

In Charge of Your Future

BY BRIAN MILLER

Becoming AISC Certified is a forward-looking business strategy.

“I HAVEN’T YET WON OR LOST A JOB BASED ON A REQUIREMENT FOR AISC CERTIFICATION.”

This reply is frequently offered by leaders of steel fabrication and erection firms when asked about becoming AISC Certified. The statement may be true on its face, but it also suggests a limited appreciation for the contribution that an AISC Certified quality management system makes toward both current and future business success.

More than Just a Ticket to the Dance

Even when not specifically required for a project, an AISC Certified quality management system supports a firm’s ability to position itself well in a value-based selection process. Of course, offering the lowest price is a key factor. But increasingly, construction decision-makers are willing to assign additional value to firms that are able to demonstrate the abilities to reduce risk and consistently meet project requirements. An AISC Certified company can readily demonstrate that it has the resources, qualified workforce, and process controls necessary to meet project needs.

When it comes to pricing, an AISC Certified Quality management system can give a firm a clear advantage. If you believe that it costs more to provide high quality service, think again. You are likely not looking deep enough, past the “Tip of the Iceberg” to the hidden costs of poor quality.¹ Savings in the production cost of rework and field fixes are readily recognized, but often less acknowledged or accepted is the very real cost-saving potential in the reduction of inefficiency and non-value-added activity. For example, consider how rework contributes to the cost of these associated activities: purchasing, billing, overtime, planning and scheduling, detailing, project management, reputation, and transportation costs. These ancillary costs are often not collected and reported. Quality authorities claim that the hidden costs of poor quality are more than double the visible costs.

The Power to Change

Previous Quality Corner articles have explored in detail the contributions that AISC Certification and a commitment to quality can make on an organization’s profitability—through higher margins and cost reduction.² Another very important way that AISC Certification contributes to success and profitability is through strategy planning and development.

When the quote shared earlier, “I haven’t yet won or lost a job based on a requirement for AISC Certification,” is offered as a reason for not becoming AISC Certified, it highlights an all-too-common practice in our industry of waiting to change until forced to do something differently. The kind of change that eventually results is often difficult to accommodate: poorly timed, unplanned, and disruptive.

In today’s rapidly changing business environment, strategists agree that long-range strategic planning is losing its relevance.³ Of course, anticipation is advantageous in times of change; successful business strategies continually change and conform to emerging opportunities and industry trends. Two modern goals for business strategy are resiliency and sustainability. Resiliency enables large changes to take place in rapid, organized, evolutionary steps, avoiding disruptive surprises and organizational trauma.⁴ Sustainability locks in these incremental changes, keeping the direction of the organization focused forward rather than backward. At first, the way to achieve this kind of dynamic strategy planning and development may seem elusive—i.e., until you make the connection that the AISC Certified quality management system that drives continual quality improvement can also be directed toward continual improvement of your business strategy.

Representatives of the Boston Consulting group recommend an integrated three-lens approach to business performance improvement strategy.⁵ Their recommendation aligns with the aim of the AISC Certification programs to be customer-focused, management-driven, and process-based.



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→ **Customer-focused (products and services).** Product and service decisions should be made on the basis of what customers truly value. Communication channels established as part of an AISC Certified quality management system provide a conduit for customer feedback directly to top management via regular management reviews. Evaluation of customer feedback should lead to continually improving communication methods. An opportunity for strategy adjustment should also be part of each review meeting.

→ **Management-driven (business objectives).** Strategy decisions are always made in the context of the company's overarching business objectives. Customer-focused or process-based strategies that imperil an organization by damaging profitability or detracting from higher-value opportunities must be avoided. AISC Certification provides for establishment of goals and measurements from which to make fact-based decisions.

→ **Process-based (production process).** Strategy planning and development depends on understanding how to provide products and services efficiently, cost-effectively, and within schedules. AISC Certification supports procedures and process control that define capability, variability, and how rapidly change can be accommodated. AISC Certification-required internal audits serve to regularly assess and gather information about capability and potential throughout an organization.

Internal audits also provide a tremendous opportunity for two-way communication within an organization. Cross-functional internal audit teams help build and identify talent within an organization and support a network for communicating ideas and opportunities.

Investing too much in "what is" and too little in "what could be" can cause steel fabrication and erection firms to falter. A business can't assume that past success means future success. Rapid changes in technological advances and globalization provide opportunities, but those opportunities are accompanied by increasing competitive pressure from more suppliers in a wider geographic range. The advantages of size, capitalization, and long-time establishment are shrinking in contrast to the advantages of being able to anticipate change and dynamically adjust business strategies.

Business strategies that do not change are subject to a variety of types of decay.

Strategies will be replicated by competitors, stripping their power to produce above-average returns. Strategies can also be replaced by competitors with creative solutions that provide higher customer value in the forms of quality, scheduling, or flexibility. And strategies can be gutted by customers and suppliers who use information technology to identify and carve big slabs out of margins. Who hasn't heard of, or been lured into, online reverse auctions for fabricated and erected steel?

Commit to Change, and a Successful Future, on Your Terms

Now is the time to start strengthening the ability of your business strategy to anticipate and profit from change. Work toward "what could be" on your own terms; changing only when you are forced to will only increase the pain and will deny you opportunities to benefit from the change.

Apply this thinking to becoming AISC Certified.⁶ Begin the process now as part of a forward-looking business strategy and take full advantage of the additional strength the program can bring to your operation. You will not realize the value the program has to offer if you wait until AISC Certification is a requirement placed between you and that project that your firm absolutely must have in order to survive. Ready or not, the requirement of AISC Certification is likely coming soon to your business. Owners and specifiers are increasingly looking to AISC Certification as a qualification tool that will improve the pool of candidates for their projects. Participation in the program is expanding rapidly, with more than 700 fabricators and 120 erectors currently participating in the program.

Use what you have established in your AISC Certified quality management system to qualify for higher-value work, lower your costs, and continually update

your business strategy to anticipate future changes and opportunities. Quality guru W. Edwards Deming reinforces the last point with this statement in his book *Out of the Crisis*: "Learning is not compulsory... neither is survival." MSC

10 Signs of Innovation Dysfunction

Futurist Jim Carroll, who spoke at the American Society for Quality's World Conference on Quality and Improvement in the spring of 2007, identified these ten signs that you've got innovation dysfunction within your organization:

- People laugh at new ideas.
- Someone who identifies a problem is shunned.
- Innovation is the privileged practice of a special group.
- The phrase "You can't do that because we've always done it this way," follows every new idea.
- No one can remember the last time anyone did anything really cool.
- People think innovation is about R&D.
- People have convinced themselves that competing on price is normal.
- The organization is focused more on process than success.
- There are lots of baby boomers about, and few people younger than 25.
- After any type of surprise—product, market, industry, or organizational change—everyone sits back and asks, "Wow, where did that come from?"

References and Additional Reading

- ¹ DeFeo, J. A., "The Tip of the Iceberg," *Quality Progress*, May 2001.
- ² Miller, B., "Business Sense: The Economic Case for AISC Certification," *Quality Corner, Modern Steel Construction*, June 2006.
- ³ 10 Quality Basics, *Quality Progress*, June 2007.
- ⁴ Hamel, G. and Valikangas, L., "The Quest for Resilience," *Harvard Business Review*, September 2003.

- ⁵ Tevelson, R., Thornton, A., and Manget, J., "Is it a Quality Problem – or Something Else? Opportunities for Action – Operations," Boston Consulting Group, Inc., December 2007.
- ⁶ Miller, B., "AISC Certification: Getting Started and Planning for Success," *Quality Corner, Modern Steel Construction*, February 2007.