

TWENTY THREE POINT FIVE INSIGHTS

Case Study (Anonymized): Retail JV Growth Plan and Supply Optimization

Executive summary

A major U.S. refiner-marketer partnered with a best-in-class convenience retail operator to grow a regional retail fuel network in a structurally challenging market. The market was facing declining returns due to fragmentation, a long tail of low-quality sites, consolidation, and aggressive high-volume entrants (e.g., warehouse clubs and large-format resellers). We helped shape an integrated growth plan that connected capital structure, store rollout, fuel supply, price optimization, and working-capital discipline into a single, decision-ready roadmap.

Situation and challenge (sanitized)

- Defend and expand share in a fragmented metro market against high-throughput, low-cost competitors.
- Design a scalable JV model: partner operated the stores; the refiner-marketer managed fuel supply, pricing strategy, and inventory economics.
- Use balance-sheet advantage to finance site growth at a lower cost of capital than standalone retail economics would support.
- Translate a multi-year new-to-industry build program (roughly ~20 sites) into a supply-and-logistics plan with clear component requirements (ethanol, biodiesel) and truckload impacts.
- Convert store marketing projections into a cumulative supply view to protect scheduling, terminals, and cash from 'surprise' ramps.
- Maintain competitiveness without triggering a destructive 'race to the bottom' in street pricing.

Scale and complexity (sanitized)

- Multi-product fuel mix with renewable components, requiring detailed blending/component planning and terminal execution.
- Ramp profile demanded disciplined forecasting, inventory targeting, and a clear operating cadence across Marketing, Supply, Finance, and the JV partner.

- Pricing had to adapt locally (competitor mapping, elasticity) while staying inside defined governance guardrails.

What we delivered

- A quantified value-creation thesis for the JV: where returns would be generated (store operations, supply advantage, disciplined pricing) and what had to be true for success.
- A multi-year, site-level rollout plan and volume forecast translated into actionable supply requirements (including component-level volumes and logistics implications).
- A retail pricing operating system: competitor-set strategy, price optimization approach, guardrails, and exception governance to balance margin and share.
- Working-capital and inventory playbook aligned to the consignment model (min/max targets, reorder points, inventory turns, and cash discipline).
- Executive-ready decision materials (sanitized): assumptions, scenarios, risks, and an operating cadence across Marketing, Supply, Finance, and the JV partner.

Why it mattered

- Enabled leadership to commit capital and pursue growth with line-of-sight to supply readiness, logistics capacity, and cash impacts.
- Connected the upstream advantage (refining/transport/distribution) to retail execution through a practical pricing and inventory system.
- Improved decision quality by turning a 'growth story' into an integrated plan with measurable milestones, risks, and accountability.

How we approached it (sanitized)

We ran the work as an integrated commercial and operations assessment rather than a standalone retail forecast. The goal was to align the JV partner's store execution strengths with the refiner-marketer's supply, pricing, and financing advantages - and to expose constraints early (terminal capacity, components, scheduling, and cash).

Workstream	What it included (sanitized)
Market structure and competitive physics	Segmentation of the retail landscape, entrant analysis, and implications of high-volume resellers for pricing and site economics.
JV model and capital allocation	Consignment economics, funding approach leveraging lower cost of capital, and the return drivers required for the model to scale.
Growth roadmap and volume forecast	Phased build program and volume trajectory, with sensitivity cases to stress-test the plan.
Supply, components, and logistics readiness	Translation of volumes into base product and renewable component requirements, and visibility to truckload/terminal impacts.
Pricing system and governance	Price optimization concept, competitor sets, guardrails, exception process, and reporting cadence.

Working capital and inventory discipline	Inventory targets, replenishment logic, and cash controls aligned to the operating model.
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How consignment pricing creates value (public-safe)

Consignment is an operating model where the fuel supplier retains title to inventory until it is sold at the retail site. In a JV setting, this aligns incentives: the retail operator focuses on site execution and customer experience, while the supplier optimizes replenishment, pricing, and working capital as one integrated system.

