

Waiward Steel

Counter-Economy Factors Driving North American Steel Fabricator

While its landscape of energy abundance and employee competition defies prevailing market trends, Waiward Steel taps Unit4's ERP/Business Change support, to add \$700k (5%) new annual profits.

Overview

Imagine a 21st-century business environment completely unlike the current squeeze. One characterized, instead, by an employee shortfall (and salary inflation) operating within an industrial energy glut. Impossible? Unachievable? The stuff of election-year political promise or sci-fi Hollywood movies? This upside-down world exists today in North America, within the Canadian province of Alberta, where a mid-market steel fabricator and erector company defies the market-squeezing pillars of unemployment and energy shortfalls. Waiward Steel, a \$150 million (CAD) company, is at the heart of the burgeoning new demand tied to oil sands, mining, and power generation, where change is a constant and local employers fight business change on a different level. Says Alberta Oil Magazine, a Venture Publishing publication: "The oil sands have been a key market for Waiward Steel. The 500-employee firm has supplied hundreds of thousands of tons of steelwork for expansions like Suncor Energy Inc.'s Millennium project. Billions of dollars in investment in the oil sands is expected over the next 20 years, and that represents a lot of work for steel manufacturers and fabricators." Actual oil sands capital spending in 2010 was \$17.2 billion according to industry sources, and is projected to grow substantially.

Interviews with Waiward's top executives reveal that, for 12+ years, the Unit4 Business World (formerly Agresso) ERP solution has supported the company through multiple business changes, giving it an easy-change technology platform to absorb both expected and unexpected – challenges and trending. Now, Waiward is projecting an additional bonus: a

5% bottom-line increase in the 2012– 2013 calendar year – \$700,000+ of pure profit – via new workforce changes supported by Unit4.

The need

Waiward Steel's highly integrated business model incorporates a wide variety of business services: Project Management; Fabrication; Engineering; Drafting; Construction; Assembly; Procurement.

Therefore, a critical factor in the company's success is having an enterprise resource planning (ERP) technology software backbone that is built for the intricacies of multiple business models and organizational structures – including the inherent change factors attached to each.



The solution

In 2000, Waiward Steel selected and installed the Unit4 Business World solution and today has a broad suite of its software modules, including the Business World Financials suite (general ledger, accounts receivable, and accounts payable); Planner; Projects; HR (payroll); Logistics; Purchasing; and the associated Workflow modules attached to each. Based on the

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unusual global and geographic dynamics of Waiward's industry (highly competitive demand for skilled workers and a need for continued certification or training), Waiward is in the process of reviewing and purchasing additional Business World HR modules to support these activities.

"Our challenges are opposite to those of a lot of other companies, as we're all competing for a smaller, but highly skilled employee resource pool," explains Waiward Steel Controller, Grant Tuts. "Positions like welders and pipe fitters are critical to our core markets, yet there aren't enough of them locally, and we've had to recruit workers from as far away as Ireland and South Korea to fill our skilled labor positions." Mr. Tuts says that one of the ways he does that is through employee portals that allow project managers to see in real time the budgeting and costing of projects; access invoices; and get critical information promptly into decision makers' hands. "Using Business World, we are making better decisions and have better accountability related to budgeting and financial planning."

The benefit

Waiward's multiple organizations each run off their own profit and loss (P&L) and have required numerous changes to optimize their bottom-line results. In recent years, the Business World ERP software solution has seamlessly provided the software backbone to help Waiward facilitate three core changes that have had a significant positive bottom-line impact:

- 1. Organizational Structure Change:** Waiward has segregated its Fabrication group into two departments – fabrication and paint – to more easily track and control individual costs.
- 2. Organizational Expansion:** Waiward has added two new modular yards in North Edmonton and Fort McMurray, expanding the company's ability

to do modular work on a controlled work site. This change results in a reduction in transportation costs, field labor hours, and "living out" allowances, which would otherwise be incurred on remote work sites.

3. Organizational Payroll and Shift Options:

Previously, Waiward operated with two shifts for its 500+ employee base that includes approximately 250 people in the field, 250 people in the shop, and 80 employees in the office. To increase production and better manage revenue and costs, Waiward has recently added a third shift to the shop, which will require different payroll and accounting rules.

“Unit4's low-cost, easy-change way to support these organizational changes has allowed us to improve both our top and bottom line. A very conservative estimate on the direct bottom-line profits that will result from our adding a third employee shift, and ramping it up in 2012– 2013 is – and I say this conservatively – a 5% bottom-line improvement. We project at least an additional \$700k+ revenue to flow direct to our bottom line.”

*Grant Tuts,
Waiward Steel Controller*

About Waiward Steel

Waiward Steel, founded in 1971, is an Edmonton-based steel fabricator and erector, with extensive experience in the petrochemical, mining, power generation, pulp and paper, and commercial markets. Its services include the fabrication and installation of structural and miscellaneous steel, equipment components, hoppers, plate work, material handling equipment, and bridge girders. In the late 1980s, Waiward invested heavily in state-of-the-art production technology and focused its activities on producing structural steel for many industrial sectors. Waiward has a workforce of 500+ employees and its facilities span more than 216,000 sq. ft.

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