



***2008 Top Small Workplaces  
Benchmarking and Best Practices Report***

An exclusive look at the secrets to success of the most innovative, progressive small businesses – *best practices, insights, trends and detailed analysis*

## The 2008 Top Small Workplaces: Building Organizations to Compete in the 21st Century

**Small businesses, 25 million strong in the United States, remain the** backbone of our nation's economy. According to the Small Business Administration, they account for 50 percent of the country's private gross national product, create between 60 and 80 percent of the net new jobs and are 14 times more innovative per employee than large firms.

Yet, too often, small organizations are overlooked and under-reported.

For the past two years, *Winning Workplaces* and *The Wall Street Journal* have collaborated to honor exceptional small organizations, regardless of whether they are private, non-profit or publicly held.

In the 2008 Top Small Workplaces competition, over 780 small organizations across the country were nominated and 406 completed applications. Through a rigorous judging process, 15 of the best were selected.

This second annual *Top Small Workplaces' Benchmarking and Best Practices Report* allows us the opportunity to showcase the innovations, themes and practices from this pool of high-caliber small organizations.

The organizations profiled in this report distinguish themselves in many ways.

- They are healthy and steadily growing their revenues, often outperforming their industries.
- They have identified niches where they add unmatched value.
- They are highly innovative and guided by strong missions and values.

But as one satisfied customer of a Top Small Workplaces winner said, *"It is not enough to be creative and innovative, you have to consistently deliver and execute."*

These Top Small Workplaces consistently do just that. They are well-managed firms with stellar reputations in their industries. They make no secret of the fact that a key driver behind their success is their highly engaged and committed workforces. They work hard to intentionally select, prepare and retain their top talent and have built the kind of dynamic work culture that maximizes their talent.

Winning Workplaces has analyzed the data from the winning applications and identified several of the defining practices that separate the 15 Top Small Workplaces from the larger pool of 406 applications. This report represents a summary of what we have learned. In this report you will be able to:

- View the profiles of the 15 Top Small Workplaces.
- Learn about the practices that allow these firms to compete in today's economy.
- Conduct a self-assessment to benchmark your own organization against the metrics of these companies.
- See how these winners compare with the larger applicant pool.
- Access research and other relevant resources demonstrating the impact an engaged workforce has on business outcomes.

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**Rainforest Alliance**  
New York, NY

## Summary of the 2008 Top Small Workplaces

Of the 15 winners, 14 are privately held and one is a non-profit. They represent a wide mix of industries and are geographically dispersed across the country.

Company/ Headquarters	Industry	Ownership	Years in Business	Employee #	Average Tenure CEO/President
<b>ATA Engineering, Inc.</b> San Diego, CA	Consulting	Private	8	84	8
<b>Decagon Devices, Inc.</b> Pullman, WA	Design/ Engineering	Private	25	73	14
<b>Integrated Project Management Company, Inc. (IPM)</b> Burr Ridge, IL	Consulting	Private	20	79	20
<b>JA Frate, Inc.</b> Crystal Lake, IL	Transportation and Warehousing	Private	37	85	37
<b>Jackson's Hardware, Inc.</b> San Rafael, CA	Retail Trade	Private	44	63	17
<b>Jump Associates, LLC</b> San Mateo, CA	Consulting	Private	10	48	10
<b>King Arthur Flour Company</b> Norwich, VT	Consumer Goods Manufacturing	Private	218	160	9
<b>Landscape Forms</b> Kalamazoo, MI	Consumer Goods Manufacturing	Private	39	246	15
<b>Lundberg Family Farms</b> Richvale, CA	Consumer Goods Manufacturing	Private	71	195	11
<b>New Belgium Brewing</b> Ft. Collins, CO	Consumer Goods Manufacturing	Private	17	320	17
<b>Phenomenex</b> Torrance, CA	Chemicals/ Pharmaceuticals/ Biotechnology	Private	26	477	26
<b>Rainforest Alliance</b> New York, NY	Environmental Conservation	Non-Profit	21	251	8
<b>Resource Interactive</b> Columbus, OH	Advertising	Private	27	241	26
<b>The Paducah Bank &amp; Trust Company, Inc.</b> Paducah, KY	Financial Services	Private	60	140	24
<b>The Redwoods Group</b> Morrisville, NC	Insurance	Private	11	101	10

## 2008 Top Small Workplaces Firms at a Glance

- These companies grow at a steady pace: the growth in average annual revenue from 2005 to 2007 is 23%.
- They are small: their revenue in 2007 ranges between \$8 million and \$107 million; average is \$36 million.
- The number of employees ranges from 48 to 477; the average is 154.
- Average employee tenure is nearly 6 years; the average turnover rate is 13%.
- These companies have long-term, stable leadership. The average tenure of the CEOs is about 17 years.
- These firms have been in business for long periods of time. The winning companies range in age between 8 and 218 years; on average, they have been in business 42 years.
- In 10 of the 14 privately held firms, employees share in ownership.
- In those companies where employees share in ownership, the employees on average own more shares than the CEO - 47% for employees vs. 37% for the CEO/President.
- Fourteen Top Small Workplaces practice open-book management and 10 provide structured training on financial literacy to employees.
- Top Small Workplaces provide generous medical benefits, paying on average nearly 90% of employees' medical insurance premiums and 72% of their dependents' premiums.
- The firms offer paid time off - 26 days on average (holiday, sick, vacation, etc.).
- Eleven firms offer employee wellness programs; 13 offer some kind of flexible work options.
- All but two winners have structured tuition assistance programs for employees; on average, they pay about \$3,500 per year/employee.
- Fourteen extend benefits to part-time employees who work at least 21 hours per week.



Jackson's Hardware  
San Rafael, CA

## Business Practices That Define Excellence

What stands out about the 15 Top Small Workplaces that separates them from the larger pool of 406 companies? Data throughout this report demonstrate that the Top Small Workplaces excel by many measurable performance standards: growth, employee retention and tenure, investment in employee development and benefits. For all of these organizations, employees are critical to the success of the business, and that assumption is built into the business model. To sustain their competitive advantage and take on the “giants” in their industries, these small companies have wisely invested in developing their staff and intentionally built supportive and flexible workplaces. This investment, collectively and individually, comes back tenfold through employee commitment, productivity, client service excellence and fearless innovation.

### Fact

On average, these organizations have been in business 42 years.



There are a handful of themes and practices that emerged in considering these organizations. These practices go far beyond an individual program or policy. These companies have found a way to institutionalize and integrate many of these critical practices so they become a part of the companies’ culture and operation and enable them to thrive, even in difficult economic times.

### These companies take a long view of their business

These firms have a long time horizon and are committed to building enduring, sustainable businesses. How they operate and what they stand for is as important to them as what they do. In order to preserve their unique cultures and develop trusting relationships with their broadly defined stakeholders, they will sometimes sacrifice short-term growth. While many would see this as risky, this approach has, in fact, contributed to their record of success: They have grown consistently over a period of time, remain profitable and have loyal customers.

Their records are impressive:

- On average, they have been in business 42 years
- They have grown at an average rate of 23% over the last two years
- The tenure of the CEOs averages 17 years
- In over 50% of the firms, the founders are still involved in business decisions
- They place a premium on grooming leaders and growing talent from within; on average one quarter of all job openings are filled by current employees

This commitment to growing organically and building something that will last for a long time shapes their decision making and their culture, and influences both strategy and execution. It is explained, at least in part, by their history and the way these organizations are structured.

Of the 15, one is a nonprofit organization and 14 are privately held. The ownership of these companies is as follows:

- Three are essentially family businesses
- Five have some form of Employee Stock Option Plan (ESOP)
- Six are owned by the CEO or the CEO and other co-leaders

In those instances where there has been investment capital to establish or grow the business, it has come from a closely related source, often friends and family. These businesses have become the personal statement of the founder, family or current leader, and they intend it to have it last for a long time. They have patience and resist the pressures of markets and investors demanding quick financial returns.

**ATA Engineering** is a 100% employee-owned design engineering firm, primarily serving the U.S. aerospace industry. The firm launched in 2000 and is the youngest of the 15 Top Small Workplaces. Yet, most of the current management team has worked together for more than 20 years. They have intentionally targeted an average growth rate of 15% each year. This allows the firm to grow at a pace that is fast enough to provide for employee career growth, yet slow enough to be able to take the time required to hire the right employees and develop them effectively.

*“While we could easily grow faster,” says one manager, “we believe in the long run we would do irreparable harm if we stumble in our hiring and training process.”*

ATA’s recruiting practices are comprehensive, highly selective and time consuming. They hire top talent directly out of college and train them in ATA’s culture. This allows them to comfortably double in size about every five years, providing ample opportunities for the existing staff to take on increasing levels of responsibility.

*“We visualize our new recruits as being part of the ATA team over their entire career and having the breadth of interests and capabilities such that they will be able to contribute in ways that we can’t currently imagine.”*

– Manager at ATA

Founded in 1998, **Jump Associates** is another business that was built to last. They help companies grow and prosper through their consulting in innovation, strategy and design. Management and employees are committed to growing their own company far beyond its present boundaries and possess a passion that stems from a desire to “harness capitalism as an engine for social change.” They understand that this growth cannot happen if it is dependent solely upon the vision of one charismatic leader. This is why from day one, Jump’s founders focused on establishing work methods and cultural systems that would sustain the organization for decades into the future, regardless of who uses those systems. For the past 10 years they have worked to define and document their intellectual property around how to construct and



**ATA Engineering, Inc.**  
San Diego, CA

**Fact**

These companies have grown an average of 23% over the last two years.



**Jump Associates, LLC**  
San Mateo, CA

## Tip

Taking the long view helps to

- sustain a unique culture
- grow and retain top talent



maintain the energy of highly functioning teams. They have also developed tools, systems and methods that provide the recipe for how they set up and scale their culture.

*"If the entire Steering Team vanished overnight, it wouldn't be a fun time," says one manager, "but the systems we have left behind would allow us who remain to keep Jump moving forward."*

**Rainforest Alliance**, a nonprofit providing guidance to global companies in land use practices and environmental problems, staff development and retention is a top priority. Of their current 98 staff members based in the U.S., 50 have been promoted or moved to new positions with the company at least once; many have received multiple promotions. They place a premium on grooming talent from within as they find it is often easier to teach the skills necessary for the job and much harder to instill a real commitment to the organization's mission, culture and values. Growing staff from within helps to sustain their culture and provide a level of continuity that is key to their success.

### **It's not just about profits...these firms intend to change society**

Leaders of these firms share a strong sense of mission, are driven by clear values and view their roles as responsible stewards serving multiple stakeholders: their employees, customers and the larger community. These firms excel at placing their work in a larger societal context and effectively communicating it to their stakeholders. This instills a sense of meaning, pride and loyalty in the workforce and serves to ignite the employees to meet daunting challenges.



**The Redwoods Group** is a for-profit provider of property and casualty insurance, specifically for YMCAs and Jewish Community Organizations. Its leadership team believes business can and should be a powerful force for social change, that it can be profitable but also must strive to make a difference. While insurance is its operating engine, serving others is its purpose.

- Redwoods serves its customers by emphasizing safety, assessing data on the causes of injuries and using that to drive operating changes at Ys and Js. Its efforts have reduced deaths by drowning, catastrophic automobile accidents and the number of children being sexually abused.
- Redwoods serves its communities by giving generously of its time and talents: employees are required to volunteer 40 hours of service annually to nonprofit organizations as a condition of their employment.
- In 2006-2007, the organization contributed over 50% of its pretax profits to nonprofit organizations throughout the world.