Mechanics of the model (sanitized)

- Reliable offtake: the supplier secures placement and predictable throughput for its downstream supply chain (refining/terminal/logistics).
- Supplier-funded inventory: inventory sits on the supplier balance sheet; the site earns an agreed fee/margin structure, settled through periodic true-ups.
- Automatic tank dispatch (ATD): telemetry plus reorder points trigger replenishment; reduces run-outs, avoids overfills, and improves inventory turns.
- Integrated cost-to-serve: rack price, freight differentials, terminal constraints, and regulatory components are treated as a single cost stack.

Where pricing and supply discipline drive superior economics

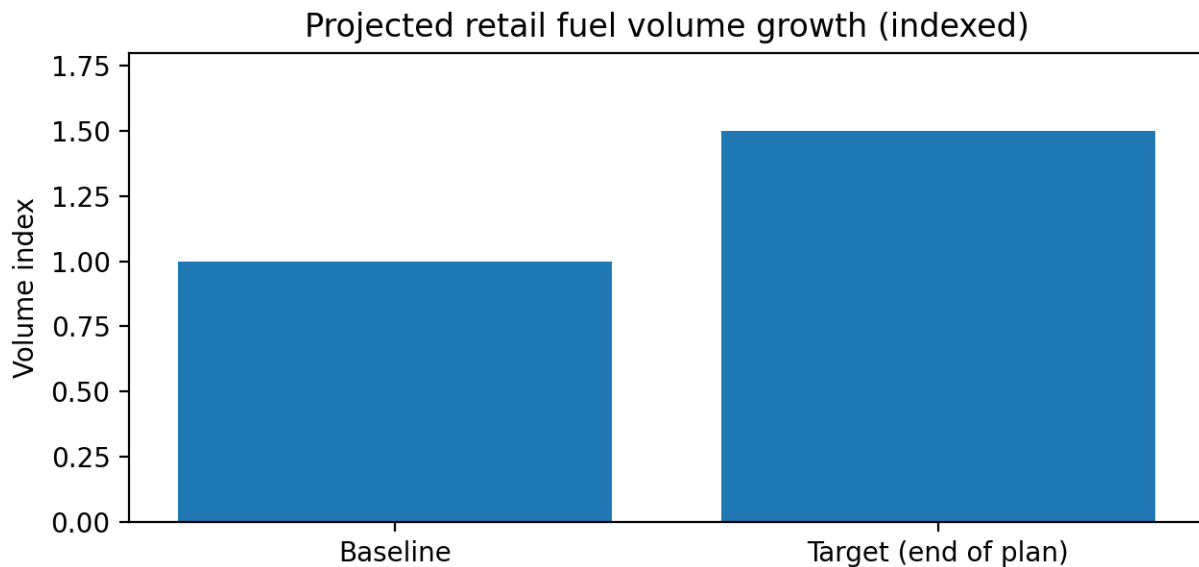
- Mark-to-market pricing: a rules-based (or algorithmic) pricing engine updates retail price recommendations against local competitor sets and the live cost stack within governance guardrails.
- Cuts hidden leakage: normalizes for freight changes, weather disruptions, traffic and delivery constraints, and temporary supply tightness that often get missed in manual pricing.
- Edges out volatility: guardrails and exception processes reduce margin whiplash while preserving competitiveness and protecting share.
- Working-capital advantage: tighter inventory targets and better turns reduce cash tied up in fuel and minimize expediting/short-notice logistics costs.

Capabilities demonstrated

- Leading cross-functional assessments that connect strategy to execution (Marketing, Supply, Finance, Scheduling, JV partner operations).
- Growth strategy and capital allocation in mature/contested markets, including partnership design and financing logic.
- Pricing and revenue management, including price optimization concepts, competitor strategy, and governance.
- End-to-end supply chain thinking: refining/terminal/logistics constraints, blending components, inventory, and working capital.

Illustrative forecast (indexed)

The original internal model contained detailed monthly and product-level projections. For public use, the chart below illustrates the scale of the targeted step-change (indexed to the baseline year).



Notes on sanitization

- Company, partner, brand, and geography have been removed; metrics are rounded and/or indexed.
- The case study reflects the planning and assessment work product; realized performance depends on execution and market conditions.
- Additional depth (e.g., site archetypes, competitor sets, and full component/logistics sheets) can be shared under NDA as appropriate.