

2020

# BALDRIGE AWARD APPLICATION



**MESA**<sup>TM</sup>

CORROSION CONTROL+INTEGRITY

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# GLOSSARY

**6D:** strategy development process; also software tool

**Anode:** electrode through which current flows into a polarized electrical device

**(A), (D), (L), or (I):** Approach, Deployment, Learning, or Integration

**AOS:** Available on site

**ASAOS:** Additional segmentation available on site

**ASM:** American Society of Metals

**AST:** Aboveground Storage Tank

**BC:** (in figures) Best Competitor

**BD:** Business Development

**BOK:** Bank of Oklahoma

**CC:** Corrosion Control

**CCP:** Customer Complaint Process

**CP:** Cathodic Protection

**CRDP:** Customer Relationship Development Process

**CS:** Corrosion Solutions (former MESA team)

**CSS:** Customer Satisfaction Survey

**DOL:** Department of Labor

**DOT:** Department of Transportation

**EBITDA:** Earnings before interest, taxes, depreciation, and amortization

**EES/ESS:** Employee Engagement Survey/Employee Satisfaction Survey

**EPA:** Environmental Protection Agency

**FERC:** Federal Energy Regulation Commission

**GPTW:** Great Place to Work benchmark

**HDD:** Horizontal Directional Drilling

**Integrity:** One of our principles; could also reference “pipeline integrity,” a process for ensuring integrity of a pipeline system

**IRS:** Internal Revenue Service

**Job Progression:** workforce capability assessment tool

**Key Customer:** one that may significantly impact revenue

**(L), (T), (C), or (I):** Levels, Trends, Comparisons, Integration

**M:** Monthly

**Materials:** One of our two operating groups

**MAST:** MESA Aboveground Storage Tank Initiative

**MESAU:** a name for our training program; also what we call our software LMS that hosts training content

**NACE:** National Association of Corrosion Engineers

**NCR:** Non-Conformance Report

**NLINE:** proprietary software tool used for data analysis

**ONEMESA:** name we call our team

**OQ:** Operator Qualification

**OSHA:** Occupational SAFETY & Health Administration

**Q:** Quarterly

**QMS:** Quality Management System

**PHMSA:** Pipeline & Hazardous Materials SAFETY Administration

**PPE:** Personal Protective Equipment

**PSG:** Projects Services Group (former MESA team)

**RFQ/RFP:** Request for Quote/Request for Proposal

**SAFETY:** a word we capitalize because it’s so important!

**SDS:** SAFETY Data Sheet

**Services:** One of our two operating groups

**SHRM:** Society for Human Resource Management

**SL:** Senior Leader

**SLT:** Senior Leadership Team

**SPP:** Strategic Planning Process

**SS:** Support Services

**Super Customer:** customers that have a major impact on our revenue and work with both operating teams

**Sync:** scheduled strategic meetings

**SWOT:** Strength, Weakness, Opportunity, Threat

**TAP:** Threat Assessment Program

**VFO:** Vital Few Objectives

**VOC:** Voice of the Customer

**VCI or VpCI:** Vapor Phase Corrosion Inhibitor

**W:** Weekly

**WFP:** Workforce Planning Process

## ORGANIZATIONAL PROFILE

MESA was founded in 1979 and has always been privately owned and operated under the same ownership structure. In 2002, we submitted our first Baldrige application. At the time, we were a small regional company with about 50 employees, nearly all of whom were at our Tulsa, OK facility, and we had just over \$16 million in revenue. Eighteen years later, we find ourselves as the third largest company of our kind, forecasting \$100 million in revenue, with 260 employees and a national footprint including offices in ten states. Highlights of our progress reflect role model performance across a balanced set of indicators, including:

- ⇒ Building a **World-Class SAFETY** culture for the protection of people, property and the environment, driving improvements in our OSHA TRIR to an average of less than 1.0 over the past 6 years.
- ⇒ An **Exceptional Customer Experience** built on long-term relationships, allowing for Key Customer growth and average Key Customer retention exceeding 95% over the past 15 years.
- ⇒ **World-Class Performance** resulting in an on-time shipping rate exceeding 99% and being honored as one of the few 2-time recipients of the Baldrige Award.
- ⇒ A **Great Place to Work** for 260 team members, most of whom work within difficult conditions, yet nearly 80% tell us they are “highly engaged.” All share in success through a profit-sharing program that historically has resulted in individual cash distributions between 7% to 15% of annual compensation.
- ⇒ **Opportunistic Growth** at an annualized average rate of 10% in a mature market, despite four major recessionary cycles in the general economy and the energy industry, and a return on investment that beats all major competitors.

In 2002, we were a good organization operating in a “seat-of-our-pants” environment; today, we are a world-class organization systematically identifying, evaluating, and taking intelligent risks to grow and sustain our business. While we have matured and our business has changed over our 18-year Baldrige journey, what we are most proud of is what *hasn’t* changed: a focus on customers, employees, and a desire to get better as expressed through Vital Few Objectives (VFOs), which we first identified more than 20 years ago.

