



Greater Prairie Business Consulting, Inc.

CASE STUDY

Heavy Industrial Mechanical Contractor

Oil & Gas Industry

Texas Panhandle

Improved Profit & Expense Control

Project Name:

Improved Profit & Expense Controls.

Client Description:

Business Type: Heavy Industrial Mechanical Contractor.

Annual Revenues: \$14,500,000.00.

Employees: 80 to 100.

Project Description / Duration:

This client is a sizable heavy mechanical / construction services company located in the Texas Panhandle serving area chemical plants and refineries. The company specializes in plant maintenance & turnarounds, ASME vessel & pipe fabrication, crane services, and machine work.

This project focused on: enhanced profit center reporting; implementing project management software to improve field management systems, procedures, controls & productivity; and other ideas for reducing costs & boosting margins.

This project was completed in nine - (9) weeks.

Engagement Outcome:

1. Modified the company's chart of account categories to better define its profit centers;
2. Improved the strategic planning process and control of expenses by establishing a formal budgeting process and variance reporting procedure;
3. Created an implementation plan for the company's new operations software;
4. Helped the company accurately cost out their equipment and better understand their Return on Assets;
5. Boosted the company's job costing capabilities and field productivity;
6. Strengthened the company's equipment & small tools controls;
7. Helped the company more consistently bill for change orders;
8. Increased field billing rates and margins in several areas;
9. Developed strategies to reduce the company's equipment rental costs; and
10. Helped the company realize more billable delivery revenues on jobs.

Engagement Obstacles And How They Were Resolved:

During the first week of the project, the company “maxed out” its line of credit and their bank denied their request for a line of credit increase. To run the project, we had to lay off about 10% of the workforce. To manage timely payment during the project, we created a cash flow forecast, which we updated weekly. By being proactive, we managed the company’s cash, so the client was able to make their weekly payments to their vendors and our firm.

Results Achieved:

- The company’s profits doubled in the first year following the project;
- The company paid off about \$1.5 million in debt 12 months after we completed the project;
- The company improved employee productivity by 15%.
- One year after our consulting project, the company’s revenues grew by 10% to 15%;
- The client realized a 10x project ROI during the 12 months following the consulting project; and
- Five years following the project, the company’s revenues and employee headcount increased threefold, and the company experienced its most profitable year on record during Covid.