**King Arthur Flour Company** is America's oldest flour company. Originally founded in 1790, it has weathered enormous societal and cyclical economic changes. Most recently it has transformed itself from a small regional mail-order business with five employees to the premium nationwide baking resource with nearly 160 employees that it is today. This firm, a family-owned operation for five generations, is now a 100 percent employee-owned business, and it participates in the longest running longitudinal study on employee ownership.



King Arthur has institutionalized its five core values: Passion, Employee-Ownership, Quality, Community and Stewardship. These serve to both inform and capture the essence of their corporate work culture. They view their role as being both an employer and a corporate citizen.

*"We are responsible to our stock holders which are the employees, to the environment and to our community,"* says the CEO.

King Arthur is involved in many broader community and national initiatives, especially efforts focused on food, nutrition and sustainability. In addition, employees have 40 paid hours per year to engage in community work of their choosing, which may involve cooking for the local food kitchen or teaching middle school children about nutrition.

Since 1948, **Paducah Bank and Trust** has been an independent, full-service financial institution, devoted to the progress of their city, Paducah, Kentucky. In 2000, the bank courageously supported an effort undertaken by Paducah city planners to restore a disintegrating historic neighborhood by recruiting artists to purchase and renovate several important buildings into gallery space. The bank provided low-interest, minimal down-payment financing for what has now become a nationally acclaimed urban reclamation project and one of the fastest-growing arts districts in the country. Employees from every area of the bank were involved in this high-profile project, and according to one employee, it proved to be *"the most energizing and unifying undertaking their staff, and perhaps the City, has ever experienced."*



In 1991, before their first bottle of beer was brewed, the founders of **New Belgium Brewing** wrote that being an "environmental steward" would be a part of their ethos. New Belgium Brewing continues to strive to be a leader in the sustainability movement. Its commitment to producing world-class beer, as well as its environmental stewardship and social responsibility, are laid out in its core values and beliefs.



New Belgium encourages co-workers to recycle and bike to work. Co-workers are invited to bring recyclables from home to the brewery. For every barrel of beer brewed, New Belgium donates one dollar to charities while participating in 1% For the Planet, an alliance of businesses that donate at least 1% of their annual net revenues to

## Tip

Businesses that act as responsible stewards:

- instill meaning in work
- foster employee pride and loyalty

environmental organizations worldwide. Co-workers are encouraged to give back; therefore, the company matches their volunteer hours one to two: employees receive one hour of paid time off for every two hours of time spent volunteering.

As one of their business advisors put it,

*“It’s about more than just their beer, it’s about how they treat the planet and how they treat each other. They have their guiding principles and set new goals and track performance on how they’re doing in regards to the triple bottom line: employees, community and environment. Their employees feel valued.”*

### **Open communication engages employees in good times and bad**

If mission and values drive these organizations, a commitment to honest and transparent communication assures that these organizations operate effectively, grow wisely and respond quickly to changes. Leaders of these Top Small Workplaces understand that the essence of good relationships is communication and that compelling conversations build trust and connect people, ideas and aspirations. These organizations actively invite and expect employees to participate in decisions that affect their work lives.



Much of the decision making at **ATA Engineering** is consensus based, including hiring, benefits selection, location of facilities, acquisition of computer hardware and software, even the company logo. Management encourages ATA employee-owners to treat company cash and other resources as if it were their own – because it is. This means management spends little time inspecting and approving employee expense vouchers believing that if they communicate an atmosphere of trust in the judgment and integrity of their people, employees will accept and honor that trust.



**Phenomenex**, a manufacturer in the pharmaceuticals and biotechnology industries, encourages the flow of ideas between departments with its open work spaces and collegiate-style campus. The global firm also makes it a priority to invest in bringing employees together for departmental and “global summit” meetings.

According to its Director of Operations, the expenditure of time and money for facilities and travel at these events is regained many times in better communication, improved teamwork and increased productivity.

**Lundberg Family Farms**, a third-generation family rice-farming business, has long been committed to organic farming and the environment and views the business as an extension of the family.

*“Our culture is one in which everyone is welcomed to offer suggestions and ideas for improvement,” says one employee. “Owing to our roots as a family farm, we see the dinner table as one of the great forums for sharing stories. To that end, we have a regular manager’s luncheon at a local café where supervisors, managers, executives and founders share their personal work stories from the week. Many times these meetings surface interesting cross-functional programs, and over the years, many a new product idea has been borne from these meetings.”*

### **Weathering the hard times**

In tough economic times, strong and transparent communication practices become even more important. These Top Small Workplaces rely on their ability to honestly communicate the situation to their stakeholders (employees, customers, suppliers) and mobilize their employees to confront the challenges. Many times they come out even stronger as a result.

Rapidly rising material prices cut into **Landscape Forms’** margins in 2004, costing them about \$1 million. This designer and manufacturer of outdoor furnishings was forced to raise prices and communicate this new reality to their customers. They worked closely with their suppliers, who also passed along their own cost increases. In partnership they were able to develop a solution that helped them share in the short-term pain. Sourcing certain parts in China offered an opportunity for dramatic cost savings and gave their customers great value. Management worked diligently to demonstrate to employees that strategically sourcing some parts overseas was necessary to reducing costs without undermining job growth in the U.S. In addition, management initiated lean initiatives to increase efficiencies in their operations – and asked employees for help. They knew they needed more than price increases and material cost savings to restore profitability. They explained the situation to employees and asked for their help to close the gap. Everyone was encouraged to take actions to improve their own work areas and communicate their impact to the rest of the staff. Hundreds of actions were generated, stimulating high level of employee engagement. Because of all this, Landscape was able to achieve their 2005 profit goal and has continued to grow successfully.

During this past year, global wheat prices have been at an all-time high at **King Arthur Flour**, well over triple the cost per bushel since spring of last year. The combination of poor wheat harvests around the world, low stocks from last year and high energy costs created a very grim situation for wheat prices, leading to much higher flour prices.

Management communicated the situation to employees and they brainstormed solutions. In response, the firm set up teams that reached out to customers and the media to explain the situation. Internal teams worked on wheat purchasing issues, negotiated with grocery chains and bakeries, and communicated with their home baker customers. While the unstable market convinced other suppliers to use lower-quality wheat, King Arthur Flour employee-owners remained



**Lundberg Family Farms**  
Richvale, CA



**Landscape Forms**  
Kalamazoo, MI



**King Arthur Flour Company**

## Tip

Open, honest communication:

- helps to weather the tough times
- breeds faith and trust in leadership

committed to maintaining the highest and most consistent standards for protein content and product performance.

Engaging employees in the solutions to business problems has helped to solidify their commitment to product quality and their customers. In addition, it has given employee-owners incentives to ensure that their respective areas are operating efficiently so that they can spend their money on what matters most to customers.

### **Teamwork – it's how the work gets done**

The Top Small Workplaces believe that a high level of teamwork leads to greater inspiration, camaraderie and unmatched productivity – all key to strong business results. Leaders of these firms excel at instilling a common purpose and stress the need for employees to put aside egos and individual needs for the greater good of the organization. Through role-modeling, team-based rewards and recognition, these firms intentionally make teamwork integral to their operation and culture.

#### *Why have teams?*

Teamwork has become a pervasive means of structuring organizations and the work of employees for many reasons:

- Team-based problem solving demands multiple talents as the issues and challenges they tackle every day have greater complexity.
- Cooperating as part of a team brings together a diversity of perspectives. As a result, it breeds greater innovation and fresh ideas.
- Teams offer the opportunity for shared learning and present ideal scenarios for developing and mentoring employees.
- Team-based operations lead to greater camaraderie and make it easier for managers to balance individual, family and business needs.
- Fostering a team-based environment allows firms to operate effectively during the most challenging of times. So, for example, when the pace shifts from regular to hyper speed during peak times, there is more flexibility built into the organizational system and a history of collaboration that allows on-the-spot adaptation without concern for politics, power plays and dissension.



**Decagon Devices**, a designer and manufacturer of precision scientific instruments, developed and released a sensor that had great possibilities for changing the way people measure moisture. They believed that the potential market was huge. However, as soon as they started shipping the product, they got broken sensors back. They needed a solution, fast. The problem was enormous, and all 60 employees got involved. Production experimented with a number of

ideas. Engineering pored over endless data and called in old friends and old favors. It was a company-wide effort.

An employee in marketing had just bought an inexpensive hot glue gun and suggested that it might help. It worked like a charm. The solution generated drastically reduced sensor failures and dramatically lowered production costs by allowing them to solder, mold, test and bag for final shipment all in the same room. Last year over 30,000 probes were sold and future prospects are promising. Competitors are slashing prices, but the design which grew out of the ingenuity and teamwork of the entire company makes this sensor almost unbeatable in price.

**Jump Associates** believes the potential of their employees is “unleashed” through teams. Jump’s project work is accomplished exclusively through its teams. Everyone is on a project for four to six months with four other associates and, when the project ends, they all rotate to other teams. Senior staff members team with junior associates and everyone works on a wide array of projects across industries.

To institutionalize team behavior, Jump has documented and formalized team practices and currently has over 60 tools that guide how teams should communicate and work together for maximum effectiveness. For example, one tool teaches each member how to constructively coach and deliver feedback to others.

Teams are routinely encouraged to take breaks and have fun to recharge. The firm places a premium on holding retreats, allowing teams the time to step back, reflect on past work, acknowledge the group efforts and plan for the future.

As one employee said, *“I thought I had worked on teams before I came to Jump, but they were just a collection of individuals.”*

**Jackson’s Hardware**, a retail supplier to contractors, home owners, designers and landscapers, was founded in 1964, and teamwork has thrived there for decades because of an ingrained attitude of helpfulness that pervades the entire organization. They achieve unity of purpose by sharing important information about the company’s sales goals and progress toward them. All associates are informed about the issues and challenges faced by the company, and their feedback is solicited in developing strategies to resolve them. Managers and supervisors mentor new associates, teaching them one-on-one while working alongside them daily.

The company is 100% employee owned, and the long tenure of employees (more than 10 years on average) has created a family-like working environment, stemming from their close bonds of friendship based on the knowledge that all are working for the success of the company in which they are invested. Associates are taught that



## Tip

### Teamwork:

- leads to fresh ideas and greater innovation
- builds camaraderie

their future financial success is based upon the efforts of everyone. Knowledge that they must perform their best every day and help each other achieve the common goal of satisfying the customer is what drives this retail business.

### *Rewarding team behavior*

These companies have learned that for teams to function optimally, systems must be in place to recognize and reward team behavior and accomplishments. More often than not these firms provide incentives to their teams or the entire employee population rather than individual employees. This understanding that “what gets rewarded gets done” has strongly influenced their business results and their cultures.



ATA’s culture is virtually free of rewards for individual performance.

*“We believe our company is successful because of the collaborative interaction of all members of the team rather than individual heroes,”* says one employee.

To foster teamwork and avoid creating an “us vs. them” mentality, ATA only tracks revenue and profits at the company level. The firm does have various groups and geographical locations, but they only track at the top level to avoid the scenario in which one group would make project staffing assignments based on fee or revenue sharing rather than on the best use of talent.

Loyalty to the team is second only to customer dedication at **JA Frate**, a short haul trucking company. Their work is structured around teams with specific goals, and incentive pay is awarded, on a monthly basis, when goals are met or surpassed. They have found that team-based incentive plans have not only improved how teams work together, they have also significantly improved the departments’ productivity and accuracy.

