



Cognita

Energy procurement project

Since the Company's inception in 2004, Cognita expanded rapidly to become the largest independent schools group in the U.K. Encompassing some 40 sites, they inherited over 250 electric and gas meters with differing suppliers, prices, contract terms and termination dates. Two issues emerged as a result. Without fixed contracts, fluctuating energy costs made accurate budgeting impossible. In addition opportunities for volume related cost savings were lost. The situation was made more challenging as a previous consultant had been appointed to address these issues but failed to deliver. At this point Cognita brought in ADIAN Consulting Limited (ADIAN).

Cognita is a leading international independent schools group committed to excellence in education across 52 schools in the UK, Europe and South East Asia. Their reputation is built on strong national and local leadership, a determination to provide the highest quality teaching, a broad curriculum and personal support for every child. Cognita employ some 2,900 teaching and support staff in the care and education of over 15,200 pupils.

The project team:

Greg Warwick

Facilities Manager, Cognita

Ryan Edwards

Financial Operations Manager, Cognita

Dave Gibson

Finance Director, Cognita

Kim Williams

Senior Consultant, ADIAN Consulting

Robert Gevargiz

Director, ADIAN Consulting

COGNITA
TEACHING EXCELLENCE

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consulting

The story...

Expired contracts

The situation ADIAN had inherited was in disarray, as Dave Gibson (Cognita Finance Director) explains:

“We found ourselves with a mess of multiple suppliers and meters. Prior work with another consultant had not delivered the necessary changes”

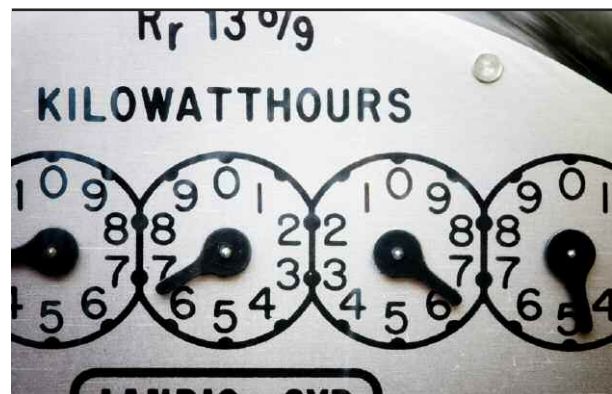
Firstly ADIAN collated all the strands of information and made a fast assessment of all the contracts, from which they identified priorities and devised a project timeline. This required methodical and focused project management. From the start speed was crucial. Several schools had expired contracts and were subject to premium rates - almost double the cost of a standard contract. Identifying these accounts and getting them onto a new contract was the first priority.

Understanding the market

Understanding the energy markets and the suppliers' working methods meant that ADIAN could advise Cognita on the best strategy for getting advantageous rates for new electricity and gas contracts. ADIAN worked with Cognita to shortlist, negotiate with and select the right energy providers on the right terms. They then managed the entire process of troubleshooting and change management, successfully moving contracts from old to new suppliers. This ensured Cognita would enjoy stable costs and be well positioned to renegotiate future deals more advantageously.

“This required strong planning, attention to detail and well honed negotiating skills”

“A significant 10% saving”



Clauses to negotiate

Once all the expired contracts were renegotiated and renewed, ADIAN worked through a very tight timeline to manage price risk associated with live contracts. The devil really was in the detail at this stage. Small print clauses could potentially make ending contracts difficult and costly. **This is an area where ADIAN's experience and attention to detail really made a difference.**

Alignment

Throughout the project ADIAN worked towards Cognita's goal of consolidating electricity and gas supplies under single umbrella contracts. These contracts would now expire in unison, be transparent and easier to manage. Due to the random expiry of the old contracts schools had to be brought onto the new contracts at differing stages of the project. This required strong planning, attention to detail and well honed negotiating skills to manage suppliers and to ensure final alignment.

“Without the work ADIAN did in getting all our 250+ meters together, we wouldn’t have benefited from cost savings. ADIAN did exactly what they said they would do, sorting out the mess speedily, stabilising the cost base and giving us clarity going forward”

- Dave Gibson, Cognita Finance Director

Results...

Comparing the rates some Cognita schools were paying, through individual contracting, to the new group contracts shows ADIAN delivered a **significant 10% saving**. The contracts are fixed price, allowing Cognita management to accurately budget ahead with no surprises. Having the contracts aligned means renegotiating can be planned in advance, allowing both time to get the best possible deal and the flexibility to migrate over 40 sites to a new supplier with relative ease. Cognita Facilities Manager Greg Warwick (pictured right) sums up the project:

“The old fashioned view of a consultant is someone who borrows your watch then tells you the time. ADIAN disproved this view and in turn proved to be a safe pair of hands, meeting their promise of reliability, responsiveness and independence. They were calmly professional which gave us confidence throughout the project and at the end they delivered.”

Reducing the energy prices and getting the contracts in order was merely stage one. The next challenge is to look at ways of reducing consumption. As for future needs, Greg Warwick’s choice is clear:

“When seeking any future advice, ADIAN will be the first people we speak to.”



Greg Warwick

Key insights:

- When it comes to utilities contracts the devil is in the detail - negotiating through this is where a good consultant’s experience really pays.
- For multiple site organisations, get your contract endings aligned - this gives you space to plan ahead to renew at the most advantageous time.
- Impartiality is vital - chose a consultant who will charge you for doing the job, not an ongoing percentage of the savings.



For further details on how ADIAN can benefit your business, contact Robert Gevargiz on 01908 306 018 or email: robert@adian.co.uk

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