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Top Small Workplaces 2009

In a difficult economic year, these companies managed to keep their employees a priority

By KELLY K. SPORS

It's the kind of year that separates great small businesses from good ones.

For many companies, tough economic times inevitably end up pushing the work environment to the back burner. Benefits are slashed, innovative programs are dropped, employees get shut out of big decisions. Employees are lucky to have a job, many bosses figure. Anything extra is unaffordable.

But other companies view things differently. For them, a commitment to employees' well-being and development in times like these can pay off handsomely—both now and in the future. Companies with low turnover and high employee satisfaction and engagement are better positioned to save money and devise innovative ways to navigate the crisis. And they set up the company to do even better when the economy turns around.

For the third year in a row, The Wall Street Journal teamed up with Winning Workplaces, an Evanston, Ill., nonprofit that helps small and midsize companies create better work environments, to identify 15 small employers who have built some of the most exemplary, innovative workplaces.

Many of these winning employers faced tough times this year. Indeed, several laid off employees or cut benefits and pay. Even so, they didn't ditch their commitment to maintaining the best possible work environments. They used their strong people practices to fight the recession with empathy and open communication, and involved employees in cost-cutting and other key decisions. Many improved their hiring, professional development and retention practices so they could emerge from the downturn stronger.

So, what are these stellar small businesses, and what practices set them apart? Take a look.

ADVANCED TECHNOLOGY INSTITUTE

BUSINESS: R&D management nonprofit

BASED: North Charleston, S.C.

FOUNDED: 1998

EMPLOYEES: 54

2008 REVENUE: \$50.5 million

All employers aim to hire and keep talented people. But few focus on it as much as the Advanced Technology Institute.

The private nonprofit, which facilitates research programs between companies, universities and government agencies, sells itself as providing clients highly skilled, driven experts. President Rick Self decided ATI needed to do more to deliver on that promise.

In 2007, Mr. Self made the chief financial officer a "chief talent officer" to oversee recruitment and retention issues, and together they launched a rigorous talent-management program. The group revamped how it vets candidates and trains them for their jobs. Previously, job interviews lasted an hour or two. Now the process lasts at least four hours

and involves several interviews and a lunch with employees meant to gauge a candidate's technical and personal skills. The final interview with Mr. Self focuses on whether the job candidate fits into ATI's team-based culture. "We're trying to find out what makes someone both good and happy to be here and then we bake that into a set of structured interviews," he says.

Realizing that the best hires often come via referral, ATI also began offering \$500 bonuses to employees who refer somebody who's hired and stays at least six months. The bonus noticeably increased the number of referrals, Mr. Self says, including referrals of several employees' family members.

New hires undergo an intense two-week orientation that includes job training, using the internal knowledge-management system and lessons on ATI's history and its culture.

Once employees are on board, ATI tries to give them a clear path to moving up in the organization—and now nearly 60% of all jobs are filled internally. The annual review process lays out competencies needed for a job; employees rate themselves in those areas before receiving ratings from their managers. Employees and their managers also lay out skills employees need to learn to move onto higher positions, along with concrete steps for how to achieve them.

Madeleine Fincher, a 26-year-old senior program assistant, started temping for ATI in 2006 and was hired as a managerial assistant. She has been promoted twice since, and credits ATI's strong internal training program. "I started out printing labels and now I'm interacting with government representatives and facilitating meetings with 250-plus people across the country," Ms. Fincher says.

ANALYTICAL GRAPHICS INC.

BUSINESS: Aerospace and defense software

BASED: Exton, Pa.

FOUNDED: 1989

EMPLOYEES: 263

2008 REVENUE: \$49.2 million

How do you figure out what perks will make your employees happier? Here's a trick: Listen to them. That's the approach taken by Analytical Graphics, an aerospace- and defense-software developer. Paul Graziani, chief executive, says he and his co-founders didn't have a strong vision when it came to formulating workplace practices or perks. But they let employees guide the way.

