

PSL DRIVES FOOD COSTS DOWN BY 8 PERCENTAGE POINTS THROUGH WORKING IN PARTNERSHIP WITH O'CALLAGHAN HOTELS

Background

Walk along Merrion Square in central Dublin and you'll be presented with an excellent choice of one 3* and two 4* hotels adjacent to each other, each specialising in different cuisine – ranging from top class international and finest contemporary bistro to modern Irish. But whichever one you select you will in fact be dining in one of O'Callaghan's Hotels.



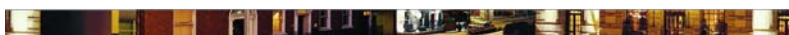
Stephens Green, Dublin

The group also has another 4* hotel, Stephens Green, just 10 minutes away. To facilitate more lucrative procurement, food purchasing is conducted centrally for the whole group.

Lack of resources

O'Callaghan Hotels had attempted to introduce its own initiatives to further improve profitability and drive food costs down in the past, but soon recognised that it did not have the resources to conduct it effectively. Remembering PSL's approach 6 months earlier, they decided to put them to the test.

Martin Cooley, Group General Manager, said, "PSL's 'no savings, no fee' incentive is very attractive – we have nothing to lose. Food purchasing is highly specialist and complex due to trends and price fluctuations – you have to anticipate and react quickly in order to maintain good profitability.



Davenport Hotel, Central Dublin

"It is in this area that PSL excels. It has a team of specialists covering all the key food product areas – we just could not dedicate the same focus on our own.

"Quality is also paramount as we have gained a good reputation both with

local businesses and tourists alike. PSL has ensured our food quality remains consistently high whilst driving food costs down. We estimate savings of around €270,000 in the first year alone!"

Local suppliers back on board

O'Callaghan Hotels pride themselves in providing the finest, freshest, local produce and working with PSL has not affected their emphasis on Irish dishes.

The area where greatest purchasing savings have been made is meat. One favourite meat supplier of O'Callaghan Hotels is now an approved PSL supplier. Martin explained, "Suppliers can become complacent and charge what they want as they know regular business just keeps coming. PSL has done an excellent job of negotiating better prices for us. We stopped using one meat supplier as they had become so expensive, but PSL carried out negotiations with them and they are now back working with us...with significantly improved pricing!

"Because PSL's market knowledge is so extensive and the combined purchasing volumes place them in a better position to negotiate, they can achieve prices that we just couldn't gain on our own."

On-going relationship

Having reduced O' Callaghan Hotels' FCOS (Food Cost of Sale) from an average of 30% down to only 22% in just 12 months, PSL has earned a good level of understanding and recognition from O'Callaghan Hotels' staff.

Martin added, "We see PSL more as friends than working colleagues. We work well together and have the same common aims – to maintain high quality, drive costs down and improve gross profit.

"We are now concentrating on consistently maintaining what we have already achieved and also trying to better it by focusing on specific areas which could benefit from more attention. We are working with PSL to pinpoint these areas.



Davenport Hotel Dining Room

"We are in no doubt about the benefits their external support has brought to the Group. It would not be wise to try and do it ourselves as we could not achieve such levels on our own. We shall have no hesitation about renewing our contract with PSL when it is due and look forward to realising greater achievements in the future!"

For further information please contact Matt Tough, Sales & Marketing Director on: 07778 285321.