

# Black & Veatch

## Value Based Management - The Drive for Value

“Value Based Management provides the foundation of our culture change. We must understand it and believe it.”  
Senior Manager

Black & Veatch (B&V) is a \$3+ billion global company, offering conceptual and preliminary engineering services, engineering design, procurement, construction, asset management, environmental, security design and consulting, and management consulting. With over 90 offices worldwide, B &V is an employee-owned company ranked on the Forbes "500 Largest Private Companies in the United States" list.

A major economic trough in their industry drove down gross revenues resulting in delayed or cancelled projects. B&V had to make difficult decisions regarding the sustainability of their business. About the same time, Black & Veatch experienced 40-basis point margin erosion.

B&V knew changes had to be made and they evaluated several initiatives for transforming their business, selecting one that they named **Drive for Value**. Black & Veatch chose Aarthun Performance Group, Ltd. to develop the communication piece for **Drive for Value**; known as **Value Based Management**. The program was developed to communicate the goals and strategies of **Drive for Value** and to provide participants a chance to see the how and why behind **Drive for Value** and to actively participate in the transformation of the business.

Using the B&V customized version of **The Profit Specialist®**, Aarthun Performance Group, Ltd. has helped Black & Veatch implement an “engineering construction procurement” specific approach to teach their organization about the financial side of their business, including:

- **Understanding the Engineering Procurement Construction (EPC) business** – A business simulation around Black and Veatch’s financial cycle to help managers understand the big picture of how cash flows through the business and the key financial metrics that B&V tracks and measures. Drive For Value solutions were included to help them see the impact on the financial performance of the business.
- **Make Better Business Decisions** – Focused specifically on the Black & Veatch business model and how the roles and functional areas of employees affect that model. Employees learned that their every day decisions have an impact on the profitability of the business and ultimately on the value of Black & Veatch as a company.
- **Quantifiable impact** - Black & Veatch employees learned how to gather information and identify gaps in their Cash to Cash cycle, uncovering many significant areas of profit opportunity for B&V. Participants were taught to quantify the value of their ideas through Aarthun Performance Group’s Profit Proposal methodology.

### Financial Impact:

- Black & Veatch increased revenues by over 57% in a three year period.
- They doubled earnings before taxes, nearly doubling their backlog, and invested \$100 million from available cash in acquisitions further enabling continued growth.
- Black & Veatch created \$70 million in value contribution and have nearly tripled their stock value since implementing **The Profit Specialist®** program.

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