Several years ago, the company began offering snacks around the office and occasionally providing catered meals for meetings. The meals were so popular—partly because there are limited restaurant options in the area—that the company explored hiring a food-service company. Today, an on-site caterer prepares free breakfast, lunch and dinner for all employees on workdays. Families are welcome to stop by and eat, or employees can take meals home.

Some less expensive perks also do a lot to show the company appreciates its employees' hard work, Mr. Graziani says. About 10 years ago, the company began installing washers and dryers in its offices, after some younger employees said they had trouble finding time to do laundry. A dry-cleaning service also picks up and drops off clothes during the week.

The company solicits a lot of ideas from employees in annual surveys and quarterly town-hall meetings. Frequent communications among employees, Mr. Graziani says, also foster team spirit. Each Friday during an all-staff lunch meeting, the company hosts "Storytime," where employees from various departments talk about their projects and the work they're doing for clients. Storytime particularly helps employees who aren't software developers understand and feel energized about the work Analytical Graphics does for the military and government agencies such as NASA. After a space-shuttle launch, for instance, an engineer might explain to all employees how the company helped with the mission, using TV or video clips for illustration.

Jessica Warwick, a 31-year-old sales administrator, says the company is always soliciting feedback and encouraging employees from various departments to mingle and share information. Storytime, she says, is particularly useful to her because she better understands what the software developers do. "It makes everyone feel a little more compelled to contribute because you know your company is doing good," she says.

ANTHONY WILDER DESIGN/BUILD INC.

BUSINESS: Residential architecture and construction

BASED: Cabin John, Md.

FOUNDED: 1995

EMPLOYEES: 30

2008 REVENUE: \$7.7 million

Architectural and building firms were pounded by the housing collapse the past two years. But Anthony Wilder Design/Build, a home-remodeling firm in the Washington, D.C., area, managed to stay intact—even profitable—by teaching employees financial management.

Husband-and-wife founders Anthony and Elizabeth Wilder have shared company financials with employees for years. But while attending an industry conference in 2006, they learned about an open-book management strategy that aims to get employees to think and act like owners.

They hired a coach who helped them better educate and involve their employees in financial decisions. Employees were expected to understand how their work and their department's work affect the bottom line, and seek efficiencies on the job. The company also altered its bonus system so employees get a set portion of net quarterly profits, rather than bonuses based on individual performance. Before, "they didn't have a stake in the outcome," says Ms. Wilder, the company's president. "Now they can feel it, see it, quantify it."

In monthly companywide breakfast meetings, all employees discuss company finances. Employees are asked to speak up about what types of issues they're facing on the job and brainstorm ways to save or generate more revenue. Ideas enacted in recent months have ranged from cutting text-messaging service on company cellphones to taking on smaller-scale remodeling projects.

Last fall, when the economy got really bad, senior managers asked employees to take pay cuts. Most took cuts of 20% to 30%, while the Wilders took 50%. Having employees fully understand the financial situation—and seeing the founders make a bigger sacrifice—helped garner support for the cuts, Ms. Wilder says. In April, the company gave out back pay for the months since the cut; down the road, the company hopes to give out back pay for the time since April. What's more, the company has laid off only two employees since the downturn began, and Ms. Wilder says she hopes to offer them their jobs back someday.

Britt Cave, the 44-year-old production assistant manager, says he has taken it upon himself to not keep so many home-repair supplies in stock and to try to cut gas spending. He adds: "It's not because somebody is cracking the whip, but it's because everyone is aware that this affects the bottom line and their own income."

BAILARD INC.

BUSINESS: Private investment firm

BASED: Foster City, Calif.

FOUNDED: 1969

EMPLOYEES: 49

2008 REVENUE: \$16.2 million

With workers today changing jobs all the time, companies seek ways to keep top performers. Very few retain employees as successfully as Bailard, a San Francisco Bay-area investment firm. The company boasts an average employee tenure of 13 years—the longest of any of this year's Top Small Workplaces winners. One reason, says co-founder and Chairman Tom Bailard, is the firm's "high trust" culture and strong belief in employee development.

