

A guide to successfully specifying AD storage tank solutions

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This white paper describes the key areas to be considered when selecting a storage tank manufacturer for an Anaerobic Digestion (AD) project. This process is not merely about choosing a tank; such a decision requires consideration of supply chain performance, health & safety credentials and financial security.

As the global AD markets open up and make a significant contribution to renewable energy targets there are opportunities for manufacturing companies to establish sustainable working relationships that will contribute positively to business growth in the years ahead.

The process of realising and maximising that potential, however, can be a long and arduous journey which requires a partnership approach between the customer and supply chain. The AD sector is unique in its demands on the supply chain with a great deal of front-end work required to establish the most efficient and cost effective solutions. Very often, the work that is carried out prior to the construction process can make or break the realisation of an AD project.

Driving value

Reputable tank manufacturers focus on what drives value in the industry and how they can support clients through each stage of the AD project life cycle.

In the early stages of that cycle, there is a strong focus on product selection related to project requirements. These cover design, planning, cost and operational factors, and each one of those areas carries significant importance. For instance, project planning may require the storage tanks to be a certain colour; achieving compliance on that specific point could be reached by using more than one solution, and subsequently at more than one price.

Another example may lie within the cost versus actual value debate of an AD project itself. The industry has a desire to get 'best value' at each stage of the project, but what is best value? Is best value purely a monetary decision within the scope of the overall project budget or should it have a wider perspective? Key issues, such as health & safety compliance and design/product support are also important factors to consider at the early stages of the project.

The most important point is that clients work closely with the tank manufacturer to ensure all drivers of value are addressed and understood without the interference of a third party.

Competitiveness will always be a major factor, but competitiveness should be assessed against all criteria associated with the project. This is why it is important to understand what drives value in the project.

Clients need to ensure they are working as close to source as they can when selecting supply chain partners. The true test of a relationship and service promise comes when issues arise during the project cycle. A solid, sensible relationship should be in place to ensure the correct outcome is achieved quickly.

In the AD industry, the need for a strong partnering relationship is paramount between clients and their supply chain. All too often, 'buck passing' of an issue takes place instead of the issue being addressed quickly. This wastes time, costs money but, most importantly, damages the relationship between client, supplier and the source supplier.

The next point to consider is product options. Very often, a project specification is written and submitted for tender based on a desktop view of what is needed. This should be understood and viewed as the opening opportunity for the project supply chain to evaluate what the client requirement actually is.

Innovation and design solutions

More significantly, it should be viewed as an opportunity to advise clients about any innovations that may suit their project or of alternative design solutions that will achieve the same goal at lower cost. This is what is known as 'value engineering'.

This should not be seen as an exercise that focuses on reducing cost at the expense of quality. An important component of Balmoral's operation lies in providing a comprehensive product range for the AD sector, covering concrete, coated steel and GRP storage tanks, complemented by roofs, access steelwork, tank bases, etc. More effort should be made to provide clients with complete, value engineered solutions.

The partnership approach drives product innovation, research and development, and creates greater momentum for the manufacturing industry to play a leading role as global markets develop. If this two way dialogue exists, and if we are ready to investigate and accept design and product innovation as beneficial to all, then the AD industry will be part of a greater economic recovery within the manufacturing sector.

The importance of supply chain relationships and the requirement for a broad product portfolio have now been covered but what other factors drive value? Balmoral Tanks believes there are two more key issues that should be on the agenda.



As a design, manufacture and build contractor of many years' experience, Balmoral's business has a major focus on health & safety; both in its own operations and on behalf of clients. Any shortfall in adherence to H&S regulations and requirements could have a significant effect on the entire industry.

The key to adherence is ensuring that the necessary H&S requirements are fully understood and that all parties involved in the project have the correct experience and resource levels to deliver to specification. Balmoral views this as 'cultural' within a company, a part of the business DNA, and not something that should be adopted when the situation demands it.

Similar to project budget analysis that focuses purely on numbers, a desire to build projects within very condensed timescales is frequently requested. Given the changing horizon on feed-in tariffs this desire is understandable. Clients need tank installers to be on and off site as quickly as possible as the tanks usually form the heart of an AD plant and there are many other parties waiting to access the site once the tanks are in place.

In the face of such pressure, it is critical that H&S is not compromised or even perceived to be compromised. It's unacceptable to say that an installation can be completed in a week if it will take three weeks to do safely. We are all too aware that an incident on site with an H&S origin could result in human and capital costs which will far exceed the perceived up front savings.

Clearly, care and caution should be administered to a project at each stage. The benefits of working with a tank specialist that fully understands H&S will protect a client's reputation, ensure on-time project delivery and standards that are never compromised.

Financial security

A final and fundamental factor to consider when selecting a tank contractor has to be financial stability. Upon being selected for a project, the costs clock starts ticking. Design time, site meetings, supplier engagement, etc. These are just some of the initial outlays that need to be considered.

Project cycles for most AD plants will run beyond twelve months and the ability of the contractor to 'finance' material purchases necessary to commence tank manufacture should not be under-estimated. Staged payment dates, therefore, have to be mutually agreeable.

There are many ways of protecting title of ownership as staged payments are made between the client and the supplier, most commonly a vesting agreement that allows the title of the manufactured goods to pass to the client upon cleared funds. All of this can be managed successfully even if the preferred supplier is facing credit challenges.

A major factor to consider regarding financial stability is when the project and plant will actually be built. With the operational criteria of the AD process being highly demanding on storage tanks there must be a strong focus on how secure product warranties are; given these could be for as long as twelve years under the latent defects of a contract.

No one has a crystal ball. There are, however, measures available that can protect against significant problems that may arise should a chosen supplier suffer prohibitive financial difficulties during, or after, their involvement in a project. Specifiers should carry out a detailed review of the supplier's current and past financial performance and take objective references from their supply chain to get a picture of payment performance. Most importantly, challenge the structure of the companies chosen to create the security required.

The AD industry should be working hard to rationalise the financial histories of clients and suppliers to ensure that all business is done on a solid foundation. If this is not dealt with appropriately, investors may become apprehensive which, in turn, could affect future business opportunities. Carry out due diligence up front to avoid unnecessary problems down the line.

In summary, choosing a tank supplier is a decision that must consider potential working relationships, performance history, H&S commitment and financial stability. If these four key points are addressed and satisfied, a successful conclusion to the installation phase of the project will be achieved.

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