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Small Biz

The Best Small Companies to Work For in America

What these outfits are doing right—such as communicating with employees, and offering flex time—and what small businesses can learn from them.

At the end of June, research and consulting firm [The Great Place to Work Institute \(GPWI\)](#), in partnership with [The Society for Human Resource Management](#), a human resource management trade organization, released its third annual "The Best Small and Medium Companies to Work For in America" rankings. Wisconsin-based Badger Mining won top honors in the small-size company category, beating 136 other small companies that qualified to participate.

The companies that made the top 25 got high marks for having low turnover rates, providing employee development training, and being flexible with time off. This year's 50 best, which includes 25 small (50 to 250 employees) and 25 midsize (251 to 999 employees) companies, have an average turnover rate of 11% and offer an average of 41 hours of training each year to employees. They also give employees an average of 28 paid days off after one year of employment.

The methodology behind the rankings relies mainly on anonymous employee responses to surveys. Participating companies are largely self-nominated and pay a fee to enter the running. This year, 271 companies applied, up 75% from the first ranking in 2004. The top 10 small companies follow:

1) Badger Mining
174 employees
www.badgerminingcorp.com
Industry: Mining and Quarrying
Ownership: Private
State: Wisconsin

4) Insomniac Games
133 employees
www.insomniacgames.com
Industry: Media
Ownership: Private
State: California

2) Pacific Service Credit Union
83 employees
www.pacificservice.org
Industry: Financial Services & Insurance—
Banking/Credit Services
Ownership: Nonprofit
State: California

5) Northeast Delta Dental
158 employees
www.nedelta.com
Industry: Financial Services & Insurance—Health
Insurance
Ownership: Nonprofit
State: New Hampshire

3) The RightThing Inc.
47 employees
www.rightthinginc.com
Industry: Professional Services—Staffing &
Recruitment
Ownership: Private
State: Ohio

6) McMurry
90 employees
www.mcmurry.com
Industry: Advertising & Marketing
Ownership: Private
State: Arizona

7) Dixon Schwabl Advertising
52 employees
www.dixonschwabl.com
Industry: Advertising & Marketing
Ownership: Private
State: New York

9) Bridge Worldwide
110 employees
www.bridgeworldwide.com
Industry: Advertising & Marketing—Advertising
Ownership: Private
State: Ohio

8) Professional Placement Resources
81 employees
www.pprhealthcare.com
Industry: Professional Services—Staffing & Recruitment
Ownership: Private
State: Florida

10) Johnston McLamb
109 employees
www.johnstonmclamb.com
Industry: Information Technology
Ownership: Private
State: Virginia

—Data: [The Great Place to Work Institute](#)

RÉSUMÉ MAGNETS. The best of the best small companies' turnover rates are impressive. Badger Mining has a 4% turnover rate and no limit to paid time off. The RightThing Inc., an HR staffing outsourcing firm based in Findlay, Ohio, that ranked third on the list, has only lost one employee since opening in early 2003.

Low turnover is just one benefit to creating a great work environment. Great customer service is another natural byproduct, says Tom Raffio, chief executive officer of Northeast Delta Dental, the fifth-ranked company on the list. "Having motivated, challenged employees who feel like they're making a difference generates a great external service," he says.

Word spreads fast, too. Companies that make the list report an influx of applications and resumes from highly qualified individuals seeking an employee-friendly workplace. "We have a few openings every year and get inundated with great potential employees that want to work here," says Raffio.

BusinessWeek.com spoke with four of the winners to find out what these companies are doing right, and what other small companies can learn from them.

COMMUNICATION CRUCIAL. Though important, pay packages and benefits aren't the only thing on employees' minds. In fact, the rankings found compensation often takes a back seat to practices like regularly briefing employees on the firm's financials and its competitive positioning. Another common theme is not skimping on the small stuff, like a catered Christmas party, and stocking the kitchen with good food for workers. Of course, low-cost health-care and retirement-savings plans are sure ways to employee loyalty.

Trumping any individual perk or benefit, communication is often touted as the most important factor to both employees and executives. For example, each of the companies that spoke with BusinessWeek.com shares their financials with all employees, normally in a regular all-staff meeting where questions are encouraged. And most share major company initiatives with all employees before going public with their plans. "All of these companies have amazing formal communications," says Lisa Ratner, senior project manager with the best-companies team at GPWI.