A key ingredient of Bailard's success: open communications. Offices don't have doors, as a way to encourage conversations between employees and deter secrecy. Every Monday morning, the staff gathers for the "9:05," a meeting where they discuss company news, investment markets and internal projects, and introduce new employees.

Even salaries are no secret. Any employee can find out other employees' salaries by asking the chief financial officer.

All this transparency stifles the office politics plaguing so many workplaces and keeps managers accountable. "As a manager, if you know that your compensation decisions are essentially going to be public, you have to have pretty strong conviction about any decision you make," Mr. Bailard says.

Open communications also facilitates internal development. Junior staffers are encouraged to bring up new ideas, ask senior staffers questions and pursue projects in areas of the company that interest them.

Matt Johnson, 31, started as an entry-level investment associate in 2001 and now is vice president of Bailard's health-care investments. As a young worker at the firm, Mr. Johnson says he got to work with clients, putting together investment reports, and deal with "pretty much every department." He realized he enjoyed investment research, and started forging relationships and seeking project work in that area of the firm.

"Here you get to wear all the hats," he adds. "It's very entrepreneurial, so you really feel like you have a hand in the day-to-day operation."

BARFIELD, MURPHY, SHANK & SMITH PC

BUSINESS: Public accounting

BASED: Birmingham, Ala.

FOUNDED: 1991

EMPLOYEES: 110

2008 REVENUE: \$13.3 million

Lots of companies toss around the term "work-life balance." But few walk the walk as much as Barfield, Murphy, Shank & Smith.

The company goes to great lengths to accommodate employees' personal needs and has allowed several employees to work remotely when their spouses got jobs in other cities or states. Employees can also scale back weekly hours for personal reasons and are encouraged to attend family or school events if they occur during the workday. The benefit to the company: Employees rarely leave, so the company pays little to recruit and train new workers, says Don Murphy, managing partner and co-founder. Turnover was about 2% to 3% annually the past five years.

Jaclyn Collins, a 32-year-old tax manager who has worked at BMSS for nine years, started working full time from home in 2008 when her husband got a job outside of Birmingham. The company even paid for her virtual office, including fax machine, printer and various other supplies. When she had her first child a few years ago, she asked to scale back to a 32-hour workweek. Her boss agreed "without hesitation," she says.

"The most advantageous thing that they offer for employees is being able to adapt to individual needs," she says. "A lot of workplaces I think have the idea that one thing will work for everyone."

Other work-life perks: From April 15 to Labor Day, employees get alternate Fridays off with pay. Every 10 years of employment, they get a four-week paid sabbatical. Even during busy tax season—when accountants work long hours and sometimes weekends—the company tries to make personal life easier. It has a professional valet on staff to run personal errands for employees, such as handling store returns. A dry-cleaning service stops by twice a week to pick up and drop off clothes. And the company sometimes brings in sitters to watch the kids.

CENSEO CONSULTING GROUP

BUSINESS: Strategy and operations consulting

BASED: Washington, D.C.

FOUNDED: 2003

EMPLOYEES: 45

2008 REVENUE: \$9.9 million

Consulting firms have a reputation for burning out their consultants with long hours and little variety. Censeo Consulting Group is trying to change that.

Founder and Chief Executive Raj Sharma says he tries to give his employees a well-rounded role in the organization. Every Censeo consultant sits on a team that guides a strategic initiative. One team, for instance, plans marketing efforts while another coordinates the company's community service and philanthropic activities.

This model, Mr. Sharma says, builds teamwork, allows the consultants to utilize talents and interests they may not otherwise tap in their daily consulting work and keeps them invested in the business's well-being.

Censeo also takes an unconventional approach to client work. Most Censeo consultants spend less than 20% of their time at client sites and instead talk regularly with them over the phone and via Web conferencing. That model allows Censeo to offer consultants a better work-life balance; most of them work primarily from home. Some even work outside Washington, D.C., even though many clients are based there. The emphasis on good people practices and work-life balance has helped the firm recruit many experienced consultants from other firms and top business schools. It also saves clients money, since they traditionally pay for consultants' travel costs.