### **Employee development is key to quality execution**

Each of these Top Small Workplaces is highly innovative and clearly guided by a compelling vision. However, to build enduring organizations they need more than vision, they need to be able to consistently deliver and execute in a high-quality manner. These firms excel at:

- hiring for “attitude” and “fit” for their culture,
- developing a highly competent workforce that can adapt quickly to change, and
- growing their leaders from within whenever possible.

All of the Top Small Workplaces have made a substantial, long-term investment in selecting the right people that fit into their culture and then developing their confidence, knowledge and skills over time.

They have cultivated competent workforces by providing a mix of learning activities *and* through management’s constant coaching, encouraging employees to take risks and “learn by doing.”

*A mix of learning activities*

Nearly all (80%) have formal tuition reimbursement programs and on average pay out about \$3,500 per year, per employee for tuition. Nearly half provide tuition for part-timers.

They vary in the types of learning activities and how they are structured, but generally most provide:

- Structured employee orientation programs
- Annual staff retreats allowing time for reflection, recharging and future planning
- Structured co-op and internship programs
- Participation in outside boards, community organizations and professional associations
- Substantial training and coaching for managers and supervisors so they are more skilled at giving constructive performance feedback to their employees

In addition, firms listed a number of other learning activities offered for salaried, full-time and part-time employees:

Education Benefits	Salaried	Hourly	Part-time
Tuition assistance for degree/certificate completion	12*	11	5
On-site workshops and training	15	13	13
Financial support for attending off-site training	15	12	10
Individual Development Plans to assess and guide employee’s natural talents and interests	12	10	9
Career counseling	9	8	7
Mentoring program to instill organization culture, history and values	12	10	11
Job shadowing/job rotation	8	8	5
Team work/cross functional team training/peer learning	10	10	7
Leadership development	13	10	7

\* Number of the 15 Top Small Workplaces that use the specified activity.

*One great example of a continuous learning firm*

For the past 20 years, **Integrated Project Management**, an engineering and consulting firm, has built its business model around their highly competent staff known for their disciplined approach to executing complex endeavors. IPM recognizes that the talent of its 77 employees is its competitive edge and a key element of its growth strategy. The firm also knows that the talent of the firm must be developed to remain competitive and to achieve its growth goals. The firm offers a generous tuition reimbursement program, up to a maximum of \$10,000



per employee annually. But it is the internal investment in employee development that makes the most significant difference.

- IPM introduces each newly hired employee to the firm with a two-week orientation and monthly “Communities of Practice” sessions in which seasoned project managers address various topics and share best practices and timely tools.
- After six months of employment, new employees work with their managers to establish individual development plans to guide their professional growth. The development plans include written training and development objectives, which employees monitor with their managers annually.
- Employees also meet with their supervisors on a weekly basis to discuss progress, get feedback and understand objectives, expectations, successes and challenges.
- In addition, IPM assigns a mentor to new employees in order to ensure a smooth integration into the culture, assist in attaining development goals and to help the protégés learn to objectively evaluate themselves.

Every six months the IPM management team conducts organizational planning sessions to calibrate the development status of each employee and to identify top candidates for future leadership roles. During these sessions, every employee's strengths, career aspirations and ultimate potential are reviewed. Projections are made relative to the business needs for additional leadership positions. The development needs of each employee and the needs of the business are then reconciled and specific plans are established to prepare high-potential individuals who desire additional responsibility for these roles.

Clients see the difference. One long-term IPM customer said this:

*“To a large extent, engineering has been ‘commoditized’ and engineers tend to be somewhat self-deprecating and describe themselves as being without personality. IPM differentiates itself. They’ve got great engineering and technical abilities, coupled with business attitude. IPM’s an example of a company with equal talent or better compared to the bigger guy, but one that can move much more quickly. They’re nimble.”*



### Learning by doing

In addition to the structured learning opportunities, these firms place a high premium on employees having the opportunity to test themselves and learn from experience. They will give employees stretch assignments, often with a safeguard available to manage potential risk, believing that this is the best way to observe the real (often hidden) capabilities of employees.

**Decagon Devices** provides a compelling example. Decagon’s motto is, “Think like scientists, work like farmers, dream like children.” This

speaks volumes about their learning philosophy, as one employee explained:

*“Working like a farmer is about working hard, but it’s also about making an emergency tractor repair out of an old bolt and a chewing gum wrapper. It’s about putting your kid on the tractor and trusting her to be tough and resourceful. It’s about having faith in the ability and ingenuity of the people you hire. We don’t want to start with a confining job description detailing the limits of what our employees can and can’t do. We challenge employees with projects that let them show us – and sometimes themselves – what they’re capable of. It seems like a crazy system, but it’s amazing to watch it work.”*

## Workspace matters

Providing a mix of powerful learning and development initiatives is fundamental to building a prepared workforce. However, these firms have learned that to sustain a vibrant, team-based, learning culture, the work environment is important as well. They have designed their workspaces to eliminate communication silos and reinforce desired behaviors. What more powerful way to encourage fresh ideas and collaboration than by creating a comfortable, open workspace?

**Jackson’s Hardware**, a company that has grown from 5,000 square feet and five employees to 50,000 square feet and 63 employees, operates with a totally open office floor plan. Every manager including the President and CEO has his or her desk in the open platform office. With this type of floor plan, Jackson’s managers are able to give guidance and support for almost every project or task instantly. This allows them to draw upon the unique talents and strengths of all of the different managers and results in efficient problem solving.

**Decagon Devices’** workspace is also very open. Office doors are seldom closed and work spaces are grouped together without barriers, which facilitates more of a free-flowing brainstorming atmosphere into the work itself. However, Decagon takes it to the next level. They believe that leading departments and work groups should be a rotating assignment, not a permanent title with an attached office. Their structure is much more fluid and open because it leads to greater ingenuity, and risk taking.

*“This openness – in our attitude and work environment – leads to lots of brainstorming, less criticism and more space to dream about tomorrow what you couldn’t think about today,”* says one manager.

The nature of **Resource Interactive**, an advertising and marketing firm in Ohio with 261 employees, demands constant collaboration among staff. Their employees express a great deal of pride in their work environment, in large part because it was designed with a considerable

### Tip

Wise investment in employee development allows for:

- Consistent execution
- Unmatched customer service





Jump Associates

amount of their input. Among other things, their workplace is dog-friendly and is dotted with skateboards and satellite radios.

*“Our associates work fast, so creating a lower-stress environment that’s friendly, comfortable and fun adds to associate productivity and client success,” a manager says. “Management constantly communicates that associates are able to stop by anyone’s desk to ask questions. This is reinforced by our open office environment, where all associates are seated in a pod arrangement: sort of an outward-facing nook with a desk.”*

**Jump Associates’** environment known as JumpSpace, provides dozens of different work spaces, such as Zen Rooms, Project Rooms and a black-box theater Performance Space, that support a wide variety of interactions and working styles. Employees comment that this kind of playful, open-hearted space makes it safe to explore, because everyone who works there is committed to each other’s success.



Phenomenex

**Phenomenex’s** work environment is designed to breed familiarity, comfort and collaboration. All work areas have stimulating and comfortable open floor plan designs filled with color, antiques and modern art. They have an on-site gym and game room that are in constant use. In addition, to relieve stress and recharge their hard-working employees, the firm has set aside a quiet room for them to take naps, read or meditate.

### Employees share in the risks and rewards

Philosophically, these firms believe that trust, commitment and self-worth are built when everyone that has helped to create the business success gets to share in it. All of the 14 privately held Top Small Workplaces firms offer some kind of performance based incentives: often a combination of stock options, profit sharing, sales commissions and bonuses.

In 10 of these 14 firms, employees share in the ownership of the company. In fact, in these firms, employees, on average, own more shares than the CEO – 47% for employees vs. 37% for the CEO/President. Five of these firms are ESOP companies<sup>1</sup>.

In addition to providing a meaningful stake in the business, these firms teach employees how the business makes money, where its real costs lie, and how their performance impacts the overall business outcomes. Fourteen of the 15 firms practice open book management, sharing financial information with all employees; 10 have structured training for employees regarding financial literacy. This education helps to instill more of an ownership mentality and helps employees understand and weather the inevitable downturns in an economy.

Facts <input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>• In 10 of the 14 privately held firms, employees own company stock</li> <li>• Five of the winning firms are ESOP companies</li> <li>• Fourteen of the 15 firms practice open book management</li> </ul>

<sup>1</sup> An ESOP is a trust to which a company contributes shares of newly issued stock or the cash to buy shares on the open market. The shares go into individual accounts set up for employees who meet the plan’s eligibility requirements.

*Types of incentive programs offered*

Performance-based Incentives	
Profit Sharing	11 firms*
Bonuses	10 firms
Sales Commission	7 firms
Stock Options	5 firms

\* Number of the 15 Top Small Workplaces that offer the incentive.

**Landscape Forms** provides a variety of performance-based incentives, from sales commissions and stock options to profit-sharing bonuses. This firm is guided by four basic management principles from the Scanlon Plan<sup>2</sup>: Identity, Participation, Competence and Equity. Workers are organized into groups, each setting their own production goals, and they are rewarded when they meet their targets. An average of 28% of net income is distributed each quarter to Landscape employees. They are committed to having their culture be about much more than just customer or employee “satisfaction.” Rather, as one employee said,

*“We seek to meaningfully engage and reward all our stakeholders: customers, employees, investors, partners and communities.”*

As another one of their employees said,

*“What I like best is the compensation. They give me an opportunity to make a good living. We have a Quest Bonus System: each quarter based on the company’s profitability, every employee gets a share of it. I am also proud of the products we make and to work for a company that is outstanding. I feel good about myself and the work I’ve been doing. My opinion matters here.”*

Since 1948, **Paducah Bank and Trust** has been an independent full-service financial institution in Kentucky. In the current economy, in which many public banks are losing 20 - 40% of their stock value, Paducah’s stock value has increased and they have expanded their market share considerably, all while remaining the only locally owned bank in the region.

Here employees may become partial owners through their ESOP or 401(k) plan (which has been combined into a KSOP program). Their KSOP program has increased over 900% over the past 10 years, and they proudly boast their first retiree with over \$1 million in her KSOP account. Officers, directors and employees own nearly all of the stock in the company. The Bank’s leadership believes that their ownership structure is one important reason behind their success. They operate from an open book management mindset and invest a great deal of



**Landscape Forms**



**The Paducah Bank**

<sup>2</sup> Developed by Joe Scanlon in the 1930s, this is an organization-wide performance improvement plan designed to increase productivity through greater efficiency and reduced costs.

## Tip

Giving employees a stake in the outcome:

- Provides a focus on key goals and priorities
- Breeds an employee ownership attitude



time teaching employees how to understand the bank's finances.

For example:

- New hires meet personally with the CEO to learn how the business makes money
- The CEO communicates financials at quarterly all-staff meetings
- The CFO sends monthly emails to all employees on financial matters

**Resource Interactive** has enacted a creative approach to motivating employees and giving them a meaningful stake in their work and the future of the company. The firm routinely purchases stock in their client companies through its REEF (Resource Employee Equity Fund) program. Each employee is given a single share of stock of every publicly traded company the firm holds as a client, a list that includes the likes of Victoria Secret, Wendy's, Wal-Mart and Proctor & Gamble. Every employee that stays one year, regardless of rank, gets the same piece of REEF. Employees can cash out when they leave the company, and when they do Resource Interactive does not sell the stock, it cuts the employee a check.

