

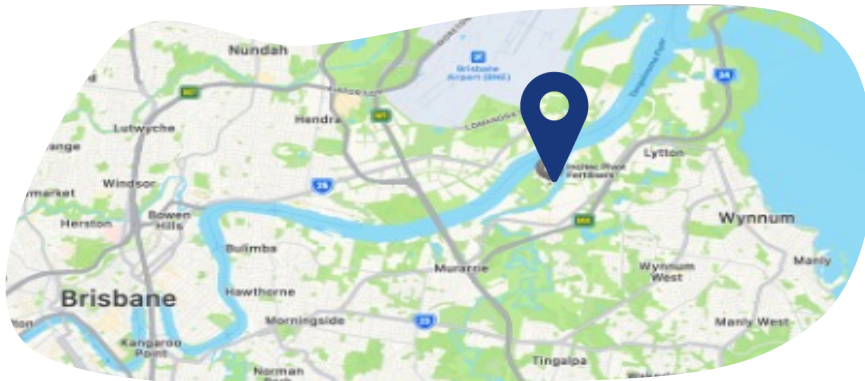
Case Study: Incitec Pivot Limited

Overview

Incitec Pivot Limited (IPL) manufacture a range of explosive and fertiliser products and additives including ammonium phosphates, ammonia nitrate, ammonia, urea, sulphuric acid and superphosphates at six manufacturing sites across eastern Australia (Phosphate Hill, Mount Isa, Moranbah, Helidon, Gibson Island and Geelong). IPL is the only domestic manufacturer of ammonium phosphates and urea.

The Gibson Island plant in Brisbane, produces ammonia, urea and ammonium sulphate. Gibson Island has the capacity to manufacture 300,000 tonnes of ammonia, 280,000 tonnes of urea and 200,000 tonnes of ammonium sulphate, annually. A small portion of the urea produced is used to make AdBlue solution, supplying around 10 per cent of the Australian market.

At the end of 2021, the Gibson Island site increased AdBlue production by 800% to help fill the shortfall in the Australian market when a global supply squeeze threatened to bring the trucking industry to a halt.



Objectives

To provide a cost control framework for Maintenance OPEX

we need maintenance spend to be under control

we need to start planning to budget

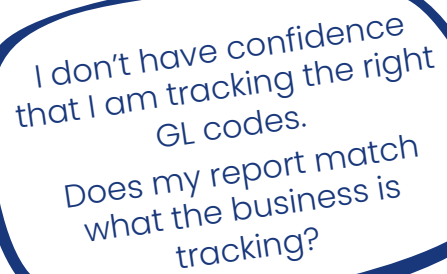
To build a forecasting capability within the Maintenance team

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Solution

The **first part** of the solution was to review costs that were being allocated to the Maintenance area.

To show the Maintenance team what the monthly budget reports were tracking. A “reality check” to provide better and cleaner data.



I don't have confidence that I am tracking the right GL codes.
Does my report match what the business is tracking?

The **second part** of the solution was to set-up a Cost Control process for Budget Owners. The process was broken down into three simple steps:

1. Relevant

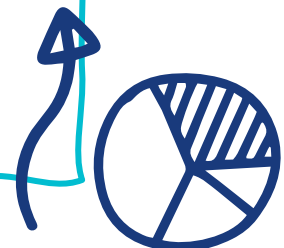
Focus on what you control. These are the costs you want to track on a regular basis. All other costs you don't have control over can be reviewed on a less regular basis (monthly).

2. Relatable

Give your data meaning. You want to connect the numbers to the action of your people. In the case of Maintenance costs, activity is captured in Work Orders.

3. Repeatable

You need a process that is repeatable. A framework with regular “touch points” using real time data. Structure an agenda that invites contributions from budget owners.



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Achieved outcomes

Before the weekly cost review began, maintenance costs were running 33% over budget. **At the end of Year 1, they were running within 2% of budget.**

In Year 2, the Maintenance team started to forecast their costs on a monthly basis. **At the end of Year 2, costs were running within 0.5% of budget.**



I have worked with Robert for over two years.

Robert has provided guidance on cost management to my team and me.

Robert's input has proved invaluable. His detailed analysis and advice have played a major role in achieving consistently at or under budget results.

It is Robert's assistance in helping us understand cost drivers and being able to forecast spend accurately that has generated the greatest value. I highly recommend Robert and continue to appreciate his input to our cost management.

– Glenn Poynter, Site Manager, IPL Brisbane Operations