Hargreaves

Case Study

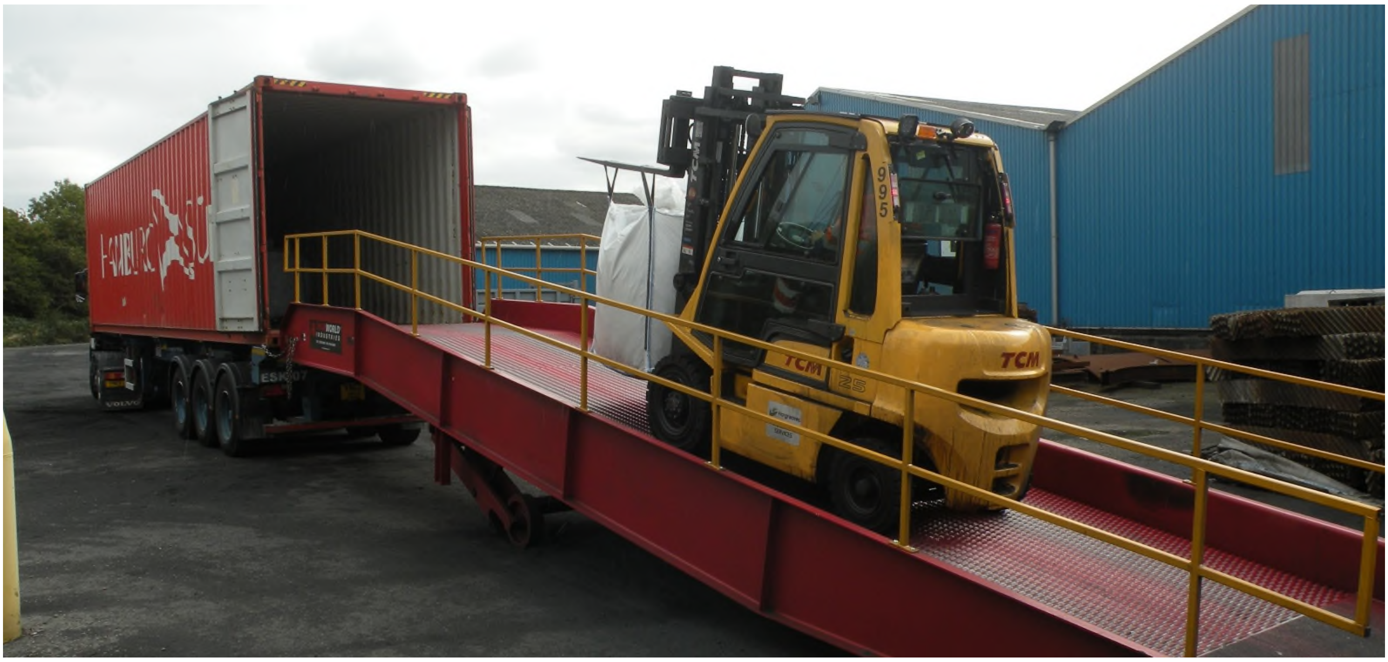
Phillips 66 – Bagging & Containerisation,

Improvements to flexilbility and contract performance

Overview

The Humber Refinery is located in North Lincolnshire and has a crude oil processing capacity of 221,000 barrels per day. Crude oil processed at the refinery is supplied primarily from the North Sea and includes lower-cost, acidic crudes. Humber is one of the most complex refineries in the Phillips 66 portfolio and one of the most sophisticated in Europe. It is a fully integrated refinery that produces light products and fuel oil.

In addition to the above, the refinery is the only coking refinery in the United Kingdom and is the world's largest producer of specialty graphite cokes and the largest anode coke producer in Europe. Approximately 70 percent of the light oils produced in the refinery are marketed in the UK, while the other products are exported to the rest of Europe and the US.



Aims and Objectives

Hargreaves were awarded the contract to provide materials handling into bags and containers of graded coke products. This was a fixed price contract with volumes of labour, plant, equipment and operating hours based upon what our client forecast they may be exporting over the terms of the contract. As such, operations were separated into three scopes of work:

- Scope 1 – Loading of up to 90,000T of loose coke into 20' containers at client premises
- Scope 2 – Bagging and Loading of up to 90,000T of coke into 40' containers at client premises
- Scope 3 - Loading of up to 30,000T of loose coke into 20' containers at Hargreaves own premises local to the refinery

Each scope had a dedicated labour team along with the required plant and equipment needed to fulfil the associated scope requirements.

18 months into the contract, it became apparent that the coke market had changed significantly and as such the fixed cost mechanism under which the contract had been developed had become no longer sustainable.