At many of the ranked companies, leadership and employees have worked together to create a mission statement and a set of core values. Having a clear and tangible mission is the cornerstone of a great company, says John Horky, one of the principals of Kahler Slater, a Milwaukee-based design firm with 140 employees that has made the list three years in a row. "It's a living document that we refer to and use in all of our decision making. It's real, not just a laminated poster in a conference room," he says.

IN FAVOR OF FLEX TIME. Surprisingly, great companies to work for aren't for everyone. "Some people are so used to being told what to do and how to do it that they cannot function in a work situation where they make their own schedules and workday," says Beth Nighbor, the vice-president of human resources at Badger Mining. So a savvy HR department is essential as well, because finding people that fit with the culture is one key to maintaining it.

Another hallmark of a great work environment are flex-time benefits—the norm at all of the companies that

BusinessWeek.com spoke to. Travis Wages was attracted to The RightThing because he found the flexibility he needed to balance his personal life with work. Employees at the company submit their availability to a master schedule on a two-week cycle and only work those hours. Wages, who started out working part time, eventually left his day job to join the RightThing full time.

Besides just hiring and creating flexible time schedules, one of the most important and often overlooked aspects of making a great place to work is new-hire orientation. "The first few days for new employees are huge," says Connie Roy-Czyzowski, vice-president of human resources at Northeast Delta Dental. Roy-Czyzowski says one of her company's oldest traditions is introducing each new hire to every company employee. When Northeast discontinued the practice last year, longtime employees spoke up and demanded it be reinstated and institutionalized.

BENEFITING THE MISSION. Badger Mining starts its orientation even earlier. When they make an offer, human resources starts the communication process with the new hire and their family immediately. Before their first official day of work, employees tour their new office or work site, meet future team members, and sign up for benefits. Both Northeast Delta Dental and Badger Mining also organize a sit-down with the CEO, a required component of their new-employee orientation programs (see BusinessWeek.com, 4/19/06, "[Getting Personal With Your Staff](#)").

Regardless of the specific benefits offered, the best companies make the effort to tailor them to their company's mission. For instance, Northeast Delta Dental recently opened an on-site gym to impress upon its employees the importance of fitness and, as a health-care provider, to further stress the company's commitment to personal health. Badger Mining, part of a traditionally dangerous industry, instituted a free wellness program to maintain the health of its employees. The company doesn't just pay for the program, but also offers incentives in the form of gift cards to bookstores and online retailers to employees who participate. "Our concern is not the product that the people are producing, but the people that are producing the product," says Nighbor.

Often, a company will make improvements based on individual feedback. By participating in the survey, companies get the opportunity to see how their employees feel about their work environment, with the added benefit of anonymity. "We see it as an opportunity to measure whether we're living up to the vision that we put out there," says design firm Kahler Slater's Horky.

CONSULTING THROUGH CONTEST. Companies receive scores based on how employees responded to each of the study's 57 questions, as well as a way to see scores broken down by demographics, including by job type, gender, age, tenure, racial/ethnic identity, and work status. This allows companies to benchmark against all participating companies, even if they don't break the top 25.

The cost for a small company is about \$1,000 and about \$1,200 for midsize companies for what GPWI's Ratner calls about \$20,000 worth of consulting work.

When Horky got his company's survey results three years ago, he noticed that some employees weren't happy with some of their benefits. To address it, management put together a focused questionnaire to figure out what employees wanted and was able to act on three of the top five requests. "We try to act on what we learn. That's how we stay on the list," Horky says.

ALWAYS MORE TO DO. Keeping a workplace great is critical, especially as companies grow. Patagonia, which has had the reputation of being a great company to work for since it began almost 40 years ago, has figured out a winning formula. Even as it's grown from 360 employees in 1985 to more than 1,200 in 2006, "we've never wavered from our commitment to our mission statement and core values," says Mona Patel, vice-president of legal and human resources at Patagonia. "As we get more corporate, we're still anti-corporate because we make choices that are generous to employees."

Perhaps the most telling characteristic of companies that made the list is their unwillingness to rest on their laurels, especially as they become more financially successful. "I personally think that you can grow and still have a very rich environment for your staff, as long as you continue to do the same things," says Terry Terhark, president and founder of The RightThing.

Terhark says he plans to offer the same great benefits—like sharing 50% of profits with his employees—as his company continues to grow at a 250% to 300% yearly rate. "I believe that if you invest properly into staff, everything else falls into place, and I wouldn't tolerate cutting back on benefits," Terhark says. For

companies on the "Great Places to Work" list, creating a great environment for employees is a journey, not a destination.

By Jeffrey Gangemi