<b>BE</b>	Great Place to Work	Industry Leader in SAFETY	World-Class Leader in Performance
<b>DO</b>	Develop Highly Skilled Workforce	Deliver World-Class Customer Experience	Consistently Focus on Process Improvement
<b>HAVE</b>	85% Engagement	95% Customer Retention	\$110M @ 9% EBITDA
<b>VFOs</b>	Great Place to Work	World-Class SAFETY Exceptional Customer Experience	World-Class Performance Opportunistic Growth

### P.1-1 MESA’s Path (Vision) & Core Competencies

## P.1 Organizational Description

**P.1a(1) Product Offerings** MESA provides products and services to control or prevent corrosion and/or to maintain the structural integrity of assets, which are primarily steel pipelines, storage, and processing facilities supporting our nation’s energy infrastructure. Our products and services are mostly related to an electrochemical form of corrosion control called cathodic protection (CP) which is a set of technologies that has been widely used since the 1960s without significant change or innovation. Additionally, we perform data acquisition and analysis to identify and assess threats to the structural integrity of pipelines (which may or may not be corrosion-related) and we design and implement solutions to mitigate those threats. While there is an economic justification for customers to maintain their assets using our products and services, the primary driver is a body of regulations focused on maintaining the SAFETY of underground pipelines and ancillary structures, enforced by the Department of Transportation (DOT) through the Pipeline & Hazardous Materials SAFETY Administration (PHMSA). Our market offerings are generally categorized as “Materials” and “Services.”

**Materials** (42% of revenue): direct sales to end users, resellers and contractors (many of whom are direct competitors to our services operations); manufacturing and delivery occurs at the Tulsa, OK facility, supplemented by direct shipments to customers from suppliers; customer service and sales personnel work from Tulsa, Houston, TX, Huntington Beach, CA, Seattle, WA, Denver, CO, Pompton Plains, NJ, and Charleston, SC. This operation also provides materials that are a significant component of our Services operations.

**Services** (58% of revenue): we provide a set of service line solutions that generally fall within two broad market segments: 1) traditional cathodic protection and corrosion control solutions; 2) pipeline integrity solutions. Traditional CP and corrosion control solutions (2/3 of Services revenue) include field installation of CP systems for pipelines and above-ground storage tanks (AST), as well as a Vapor Phase Corrosion Inhibitor (VpCI) solution for ASTs and pipeline cased-crossings; project and operational management occurs in Tulsa, Oklahoma City, OK, Fort Worth, TX, Houston, Columbus, OH, Seattle, WA, Beal City, MI, and Pompton Plains, NJ; these locations serve as “home base” for the field-based employees and equipment that are mobilized to sites in teams of 2 to 4 people, with most projects lasting in a week or less (though a single mobilization may involve multiple

projects spanning 2-3 weeks, or a project may be more extensive and last several months).

Pipeline integrity solutions (1/3 of Services revenue) includes a combination of field data collection using industry standard survey techniques; data integration

and analysis of results; excavation of pipelines for direct inspection, remediation of pipeline integrity issues and/or installation of corrosion control systems. The size and scope of these projects are much larger than those for traditional CP and corrosion control, often spanning several months. Operations and project management is centralized in Michigan, although field-based employees are located throughout the U.S.

**P.1a(2) Mission, Vision, Values and Culture** Our Mission, Vision, and Values (MVV) are called something a little different around here – we call them “the Ps.” We have a **Purpose, Path, and Principles**, and that’s what we live by. Our Purpose (why we are here) is **to deliver SAFE, innovative solutions for the protection of people, property, and the planet.** Our Path (where we are headed) takes the form of a series of “BE, DO, HAVE” statements, illustrated in Figure P.1-1. MESA’s vital few objectives (VFOs) are the things at which we must excel in order to achieve our Purpose and Path, and have been the focus of our strategies and improvements dating back to our first strategic planning session in 1998 (with the exception of “SAFETY” in 2013). As such, we consider these to be our existing and needed core competencies, along with “**Developing Long-term Relationships**” which is vital in a small, mature industry like ours, and is woven through the other five CCs. Our Principles are the most important part: being **SAFE**, having **INTEGRITY**, **VALUING** people, working as a **TEAM**, supporting our **COMMUNITIES**, and having **FUN**.

The combination of Purpose, Path, Principles and VFOs define our culture, and influence how we do what we do. Additionally, the terms “ONEMESA” and “family-like” point to the fact that we view success as a single team working closely together, no matter how much we split up the pieces and parts in an organizational chart or how dispersed we become geographically. While we have grown much more systematic in our approaches over our Baldrige journey, our culture is still very much entrepreneurial in taking intelligent risks to pursue opportunities.

**P.1a(3) Workforce Profile** Our workforce is a non-union workforce made up of 260 people, working together in teams spread out across the country (P.1-2). Our team members work in three distinct environments, each with its own set of SAFETY risks/requirements, and nuances in terms of cultural characteristics and drivers of engagement. The largest segment of employees are **field-based**, working mostly in small crews of anywhere from 3 to 10 people. These employees travel away from home for extended periods of time, typically lasting 2 to 3 weeks, although our larger construction crews may be away from home for months at a time, and many travel tens of thousands of miles each year on

the public roadway (the most dangerous place they will be all day) driving large trucks and pieces of equipment. They work in often harsh conditions (heat, cold, etc.), in remote areas (e.g. a farmer’s field in west Texas) for up to 10+ hours a day and up to six days a week. There are multiple SAFETY hazards and requirements for this segment of our workforce, which commands the most focus of our SAFETY culture (throughout this application you will notice the capitalization of “SAFETY” – that’s by design! We’ve chosen to emphasize the word to make sure we drive home the importance to our teams.)