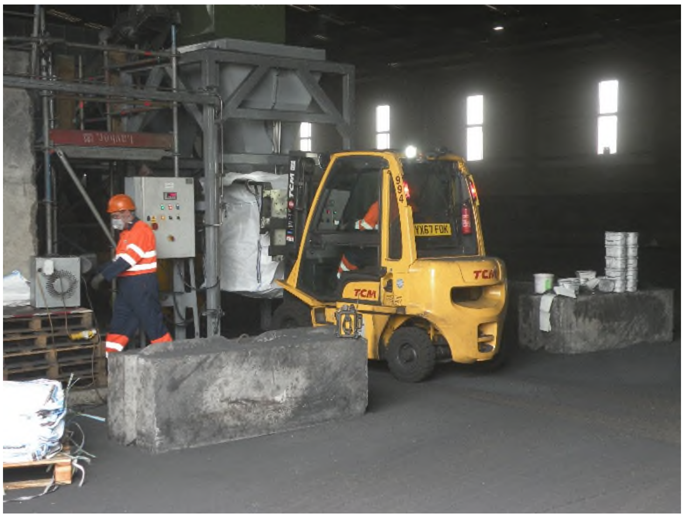
Our customer desperately needed an alternative operating model that would facilitate a more flexible approach to managing fluctuations in sales of coke products.

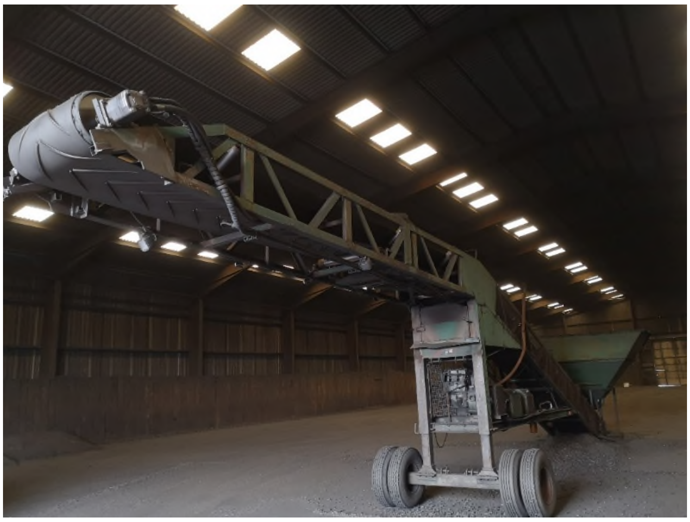
What We Did

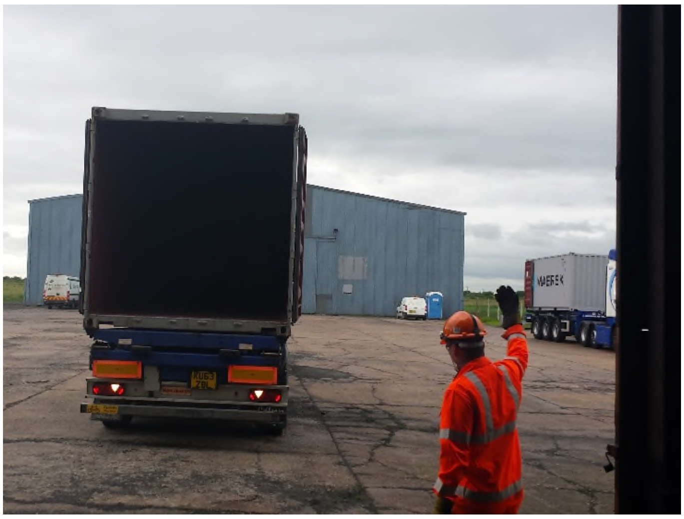
Keen to ensure Hargreaves could support our client's requirements, we explored a variety of options that would provide a flexible labour solution and also reducing the fixed cost elements associated with the provision of plant and equipment

To achieve this, Hargreaves implemented the following;

- Amalgamated three scopes of work into one, and consolidated the labour, plant and equipment.
- Introduced a smaller core team to cover all scope activities at base level.
- Flexed up with labour from the wider Hargreaves operations team when activities increased
- Key items of plant and equipment offered on a standing charge to minimise cost when not in use and introduced a separate operating cost per hour.







Outcome

Our customer was thrilled with this proposal and as this now negated the need for a new specification and tender process, Hargreaves existing contract was extended by a further three years.

Changes to the operational processes and approach resulted in:

- Longevity of contract for Hargreaves
- Reduction in weekly fixed plant costs for Phillips
- Flexibility to manage the rise and fall of operational demands in line with client product sales
- Increases in overall productivity and value from the contract

Contact Details

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