AZZ-WSI is the leading provider of technologically advanced welding maintenance, repair and overhaul services and delivers planned and emergency response solutions to a wide range of facilities around the world. They are the industry leaders in providing custom welding solutions in the areas of mechanical integrity services, nuclear field services and innovation/specialty welding.

**PROJECT GENESIS**
A key area of concern for AZZ-WSI was excessive margin leakage from operations during the execution of most projects. Whilst it was known that leakage was occurring, it was unclear as to the true root causes. Renoir was invited to support AZZ in analyzing the root causes and support their efforts to improve profitability.

**ANALYSIS**
The 2 week analysis was focused on the bid to project close process. Current processes were mapped and analyzed, along with an assessment of how well they were being executed. Opportunities were identified in the following processes:

- Sales – bidding and estimating.
- Projects – planning, management, reporting, billing and close-out.
- Commercial – concessions, givebacks and credits.

Sustainable benefits were to come from better margin control, reduction of credits and concessions and improving billing cycle times. One-time benefits could also be achieved by reducing the unbilled revenue cycle time. In addition, reduction of givebacks, credits and concessions was identified as an opportunity. In total, there was the opportunity to reduce margin erosion by up to 50%.

**PROJECT APPROACH**
The project focused on building new and effective ‘bid-to-cash’ processes using joint AZZ/Renoir teams. These processes were divided into two separate focus areas:

**Bid to Billing Process:**
- Install process stage gates and the criteria for critical review, analysis and decision making.
- Implement an early warning system along with those for lessons learned and root cause analysis.
- Create and report on project management KPIs relating to the new stage gate process.
- For sustainability, the AZZ team also to become the trainers and coaches of the new processes.

**Key Results**

- **Realize a one-time Cash Flow benefit of $768K by eliminating 1 week from the overall billing cycle**
- **Reduce Margin Erosion by over $3m annualized (43% improvement)**

“We wanted to standardize and improve our wall-to-wall business process to provide standardized Customer Service, ensure better internal communication and accountabilities and deliver improved profit margins. We are accomplishing all three with our new processes.”

*Gary Hill, Vice President*
RENOIR CONSULTING CASE STUDY: AZZ-WSI

THE RENOIR GROUP
Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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Key Results

- Consistent and rigorous bid estimation
- Project scope transparency with margin erosion visibility
- Systematic lessons learned culture
- Verification and prevention mindset instead of firefighting and problem solving
- Clearly defined accountabilities and responsibilities
- Drive towards clarity of targets, expectations and performance driven management
- Improved utility and utilization of internal Subject Matter Experts
- Clear expectations and R&R on billing processes and set-up needs
- Reduction of Non Value Added and rework in both operations and accounting

Billing/Collection Process:

- Modify collection/billing practice.
- Implement the required interfaces and processes along with a ‘system of record’ for all cost, margin and erosion calculations.

IMPLEMENTATION

Implementation within the Bid to Billing focus area included:

- Detailed mapping of the gaps in the current “bid to billing” processes, to isolate the critical issues that needed to be addressed and the leaks in profitability. Additional opportunities during an interactive “Brown Paper” Fair.
- Implementing a new 6 gate project process to ensure required rigor and standardization for better consistency.
- Building a robust lessons learned procedure oriented towards quantitative root cause analysis.
- Reviewing key interfaces between Project Managers and other key project personnel to align skills and capabilities.

The Billing to Collections area improved both internal and external processes to improve cash flow. The joint team achieved this through the review and critique of existing billing and the time card approval process weaknesses which negatively impact cash flow.

In order to improve effectiveness, RACIs were defined covering invoicing and collections. In addition, a tool was implemented to measure cycle times against each role.

RESULTS

AZZ-WSI continues to provide quality construction projects for their clients and wanted to maintain their reputation without loss of profitability from margin erosion. Renoir supported AZZ by mapping and critiquing current process to build a new, gated bid-to-billing process. The new process, along with a new organization with clear roles, responsibilities and KPIs, is helping them deliver projects with greater efficiency and profitability.

World Leaders in Sustainable Change
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