"I'm not just sitting at a client site for the sake of showing [my] face," says Anjali Kampschulte, a 32-year-old senior consultant who primarily works from home in New York. Ms. Kampschulte says she gets to spend far more time with her husband than she did in previous consulting jobs. "It's definitely positively impacted my life."

Top Small Workplaces judges were also impressed with the company's ethics. Censeo dismissed a big client after a consultant was verbally abused by an employee during a meeting. "That to me is moral courage, because they're deciding between right and wrong," says judge Kevin Trapani, founder and president of Redwoods Group Inc.

HEAVY CONSTRUCTION SYSTEMS SPECIALISTS INC.

BUSINESS: Construction software

BASED: Sugar Land, Texas

FOUNDED: 1986

EMPLOYEES: 106

2008 REVENUE: \$19.3 million

Talented job seekers—particularly younger ones—don't just look for good pay. They increasingly look for employers that care for them both personally and professionally.

Heavy Construction Systems Specialists, a Houston-area software developer better known as HCSS, tries to answer that need with a robust wellness program. Its newly opened Sugar Land, Texas, headquarters includes a one-third-mile crushed-granite jogging trail, exercise room, game room, gym with a basketball court and putting green. The company also pays fitness and wellness trainers to counsel employees on nutrition and exercise and offers on-site yoga, pilates and exercise classes—as well as Nintendo Wii game systems to borrow and take home.

Each year, all employees are eligible to receive \$100 for each good result in an annual health screening, such as good cholesterol levels, not smoking and moderate body-mass index. HCSS recently contracted with a company that will provide employees doctor consultations over the Internet from its offices.

"I feel like the company really walks the talk, not just talks the talk," says Sonia Byrd, 35, administrative assistant for HCSS. Ms. Byrd says she regularly uses the on-site gym and takes classes and says she's now better able to squeeze workouts into her busy day.

The wellness initiative seems to be a win for both employees and the company, says founder and Chief Executive Mike Rydin. The company-paid annual health-insurance premiums fell to \$2,318 per employee in 2008, from \$2,950 in 2004. The company credits this to its vast wellness program and to its introduction of a high-deductible health plan coupled with health-reimbursement accounts—to which the company contributes \$1,000 to \$3,000 annually for employee and dependent out-of-pocket health expenses.

Beyond wellness, HCSS occasionally brings in experts to teach employees important life skills, such as personal finance and public speaking.

Despite all the benefits, HCSS doesn't skimp on compensation. The company has an employee stock-purchase plan—through which all employees own 30% of the company. It also shares profits with employees, and last year gave employees a profit-sharing contribution of cash and stock valued at 22% of their salary. The company holds weekly lunch meetings to communicate with employees, including going over financials.

"We're just trying to make the ideal life for our employees," adds Mr. Rydin.

MIKE'S CARWASH INC.

BUSINESS: Car wash

BASED: Indianapolis

FOUNDED: 1948

EMPLOYEES: 437 full-time equivalents (261 full-time, 352 part-time)

2008 REVENUE: \$55.1 million

Businesses face a conundrum when it comes to offering top-notch customer service: It's generally the lowest-paid, least experienced employees who are responsible for it.

Mike's Carwash, with 37 locations in Indiana and Ohio, has earned a reputation for stellar service by rigorously vetting even entry-level job candidates and then reducing turnover through heavy training and incentives. About two-thirds of the company's employees work part time.

"If there's anything we've learned the hard way, it's that turnover hurts profits and customer service," says Bill Dahm, chief executive and co-owner of the second-generation family business.

The company hires roughly one of every 100 applicants. All candidates are interviewed by at least two people and take two computerized tests: one gauging personality and one testing basic math skills. Managers seek candidates with strong social and reasoning skills, viewed as key to good customer service. The company also conducts drug testing and trains hiring managers to spot "red flags," Mr. Dahm says, such as a candidate with a history of bouncing from job to job.