It has been a win-win for all. Over the last two years, the company has grown its annual revenue at an average rate of 55%. Employees appreciate the financial incentive and the owners believe REEF offers a unique way to focus their associates on their clients' goals and success, and at the same time reward them for their work. And when Resource Interactive sits across the table from clients and can tell them that every one of their employees is a shareholder, "*Clients are blown away,*" says the CEO.

## Facts

- These firms, on average, pay 90% of employees' premiums and 72% of their dependents' premiums.
- Thirteen of the 15 offer flexible work arrangements.
- Eleven of the 15 offer wellness programs.

## **A focus on well-being, prevention and health builds endurance**

Rather than offer a set of "one size fits all" benefit programs, these firms take a more integrated and holistic approach in order to meet employees' individual needs and to nurture a culture of good mental and physical health. To achieve this, these employers offer above-industry-average medical benefits, wellness programs that promote prevention and health, and flexible work options to help employees balance work and life demands.

The leaders of Top Small Workplaces understand that helping employees achieve balanced and healthy lifestyles makes good business sense as these types of work cultures are better able to attract and retain top talent. In addition, there is much evidence to suggest that firms that take a proactive approach to employees' health realize a decrease in workplace stress, absenteeism, sick days and a reduction in insurance premiums.

### *Medical benefits highlights*

- All 15 firms provide medical insurance that covers employees and their dependents. On the average, they pay 90% of premiums for employees and 72% for dependents.
- Eight of the firms offer more than one medical insurance option (PPO, HMO, Health Savings Accounts).
- All 15 provide dental insurance and 11 (73%) provide vision insurance.
- All 15 provide retirement plans – most commonly a 401(k) plan combined with profit sharing or other performance incentive plans.
- Thirteen offer Employee Assistance Programs (EAP).
- All 15 provide paid time off, with an average of 26 paid days off per year.
- Fourteen of the 15 offer benefits also to their part-time employees. On average, part-timers work 21 hours per week to be eligible.
- Eight firms offer domestic partnership benefits.

### *Flexible work options*

Thirteen of the 15 offer some form of flexible work arrangements for their employees and view it as a win-win for all parties. As research shows, employees that have more control over their schedules and work locations are often more productive and satisfied. Offering flexible options also allows smaller firms to compete with bigger companies, those that can frequently offer more generous financial packages but may require a more traditional work schedule.

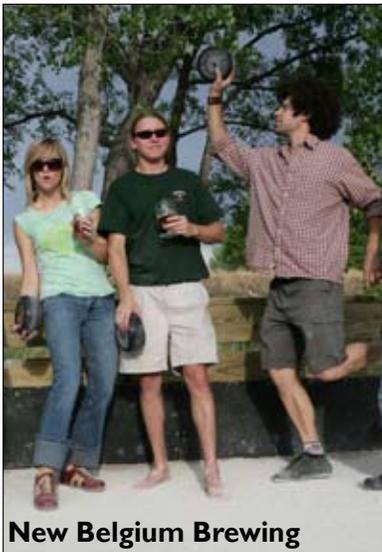
These flex arrangements take many forms: tele-commuting, flexibility in scheduling one's own hours and days, splitting shifts, job sharing and moving from full time to part time. At most companies, the employees work out novel arrangements with their supervisors. Two of the companies allow their work teams to set their own hours.

### *Health and wellness*

Eleven of the 15 winners offer some kind of wellness program for their employees. Providing this is one more way they show they care about their employees as a whole people, not just the work they produce. The firms vary in the type of wellness activities provided and how they are structured, managed and incentivized.

A snapshot of their wellness activities follows on the next page:

<b>External company-sponsored activities</b>	Sponsorship of “Walk Across America” program where employees are encouraged to log their physical activity in order to make companywide progress in a virtual walk across the country; 5K and 10K runs that benefit charities.
<b>Internal company-sponsored activities</b>	Yoga classes, pilates classes, meditation room, massage therapy, on-site gym with changing rooms and showers, zen rooms, heated pool, aquatics center, nap rooms with beds and alarm clocks, relaxation days, walking groups, personal training, volleyball court, company “Olympics”, annual soccer games, climbing wall, indoor slide, foosball table, ping-pong table.
<b>Company-sponsored nutrition activities and events</b>	Healthy food and cooking classes, Weight Watchers meetings on-site, vending machines on-site with healthful food and beverages, daily free fruits and vegetables, seminars on healthy eating, purified water, healthy food at employee meetings, home-cooked meals once a week.
<b>Free/discounted health services</b>	Free health screenings (blood, cholesterol, etc.) where families participate for free or a small fee, athletic club discounts and memberships, free smoking clinic, First Aid/CPR classes, holistic health counselor, smoking cessation kits.



The **Lundberg Family Farms’** mission acknowledges the importance of promoting healthy lifestyles for their employees. They have an on-site wellness committee that works in collaboration with the state’s occupational health department. The committee organizes an array of physical activities, including an exercise program where employees begin each day with a stretching and strengthening routine. The firm provides on-site vending machines filled with nutritious items and distributes free fruits and vegetables on a daily basis. In addition they offer discounted memberships to area fitness centers and organize on-site health screenings, blood pressure checks and flu shots to all employees free of charge.

**New Belgium Brewing** believes that emphasizing health awareness is good for employees and can have a positive societal impact. Co-workers at New Belgium Brewing are encouraged to commute by bike to work and receive a custom cruiser bicycle at the end of their first year of employment. New Belgium also has a large number of co-workers that participate in the company's Team Wonderbike, where members pledge to leave their car at home and commute by bike whenever possible.

In addition, they wholeheartedly endorse fitting “folly” into the day: on-site yoga, volleyball court, climbing wall, indoor slide, foosball table and ping-pong table. New Belgium Brewing also offers discount programs for health clubs, on-site yoga and sports "scholarships" for people participating in team and individual sports.

**Tip**

Helping employees balance work and life demands:

- increases employee satisfaction and productivity
- retains top talent

## Committed, able workforce helps firms compete on quality and service, less on price

These firms are growing and profitable because they have clearly defined market niches and provide extraordinary quality and value to their customers. Whether it's a high level of customer service or partnering with clients to achieve innovative solutions, these firms focus first on service excellence in order to satisfy clients' needs.

This customer-centered focus differentiates their businesses, and it is directly tied to their highly engaged, committed workforces. Their employees act like owners – and many of them are. They have a deeper understanding of the business, are invested in its success and know that every interaction they have with a customer can impact the bottom line.

**JA Frate** provides an illustrative example.

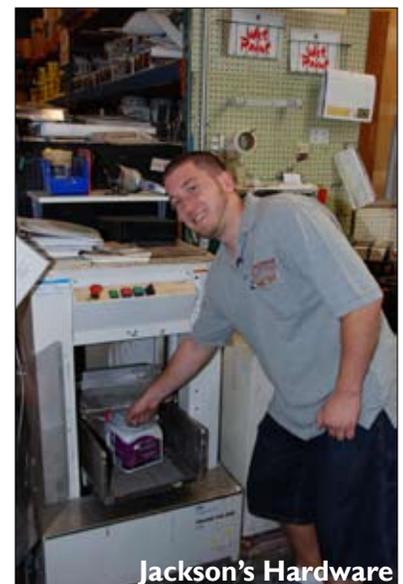
In 2002 the company lost its #1 customer to a competitor over rates when they realized that they could not meet the competitive price without losing money. The decline in business forced the company to lay off drivers, something they had never done before in their 31-year history. Management carefully reassessed their expenses, which led to negotiating a 10% pay reduction with the union. Every employee, including the CEO, took the pay cut for three months. The employees did this because they had faith in their management, were determined to weather the storm and had confidence that this customer would return once they realized the lower cost provider could not match JA Frate's quality service. Through this difficult time the company grew stronger and within a year the customer did return, stating that switching carriers was the worst mistake they had ever made.

*"They are not the cheapest," the customer said, "but they add greatest value due to their service."*

Satisfied customers of these Top Small Workplaces consistently repeat similar messages:

*"I believe they have higher standards toward design. While they are not the least expensive, their quality is of great value. I also appreciate that they are not just about making the sale."* – **Landscape Forms** customer

*"They are consumer friendly and exceptionally helpful...It is one of those places you go back to, even if they charge more – even though they don't charge more – because of the service."* – **Jackson's Hardware** store customer





Phenomenex

*“Phenomenex is in a very competitive business. They offer not only a good product and service, but always with an interest in developing the next product. They are got top-notch people developing top-notch products. Whereas usually these companies are very supply oriented and always trying to please as many clients as possible with standard solutions, they are very empirical, professional, not antagonistic, in a very competitive business.”*

– **Phenomenex** customer



Integrated Project Management

*“They’ve got great engineering and technical abilities, coupled with confidence and business attitude. While their fees are impressive, they take it as a challenge to return AT LEAST their fee back to you in reengineering and construction choices.”* – **Integrated Project Management** customer

*“We work with a lot of outside partners and they are just so much more positive – their energy really helps drive their creativity. They’re so proactive – drumming up revenue without being asked. They’re extraordinary. Such thought leaders in the field of interactive media. They have vision and technical skills to back it up. They’re by far the best creative business partners I could have asked for. And they don’t really market themselves as you’d expect. They’re more about marketing their clients.”* – **Resource Interactive** customer



Resource Interactive

## Conclusion

While there is no such thing as the perfect organization, the 2008 Top Small Workplaces do many things right. These profitable, growing organizations have intentionally created business models that have engaged and committed workforces at their core. They are guided by strong values, have invested wisely to attract and retain top talent, model and reward desired behavior, and have designed supportive learning environments.

These are firms that are able to learn from their mistakes and move on. Consequently, they tend to be more open, flexible and innovative. Their ability to innovate and adapt has helped sustain their businesses through various economic changes and cycles.

In this report, we highlighted several business practices that contribute to the success behind the 2008 Top Small Workplaces. But this analysis is about much more than just these 15 winning firms and the more than 2500 workers they employ.

The leaders of these firms, like most small business owners, are amongst the most ardent supporters of capitalism and the free market system. What they espouse however, is a different brand of capitalism, one focused less on short term profit and more on long term sustainability. They have demonstrated that it is possible to be profitable and competitive, positively impact the larger community and maintain a humane work culture that brings out the best in people.