Another large segment of employees works in our **manufacturing** plant in Tulsa, with often physically demanding responsibilities, working with many raw materials that are, for lack of a better word, “dirty,” in an environment with significant SAFETY risks, including exposure to weather conditions, especially extreme heat in the summer. Finally, we have **office-based** employees, many of whom are located in Tulsa, although a significant portion are located across the country, performing sales, project management, administrative, and leadership/management functions.

Educational requirements for employees depend on position. Requirements for manufacturing include basic SAFETY training. Requirements for field positions include hands-on experience, as well as industry certification for some positions. Office-based employees may have educational requirements specific to their position (e.g. accounting, human resources, IT, etc.). When we started our Baldrige

Operational/Support Teams				
<b>Services</b>	<b>Materials</b>		<b>SS/Corp</b>	
67%	26%		7%	
Work Environment				
<b>Field</b>	<b>Office</b>		<b>Mfg</b>	
45%	43%		12%	
Tenure (in years)				
<b>0-5</b>	<b>5-10</b>	<b>10-15</b>	<b>15+</b>	
65%	21%	8%	6%	
Other Demographics				
<b>Male</b>	<b>Female</b>	<b>Exempt</b>	<b>Non-Ex.</b>	
85%	15%	29%	71%	
<b>White</b>	<b>Black</b>	<b>Am. Ind.</b>	<b>Hispanic</b>	<b>Other</b>
75%	10%	4%	7%	4%
<b>P.1-2 Workforce Profile</b>				

journey, the composition of our workforce was primarily manufacturing and office employees – the statistics above for Field and Manufacturing would have been reversed back then. For the past decade, the demand for field-based employees has grown as we have evolved into more of a services provider. These positions are difficult to fill and employees are difficult to keep due to the demands of the work. Communication and engagement with field-based employees is exponentially more difficult. The labor market for those qualified to perform this work is challenging in a market that sees fewer members of the younger generation joining. especially for positions requiring certification. Key drivers for employees in achieving our Purpose and Path are captured in our Principles and VFOs – most of our people want to be a part of an organization that treats them well and keeps them SAFE, that does good work and take care of customers, and is committed to improving. Competitive wages, benefits to support their health and wellness, and opportunities to advance and develop are also drivers of engagement for most employees. Nuances exist among the different work environments: field-based employees are protective of their time off at home; manufacturing and office-based employees tend to enjoy opportunities to have fun at the

facility. All appreciate being treated with respect and as valued members of a team working toward a common set of goals that is rewarded with a company-wide profit sharing plan where 25% of net pre-tax profits are distributed.

**P.1a(4) Assets** We operate out of a campus in Tulsa comprised of our manufacturing facilities, several storage buildings, two office buildings, and a space for equipment. We have several other office locations across the country. Although MESA does not own any of the buildings or property, the Tulsa campus and the Fort Worth, TX facility are owned by MESA’s shareholders. Our sole manufacturing facility is in Tulsa, and consists of custom-designed equipment specific to the products we sell. Our most significant outlay of capital over the past decade has been for vehicles and construction equipment, in which we currently have nearly \$20 million invested. We operate a nationwide fleet of vehicles, most of which are pickup trucks (1/2 ton to 1 ton), as well as larger 5-ton and semi-trucks for transporting material and other equipment. Our construction equipment includes four horizontal drilling and six vertical drilling rigs, along with peripheral equipment to support the drilling process; backhoes, trenchers, auger equipment and other earth handling equipment. We also own several pieces of equipment used for field data collection, and a proprietary software that we developed in 2010 at a cost of nearly \$1 million called N-Line, which is used for data integration, analysis, and reporting. Our primary servers are located in Tulsa, and are connected to additional servers, computers, and printers across our national footprint. We are, however, strategically transitioning to a cloud-based IT strategy. We utilize industry standard software, including the cloud-based Office 365 environment.



**P.1a(5) Regulatory**

**Environment** Our business is a heavily regulated one, be it SAFETY regulations, environment standards, drug/alcohol requirements, training certification, or other requirements. Pipeline Integrity Management and CP are required by government regulations for underground pipelines and natural gas distribution systems. Federal and state agencies have jurisdiction over pipeline operators, and MESA must comply with those requirements when working on a pipeline location. In addition to DOT and PHMSA noted earlier, regulations are enforced by EPA, FERC, and related state regulatory agencies. We adhere to OSHA standards for construction and manufacturing, including requirements for excavation, competent person, air monitoring, and more. Our field-based employees are OQ certified based on industry requirements according to job duties. All DOT employees are required to undergo appropriate drug/alcohol testing, as well as background testing. Additionally, MESA vehicle operators are required to operate according to DOT regulations. Our fleet management program is robust and comprehensive, and

our vehicle operators are well-versed in the applicable regulations. Our Tulsa facility works under environmental requirements for a stormwater permit and we regularly monitor compliance. MESA has contractor’s licenses in a multitude of states. We comply with requirements of worker’s compensation laws and tax reporting, and we fulfill applicable requirements of the IRS and DOL.

**P.1b(1) Organizational Structure** MESA is privately-owned by Terry and Pat May and is incorporated in Oklahoma. Terry is the President and is active in the business. Our organization is led by the Senior Leadership Team (SLT). As a privately-owned company, there is no active Board of Directors or Governance Board, per se. However, the SLT (which includes the President) meets monthly, quarterly, and annually to discuss issues of strategic importance to the organization.

