

CHEMICAL AND NATURAL RESOURCES CASE STUDY

VENDOR DUE DILIGENCE



A Major Chemical Manufacturer for Cyanide Seeks to Further Increase Global Market Share Supported by Add-On Acquisition and Brownfield Capital Projects

Situation

A global specialty chemicals manufacturer, specializing in hydrogen cyanide production, was looking for support to manage strategic acquisition and integration of assets and sites in North America and EMEA regions. While the company had already acquired a US-based site, due to limited footprint for expansion, they were seeking out the possibility of acquiring other site(s) to expand production capacity.

The site acquisition would set the company up with the potential of tripling its current revenue within the next decade. This would allow the company to achieve its increased capacity without investing heavily in a greenfield expansion site to comply with the local regulations for existing sites.

ARGO-EFESO's Actions

We visited the company's cyanide-producing sites in both North America & Europe to conduct interviews and observations, focusing on the quality of site assets for capital requirements, opportunities for operational improvements, and maintenance and reliability performance vs. best practices. In addition to the site visits, data room review & data analysis was utilized to provide an opinion on the efficiency and effectiveness of the current operations.

Utilizing the feedback from the site visits, ARGO-EFESO also:

- Assessed the integration status of the prior site acquisition and integration readiness status for the potential site acquisition
- Conducted desktop analysis through data room review and supported analysis to thoroughly review the site's performance
- Evaluated site assets/capital requirements, opportunities for operational improvements, and M&R performance to prepare VDD report

Results

- Most recommendations made during the US-site acquisition had been followed and resulted in notable improvements at the site.
- OEE improvement opportunities identified at each site.
- Capital projects at sites identified for future investment/planning.
- Logistics improvements identified, specifically around rail efficiency, which would increase OEE by 10%.
- Opportunity to enhance LOTO procedures between the sites and continue harmonization across the company.
- Risks across all the sites were identified, as well as potential solutions.
- Opportunities to enhance target site's production to keep up with the price of end market commodities(s) were identified.



ARGO-EFESO is an operations improvement consulting firm that breaks through the traditional barriers of the consultant-client relationship. We are hands-on consultants who deliver real results and no excuses.