## Comparing the Metrics of the 2008 Top Small Workplaces vs. Overall Applicants

### Organizational Benchmarks

	Applicants (N = 406)	Winners (N = 15)
Average Years in Business	24 years	42 years
Average CEO Tenure	12 years	17 years
Average Revenue (2007)	\$22 million	\$36 million
Average Revenue (2006)	\$19 million	\$31 million
Average Revenue (2005)	\$15 million	\$26 million
Average Revenue Growth Rate (2005-07)	34%	23%

### Employee Benchmarks

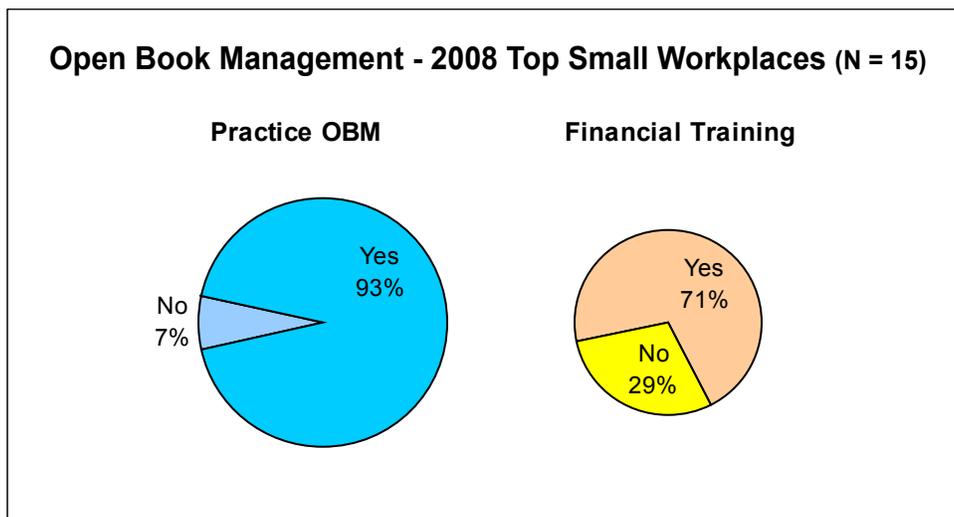
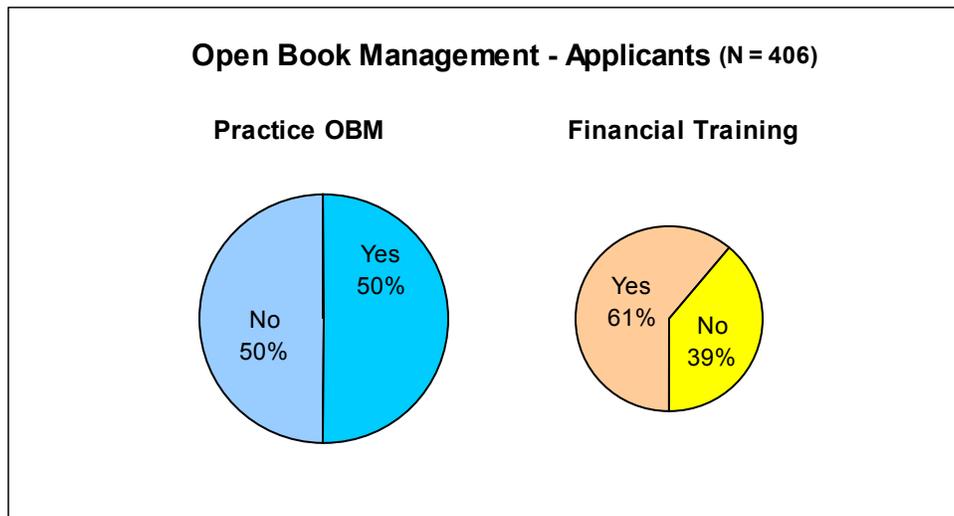
	Applicants (N = 406)	Winners (N = 15)
Average Number of Employees (2007)	95	154
Average Employee Growth Rate (2005-07)	23%	15%
Average Employee Tenure	5 years	6 years
Average Turnover	17%	13%
Average Jobs Filled from Within	29%	25%

### Ownership and Open Book Management Benchmarks

	Applicants (N = 361)	Winners (N = 14)
Allow Employees to Own Stock*	45%	71%
Average % of Stock Owned by the CEO/President *	54%	37%
Average % of Stock Owned by Employees*	34%	47%
Receive Outside Investment	21%	7%

\* Pertains only to privately held firms

## Firms That Practice Open Book Management and Provide Financial Literacy Training to Their Employees



### Performance-based Incentives

	Applicants (N = 406)	Winners (N = 15)
Sales Commission	58%	47%
Stock/Options	24%	27%
Profit Sharing	48%	73%
Performance Bonus	85%	67%

### Learning and Development Activities Benchmarks

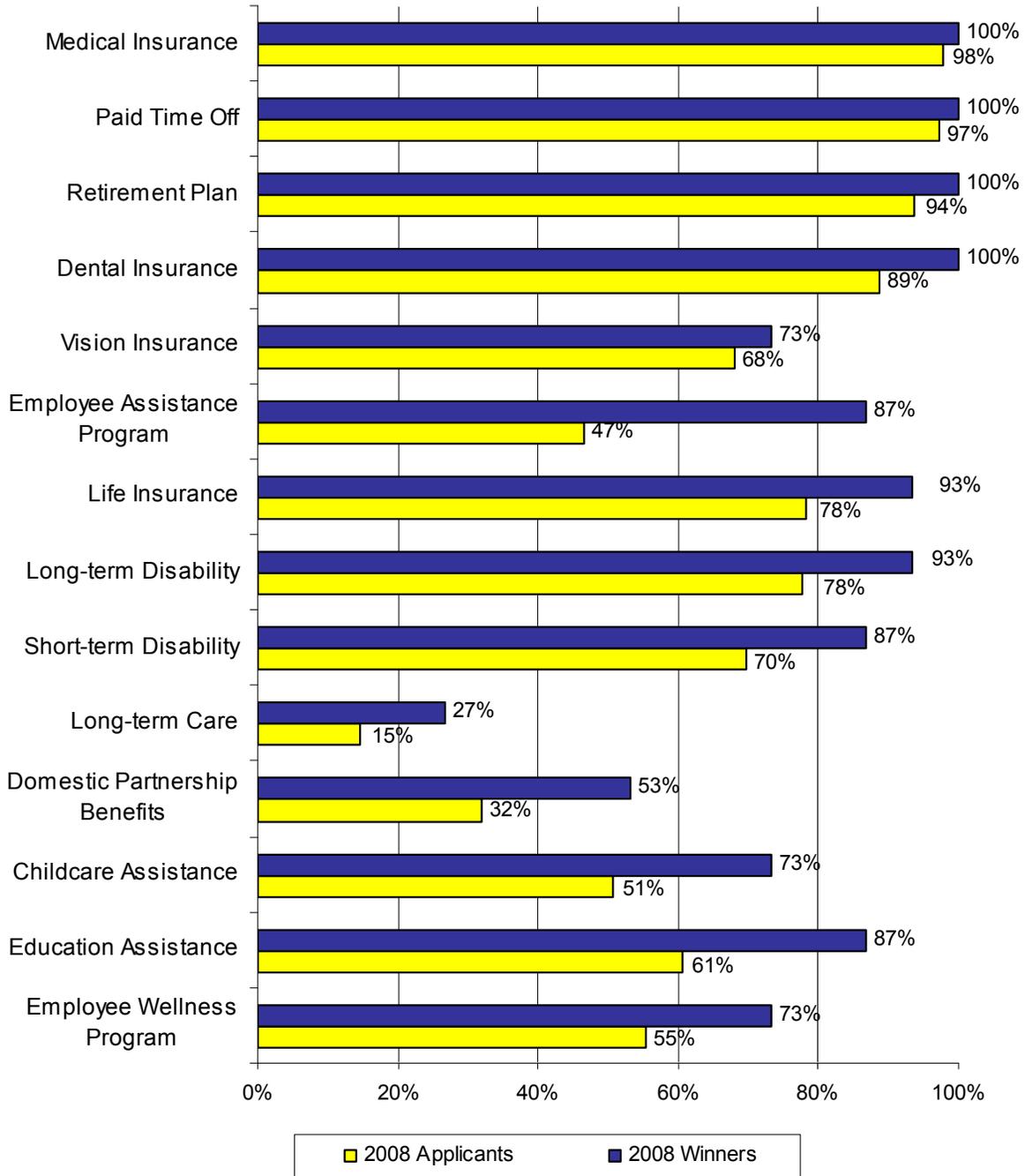
	Applicants (N = 406)			Winners (N = 15)		
	Salaried	Hourly	Part-time	Salaried	Hourly	Part-time
Tuition Assistance for Degrees	63%	46%	21%	80%	73%	33%
On-site Workshop/Training	94%	81%	67%	100%	87%	87%
Financial Support for Off-site Training	91%	73%	49%	100%	80%	67%
Individual Development Plans	76%	61%	45%	80%	67%	60%
Career Counseling	46%	38%	29%	60%	53%	47%
Mentoring/Coaching	71%	54%	41%	80%	67%	73%
Job Shadowing/Rotation	47%	43%	31%	53%	53%	33%
Cross Functional Team Training	81%	68%	52%	67%	67%	47%
Leadership Development Training	73%	43%	28%	87%	67%	47%

### Equal Access To Benefits Benchmarks

	Applicants (N = 406)	Winners (N = 15)
Offer Same Benefits for Management and Non-management Employees	86%	93%
Offer Benefits to Part-time Employees	65%	93%
Minimum Hours/week for Part-time Employees to be Eligible for Benefits (average)	25 hours	21 hours

## What Benefits Are Provided?

### 2008 Top Small Workplaces vs. Overall Applicants



### Medical Insurance Benchmarks

	Applicants (N = 406)	Winners (N = 15)
Offers Medical Insurance	98%	100%
Average % of Employee Premium Paid by Company	81%	90%
Average % of Dependent Premium Paid by Company	46%	72%
Offers Dental Insurance	89%	100%
Offers Vision Insurance	68%	73%
Offers Domestic Partnership Benefits	32%	53%

### Paid Time Off (PTO) Benchmarks

	Applicants (N = 406)	Winners (N = 15)
% of firms that offer days off through PTO* Plans	50%	53%
In a PTO Plan		
Average # of PTO Days	15	16
Average # of Holidays	8	9
Not in a PTO Plan		
Average # of Vacation Days	11	11
Average # of Sick Days	5	6
Average # of Personal Days	2	1
Average # of Other Paid Days Off	2	3
Average # of Holidays	7	8
Total Days Off		
Average # of Days Off	25	26

*\* In contrast to the more traditional benefits where employees have a set number of vacation days, sick days, etc., PTO is a feature where employees are provided a “bank” of days in which they can draw down to take the time off.*

**ATA Engineering, Inc.**  
**San Diego, California**

Applying advanced engineering software to the testing and analysis of mechanical structures, ATA Engineering provides design solutions in the aerospace, biomedical, automotive and consumer products industries. Founded in 2000 and 100% employee owned, the firm now has 84 employees and has been described as incomparably egalitarian. To avoid creating an “us vs. them” mentality, ATA is virtually free of special rewards for individual performance and tracks revenue and profits only at the company level. While individual achievements are recognized through the normal compensation system, bonuses and stock grants are distributed in proportion to salary. Employee development is central to the business model: a co-op program is the key recruiting tool, every employee has an individual development plan and junior engineers can be given project leadership on appropriate assignments. Decisions are made on a consensus basis, which is time intensive but encourages employee-owners to participate and stay abreast of company matters. These practices have resulted in an average employee turnover rate of less than 4%, contributing to an average company revenue growth rate of 36% between 2005 and 2007.



**Quote**

*“We believe our company is successful because of the collaborative interaction of all members of the team rather than individual heroes.”*

Employee



**Name:** ATA Engineering, Inc.  
**Industry:** Engineering and Consulting  
**Number of Employees:** 84  
**Location:** San Diego, California  
**Product/Service:** Test and analysis-driven design  
**Markets:** Aerospace, biomedical, automotive and consumer products  
**2007 Revenue:** \$16 million  
**Year founded:** 2000  
**Ownership:** 100% employee-owned  
**Website:** [www.ata-e.com](http://www.ata-e.com)

**Decagon Devices, Inc.**  
**Pullman, Washington**

Founded in 1983, Decagon's 73 employees invent, design, manufacture and market precision scientific instruments and sensors for food quality testing and environmental monitoring and research. One of their products has even been sent to Mars as part of NASA's Phoenix Lander. With superior research and engineering balanced by excellent customer service and support, Decagon's success rests in the great faith it has in its associates to be resourceful and continually learning. Staff are boldly challenged, encouraged to take risks and learn by doing, thus developing their true capacity over their tenure and embodying the company motto, "Think like scientists, work like farmers, dream like children." The company is committed to the well-being of employees, providing a solid benefit package and a wellness program that rewards exercise and healthy eating. In championing the humanity of its people, Decagon keeps their welfare in mind while pushing them to produce some of the most innovative products in the industry.