**P.1b(2) Customers and Stakeholders** Our primary market is the energy industry (95%), with secondary markets including water and municipal. We operate nationwide and have Services teams that are able to mobilize to any area of the country to complete a project. Because of our central manufacturing location (Tulsa), we are able to produce and ship efficiently to all parts of the country. Our target customers are gas distribution companies, pipeline

transmission companies, terminal operators, production companies, and contractors; we focus mainly on underground steel assets (e.g. pipelines) and aboveground assets (e.g. storage tanks). Typically, we provide products and services directly to asset-owners, although we also sell a large portion of our materials to contractors, who are working for the owners of those same assets. Thus, some customers of Materials are actually our

competitors in Services. This makes it essential that MESA adhere to our Principles and follow our strategic plan to ensure that there are no ethical boundaries crossed.

We segment our customers (P.1-3) based on unique requirements and competitive environments and we spend most of our time in building relationships with those we consider to be “key” to our success. A so-called “Super Customer” has a major impact on our revenue and works with both operating teams. A Key Customer is one that may significantly impact revenue; these will vary among Materials and Services operations (3.2-2). A secondary customer segmentation is Customer Type (end user, contractor, re-seller), although that segmentation is more relevant for Materials than Services. Through VOC data, we have learned that Materials customers place a different priority on key requirements than do Services customers. Those are summarized in Figure P.1-4 along with requirements of our other major stakeholders.

**P.1b(3) Suppliers, Partners and Collaborators**

We segment our suppliers into vendors and service subcontractors. We categorize material vendors as “key, critical, and spec” and evaluate their performance monthly for on-time and accurate shipments. We stay in constant communication with them, including daily phone calls and email, and for those we consider to be “key” or “critical,” we review performance and capabilities with them at least annually in-person. Services subcontractors can also be critical to success on a project for our operational teams. Subcontractors are qualified through our subcontractor qualification process before they are allowed to work on-site. They are considered to be a part of the MESA crew from a customer’s perspective, and included in daily tailgate meetings and other two-way communications. Suppliers and subcontractors enhance our competitiveness and contribute to innovations through the products and services they provide, the level of performance for which they provide them, and the depth of relationship and partnership they have with MESA. Supply chain requirements for materials suppliers are accurate and on-time deliveries, product availability, and competitive pricing. Those for services subcontractors are SAFETY, project execution performance and competitive pricing. Although MESA views many of our customer and supplier relationships as having partner or collaborator characteristics, we do not maintain any formal relationships as such.

**P.2a(1) Competitive Position**

Due to the amount of regulatory requirements placed on our customers, there is a relatively stable market for the products and services we offer. We are the third largest company in our industry, but the only one that is privately-owned. Our largest, national competitors are subsidiaries of multi-billion dollar publicly-held corporations. In Materials, we are the second largest. The barriers to entry are such that there are only a handful of competitors that have a strong presence in a particular region. While price is a significant factor, service and quality are strong differentiators. In Services, we are the second largest for traditional CP and corrosion control, although the competitive landscape is much more dense since the barriers to entry are not as significant. Only MESA and Competitor A have a national footprint, but there are about a dozen others who have a strong presence in various regions of the country, and another dozen “mom and pop” type of operations. Price is a very significant factor in a customer’s buying decision, although SAFETY and the ability to meet various compliance requirements are creating a division in the landscape between bigger and smaller players. The pipeline integrity market is fragmented, as multiple

Customer Classification			
Super	Key	All Others	
40%	38%	22%	
Customer Types			
End-users	75%	Re-sellers	5%
Contractors	18%	Others	2%

**P.1-3 Key Market Segments (% of Revenue)**

Stakeholder	Requirements
Services Customer	SAFETY, Price, Quality, Service
Material Customer	Service, Quality, Price, SAFETY
Vendor	On-time payment, relationship, availability of orders
Subcontractor	SAFETY, on-time payment, relationship, availability of work
President	SAFETY, sustained profitable growth, employee engagement

**P.1-4 Key Stakeholder Requirements**

services can be included under this umbrella. The largest national competitor is four times the size of MESA’s operations devoted to these service lines, although we stand toe-to-toe in terms of performance. There are a plethora of other competitors who tend to specialize in a specific aspect of “pipeline integrity,” with just as much variation in terms of size and resources available. Budgetary constraints cause price to be an issue, but for this operation, performance and SAFETY can be strong differentiators.

**P.2a(2) Competitiveness Changes** The most significant shift in the market, which has worked as an advantage for MESA, is a trend for Key Customers to narrow their list of contractor options to a few qualified contractors, resulting in cost savings and efficiencies for the customer, and larger “bundles” of services offered to qualified contractors. There has been a fair amount of acquisition activity across the industry over the past decade. Customer acquisitions impact our key relationships as consolidations occur; competitor acquisitions are primarily associated with aging first-generation owners looking for succession options, with larger private-equity-backed investors buying historically privately owned competitors. Internalizing competencies such as HDD, vertical drilling, and vacuum excavation has significantly improved our competitive position. At the end of 2019, the most significant expansion of regulatory requirements in over a decade was released (“Mega Rule #1”), the first of several anticipated to be released over the next 3 to 5 years. These regulations greatly expand the breadth and depth of our customer’s requirements for pipeline integrity management. Those affected by the regulations generally have up to 14 years to comply with the majority of this first round of regulations. There is still a great deal of uncertainty in the industry for how to address the significantly expanded regulations, and MESA is engaging its customers in discovery of their plans and timetable for implementation.

