Empire Plastics

**A Project to Remember**

In June 1991, **Ian Jones** a production manager with **Empire**

**Plastics Northern (EPN)** was pondering the latest project to

increase the production rate of oleic acid. This was the

third project in 6 years targeting the oleic acid plant for improvement

and arose from the policy followed by the

group’s directors. This was to identify profitable plants and

invest in improving their productivity and profitability,

thus avoiding the need for investment in new facilities.

The installation of the “wet end” went well and no

problems were experienced. However, the “dry end” was a

different story. It wasn’t working a year after practical

completion, except in short bursts. They were still making

changes to it. Jones had known all along that the technology

on the dry end was relatively new and might prove

troublesome, but the procurement department at **Empire**

**Consultants** in their wisdom recommended its use.

Granted, they did send a couple of guys over to Italy to see

some similar plants first.

Jones constructed an organizational chart and set about

examining the key issues raised by this project (Exhibit 1).

Jones had been appointed as commissioning manager at

the commencement of the project. He remembered some of

the nightmares experienced by colleagues during two earlier

oleic acid projects and firmly resolved to make this one different;

it was going to be “his” to manage on completion,

and he was going to make his presence felt from the outset.

The execution of the project had been overseen by the

group’s engineering arm, **Empire Consultants (EC),** headed

up by **Henry Holdsworth** as site project manager and **John**

**Marshall** as construction engineer. It was a good team. The

project was ambitious, but there were several signs of

progress in the beginning. What did perplex him, though,

was Marshall’s apparent lack of enthusiasm.

Holdsworth described the project as a double management

contract, and in this respect it was an unusual project.

Empire Consultants traditionally assumed the role of management

contactor and directly organized the trade contractors

and discipline consultants. Times were changing,

though, and both Holdsworth and Marshall had commented

on the increasing frequency with which projects

were now being tendered as complete packages to outside

management contractors. This was their first project that involved

two management contractors simultaneously, and

neither Marshall nor Holdsworth was happy. Their own involvement

had not been clearly defined. **Western Construction**

had a ￡3.1 million contract for the “wet end” and

**Teknibuild** a ￡6.0 million contract for the “dry end.” These

two contractors provided all the design and management ef-

Integrative Cases 549

fort during the project. EC’s role was effectively reduced

to acting as construction policemen; checking

that design and construction were being carried

out in accordance with the original process diagram

and that EPN’s demanding process control

and safety requirements were being maintained.

Selecting the management contractors turned

out to be extremely protracted and Holdsworth, encouraged

by Jones, went ahead and ordered reactors for the wet end

and a fluidized bed dryer for the dry end. Over 50% of the

total material requirements were in order before either contractor

had been formally appointed. Jones was confident

that by doing this they could cut the project duration by several

months. Nobody had asked Marshall for his opinion.

**Conflict Ahead**

The first line breaks were in October 1988. Site operations

were supervised by Marshall and the two contractor site

managers: **Bob Weald** from Western and **Vic Mason** from

Teknibuild.

As a construction engineer, Marshall was familiar

with the antics of clients and client representatives, especially

regarding their tendency to try to make changes. He

commented:

*Clients always try and change things! When they see the*

*job in the flesh as it were they go “Oh, we need some extra*

*paving round here, or extra railings there!” But if they*

*didn’t ask for that at the start, they won’t get it. If they*

*want an extra 100 metres of paving they have to pay for it.*

*In this project we had about £500k set aside for contingency*

*purposes, that is unforeseen eventualities over and*

*above the price fixed with the management contractors. If*

*that is not used up by the end of the contract, as in this*

*case, then we can give the clients some extras.*

Jones recalled that by June 1989 relationships were not

going at all well at the dry end. EC had procured a fluidized

bed dryer, a cooler, and more than 300 associated

parts, and, as the purchasers of this equipment, they were the ones responsible for chasing up design drawings from

the supplier, **Sultan Engineering.**

Unfortunately, Teknibuild, who, as management contractors,

were supposed to design and build the plant, had

problems getting the necessary information from Sultan to

design the steelwork and foundations. As Marshall had

noted earlier:

*They* [Teknibuild] *were constantly at our doors and throats*

*looking for more information to get on. They didn’t seem*

*to have enough data to design properly, which led to conflict*

*very early on. We got off to a bad start and that feeling*

*carried on right to the end of the job. I think in every*

*discipline we had problems with Teknibuild. Our discipline*

*engineer against their discipline engineer.*

The only exception to this was with the electrical and

instrumentation (E & I) work. Marshall had put that down

to the E & I subcontractor coming in at the end of the log

jam of information, giving them more time to get it right.

While this was going on, Jones got more and more

frustrated. In his opinion a lot of time was wasted between

Teknibuild and EC for no good reason. He was sure that

Teknibuild had more than enough design information to

do their job.

When confronted by Jones, Marshall remarked that

the truth probably lay somewhere in between, but added

that he was *“particularly dismayed at Teknibuild’s unwillingness*

*to spend man-hours on the design until they had*

*100% definition from Sultan Engineering,”* almost to the

point where they knew where every nut and bolt was. It

was a real mess . . . and Marshall was accepting none of

the blame.

On the other hand, things went fine with Western Construction.

Their approach was much more relaxed; they had a design office on site with low overheads, whereas

Teknibuild worked from the head office in a large design

office with high overheads.

On one occasion Marshall asked for Teknibuild’s planner

to come down and take some site measurements. The

reply he received was not very constructive: *“I don’t know*

*if I can do that, it’s at least a couple of hours to get down*

*there.”* Holdsworth agreed that Teknibuild were constantly

watching their man-hours:

*You felt all the time that they were looking for profit rather*

*than trying to get the job done. Even Teknibuild’s construction*

*man, Vic Mason, had internal conflict with his*

*own designers. But with Western it was the other way*

*round, you really felt they were seeking to set a good impression.*

Jones thought that perhaps communication with Western

had been good because their design and construction

people operated side by side, communication was just

across the corridor; whereas Teknibuild’s site men had difficulty

getting answers out of their Head Office. Marshall

had always maintained that the best-run jobs are the ones

in which you get a good design-construction liaison, particularly

by having the designers on site with you.

**Failing . . . Forward**

Jones considered that in the future it might be a good idea

to insist that management contractors set up a local design

team on site. Current practice was to leave it up to the contractor,

but these days EC had few designers of their own

to help.

The trouble with management contractors, he surmised,

is that you create an extra link in the communications

chain—a large link that can easily break

down, and, in his experience, did break down.

Relationships had been better at the wet end,

he felt, because Marshall and Weald had worked

together before. Marshall knew Weald, knew

how he worked and where he was coming from.

They could trust each other.

At the Teknibuild end, Vic Mason, their site

manager, caused no end of conflict. He was a bit

belligerent; thought he knew best, had done it all before,

and couldn’t be told anything. It never really got out of

hand . . . just a bit heated at times. At the end of the day,

Marshall maintained that Mason’s intentions were ultimately

to get the job built. But Jones remained unimpressed,

even if Mason’s main trouble was his own designers

and suppliers.

Driving home, Jones wondered what the effect of the

company’s new policy on managing projects would be on

people like Harry Holdsworth and John Marshall. He

couldn’t help remembering what Marshall had said about

Teknibuild and Western independently setting up their own

enquiries and going out for bids separately; there did seem

to be a lot of repetition—maybe Marshall was right in

viewing the new system as *“a very inefficient way of doing*

*projects.”*