**Quote**

*"Fortunately we have the luxury of owners who act like stewards of a living, breathing company and the people inside it and the people it serves. This means we don't have to squeeze our employees or customers for cash to fuel high octane lifestyles. Instead we can work in slow, life sustaining ways to nurture a whole company of individuals and families."*

Employee



**Name:** Decagon Devices, Inc.  
**Industry:** Research and Manufacturing  
**Number of Employees:** 73  
**Location:** Pullman, Washington  
**Product/Service:** Designs and manufactures precision scientific instruments and sensors for food quality testing and environmental monitoring and research  
**Markets:** Research, agriculture, food industry  
**2007 Revenue:** \$8.1 million  
**Year founded:** 1983  
**Ownership:** Privately held  
**Website:** [www.decagon.com](http://www.decagon.com)

## Integrated Project Management Company, Inc. (IPM) Burr Ridge, Illinois

Integrated Project Management, a national business consulting firm founded in 1988, specializes in the discipline of project management. The 79-employee firm helps companies operate more efficiently and effectively, working side by side with client teams through project completion. IPM serves a range of industries, including life sciences, food and beverage, and healthcare, where flawless execution of complex endeavors is required for success. Employee development is critical to the success and longevity of the company. The high level of engagement and performance delivered by IPM professionals is achieved through weeks of orientation, a strong mentorship program and constant revisiting of each employee's performance development plan. IPM differentiates itself by fostering a cohesive team rich in personal dedication, devoted to the values of integrity and honesty, and driven by incentives such as generous profit sharing. And with 100% of all employee and dependent health insurance paid by the company, employees say that "support is understood and unspoken."



### Quote

*"Historically big firms ate small firms. It's not big eats small anymore. It's fast company eats slow company. IPM's an example of a company with equal talent or better compared to the bigger guy, but one that can move much more quickly. They're nimble, competent, ethical and have lots of personality."*

Long-term customer



**Name:** Integrated Project Management Company, Inc. (IPM)

**Industry:** Consulting

**Number of Employees:** 79

**Location:** Burr Ridge, Illinois

**Product/Service:** Engineering and project management

**Markets:** Life Sciences, healthcare institutions, food & beverage, industrial & consumer products

**2007 Revenue:** \$13 million

**Year founded:** 1988

**Ownership:** Privately held

**Website:** [www.ipmcinc.com](http://www.ipmcinc.com)

**JA Frate, Inc.**  
**Crystal Lake, Illinois**

Short-haul trucking company JA Frate is bucking trends left and right. In an industry known for exhausting hours, high employee turnover and impersonal client relations, this firm with 85 employees is keeping its people on board, informed, empowered and trusted as diplomats for the company. Founded in 1971, JA Frate goes above and beyond in a ferociously competitive industry, where diesel prices have more than doubled over the last three years. The company is known for reliable service and timely deliveries, along with a service guarantee that if the delivery isn't on time, the customer doesn't pay. During a downturn in 2002, all employees in this unionized shop agreed to a 10% pay cut, operations were tightened and everyone who stayed during the downturn received the lost earnings back when business turned around. One employee summed up JA Frate well: "They really stand behind you. They're not just making a dollar, they're helping the employee." With a benefits package that exceeds what is required by their union contract, employees enjoy frequent bonus opportunities, access to great outside education and an employer who is truly there "to work with you."



**Quote**

*"It is a hard job. You are asked to go out of your way but they are definitely so much better that most at keeping people from getting burnt out. I am not surprised they are getting this award."*

Driver



**Name:** JA Frate, Inc.

**Industry:** Transportation and Warehousing

**Number of Employees:** 85

**Location:** Crystal Lake, Illinois

**Product/Service:** LTL, truckload, lift gate and flatbed pickup & delivery service

**Markets:** Servicing 150-mile radius of O'Hare International Airport

**2007 Revenue:** \$8.7 million

**Year founded:** 1971

**Ownership:** Privately held

**Website:** [www.jafrate.com](http://www.jafrate.com)

## Jackson's Hardware, Inc. San Rafael, California

Anyone who's shopped at Jackson's Hardware will tell you there's something special at work here. In an era where Big-Box encroachment has nearly eradicated the local neighborhood hardware store, Jackson's, which was founded in 1964, has survived to see handfuls of competitors come and go while their loyal clientele keeps growing in number. Chalk it up to great character, a comprehensive ownership culture and a dedication to employee development. Making the most of each of its 63 staff, Jackson's drives individual performance through seminars and workshops, believing that employee competence spells success for their customers. A distinctive pride in the company is apparent when you walk in the door: All associates own stock in the business (in fact, the whole company went to Hawaii to celebrate the final pay-off of ESOP debt). Each has input into how he or she can add value to the business; the average tenure at Jackson's is over a decade. From complimentary work shoes and electric toothbrushes to 100% health coverage for staff and dependents, employees know Jackson's is always there for them, and customers always remember where to go for their next fix-it project.



### Quote

*"They have an ownership culture that has not been replicated. They really drive individual performances. Each employee has input into how they can add value to the business. There is a feeling of self worth and involvement."*

Business advisor

# JACKSON'S

100% EMPLOYEE OWNED

HARDWARE • TOOLS • DECORATIVE PLUMBING • RENTALS • PAINT

435 DU BOIS STREET • P.O. BOX 10247 • SAN RAFAEL, CA 94912-0247

**Name:** Jackson's Hardware Inc.

**Industry:** Retail Trade

**Number of Employees:** 63

**Location:** San Rafael, California

**Product/Service:** Traditional hardware store items, extensive kitchen and bath showroom, and clothing and shoe department

**Markets:** Contractors, homeowners, designers, and landscapers in the Bay Area

**2007 Revenue:** \$18.3 million

**Year founded:** 1964

**Ownership:** 100% employee-owned

**Website:** [www.jacksonshardware.com](http://www.jacksonshardware.com)

## Jump Associates, LLC San Mateo, California

Since 1998, Jump Associates, a strategy consulting firm, has helped its clients create the new product, service and business ideas that are the “seeds” of business growth, and cultivate the processes, metrics and culture that make up the “soil” of growth. It’s no surprise, then, that the workplace within Jump is remarkably productive, and “Jumpsters” enjoy a supportive and nurturing environment defined by collaborative learning and innovation. From the initial “On-Ramp” (a master class in design strategy) and company-wide reading list, to comprehensive strength and thinking style assessments and week-long Learning Labs, their 48 associates get everything they need to be successful and to grow professionally. All work at Jump is done in teams of five or so, with a focus on integrating the most senior people with the most junior associates. Coupling this with a renowned workspace design based on internal social networks (producing a collection of “neighborhoods”), work is kept collaborative, dynamic and stimulating – just the thing for the fresh insights and discoveries that have made Jump such a hotbed of innovation.

The logo for Jump Associates, featuring the word "jump" in a lowercase, blue, sans-serif font.

### Quote

*“Our passion comes from a broader desire to harness capitalism as an engine for social change.”*

Employee

**Name:** Jump Associates, LLC  
**Industry:** Consulting  
**Number of Employees:** 48  
**Location:** San Mateo, California  
**Product/Service:** Innovation, strategy and design  
**Markets:** Companies of all sizes interested in growth  
**2007 Revenue:** \$8 million  
**Year founded:** 1998  
**Ownership:** Partnership/Proprietorship  
**Website:** [www.jumpassociates.com](http://www.jumpassociates.com)

## King Arthur Flour Company Norwich, Vermont

A brand familiar to generations of Americans, King Arthur Flour Company is the nation's oldest flour company and the single largest educator of home bakers in the world. Founded in Boston in 1790, impressive growth has accompanied the company's relatively recent transformation from a small, fifth generation operation with a half dozen employees in 1990, to the 100% employee-owned business seen today, now with 160 associates. The labor unions once tied to the company have exited as King Arthur has placed an ever-increasing value on transparency, open communication and upholding stakeholder interests. Beyond free bakery items, formal recognition programs include "knighting" ceremonies to honor long-time employees and "vesting" ceremonies where fully vested employee-owners are given a King Arthur Flour fleece vest. "Brain Food" classes are taught by coworkers on a variety of topics from Bread 101 to Personal Finance 101, and small teams, such as the Stewardship Team, have opportunities to propose programs and policies within the still-evolving organization.



### Quote

*"This is a good atmosphere. There are great people to work with and the leadership is wonderful. I love the history of the company. I'd be happy to retire from here."*

Team leader



**Name:** King Arthur Flour Company

**Industry:** Consumer Goods Manufacturing

**Number of Employee:** 160

**Location:** Norwich, VT

**Product/Service:** America's oldest flour company and single largest educator of home bakers in the world

**Markets:** Home bakers and retail grocers

**2007 Revenue:** \$61 million

**Year founded:** 1790

**Ownership:** 100 employee-owned

**Website:** [www.kingarthurfLOUR.com](http://www.kingarthurfLOUR.com)

## Landscape Forms Kalamazoo, Michigan

Landscape Forms is a business born out of design, emphasizing product, people and growth. Founded in 1969 by a landscape architect intent on providing stable employment for crews during the snowy Michigan winters, the business has grown into the leading site furniture manufacturer in the world with 246 employees. The team at Landscape Forms has built upon the organizational principles originally developed by Joseph Scanlon from the beginning, focusing heavily on Identity, Participation, Competence and Equity as their touchstones. Along with shared responsibility for efficiency in production, and corresponding shared gains which define such an approach, employee development is a universal goal at Landscape Forms. The more engaged and educated their employees are, the better the business will do. Cross-training and leadership development combine with support for external coursework and personal goal definition in a powerful strategy for success. In always working to make the most out of their staff and their processes, Landscape Forms has doubled in size every six to seven years and rewards its team with hearty benefits and lucrative bonuses.



### Quote

*"The people that work here are the number one priority. We have a good culture, and great benefits and communication all the way down to the floor. People are happy here. New people are always welcome. We take a lot of pride and ownership."*

Cell leader

landscapeforms®  
outdoor furniture and accessories

**Name:** Landscape Forms  
**Industry:** Consumer Goods Manufacturing  
**Number of Employees:** 246  
**Location:** Kalamazoo, Michigan  
**Product/Service:** Outdoor furnishings including benches, tables, chairs and other accessories  
**Markets:** Corporate and university campuses, hotel and retail centers, healthcare facilities, parks and streetscapes  
**2007 Revenue:** \$55.5 million  
**Year founded:** 1969  
**Ownership:** Privately held  
**Website:** [www.landscapeforms.com](http://www.landscapeforms.com)

## Lundberg Family Farms Richvale, California

In 1937, Albert and Frances Lundberg moved their family west, settling in California after experiencing firsthand the ravages of the Dust Bowl. Respect for the land, support for your fellow man and “taking care of the soil” defined their vision, and it is this which has spelled success for Lundberg Family Farms, which has pioneered organic rice farming in America. Now run by the family’s third generation, the farm has expanded upon the brand established in the 1960s and flourished by nurturing the unique value that each individual brings to the whole. Recognizing that you only get out what you put in, Lundberg takes great care to see that its 195 employees get everything they need to be their best. An on-site wellness committee organizes fitness events and free, fresh produce is available on a daily basis. Tuition for staff is supplemented by the company, and they even reward the good grades of their employees’ children. Lundberg has recently developed a formal strategic planning program to transfer ownership and the company culture to future generations of family members, intent on preserving these timeless values for many more years to come.