**P.2a(3) Comparative Data** There is little publicly-available data about competitor financials or employee results from within the industry. Direct information about competitors tends to be anecdotal and obtained in informal conversations with customers and suppliers. However, because the industry is relatively small and we have a widespread communication network, we have a good understanding of our competitive position and market strengths. We obtain data from outside the industry to benchmark employee engagement, customer metrics, and financial performance. We mine annual corporate reports of our publicly held competitors as available.

**P.2b Strategic Context** Our key strategic advantages are our VFOs: World-class SAFETY, Exceptional Customer Service, World-Class Performance, being a Great Place to Work, and

Opportunistic Growth. Strategic Challenges are the Weaknesses and Threats identified in our SWOT analysis; the SWOT from our December 2019 planning meeting are highlighted in Figure P.2-1.

**P.2c Performance Improvement System** Since 2002, MESA has used the Baldrige Framework as the overarching element of the performance improvement system, and over that time it has evolved into the Leadership System illustrated in Figure P.2-2, representing a continuous PDCA cycle refined over nearly two decades. The primary mechanism for operationalizing the leadership system is the 6D Strategy Development & Execution System (2.1-1) supported by multiple, integrated processes described further in the body of the application as follows:

**Set Direction:** create clarity and focus by articulating why we exist (Purpose), how we behave (Principles), where we are headed (Path), what we do (Markets & Customers), how we succeed (Strategic Position & VFOs), and what is most important right now (Key Measures & Strategic Initiatives). The underlying processes include the SPP (2.1) and leadership communication methods (1.1b).

**Build Culture:** create an environment for success, high performance and long-term sustainability by developing, nurturing and maintaining an entrepreneurial culture that is principles-based, customer-focused, and results-driven.

Strengths	Weaknesses
Key Customer Relationships People – engagement, retention, competence Reputation/Brand/Name Recognition SAFETY and compliance	Revenue acquisition for pipeline integrity Cost control Consistent customer experience in Services Engaging field & remote employees
Opportunities	Threats
Northeast expansion Regulation expansion (Mega Rule) Linear anode manufacturing Services integration	Major SAFETY incident Loss of key customer Loss of key personnel Consolidation of customers Weather delaying ability to work
<b>P.2-1 SWOT – December 2019</b>	

Underlying processes include strategy implementation (2.2), leadership communication methods (1.1b), SL role modeling (1.1a), transparency & accountability (1.2a), standards of behavior / code of conduct (1.2b), workforce engagement (5.2b), rewards/benefits/services (5.1b), leadership development/succession (1.1c, 2.1a), risk management (1.2c).

**Align Systems:** implement strategy by designing and integrating workforce systems, operational systems, customer systems, and measurement systems to ensure that core competencies are developed or acquired, processes are designed, and resources are prioritized to achieve our Purpose, Path, and VFOs. Underlying processes include: strategy implementation (2.2); **workforce systems:** workforce capability & capacity (5.1a), workforce competency (5.2c); **operational systems:** key work / support process design & management (6.1a,b), supply network management (6.1c), operational effectiveness (6.2); **customer systems:** customer groups and market segments (3.1b), customer relationship development (3.2a); **measurement systems:** VOC methods (3.1a, 3.2b), key process data, info & measures (4.1a, 6.1b), VFO measures (4.1a, 2.2-2).

**Embed Learning:** purposefully and systematically incorporate data-driven opportunities to learn, improve, and innovate to ensure future success. Underlying processes include SPP (2.1), performance analysis & review (4.1b), performance improvement (4.1c), product & process improvement (6.1b), innovation management (6.1d), workforce & leader development (5.2b).



**P.2-2 MESA Leadership Model**



## CATEGORY 1— LEADERSHIP

**1.1a(1) How do leaders set vision & values? (A)** One of the primary elements of the MESA Leadership System (P.2-2) is to **Set Direction**, which ultimately is articulated in our Purpose, Principles, & Path. As described in 2.1a(1), during the “Decide What’s Important” phase of the SPP (2.1-1), MESA’s senior leaders annually review these guiding statements to ensure they are current, relevant, & clearly communicate why the organization exists (Purpose), what characteristics within our culture will serve to guide & govern our behavior as an organization (Principles), & the compelling future state that we expect to “Be, Do, & Have” as we achieve our strategic objectives & initiatives (Path). **How do senior leaders deploy the vision & values through your leadership system, to the workforce, to key suppliers & partners, & to customers & other stakeholders, as appropriate?** The Purpose, Path & Principles are operationalized & deployed to stakeholders through development & execution of the SPP, more fully described in Category 2. Specific communication tools used to deploy the guiding statements to the workforce, key suppliers/partners, & customers/stakeholders are summarized in Figure 1.1-1. **(L)** The effectiveness of approaches for setting, deploying, & role modeling our Principles is evaluated through the annual Employee Engagement Survey (5.2a(3)), the Supplier Satisfaction Survey (6.1c), & Voice of the Customer feedback (3.1a), resulting in multiple cycles of refinement over the past two decades. A recent example was to change the Principle of “Respect” to “Valuing People” to provide greater clarity about our expectations, holding ourselves to a higher standard in support of our diversity & inclusion efforts. **How do senior leaders’ personal actions reflect a commitment to those values? (A)(L)** What we call ONEMESA is a team focused on organizational success & sustainability, with the SLT leading the organization. A cycle of learning was the adoption of the Rules of Engagement for the SLT in 2017 (Figure 1.1-2) which emphasizes personal accountability & reinforces a team-based attitude. The expectation for senior leaders to be role models is evaluated through SLT bi-annual performance evaluations (see 1.2a(2)).

