many deliveries were not being posted for as many as 5 business days.

"Visibility is the key," said Rob Self. "In the past, it would take three or four weeks to get the numbers, and understand where things were actually headed. By then, it was too late to make a difference. BRITE gives us instant visibility on our challenges, which enable us to take corrective measures immediately. Due to BRITE, our margin saves this winter were more than \$80,000."

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RESULTS

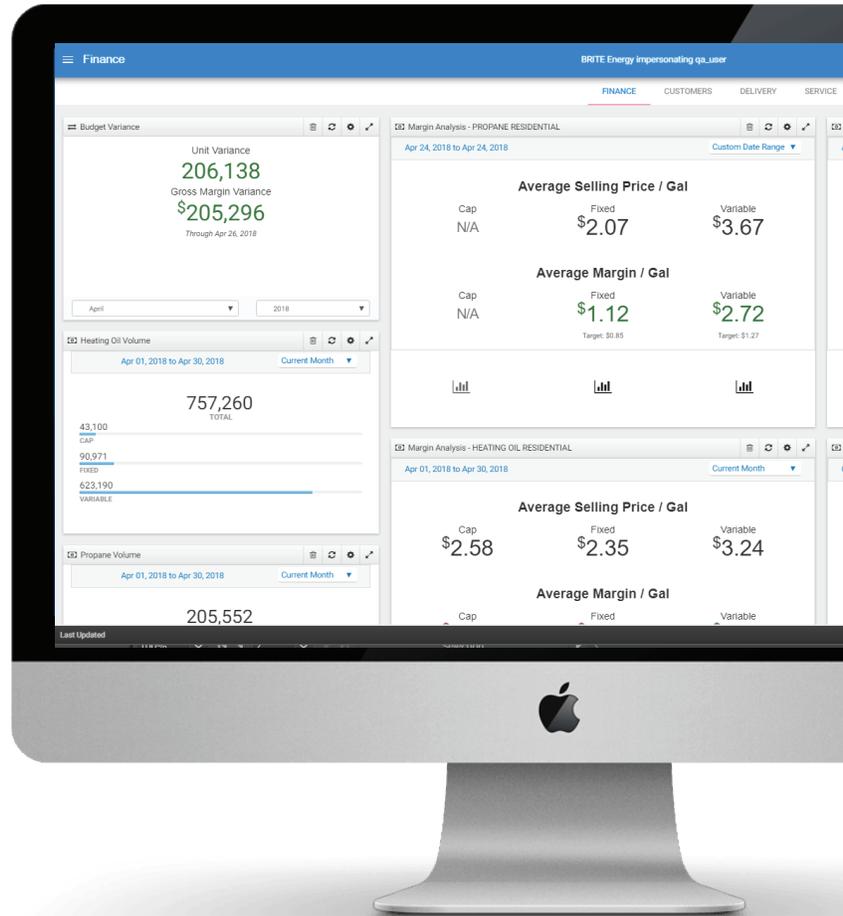
Working with BRITE Advisory Services, Rob clarified his target margins in each area of the business. Rob altered his morning routine to review his actual gallons and margins daily. When the numbers show anomalies, he is able to drill down to find out the cause. He is now able to easily share the information with key managers, so they are all on the same page. “When I first saw my numbers in BRITE, it was like getting hit with a sledgehammer. What you think your margins are, or should be, and what they really are, can be very different. “

Rob also discovered and fixed flaws in the way discounts were managed, corrected the propane pricing error in his computer system, all while there were still deliveries left in winter.

“I saved over \$80,000 and fixed problems that would have cost me still more next year if they hadn't surfaced now.” According to Rob, when he is in the middle of winter, he's constantly putting out fires or dealing with urgent matters, so some things that are really important get put off, especially if they take too much digging. Unfortunately, given the nature of this business, that can really hurt you.

Now, Rob is also looking at the full range of BRITE dashboards: customer gains and losses, service installs, callbacks, driver performance, delivery inefficiencies, and propane tank inventory turns. He has since begun sharing them with key managers.

“I've gotten back in control of what's happening in my business. It doesn't make the challenges any less important, but it allows me to do something about them when it matter most.”



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