Once hired, Mike's employees get many incentives to stay. The company offers tuition reimbursement of up to \$2,500 annually to everyone working at least 20 hours a week—a benefit about 100 employees claimed last year.

Amanda Heim, 21, who has worked at Mike's 4½ years as a part-time wash associate, says the company has reimbursed about \$2,000 of her tuition at Indiana University-Purdue University Indianapolis, where she is pursuing her nursing degree.

"They make it so easy for us to do both college and work," says Ms. Heim.

Mike's also shares profits with all employees, even the part-timers. Its "gain-sharing" program sets target labor costs at each car wash. Locations that beat those targets each month split the difference among all nonmanagerial employees there based on how many hours they work. Last year, Mike's gave out about \$569,000 in gain sharing, averaging about \$1.25 per hour extra per employee.

Front-line workers also earn points for providing strong customer service. Each month, staffers at each location can be named "associate of the month" and win prizes of \$25 or \$50.

The company spends a lot of time training employees on customer service: All Mike's employees are required to watch a weekly 10-minute video with updates on company news and customer-service practices and other on-the-job education.

Top Small Workplaces judges were impressed with Mike's commitment to its hiring and retention.

"This is not the kind of operation where you would expect good practices—it's where you expect the worst practices," says Peter Cappelli of the University of Pennsylvania. "And they are remarkably good."

RADIO FLYER INC.

BUSINESS: Toy products

BASED: Chicago

FOUNDED: 1917

EMPLOYEES: 110

2008 REVENUE: \$95.8 million

In 2004, Radio Flyer hit a speed bump: The decades-old family business decided it could no longer stay viable building its signature red wagons in the U.S. It closed its Chicago factory, laying off about half of its work force, and outsourced manufacturing to China.

"Emotionally, it was an incredibly difficult time for us," says Robert Pasin, chief executive and grandson of the company founder.

Mr. Pasin knew he needed to reinvent company culture. Inspired by a book on management, he set out to create a fun and energetic work environment where employees are very engaged in decision-making.

Today, Radio Flyer offers many activities and events for employees. Each summer, it hosts a Heritage Celebration that includes an all-staff party and the Radio Flyer Olympics, where employees compete in contests like tricycle races and doughnut eating. Radio Flyer has also created many employee-led teams and committees to oversee various facets of the workplace. The wellness committee, for instance, oversees initiatives to encourage healthy behaviors among employees. It devised a benefit where employees are reimbursed up to \$300 annually for activities such as running marathons or taking weight-loss counseling.

Earlier this year, some employees interested in environmental issues formed a committee that held a presentation on global warming and launched a campaign to get employees to reduce their carbon footprints both at home and work. They also recommended a new benefit where employees get paid 55 cents a mile to ride bikes to work, as part of the wellness-reimbursement plan.

Jeff Bricker, a 35-year-old senior industrial designer in Chicago who co-chairs the Eco-Flyers environmental committee, says Radio Flyer's emphasis on employee engagement allows workers to pursue their passions at work and feel invested in their jobs. "Everyone here takes real ownership in the workplace," he says.

The workplace efforts extend to Radio Flyer's office in China—led by Mr. Pasin's brother Paul—where it employs about 50 people who handle engineering, quality control and logistics. Top Small Workplaces judges were impressed that the company tries to keep benefits and employee-engagement initiatives consistent between the two offices as much as possible.

RAILROAD ASSOCIATES CORP.

BUSINESS: Railroad engineering and contracting

BASED: Hershey, Pa.

FOUNDED: 2000

EMPLOYEES: 33

2008 REVENUE: \$7.5 million

Michael and Jack Kennedy grew up working for their father's railroad contracting business. So, when the brothers started their own contracting firm—which repairs railways in several northeastern states—they weren't lost for ideas.

One of them: Reduce workplace bureaucracy and push decisions down to front-line employees. Rather than hire middle managers to field calls from job sites and make decisions, the brothers handle calls themselves and urge site workers whenever possible to solve problems on their own.