- Keep It Simple
  - WE, not ME
  - Manage the drama
  - Talk to each other
  - OWN it
  - Have each others’ back
- 1.1-2 Rules of Engagement**

Furthermore, two fundamental characteristics of our leadership system are “Accountability” & “Transparency,” which are supported by the 6D strategy development & execution processes (6D - see description in 2.1a(1)) & the systematic communication methods deployed by senior leaders (1.1-3)). As part of the 6D process, the SLT engages in regular “sync meetings.” Along with information sharing, plan updates, & result reviews, the SLT challenges each other with open & frank conversations about living our Principles. **(L)** One of these conversations at our December 2017 meeting resulted in a strategic initiative to raise the level of conversation throughout the organization about our principle of Respect, which then developed into an expectation going into 2018 to end each meeting with a “Principle Moment” to describe an application of one of our Principles.

**1.1a(2) How do leaders’ actions demonstrate commitment to legal & ethical behavior? (A)** At the foundation of our culture is our Principles, one of which is “Having Integrity: we will conduct our business honestly and ethically, while being a trustworthy partner to our stakeholders.” SLs are expected to model our Principles, as demonstrated through the approaches described in 1.1a. **(D)** SLT commitment is strengthened by decades of creating & building a culture where integrity is an expectation. Additional methods for promoting & ensuring ethical behavior are described in 1.2b (2). **How do senior leaders promote an organizational environment that requires it?** In building a principles-based culture, SLs deploy this commitment by establishing & committing to the Code of Conduct & Standards of Behavior, which are communicated during new employee onboarding, annual Town Hall meetings, employee performance reviews, & various communications throughout the year. **(D)** These approaches are well-deployed across all major stakeholder groups. **(L)** Systematic feedback occurs primarily through the Employee Engagement Survey, Supplier Satisfaction Survey, VOC methods & our open-door policy.

**1.1b How do leaders communicate & engage? (A)** In support of the Leadership System objectives (P.2c), Figure 1.1-1 & 1.1-3 summarize multiple methods used to communicate with & engage the workforce. In addition, SLs actively participate in VOC methods (3.1-1) to engage key customers, as most SLs have ongoing responsibilities related to customer relationship development (3.2-2). **How do they: encourage frank, two-way communication?** Many of these communication methods are designed to promote a culture of “Accountability” & “Transparency,” which encourage frank, two-way communication. **Communicate key decisions & needs for organizational change?** Honest, two-way dialogue through these communication methods supports the Leadership System to **Build Culture & Align Systems** when communicating key decisions & the need for organizational change, or to **Embed Learning** by discussing issues of organizational, team, and/or individual performance. **Take a direct role in motivating the workforce toward high performance & a customer & business focus?** Through the 6D process, the SLT has regular sync

Stakeholder	Deployment Mechanisms	
Workforce	Annual Town Hall 6D strategy execution SharePoint Signage Performance Reviews Recognition & Rewards	Onboarding Leadership messages Code of Conduct Standards of Behavior Social Media
Customers	VOC Methods CRDP	Proposals/Quotes Post-project/order follow up Online
Key Suppliers & Partners	Personal contact Online Annual Survey	POs Supplier Survey
Others	Owner involvement Annual Bank Meeting	

**1.1-1 Deployment of Purpose, Path & Principles**



Communication Technique	Frequency	Owner	Stakeholder	Purpose
Communicating to Leadership				
Strategic Plan Reviews	Quarterly	SLT	SLT	Strategic planning & progress review
6D Reports	Weekly	SLT	SLT & Team Leadership	Weekly sync updates & shout outs
Operational Review Emails	Monthly	Directors	SLT, Teams, Customers	Info on revenue, customers, projects, etc.
Communicating to Employees				
Town Hall events	Annually	SLT	ONEMESA	Review strategic plan, ask questions
Engagement Survey	Annually	Support Services	ONEMESA, SLT	Obtain feedback
Performance Reviews & JP	Bi-annually	All levels of leadership	ONEMESA, SLT	Info, recognition, provide feedback
Onboarding	As needed	Support Services	New team members	Share culture & Principles
SAFETY & Tailgate Meetings	Varies	All teams	ONEMESA, Customers	Share information & obtain feedback
Team Meetings	Weekly or Monthly	Directors	Materials & Support	Share information & goals
Facebook, LinkedIn, Wistia, Flickr	Ongoing	Support Services	ONEMESA	Share info, video, photos
Email newsletters	Weekly	Support Services	ONEMESA	Share news, SAFETY, recognition
SharePoint	Ongoing	Support Services	ONEMESA	Obtain/share information
Monthly Services Call	Monthly	Director	Services & Support	Share information
Communicating to Partners				
Subcontractor Agreements	As needed	Support Services	ONEMESA, Customers	Share expectations & information
Supplier updates & emails	Monthly	Purchasing	ONEMESA, Vendors	Share info related to performance
Customer Satisfaction Survey	Scheduled	President	ONEMESA, Customers	Obtain formal customer feedback
Website	Ongoing	Support Services	All stakeholders	Share information
Conferences	Ongoing	Sales, BD	Customers	Marketing & relationship building
Supplier Satisfaction	Annually	Purchasing team	Suppliers, Sales	Obtain feedback

