

By Della Richardson, *Director of Mansfield Spot Delivered Sales*

## Spot as a Best Practice

When designing a fuel strategy, many companies simply lock in 100% of their volume on a fuel contract to guarantee supply all year. But many fail to consider the benefits of optionality, having some room to play the market to keep costs low.

Does your company include spot purchasing as a part of your fuel strategy? If spot hasn't been a part of the conversation, it's worth considering. Odds are good that at some point, you'll need to procure gallons on top of your normal volume. Rather than reactively purchasing spot fuel, your fuel strategy may benefit from a proactive strategy to keep your prices low.

### What is Spot Purchasing?

Spot purchasing means buying fuel without a contract; each delivery is bid out to ensure your company receives the lowest price. There are two primary reasons customers utilize spot

purchasing – to ensure competitive prices, or to cover demand when the contracted supplier cannot deliver. The spot buyer has no obligation to buy, while the spot seller has no obligation to sell. Buying spot carries more risk, but provides more flexibility.

### What are the Benefits of Spot Purchasing?

Spot buyers keep prices competitive by soliciting numerous quotes daily, weekly or monthly for fuel deliveries. Receiving multiple prices provides market intelligence so you can take advantage of market forces that create savings. For instance, if a particular fuel marketer is oversupplied and absolutely must move product, they will deeply discount their fuel in order to do so.

Positioning your fuel purchaser to take advantage of these short-term market opportunities goes a long way in optimizing fuel purchases. Additionally, because your business is not guaranteed to a spot seller, you should expect a high level of communication and service in order to earn your business on a daily basis.

Supplementing your contractual fuel procurement with spot also mitigates risk through portfolio diversification. If you've been purchasing fuel for any length of time, you have undoubtedly encountered some sort of supply disruption. Aging infrastructure and a driver shortage do not a smooth fuel supply landscape make. When there is a supply disruption and your contracted supplier or carrier cannot deliver in time, having a network of spot sellers will provide a safety net to make sure your site has options.



## How Do You Implement Spot into Your Strategy?

Take some time to review your current fuel purchasing portfolio. First, you'll need to know how many gallons of fuel your company uses and what percent of that (if not all) is currently contracted. Next, determine your ideal balance between contracted gallons and uncontracted. Keep in mind that the more spot purchasing your company does, the more resources you'll need to monitor daily market conditions.

Choosing a supplier with a broad scope is particularly beneficial in the spot market. Often, a supply shortage will leave local fuel marketers with no ability to meet contractual commitments; a supplier in many different markets can long-haul product from distant markets when necessary to meet your spot needs.

Finally, speak with your spot suppliers about market dynamics and arbitrage opportunities. At times, long-hauling from another market may be cheaper than the local market, even when accounting for additional freight costs. As suppliers identify these opportunities on your behalf, they can communicate with you to see if you have room for the discounted fuel.

Whether or not you choose to purposefully implement a spot procurement strategy, it is helpful to have back-up suppliers ready for each site in the unlikely event your standard supplier cannot

perform. Whether you're seeking pricing competitiveness or reliable emergency supplies, implementing a spot procurement approach can pay dividends for your company and provide more sophisticated market insights. Ultimately, your goal is to beat the competition and operate effectively, and a spot fuel program can help you achieve your procurement goals.

To learn more about spot purchases, email [spotquotes@mansfieldoil.com](mailto:spotquotes@mansfieldoil.com) to speak with a Delivered Spot representative about your fuel purchasing strategy. Mansfield's Spot team is set up in every market in the US and Canada, ensuring reliable, competitive supply and unmatched service. •



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Della leads Mansfield's Delivered Spot sales team. She is responsible for crafting a national-wide sales strategy, building an operational framework, setting goals, and coaching a team to exceed budgeted growth targets.

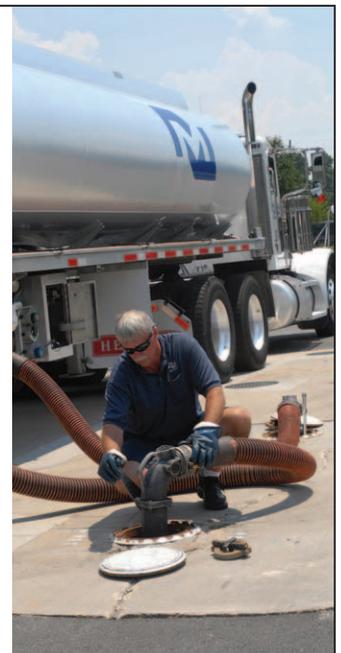


## No Commitment Fuel Pricing

Mansfield Energy offers no obligation purchase options based on daily fuel pricing.

Leverage Mansfield's unmatched supply and carrier network for reliable, competitive, and flexible spot pricing programs.

**COMPETITIVE PRICING • NO LONG-TERM CONTRACT  
FREE QUOTES • RELIABLE SUPPLY • NATIONWIDE COVERAGE**



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