### Quote

*"For us, the workplace is like a home away from home. We want our employees to be happy and healthy in their work. We want them to be heard and feel empowered to make decisions, and we want them to feel that they matter to us. Moreover, we want them to enjoy their lives outside of work by having the peace of mind that comes with having a good job."*

HR manager



**Name:** Lundberg Family Farms  
**Industry:** Consumer Goods Manufacturing  
**Number of Employees:** 195  
**Location:** Richvale, California  
**Product/Service:** Grow and market a variety of rice products  
**Markets:** Consumer goods  
**2007 Revenue:** \$48.9 million  
**Year founded:** 1937  
**Ownership:** Privately held  
**Website:** [www.lundberg.com](http://www.lundberg.com)

## New Belgium Brewing Ft. Collins, Colorado

A champion for the “triple bottom line” approach in business, New Belgium Brewing and its 320 employees represent the third-largest craft brewery in the country, having adopted progressive workplace practices such as open book management and employee ownership while demonstrating an unprecedented commitment to environmental stewardship. From their start in a Ft. Collins basement in 1991, New Belgium has evolved into a national icon for unwavering dedication to quality product and responsible business, often recognized by the classic red bicycles given to employees, which also decorate their flagship brew. Their central offices, or “Mothership” facility, have become a tourist destination for viewing green technologies, and their frequent participation in conservation and community efforts are seen throughout their marketing region. Before “green” was hip and their efforts were the focus of media attention, the business was working to reflect its values and support its associates, quietly rolling up sales while offering staff a workplace in which their personal beliefs were affirmed. As one advisor notes, “They’re a model organization on how to treat people, community and the planet.”



### Quote

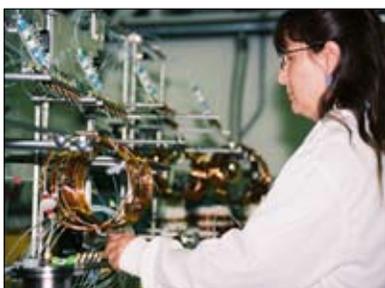
*“It is nice that we are getting recognized these days but our purpose was to create a place where people could be who they are and grow from there. As a result, employees find pride and meaning from their work and company.”*

Employee

**Name:** New Belgium Brewing  
**Industry:** Consumer Goods Manufacturing  
**Number of Employees:** 320  
**Location:** Ft. Collins, Colorado  
**Product/Service:** Craft beer brewer  
**Markets:** Consumers and distributors in 18 states  
**2007 Revenue:** \$96 million  
**Year founded:** 1991  
**Ownership:** Privately held  
**Website:** [www.newbelgium.com](http://www.newbelgium.com)

## Phenomenex Torrance, California

Representing almost 50 nationalities, the staff of Phenomenex hail from across the globe, but all 477 employees find a collective home in this supportive, driven and diverse organization. Founded in 1982, Phenomenex has seen great success in focusing on the fundamental components of globally adopted lab procedures, providing purification and analytical chemistry solutions for the life sciences and related industries while establishing itself as a world leader in chemical separation devices. It's a very competitive industry, and the company relies heavily on the "carrots not sticks" philosophy in attracting, developing and retaining talent. Phenomenex is particularly good at developing its talent, offering a program titled "MyDevelopment" in which 21 congruent courses, covering Professional Development, Core Managerial Skills and a Developing Leader series, are taken over two years. As a result, staff are highly knowledgeable and capable, enabling the firm to promote employees into key roles. An on-site gym, weekly massages, meditation classes and an all-around employee wellness program combine with lucrative profit-sharing options to make Phenomenex the kind of organization in which talent from any nation would want to take part.



### Quote

*"The company persuaded me to get my education and helped pay for it. I have got an education now and that is something I can show my kids."*

Manager



**Name:** Phenomenex  
**Industry:** Chemicals/Pharmaceuticals/Biotechnology  
**Number of Employees:** 477  
**Location:** Torrance, California  
**Product/Service:** Products for liquid and gas chromatography  
**Markets:** Life sciences and related industries  
**2007 Revenue:** \$107 million  
**Year founded:** 1982  
**Ownership:** Privately held  
**Website:** [www.phenomenex.com](http://www.phenomenex.com)

## Rainforest Alliance New York, New York

Rainforest Alliance was founded in 1986 as an international nonprofit with a mission to conserve biodiversity and ensure livelihoods by transforming land-use practices, business practices and consumer behavior. Now with 251 employees, Rainforest Alliance works primarily within the forestry, agriculture and tourism industries, training local communities and cooperatives in best environmental, economic and social sustainability practices. Headquartered in New York and with operations across the globe, the organization offers associates remarkable options for employee participation, development and cross-cultural experience, with a special focus on junior-level staff. Rainforest Alliance emphasizes hands-on experience, transparency, collaboration and solutions-oriented thinking and works to avoid bureaucratic practices. Professionals appreciate the freedom they are given to shape their own projects, as well as the supportive, flexible and family-like atmosphere. This is a team driven by their shared dedication, described by their clients and partners as a group that is “more committed and works harder than most people you’ll encounter in life.”



### Quote

*“There’s a real kindness in people here, a real compassion for our external work and humanism in the way people treat each other. It is refreshing and I think it stems from the administration.”*

Finance manager

**Name:** Rainforest Alliance  
**Industry:** Primarily forestry, agriculture and tourism  
**Number of Employees:** 251  
**Location:** New York, New York  
**Product/Service:** Market-based solutions to environmental and social problems by transforming land-use practices and consumer behavior  
**Markets:** Multinational companies  
**2007 Revenue:** \$21.5 million  
**Year founded:** 1986  
**Ownership:** Non-profit  
**Website:** [www.rainforestalliance.org](http://www.rainforestalliance.org)

## Resource Interactive Columbus, Ohio

Founded in 1981, Resource Interactive is a digital marketing agency intent on keeping its staff on the cutting edge. As one client puts it, their 241 employees “don’t ride the wave, they make it.” Female-founded, owned and operated, the agency helps Fortune 500 companies harness interactive design and technological innovation to thrive in the evolving Internet economy. Employees share in the firm’s success through a stock fund that gives employees one share of stock in each of their client companies that are publicly traded. In addition to the great insurance, wellness programs and college savings plans offered, staff enjoy a comfortable, hip and creative environment where dogs are welcome and all employees, including the CEO, share an open workspace. All staff participate in a nine-week “on-boarding” program, where lectures in each functional area are led by the executive director of that area. Regular lunch-and-learn sessions and external training keep talent fresh. A comprehensive career-pathing process allows employees to self direct their careers and work toward leadership roles. All staff are given extensive access to blogs, conferences and summits – such as iCitizen – which fuel the dialogue between international leaders in Web 2.0 media.



### Quote

*“They’ve got such an incredible workspace, it is open and creative. People have fun there and they’re so incredibly innovative. They buy stock from their client companies for their associates and make sure everyone in the company has a stake in their clients’ work. It’s very cutting edge.”*

Customer



RESOURCEINTERACTIVE

**Name:** Resource Interactive

**Industry:** Advertising – interactive marketing

**Number of Employees:** 241

**Location:** Columbus, Ohio

**Product/Service:** Interactive design, digital strategy, creative and technological innovations

**Markets:** Retail, consumer packaged goods and manufactured goods

**2007 Revenue:** \$38.5 million

**Year founded:** 1981

**Ownership:** Partnership/Proprietorship

**Website:** [www.resource.com](http://www.resource.com)

## The Paducah Bank & Trust Company, Inc. Paducah, Kentucky

Locally owned and independent since its founding in 1948, The Paducah Bank & Trust Company is a community centered, full-service financial institution. Nationally recognized for the strong sense of pride and ownership which pervades the organization, their combined ESOP and 401(k) have seen an increase of 912% over 10 years. The bank even boasts a retiree with over \$1,000,000 in her individual KSOP account! While there is no employee handbook, daily "Owners' Meetings" keep all associates in the know on current issues, and all 140 employees take a turn leading the discussion, reminding everyone of their shared commitment to each other and to their customers. Despite 2007 being one of the worst years in the history of the banking industry, with many public banks losing 20% to 40% of their stock value, Paducah Bank's stock value increased in 2007 by 8.2%, and earnings were up 24% this year over 2007, making it a record year for the bank. Credited with transforming the city of Paducah through their progressive revitalization program and support for local entrepreneurs with low-interest, minimal down-payment financing, The Paducah Bank provides remarkable results from its investment in the future of its associates and community.



### Quote

*"Just talk to the directors or President of the bank and you will see it takes about 30 seconds for them to tell you their people are first."*

Lawyer for the bank

**Name:** The Paducah Bank & Trust Company, Inc.  
**Industry:** Financial Services  
**Number of Employees:** 140  
**Location:** Paducah, Kentucky  
**Product/Service:** Independent financial institution (trust, private banking and investment services)  
**Markets:** Primarily businesses and private citizens of McCracken County  
**2007 Revenue:** \$22 million  
**Year founded:** 1948  
**Ownership:** Privately held  
**Website:** [www.paducahbank.com](http://www.paducahbank.com)

## The Redwoods Group Morrisville, North Carolina

The Redwoods Group differs from an average insurance company in many ways. First, this niche insurance provider with 101 employees specializes in cultivating a focus on safety at YMCAs and Jewish Community Organizations. Second, since its founding in 1997, the company has operated with a mission of service to others, dedicated to improving the lives of those within the broad communities it serves. The firm believes, and acts on its belief, that business should be a powerful force for positive social change. In 2006-2007, The Redwoods Group contributed over 50% of pre-tax profits to nonprofit organizations throughout the world. Employees understand that they are expected to volunteer 40 hours per year, and the company gives them time to do so. The Redwoods Group strives to develop these “committed citizens of the world” through leadership development in community projects. A broad base of generous benefits encourages continued education, health and wellness, and retirement planning, in addition to individual philanthropy and volunteerism. While the business has grown more than 40% in the last two years, Redwoods argues that, in the end, they are not driven by size or profit margin but, rather, to “make a difference.”



### Quote

*"The traditional insurance industry is known for working in silos of underwriting, claims, loss control and actuarial services. But at Redwoods, it's all about the team. We intentionally formed regional multifunctional teams reporting to regional vice presidents, instead of technical vice presidents, to break down barriers. The result is common ownership of results and compensation based on company results."*

Employee



**Name:** The Redwoods Group  
**Industry:** Insurance  
**Number of Employees:** 101  
**Location:** Morrisville, North Carolina  
**Product/Service:** Property and casualty insurance  
**Markets:** YMCAs and Jewish Community Organizations  
**2007 Revenue:** \$16.4 million  
**Year founded:** 1997  
**Ownership:** Privately held  
**Website:** [www.redwoodsgroup.com](http://www.redwoodsgroup.com)

## Additional Data Charts

Below are four charts that further breakdown key measures from the 2008 Top Small Workplaces and the overall applicant pool.