### 1.1-3 Leadership Communication Methods

meetings & senior leaders meet with their teams in similarly scheduled meetings to share information & ensure a consistent message throughout the organization. During sync meetings, SLs take a direct role in motivating the organization toward high performance & a customer/business focus, with recognition & positive reinforcement woven throughout, supported by & aligned with rewards such as the profit sharing plan.

(D) SLT communication methods, VOC methods & the 6D process & sync meetings are well deployed across workforce & key customers, as appropriate. (L) The communication methods are evaluated for effectiveness annually through the Employee Engagement Survey & VOC feedback. An OFI we recognized, corroborated by our 2019 Baldrige feedback report, was to improve communication with field employees. Key initiatives in 2020 include: a requirement for all SLs and operational leaders to visit field projects at least quarterly; a monthly call to all field employees for communication of key results and initiative updates; regular care packages shipped to crews; and more. Projects designed to drive engagement are included in the 2020 strategic initiative to “Improve Workforce Engagement,” targeted primarily at field employees.

**1.1c(1) How do leaders create an environment for success? create an environment for the achievement of your mission?** (A) Since 1998, SLs have created an environment for success now & in the future through a disciplined approach to **Set Direction** through strategy

development & execution (2.1 & 2.2). This resulted in identification of Vital Few Objectives (VFOs), which (in addition to “long-term relationships”) have developed into core competencies for our organization (2.2-2), operationalized through our key work & support processes (6.1-1). To ensure long-term sustainability, a robust set of risk-management approaches are deployed to address our most significant threats (1.2-2, 1.2-3, & 1.2-4). **create & reinforce your organizational culture, & a culture that fosters customer & workforce engagement?** SLs engage the workforce to **Build Culture** through communication methods, role modeling expectations (1.1a), compensation, benefits & services (5.1-3 & 5.1-5), a positive environment (5.1-4 & 5.2-2), & workforce performance management processes (5.2-1). (D/I) This is operationalized through the Leadership System as we **Align Systems**, connecting strategy with key processes through the SPP where Vital Few Objectives create a focus on long-term Key Customer relationships in generating sustainable profitable growth, accomplished by providing an Exceptional Customer Experience, & World-Class levels of Performance & SAFETY, embedded in workforce, operational, customer, & measurement systems. **cultivate organizational agility, accountability, organizational & individual learning, innovation, & intelligent risk-taking?** Our Path articulates a compelling future vision for the organization, accomplished through VFOs that stretch & challenge us, requiring senior leaders to build an entrepreneurial culture that encourages **intelligent risk-taking** in an environment of

accountability & transparency, facilitated by the 6D planning system. A recent example includes our largest capital investment to date, when we acquired vertical drilling & vacuum excavation capability. **Organizational agility** is cultivated in the breadth & frequency of performance reviews (4.1b), & our ability to modify action plans (2.2b), supported by leader communication methods. Multiple processes support the Leadership System to **Embed Learning** leading to **organizational & individual learning**, to include the 6D process (“Step Back”), performance review & improvement (4.1b/c), product & process improvement (6.1b(3)), & workforce & leader development (5.2-3). **Participate in succession planning & the development of future organizational leaders?** (A) Succession planning & development of future leaders has always been a key process, but one that has become increasingly more important as we go through a generational shift from our founding generation to one that will carry the company forward. The Great Place to Work VFO (and related strategic initiatives) has created opportunities to hire & retain some of the best talent in the industry, including those with the leadership potential to support our success. The President & SLT meet annually to review key positions across the organization & identify potential successors, both for an immediate need & for a longer-term horizon, as well as any development needed for incumbent leaders to support succession planning. (D) Each Director evaluates the effectiveness of leaders within his or her team, identifying gaps, potential successors, & development opportunities. (L) Our considerable growth in recent years has highlighted the importance of leadership at all levels as a potential constraint to sustainable, profitable growth, which led to elevating leadership skills development as a strategic initiative in 2018.

**1.1c(2) How do leaders create a focus on action?** (A) MESA’s senior leaders create a focus on action through the 6D process (2.1-1). Through this system, senior leaders **Set Direction** articulated in the Purpose, Path, & Principles, as well as the VFOs & Strategic Initiatives to achieve our Purpose & Path. These are deployed through the communication methods highlighted in Figures 1.1-1 & 1.1-3. **How do senior leaders: create a focus on action that will improve the organization’s performance?** VFOs identified through the 6D process define the areas of focus for the organization. Each VFO is aligned with one or more key performance indicators to evaluate our effectiveness in achieving the VFO (2.2-2). Key processes (6.1-1) are designed, operated & evaluated to achieve these KPIs. Workforce performance management & compensation & benefits support this focus, to include a profit-sharing plan that distributes 25% of net profit to all employees based on the success of ONEMESA. **Identify needed actions?** Strategic Initiatives identified & developed through the 6D process represent the most important actions for improvement; individual improvement & development is highlighted in the workforce competency processes (5.2-1). **demonstrate personal accountability for the organization’s actions?** Personal accountability is accomplished through 6D, which includes monthly, quarterly & annual accountability mechanisms (4.1-1) that are transparent among the senior leadership team & their operational teams. Additional

methods are highlighted in Figure 1.2-1. (D) The approaches are fully deployed & have gone through multiple cycles of learning. (L) MESA implemented the 6D process in 2014 & has made several modifications & adjustments. In 2017, MESA upgraded to a cloud-based version. (I) 6D was initially deployed to the SLT and has since been adopted more widely.