Not having that layer of middle management improves communications and employee accountability—and saves the company \$500,000 annually in salaries and other overhead costs, estimates Michael Kennedy.

But employees must be trained well enough to make decisions and take initiative. Railroad Associates—also known as Trac—provides a lot of on-the-job training to new employees, often through on-site mentoring and various courses. In addition, the company just rolled out an intranet system that employees can access via laptop to get information, including job budgets and scheduling information, to help them make better decisions.

Aligning employees financially with the company also creates an ownership mentality, Mr. Kennedy says. Trac provides an employee stock-ownership plan, through which nonmanagement employees own about 40% of company stock. Each year, employees are eligible for an individual bonus capped at 50% of their pay based on three things: customer feedback, safety records and whether they finished projects on time.

The Kennedy brothers also try to win employee commitment by treating workers like kin—which means offering great benefits and scheduling flexibility when they have family or school events to attend. For one thing, the company pays 100% of health-insurance costs for employees and their dependents.

Brian Hiltz, the 32-year-old truck driver for the company, recalls a couple of years ago when his young daughter needed back surgery in Philadelphia. Rather than dock his vacation or sick time, Michael Kennedy told him to take off all the time he needed. They'd decide how to compensate for missed work later on.

"He covered for me that entire week while I was off," Mr. Hiltz says. "How often is the president of the company going to jump in and run a tractor trailer for a week?"

ROOT LEARNING INC.

BUSINESS: Management consulting

BASED: Sylvania, Ohio

FOUNDED: 1987

EMPLOYEES: 95

2008 REVENUE: \$24.0 million

Some companies think teamwork comes from getting employees to think alike. Root Learning believes a big part of creating highly effective teams is embracing the individual.

The management consultancy, which creates tools to help clients improve their management practices, takes a variety of steps to get its own employees to explore their own strengths and talents and then demonstrate those at work.

Root's lobby displays a wall of caricature drawings of every employee. The drawings integrate images of each person's individual interests or talents—whether it's writing children's books, biking or solving crossword puzzles. The wall is meant to show to both Root employees and customers the uniqueness of every employee, says co-founder and Chief Executive Jim Haudan.

The thinking behind it, he says, is that learning everybody's skills and interests and seeing them as whole people breaks down stereotypes in the workplace and helps put those talents to use in new ways. Other employees recognize what people's skills are and can get them involved in projects in roles where it makes sense. "If we pigeonhole or just identify any of our people as a 'proofer' or an 'analyst,' it grossly limits what they're truly capable of," Mr. Haudan explains.

The company also pays for all employees to get 360-degree reviews that identify their strengths so they can better understand themselves. At the beginning of monthly company meetings, Root employees—or "Rootizens"—are asked to call out the achievements of another employee in the room, whether it was good handling of a customer or completing a big project.

David Whitney, the 24-year-old final-printing and production coordinator, says that the strengths analysis helped him better see what skills he brought to his job and what he could improve on. "They really want to see us grow," Mr. Whitney adds.

Individualism is even embraced in training. Each Root employee is given an annual personal-development budget ranging from \$500 to \$5,000 that can be used toward job-related training of their choosing. Some employees decide to use the money toward hiring a coach or taking classes. One account manager decided to take improvisational acting classes, hoping it will improve his ability to work with clients.

SKYLINE CONSTRUCTION INC.

BUSINESS: Commercial construction

BASED: San Francisco

FOUNDED: 1996

EMPLOYEES: 50

2008 REVENUE: \$101 million

In 2005, two of Skyline Construction's three founders left the company. Rather than find new owners, the shares were purchased by an employee stock-ownership plan that gives stock to employees each year in a qualified retirement account. That move helped usher in a major cultural shift, says remaining founder and now Chief Executive David Hayes. "It's been interesting to watch the evolution," he says. "The ownership culture has really been ingrained into our core here."

