

Client Profile

Learn how real businesses achieved success in their industries through innovative strategies such as expansion into new markets, new and differentiated product and service offerings, enhancing operations and cash flow management.

Innovation to the rescue

Small oil-field firm weathered downturn by embracing technology to harness new revenue streams

It's a credo that Bunch Welding Ltd., specializing in oil and gas welding and construction, has come to live by ever since it started out more than 30 years ago.

The family business – based in Rocky Mountain House, Alta. – has certainly seen its fair share of the ups and downs that characterize Canada's energy industry.

“The company was started by my parents in 1981,” says Chad Bunch, vice-president of operations and a mechanical engineer, who joined the firm in 2013. “They started with a single, mobile welding truck and now we have more than 250 people.”

Often competing with much larger firms, the company has managed to carve out a successful niche in good times and bad, servicing and building pipelines, gas plants and other energy infrastructure, by staying “ahead of the curve,” he adds.

Central to this strategy has been embracing innovation as part of its corporate culture. The company, which brings together its various streams of business under the name Bunch Projects, continually adopts new technology to increase productivity and develop new streams of revenue. It's a strategy that unquestionably proved its value during the most recent oil downturn.

More than two years ago, Bunch Projects, which at one time specialized only in upstream oil and gas, decided to fortify itself against the next inevitable downturn by focusing more on the structural steel side of its business – the beams, columns and plates used in construction.

“We knew the downturn was coming in drilling, and we also knew that automation is the new reality,” Bunch says.

So a little more than two years ago, the company invested in robotics, buying state-of-the-art automated equipment that could precisely measure and then etch those measurements in the steel so it could better serve its growing list of structural steel fabrication clients.



Bunch Welding Ltd. has managed to carve out a successful niche in good times and bad by staying ahead of the curve.



“We didn’t know how bad it would be in the upstream oil sector, so we looked to the structural steel side to help us diversify income,” Bunch says.

While this revenue stream still largely serves the energy industry, it is more focused on areas less affected by the sector’s cyclical nature. It has, for example, expanded its services to midstream producers—like terminals-- which are less affected by low oil prices—to compensate for reduced business with upstream producers involved in drilling and exploration.

In addition its focus on structural steel fabrication has helped foster new sources of income in tough times.

Like many of Bunch Projects’ successful initiatives, the strategy was born out of the company’s ability to recognize the changing needs of its clients.

While working on a project for a company involving installation of structural steel used to clean water from tailings ponds in the oil sands, “we realized there was an opportunity to grow by building this structural steel ourselves for the industry in Alberta,” Bunch says.

The gamble paid off.

“Now we have 18 months of reclamation structural steel work secured and are in talks with clients for additional orders.”

The endeavour has not been without its risks, he adds. For one thing, the company was entering a market dominated by large multinationals.

“The companies building this specialty structural steel are based in the Netherlands or South Carolina – and they’re big firms,” he says. “So we knew we had to be competitive by quickly incorporating automation into our processes.”

“The gambit has not just led to new revenues streams. It’s also increased productivity for upstream producers emerging from the downturn who are looking for ways to keep costs down.

Rather than measuring, marking and cutting pieces by hand, the automated process performs these tasks much more quickly and with greater accuracy.

On the surface this strategy might seem like a familiar management practice to fatten the bottom line –cutting staff to boost profit. Indeed Bunch Projects did shed about 100 full-time staff two years ago at the onset of the downturn.

But this was a response to clients slashing capital spending rather than management seeking to maximize earnings. What’s more is for a tightly knit, family business, the layoffs proved to be a heartbreaking time.

“It’s not an easy thing to do when you know people have to put food on their table for their families,” Bunch says.

Though the family business was forced to shed full-time staff during the worst of the downturn, its focus on diversification and increased productivity has paid off. “We’ve already brought back a lot of people we had to let go,” Bunch says.

Now Bunch Projects finds itself in familiar territory again: hiring mode.

“Growth is in our future,” Bunch says. “But key to keeping it all going is innovation, and continually pushing to do what we do better than ever before.”



CIBC Tips – Investing in Growth and Innovation

Take Advantage of Opportunities: A key success driver is your ability to be nimble enough to take advantage of opportunities. That could mean taking a step to fill a unique gap in the market or focusing on new areas due to external forces. Listen to the needs of your clients and allow your business to be flexible enough to adapt to their changing needs.

Be Open to Change: Change can be scary but it can also help you increase productivity and find new revenue streams you didn't know existed. Be open to new technologies and processes that can help you stay ahead of the curve, optimize internal processes and create cost efficiencies. Concentrate on your company's strengths and keep the client top of mind with every decision.

Focus on Quality and Innovation: To ensure long-term success and growth, it is important that you maintain a focus on innovation. Innovation can span across all aspects of your business from introducing a new product to fine tuning existing processes to enhance the client and employee experience. As you focus on innovation, ensure you maintain consistency and produce high quality products or solutions that appeal to your clients.

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