

Case Study: Polypropylene Project



Situation

Our client wished to build a world scale polypropylene plant in its complex at Feluy, Belgium based on Montell technology. As a commodity project it was essential to build the plant at the lowest cost possible. Based on previous experience INDECO was retained to advise on contracting strategy and assist in negotiations.

Approach

Initially we adopted a classic Lump Sum EPC approach resulting in two technically qualified short listed bidders. We then negotiated an incentivised gain share pain share contract with our preferred bidder. This approach took longer than normal but resulted in a cost below the sanctioned budget. We and the client recognised the need for rigorous contract management to defend the contracted price and schedule and so an INDECO senior consultant was assigned to the project team on a full time basis responsible for project procurement, contract management and project control.

Impact

The project was completed essentially to schedule and well within the project budget. The client considered this was one of their most successful projects.