Today, the company is 100% employee-owned, and every employee gets shares. Mr. Hayes decided early on to allow unionized employees, such as carpenters and laborers, to participate in the plan even though some advisers tried to dissuade him; they feared the workers might try to bargain for bigger contributions to the plan, among other things. He felt it was important to have everyone, especially front-line workers, involved.

Mr. Hayes also tried to create a more inclusive, engaged environment by sharing financial information and regularly holding meetings to discuss workplace issues. Previously, most decisions were made top-down by the three owners and "then announced," he says.

Each fall, one employee from every department is selected to participate in a two-day retreat at a hotel where the company develops its strategic goals for the coming year. Mr. Hayes also urges employees to come forward with problems—and then brainstorm solutions collectively. In 2006, for instance, some project managers reported that they felt overworked and harried due to juggling duties. He called a dinner meeting with the project managers, and they ultimately decided to start taking on interns to help out.

The team spirit has helped the company stay cohesive in the recession. Skyline has laid off more than a dozen workers due to slow demand in the construction business. In a June meeting, Mr. Hayes asked his employees for ways to prevent further layoffs, and they volunteered to take pay cuts instead. The company cut employee pay up to 10%, but paid back half of the back pay in August.

Claudia Mahallati, a 28-year-old project accountant, says Mr. Hayes and other managers make her feel appreciated by asking for her input. Last year, she and other accountants expressed frustration with the accounts-payable process, which they felt was disorganized. They met with the controller and ultimately decided to set up a collective email account for accounts payable, instead of having customers correspond with individual employees. She adds: "It's little things sometimes, but they're always listening to you."

STEPPEWOLF THEATRE COMPANY

BUSINESS: Nonprofit professional theater

BASED: Chicago

FOUNDED: 1975

EMPLOYEES: 151 full-time equivalents (77 full-time, 340 part-time)

2008 REVENUE: \$15.5 million

Professional theaters aren't known as stellar workplaces. People come and go, hours are long, and pay and benefits are meager. Steppenwolf Theatre Company, on the contrary, gives its employee practices a lead role.

The Chicago theater, artistically led by an ensemble of 42 members including co-founder Gary Sinese and John Malkovich, puts unusual emphasis on creating a healthy work environment and satisfying both its full-time and part-time employees. At many theaters, says Executive Director David Hawkanson, the actors and other personnel actively involved in running shows have a louder voice in the workplace, largely because they're represented by outside unions. Nonunion workers can feel shafted.

When Mr. Hawkanson arrived at the theater five years ago, morale was very low and some nonunionized employees were trying to organize. The union vote failed, but Mr. Hawkanson realized changes needed to be made. He works hard to give equal voice to all employees, unionized or not, and provide comparable benefits. One employee from each department of the theater sits on Steppenwolf's 12-member employee-relations committee, which meets quarterly with management to discuss workplace practices and benefits. Notes of the meetings are shared with all employees on the theater's intranet.

Under Mr. Hawkanson's direction, Steppenwolf also greatly stepped up its benefits: In 2005, it began offering a 401(k) plan that matches dollar for dollar full-time and part-time employees' 401(k) contributions up to 4% of pay. Many theaters don't offer a 401(k) match at all—and especially not to part-timers. The company also covers 90% of employees' health-insurance premiums and is soon rolling out a low-cost group health plan for its many part-timers that will cost them about \$60 a month.

Master properties artisan Charles Moser, 40, says Steppenwolf's workplace morale and benefits have improved "dramatically" since he started working there in 2001. "It just tells me that they value the people now over clear-cut

economics," he says.

Steppenwolf also shines for its professional development of young and aspiring theater administrators and technical production workers. It takes on about 36 interns and apprentices annually and offers highly regarded fellowship programs for aspiring African-American arts administrators. The theater works to give its younger staff and interns exposure to all aspects of theater work. For instance, one theater management apprentice was asked this year to revamp the theater's volunteer program.

TOHONO O'ODHAM NURSING CARE AUTHORITY

BUSINESS: Nursing home and hospice care

BASED: Sells, Ariz.

