

Success Story

Industrial Project Development and Capital Efficiency

Overview

The stakeholders had a strategic market capture opportunity for flat-rolled products. They were involved in the construction process of a significant manufacturing facility and could add high-value products to the mix with some incremental capital investment. The challenge was aligning the new product mix, associated capital cost, and contracting strategy to provide the returns required to justify the investment.

Challenge

- Client's business case was weak when attempting to develop a strategy for adding high-value products
- Estimated project capital costs were much higher than anticipated
- Facility design was not configured to allow for maximum product mix flexibility
- Initial contracting strategy was not conducive to changes in scope and lacked flexibility during project execution

Impact

- Performed a comprehensive market assessment to define specific market supply opportunities
- Optimized the product mix to leverage existing assets, reducing the capital cost
- Redefined the project contracting strategy allowing for a partnering approach with contractors
- Negotiated \$40M+ in cost savings across long-lead equipment and major construction contracts
- Delivered the project under budget and on schedule

Project Approach

Business Driver Identification

Support development of product specifications with financial modeling

Work with partners and suppliers to drive optimal product mix and set cost targets for business case

Scope Optimization

Refine major equipment packages to support product mix and budgets

Define leveraging and standardization opportunities

Capital Efficiency

Define optimal contracting strategies to reduce project costs

Negotiate favorable pricing and terms for all packages to drive cost certainty

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