

DEBENHAMS

# A tailored energy management solution for Debenhams

### INDUSTRY

Retail

### LOCATION

UK

## CHALLENGE

As a leading international high street retailer, Debenhams manages a complex energy programme for over 200 retail sites across the UK. Global energy consultancy Kinect Energy Group (Kinect) forged a partnership with Debenhams to deliver a customised energy management programme.

## OVERVIEW

Debenhams sought a structured and transparent methodology for procurement and risk management. Kinect delivered a procurement strategy built in preparation, analysis, and partnership. Debenhams and Kinect executed the strategy.



*‘Clear objectives coupled with expert knowledge, attention to detail, and old-fashioned hard work delivered a fantastic energy management result for us. The collaborative approach between our team and Kinect Energy Group enabled a customised solution focused on our needs.’*

**Andrew Houckham**  
Energy Manager, Debenhams

## SOLUTION

Together, Debenhams and Kinect reviewed the retailer’s existing procurement strategy and explored the competing objectives of internal stakeholders. This integral ‘workshop approach’ is a proven strategy to establish realistic expectations and ensure all parties are aligned with a consensus position.

The agreed-upon strategy was formalised by Kinect and delivered to Debenhams for sign-off prior to commencement. *(continued over)*





## SOLUTION (CONT)

Debenhams and Kinect then conducted assessments against all contract types in the marketplace. Equal time and emphasis was placed on negotiating the commercial terms and structure of the contract, and in driving down non-transparent fixed costs. Detailed tender preparation was completed by Kinect in line with best practices.

Three critical steps ensured the right data was captured:

1. research to effectively understand Debenhams' business;
2. collection, collation, and cleansing of Debenhams' energy data, and;
3. establishment of Debenhams' consumption and shape profile.

A detailed analysis of Debenhams' profile, usage patterns, and trends against base and peak market prices revealed that there was further optimisation to be made. Kinect and Debenhams focused on the optimisation of purchasing blocks against market conditions and transferred residual volume costs from the suppliers' curve to market reflective prices.

This effort – along with targeted negotiations of supplier margins – achieved significant savings. Overall, the strategy produced estimated incremental savings of more than £530,000 per annum for Debenhams.

Focus then transferred to the management of Debenhams' portfolio and specifically managing wholesale price risk. Both Kinect and Debenhams monitored the market and identified opportunities. Kinect offered recommendations to Debenhams on when to purchase while Debenhams maintained control of the transaction process. And Debenhams executed some very clever trades independently.

Portfolio management services from Kinect along with Debenhams' prudent purchasing have protected Debenhams from an additional 4.4 million pounds of commodity costs for the period of the contract.



## SUMMARY

In true collaboration Debenhams and Kinect worked together to tailor an energy supply management solution.

Cost savings were achieved through risk workshops, in-depth consumption profile analysis, negotiation of fixed elements, and market analysis against consumption patterns. This resulted in beneficial changes to Debenhams' purchasing profile, reduction in supplier margin costs, and an improved, transparent, market-reflective product.