FOUNDED: 1998

EMPLOYEES: 137

2008 REVENUE: \$9.6 million

In the late 1990s, the Tohono O'odham Nation—a Native American tribe with reservation lands in southwest Arizona—decided to build a nursing home and a hospice-care program to care for tribal elders. Before that, tribal members who needed long-term care were usually moved off the reservation to cities, sometimes hours away.

"They wanted to design an environment that was homelike to the residents and at the same time supportive and motivating to the tribal members who would work there," says Lee Olitzky, executive administrator.

The tribe formed a governing board, the Tohono O'odham Nursing Care Authority, to oversee the programs' development and standards. The board aims to hire as many tribal members as possible, even ones who have left the reservation. It advertises via word of mouth and in newspapers and magazines in cities like Phoenix and Tucson where many tribal members have moved. Today, about 75% of the nursing-home and hospice-care employees are Tohono O'odham members.

The board pays for tuition for employees who want to pursue degrees in nursing, nutrition and other trades needed for the programs. What's more, employees have access to subsidized apartments on the reservation and low-cost meals from the nursing facility's dining room, Mr. Olitzky adds.

The nursing home also tries to teach all employees about Tohono tradition. It offers lessons on the native language—since some residents don't speak English—and hosts cultural events at the home for both residents and employees.

The investment in training employees has helped garner the Tohono O'odham Nursing Care Authority rave reviews: The Centers for Medicare and Medicaid Services gave the nursing home its highest rating. And, last year, Harvard University's Project on American Indian Economic Development presented the facility with its Honoring Nations award.

Paula Gagen, 52, came to work for the Tohono nursing home last year and pays \$450 a month to rent a three-bedroom subsidized apartment on the reservation. Ms. Gagen, director of social services for the nursing facility, says the home has already paid for her to attend conferences in Phoenix, Tucson and San Francisco. Though she's not a tribal member, Ms. Gagen says managers make her feel appreciated and like family. "They're always helping you grow," she says.

WOODMEISTER MASTER BUILDERS INC.

BUSINESS: High-end residential construction

BASED: Holden, Mass.

FOUNDED: 1980

EMPLOYEES: 173

2008 REVENUE: \$57.9 million

Like many family-owned businesses, Woodmeister Master Builders faced a problem: Many employees assumed the construction company's top positions would eventually go to founder Ted Goodnow's three kids—leaving others little opportunity. Mr. Goodnow wanted to assure employees that he will promote people based on talent and ambition, not birthright. So, in 2003 the company launched an intense leadership-training initiative to assess the leadership abilities

of rising stars in the business and help employees become better leaders.

"Our biggest initiative is to build a professionally led company," says Mr. Goodnow, who officially calls himself chief eternal optimist instead of chief executive. He adds, "We're not going to have this company run by our kids unless they decide they want to be actively involved and [our employees] think they are good leaders."

Woodmeister spends about \$60,000 annually—or \$6,000 a participant—to put 10 employees from all levels and areas of the company through its Next Level Leadership program. Participants are nominated by other employees or themselves and are selected by the company president and a leadership committee. Every two weeks, they meet one on one with a leadership coach on topics such as goal setting, communications and self-awareness. Once a month, all participants meet together to discuss progress on their leadership goals.

Mr. Goodnow says the plan allows senior management to identify employees with the talent and desire to move up in the organization and helps maintain a strong culture. Even for those who never move up, the training provides more self-awareness and leadership skills. Some participants realize they aren't cut out for management or don't particularly like leading other people.

Teaching leadership skills to all sorts of employees also helps the company's reputation for having professional, well-trained workers who are better able to make decisions and deal with customers, Mr. Goodnow adds.

Paul Gould, a 42-year-old engineering manager who has worked at Woodmeister for almost 20 years, says taking the leadership program a few years ago made him realize other employees felt he'd make a strong manager. So, he eventually accepted a leadership job.

Mr. Gould adds: Before that, "I was someone who was very uncomfortable with myself and giving direction."

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