

Business Sense: The Economic Case for AISC Certification

Positive results on cost, revenue, and margins make AISC Certification a smart business choice.

BY BRIAN MILLER

LET'S IMAGINE THAT YOU MANAGE A FABRICATION OR ERECTION FIRM THAT HAS BUILT A REPUTATION WITH CLIENTS FOR QUALITY AND SERVICE OVER THE PAST 25 YEARS. But that doesn't seem to be enough anymore. New and longstanding customers are now telling you that the system you have used to deliver a quality product needs to be AISC Certified or your firm will not be considered for projects.

Twenty-five years building your reputation, and now you are being asked to prove yourself by becoming AISC Certified? After a quick look at the program, your pride says, "I won't do it!" You assert that certification is expensive red tape, unnecessary paper work, yet another shake-down for fees, and that you don't need an independent auditor to prove that your firm can deliver a quality product.

But you recognize that the requirement for AISC Certification isn't going away; instead, it is becoming more prevalent in project specifications. Buildings are becoming more complex and owners, designers, and contractors are embracing AISC Certification as a way to manage financial and project schedule risk. A number of competing firms in your region have become certified, and your peers at those firms have suggested they are starting to see certification making positive contributions to the bottom line of their operations.

Your business sense guides you to reconsider your first reaction to certification with a more objective evaluation and analysis. While you may have softened on your earlier position, you are determined not to yield when it comes to dollars and cents. Your evaluation has to show that certification provides for movement in the right direction with respect to cost, revenue, and margin.

These reactions and opinions are not uncommon and are frequently shared when a firm is first considering AISC Certification. And it is not surprising since many firms begin the certification process feeling they are under duress rather than free to choose. Fortunately, even more common are accounts from managers of AISC Certified firms that describe the immediate and ongoing economic benefits they have realized.

Cost

For many managers, the cost of becoming certified seems to loom large at first—particularly if the firm is small. The program and audit fees can be readily quantified, and many imagine that the time and cost associated with documentation preparation, educa-

tion, and training will be staggering. However, as they look into the program further, managers discover that their firms are already meeting most of the certification program criteria. This shouldn't be a surprise since the level of quality that a firm provides before becoming certified is rarely achieved by accident: regular training is already being conducted and only a few changes in key places are needed to meet the program requirements.

Most managers appreciate how documented procedures and recorded measurements can support effective decision making and management and see they are tools for continuous improvement. And it's usually clear that waste and the cost of inspections are lower when a process is effectively managed. But managers also come to believe that the initial definition and implementation steps for certification will take a great deal of time. It will also take the dedicated resources of a key individual who is familiar with the entire operation and can develop and put together the documentation. Realistically, of course, this individual already has a plate full of high priority responsibilities and may not have room for another. These people already come in early and leave late. Particularly in small firms, this "go to" person likely wears several hats, and the operation of the facility may hinge on his or her active involvement.

The truth is that definition and implementation steps are most economically and quickly achieved when everyone is involved and when talents are matched to the specific challenges in documentation content development. A key individual familiar with the entire operation coordinates the process but is not charged with creating the documentation content. Getting everyone involved in process definition and goal development contributes to building a culture focused on waste reduction and consistent product quality. Milestones should be set for the definition and implementation process, and the time frame should be kept well under six months (even for a large firm) to maintain focus and minimize costs.

Putting together documentation usually requires a bit of ad-hoc internal auditing. It is not at all uncommon for managers to recognize potential improvements that they want to include in the documentation during this process. Experiences shared by managers and auditors show that documenting what you do now, not what you would like to do, is the best strategy for the initial documentation. Note the potential cost-savers as you prepare, but hold off tackling these items until after certification is achieved—you will more likely realize a genuinely cost-effective solution, rather than a quick "cover

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and fix” measure, and your employees will not be adjusting to changes during the certification audit.

After becoming certified, many managers admit to initially underestimating the value of the audit process—internal and external. A well-planned, internal auditing program not only provides an effective means for waste reduction and continuous improvement, but also provides additional economic benefits. Managers quickly learn that internal audit participation provides a means for employee development and cross training, the result of which is a more integrated operation, higher employee morale, and a reduction in costly employee turnover.

The external audit, conducted by Quality Management Company (QMC) for AISC as a condition for becoming or remaining certified, is where the most dramatic about-face in value perception takes place. Managers new to certification often rail against the prospect of an audit as a meddlesome intrusion. The opinion quickly changes during the on-site audit when managers realize that the QMC auditor working with their employees is an experienced structural steel industry professional who has been exposed to the best practices of hundreds of fabrication firms. While QMC auditors always protect confidentiality, their aim during an audit is to help each firm achieve its absolute best and to continuously improve. It is not difficult to recognize the value of this annual visit alone far exceeds the cost of the fees paid to AISC to maintain certification.

Revenue

As the requirement for AISC Certification becomes more prevalent in project specifications, maintaining or growing revenue or sales at a firm can depend on certification. Certification not only preserves and enhances the reputation of a firm with existing customers who now require AISC Certification, but provides the firm with an industry-recognized method of prequalification for potential new customers.

In the course of identifying and correcting inefficiency and waste, an AISC Certified quality management system will not only reduce the cost of production, but will also likely increase the production capacity of a facility or organization. Managers recognize that unlike cost savings, an increase in production capacity cannot be added

directly to the bottom line. However, an increase in production capacity, combined with an improved understanding of flexibility and capability limits provided by certification, does position a firm for revenue growth, enhancing the ability of the organization to shorten process time and take on more jobs. A certified firm also often realizes revenue growth by gaining the confidence to take on larger and more complex projects than it did before.

Margin

Certification provides managers with improved understanding of an organization’s flexibility and capability, which has a benefit often more desirable than improving revenue—improving margin. Certification provides top-level managers the opportunity to reduce the daily effort of firefighting problems and solutions and instead allows them to focus on strategic ways to make more profit without investing in additional resources.

Managers of certified firms report that certification provides them with the tools they need and enhances their ability to devote energy and focus in identifying, cultivating, and maintaining relationships with the customers and projects that provide the greatest margins. Margins improve when managers successfully match or develop specialized capabilities within the organization for which customers will pay a premium: accelerated delivery, change management, and in-house coating application are a few examples. But the willingness of customers to pay a premium only lasts until other fabrication firms also offer similar capabilities. It is clear to many managers that sustaining high margins depends on continuous improvement, innovation, and the ability to respond to customer needs. AISC Certification provides firms with the means to achieve these goals.

If your firm is not certified because you believe it costs too much or that it doesn’t make economic sense, take another look. A number of managers of AISC Certified firms have ranked their decision to become certified as one of the best business decisions they ever made. Make AISC Certification one of your best business decisions, as well. **MSC**

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