### Health Insurance Premium Paid by Employers

		Maximum	Mean	Minimum	Percentile 25	Percentile 50	Percentile 75
Applicant Pool	Employee Premium	100%	81%	0%	70%	85%	100%
	Dependent Premium	100%	46%	0%	0%	50%	75%
Winners	Employee Premium	100%	89%	80%	80%	90%	100%
	Dependent Premium	100%	72%	50%	50%	75%	90%

### Revenue in the Past Three Years

		Maximum	Mean	Minimum	Percentile 25	Percentile 50	Percentile 75
Applicant Pool	2007	\$196,000,000	\$21,830,285	\$271,300	\$4,630,817	\$11,643,129	\$25,100,000
	2006	\$200,000,000	\$19,161,463	\$242,800	\$3,756,755	\$9,450,000	\$22,016,097
	2005	\$128,000,000	\$15,418,466	\$237,850	\$2,865,239	\$7,900,500	\$17,095,452
Winners	2007	\$107,163,985	\$35,945,867	\$8,000,000	\$13,027,000	\$21,468,953	\$55,544,000
	2006	\$98,744,747	\$30,919,569	\$6,658,188	\$11,083,000	\$17,600,000	\$46,781,000
	2005	\$82,015,864	\$25,771,056	\$3,300,000	\$8,074,137	\$16,100,000	\$38,852,000

### Growth Rate 2005 – 2007 (Revenue & Staff Growth)

		Maximum	Mean	Minimum	Percentile 25	Percentile 50	Percentile 75
Applicant Pool	Revenue Growth Rate	898%	34%	-24%	9%	20%	38%
	Staff Growth Rate	399%	23%	-32%	6%	14%	29%
Winners	Revenue Growth Rate	62%	23%	1%	13%	19%	31%
	Staff Growth Rate	65%	15%	0%	4%	13%	19%

### Turnover Rate in 2007

		Maximum	Mean	Minimum	Percentile 25	Percentile 50	Percentile 75
Applicant Pool		90%	17%	0%	10%	15%	22%
Winners		29%	13%	5%	8%	10%	19%

## 2008 Top Small Workplaces Metrics and Practices

Take the self-assessment and see how your firm measures up

Metrics		
Organizational		
	TSW	Your firm
Average CEO Tenure	17 Years	
Average years in business	42 Years	
Average growth rate over the last two years	23%	
Average employee turnover rate	13%	
Average % open positions filled from within	25%	
Average employee tenure	6 Years	

Medical and Other Benefits		
	TSW	Your firm
Average percentage of premium paid for employee	89%	
Average percentage of premium paid for dependant	72%	
Average 401 K Match by employer	3.5%	
Average paid time off	26 Days/Year	
Average tuition reimbursement per employee	\$3500	

Exemplary Practice Checklist	
Developing Teams and Individuals	Check all that apply
We have a structured, meaningful orientation program	
We develop individual learning plans for all employees	
We offer a mentoring program for employees	
We use teamwork to achieve our business goals	
We provide recognition and rewards for team accomplishments	
We train supervisors and managers on how to provide constructive performance feedback to staff	
We offer a leadership training program for leaders and potential leaders	
We routinely ask for employee input via surveys, focus groups, etc	
Our leaders routinely communicate to employees about business issues	
Open Book Management/Performance Incentives	
We open up our books and share the financials with all employees	
We teach employees how to understand the company's financials and how the business makes money.	
We offer some kind of performance incentive that is linked to business outcomes (bonus, profit sharing, etc)	
Additional Benefits	
We offer some kind of wellness activity for employees	
We offer flexible work scheduling options for employees	
We offer benefits for part time employees	
We offer domestic partner benefits	

## Relevant Resources

There is a wealth of research and information detailing the bottom line impact an engaged workforce has upon business outcomes. The resources below outline the return on investment and important strategies critical to building a healthy, productive and committed workforce.

### 1. **Investing in Employee Satisfaction Brings Financial Returns**

Companies with high employee satisfaction generated returns of 14% a year, more than double the 6% return from a composite of the New York Stock Exchange, American Stock Exchange and Nasdaq during the study period.

Source: Knowledge@Wharton, January 2008.

### 2. **100 Best Outperform the S&P 500**

From the period of 1998 to 2006, the stock of the companies identified in FORTUNE Magazine's "100 Best Companies to Work for in America" list outperformed that of the Standard and Poor's 500 by over 230 percent.

Source: Russell Investment Group, 2007. Cited on Great Place to Work Institute, Inc.'s website. Accessed March 8, 2007.

### 3. **"Closing the Engagement Gap: A Road Map for Driving Superior Business Performance"**

Companies with highest percentage of engaged workers had:

- 19% increase in operating incomes
- 28% increase in earnings per share

Companies with the lowest employee engagement rates had:

- 33% decline in operating incomes
- 11% decline in earnings per share

Source: Towers Perrin Global Workforce Study, 2007-2008, [www.towersperrin.com](http://www.towersperrin.com)

### 4. **"Employee Engagement, A Review of Current Research and Its Implications"**

The non-profit Conference Board creates and disseminates knowledge about management and the marketplace to help business strengthen their performance and improve society. In 2006 it published a report that reviewed twelve major studies on employee engagement from 2003-05 including: Gallup, Towers Perrin and The Corporate Leadership Council.

From these studies, The Conference Board report identified a total of 26 factors that drive employee engagement. Out of those, at least four of the studies agreed upon eight of the same key drivers: trust and integrity; nature of the job; line of sight between employee and company performance; career growth opportunities; pride about the company; co-workers; employee development and relationship with one's manager.

Source: [www.conference-board.org/employeeengagement.htm](http://www.conference-board.org/employeeengagement.htm)

### 5. **BlessingWhite Employee Engagement Report, 2008**

Organizations trying to build competitive advantage through more engaged employees are often stymied by the challenges of engaging an entire workforce of individuals with unique values, interests and needs. For many, engagement remains a lofty goal instead of a core driver of market supremacy. This report reviews key findings gleaned from interviews with HR managers and front line leaders from around the world and shares strategies for delivering on the promises of employee engagement (employee retention strategy, employee motivation strategy).

Source: [www.blessingwhite.com/EEE\\_\\_report.asp](http://www.blessingwhite.com/EEE__report.asp)

**6. Gallup Study: Engaged Employees Inspire Company Innovation**

In this 2006 study, Gallup surveyed U.S. employees across industries and defined three categories of employees: Engaged, Not-Engaged and Actively Disengaged. Of all workers (18 years or older), about 20.6 million or roughly 15% were deemed to be “actively disengaged” from their work. Gallup estimates that the lower productivity of these disengaged workers cost the U.S. economy about \$328 billion.

Source: <http://gmj.gallup.com/content/24880/Gallup-Study-Engaged-Employees-Inspire-Company-Innovation.aspx>

**7. Playing to Win in a Global Economy - 2007/2008 Global Strategic Rewards Report and United States Findings**

The increasingly global market for talent makes it critical for companies to understand the factors that affect employee attraction and retention everywhere they do business. Organizations that do not balance financial imperatives and employee reward preferences risk losing their best talent. One of the key findings from the report was that highly engaged employees are more than twice as likely to be top performers than are other employees.

Source: [www.watsonwyatt.com/research/printable.asp?id=2007-US-0164](http://www.watsonwyatt.com/research/printable.asp?id=2007-US-0164)

**8. Since 1997, The Hay Group has partnered with FORTUNE Magazine to identify the World’s and America’s Most Admired Companies. Along with producing “The Most Admired” rankings, they also conduct follow up research each year to identify the business practices that make the Most Admired Companies great. Their research suggest that the” Most Admired Companies” actually pay about 5% less in base salaries of management and professional jobs than their peers. They are likely able to pay less for mid-level jobs because they have stronger programs in place to develop talent from within.**

Source: Hay Group Insight Connections, Volume 7, Issue No. 2, July 2008

# Background on the 2008 Top Small Workplaces Competition

## 2008 Top Small Workplaces Judges

**Colleen Barrett** is currently President Emeritus of Southwest Airlines Company.

**Dr. Peter Cappelli** is Director of the Center for Human Resources at the Wharton School of the University of Pennsylvania.

**Judith Cone** is Vice President of Emerging Strategies for the Kauffman Foundation.

**Diane Hessian** is President and CEO of Communispace Corporation and a 2005 Winning Workplaces Best Bosses award winner.

**Dr. Tom Kinnear** is a Professor of Entrepreneurial Studies and Professor of Marketing at the University of Michigan's Ross School of Business.

**Ken Lehman** is a Managing Partner of KKP Group, LLC, a family office for the Lehman Family Group, and Founder and Chairman of Winning Workplaces.

**Corey Rosen** co-founded the National Center for Employee Ownership (NCEO) and serves as its Executive Director.

**Paul Silvis** is the Founder, Inventor and former Head Coach of the Restek Corporation, a 2007 Top Small Workplaces' award winner.

### Background and Criteria of Top Small Workplaces

To qualify for the Top Small Workplaces competition, candidates need to be headquartered in North America, not exceed more than \$200 million in annual revenue, have fewer than 500 employees, and been in business at least five years.

All applications are evaluated first by readers affiliated with Winning Workplaces. This pool of applicants is then narrowed down to 35 finalists. Finalists are then further scrutinized thorough a series of due diligence interviews with randomly selected employees as well as customers and business advisors. A final panel of judges then selects the top 15 winners. Applications are scored according to criteria that included both metrics and qualitative information:

- Success in business, particularly growth in revenue and numbers of employees
- Employee tenure and turnover
- Investment in employees: benefits, training and leadership development
- Ability to develop and sustain a stable work culture characterized by a high level of employee engagement, commitment and innovation
- Employee participation in business decisions and in the rewards of financial success

Winners of the Top Small Workplaces competition are announced in *The Wall Street Journal* and honored at an annual national conference in Chicago.

### The content of this report came from the following sources

- The extensive Top Small Workplaces' application containing quantitative and qualitative information about firm ownership, benefits and workplace practices.
- Phone interviews with all the finalists firms including: a few randomly selected employees as well as customers and business advisors.

## Notes

## Winning Workplaces Products



### 2008 Top Small Workplaces DVD

Video interviews with leaders of the 15 Top Small Workplace winners of 2008 sharing their insight and philosophies around workplace culture and employee practices. Video includes clips from keynote speakers: Colleen Barrett, President Emeritus of Southwest Airlines, Alan Murray, Executive Editor of The Wall Street Journal and Trish Carter, CEO of Dancing Deer Baking Company.

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### Webinar - Live Session with Small Business Leaders

Hour-long, intimate online venues in which inspiring business leaders share their insights and strategies related to workplace culture and employee practices.

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### Tool Kits

Guides to developing workplace best practices and programs. Includes information on costs and implementation as well as the resources available to small business. Examples of tool kits include: Establishing a Scholarship Fund for Employees' Children; Setting up a Wellness Program; and Managing a Communication Forum with Employees.

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### Success Stories Pack

Evolving, searchable database of workplace practices - particularly those that have led firms with fewer than 100 employees to success. Over 100 companies browsable in one master document as well as in folders by industry.

For more information or to order, visit  
[www.winningworkplaces.org](http://www.winningworkplaces.org)



**Winning Workplaces helps small and midsize enterprises create great workplaces**

Winning Workplaces is a nonprofit founded by the Lehman family, former co-owners of Fel-Pro, Inc., an auto parts manufacturer known nationally for its innovative people practices. We focus on small and midsize organizations because they are the cornerstone of the American economy and are underserved. Our staff brings decades of experience in helping organizations develop effective strategies that maximize business performance.

**What We Offer**

- **An online clearinghouse:** Research, articles and information and a monthly e-newsletter at [winningworkplaces.org](http://winningworkplaces.org)
- **Expert and affordable training and consulting:** Workplace assessments/ diagnoses, team building, group facilitation
- **Webinars:** Exclusive monthly discussions with inspiring business leaders
- **Top Small Workplaces:** A national recognition project with *The Wall Street Journal*

**Contact us for a free half-hour consultation about your workplace  
(847) 328-9798 or [info@winningworkplaces.org](mailto:info@winningworkplaces.org)**