**1.2a(1) How do you ensure responsible governance?** (A) As a small, family-owned business, the lines between “governance” & “leadership” are often blurred as MESA’s SLT also serves as our governance body; in that role, their objective is to ensure long-term sustainability of the organization. There is no Board of Directors. The primary mechanisms used to ensure responsible governance are the elements of “Accountability” & “Transparency” embedded in the leadership system, supported by leadership of the owner of the company (the President). There are multiple checks & balances that have evolved over time to ensure there is no gap between our words & actions. The 6D process provides framework & structure for strengthening the culture of accountability, transparency, teamwork, & integrity among the leadership teams. Additional mechanisms are summarized in Figure 1.2-1 and identify a varied mix of outside organizational review & assessment. (D) These methods have been fully deployed with multiple cycles of refinement since 1999. (L) As noted, the 6D process & software were implemented in 2014, which provided a greater degree of discipline & structure for monitoring the achievement of our strategic plan, fiscal accountability & transparency in operations. Additionally, in 2017, the SLT adopted a set of Rules of Engagement to strengthen the cohesiveness & transparency among senior leaders (1.1-2) (I) These mechanisms are integrated with communication & performance measurement. Identifying threats to sustainability occurs as part of strategy development. Such risks are highlighted in 1.2-2, along with mitigation strategies. In addition, risk mitigation is a key factor for ensuring success. MESA has systematic approaches for addressing the most significant risks identified as “Threats” in our annual SWOT analysis. (P.2-1) These include Business Continuity risks (1.2-2), Societal Risks (1.2-3) & Ethical Risks (1.2-4). Succession planning for senior leaders & other key positions occurs annually—see 1.1c(2). For the past 20 years, our focus has evolved from survival to success to sustainability. (7.5-14 through 7.5-18) The sophistication of our governance approach has evolved to address the complexities of scale & geography, providing the framework for sustainability learned from the Baldrige Criteria.



**1.2a(2) How do you evaluate senior leaders & your governance board?** (A) SLs are evaluated twice a year through the performance review process (5.2a(4)). (D) This applies to all SLs. **How do you use performance evaluations in determining executive compensation?** Performance reviews are used to adjust compensation of SLT members through the same annual merit increase process used for all employees, as well as to determine profit



sharing allocations to SLs. **How do your senior leaders & governance board use performance evaluations to advance development & improve effectiveness of leaders, as appropriate?** SLT reviews assess performance in three areas: 1) Leading MESA, including role modeling our Principles; 2) Leading Your Team, which is focused on the measurable VFOs; & 3) Leading Yourself, which evaluates personal and leadership development. Performance reviews are used to identify gaps that lead to improvement initiatives. As a governance board, SLT performance is evaluated through the 6D process that includes a quarterly Goal Statement Rating (see 7.5-19) to gauge how well MESA is accomplishing VFOs, & through the EES that provides feedback on the effectiveness of the leadership system. (L) The format of the SLT review has been through several cycles of learning, the most recent in 2017 to incorporate the SLT Rules of Engagement.

**1.2b(1) How do you address legal, regulatory, & community concerns?** (A) Identification & anticipation of public concerns & impacts on society for both current & future products, services, & operations are an integral part of the SWOT analysis & SPP. Information used as a basis for evaluation includes regulatory changes, training results, & current industry practices. If these concerns are significant, they are addressed through the development of strategic initiatives (see 2.2a(1)).

**How do you: address any adverse societal impacts of your products & operations?** The process of cathodic protection (CP) & other corrosion control (CC) techniques do not pose a risk to the public when properly designed & installed. MESA follows standard industry practices & provides training to personnel to ensure that systems are designed & installed properly. Protection of underground or submerged structures provides a benefit to society in maintaining the long-term integrity of structures such as pipelines & storage tanks. The result of MESA's operations, services, & products is a positive impact on the environment & increased public SAFETY. **anticipate public concerns with your future products & operations?** Risks to the public are protected by both state & federal-regulating bodies which impose parameters on the operation on MESA's customers. The products used in CC & pipeline integrity are non-hazardous to the public. **prepare for these impacts & concerns proactively?** The primary risks associated with MESA's operations are during installation & maintenance of CC systems & pipeline integrity construction services. The three primary risks are driving, excavation, & technical expertise (1.2-3). MESA addresses these risks by training, qualification, & certification of employees engaged in these

Key Factors	Methods
Accountability for SLT's actions (Internal)	Strategic Plan Strategy execution system Standards of Conduct Bi-annual Performance Reviews Employee Engagement Survey Rules of Engagement
Fiscal Accountability (External)	Annual CPA financial review/audit External tax return preparation Lending institution review Internal controls Open book management
Audit Independence (External)	ISO 9001 system audits Income, franchise, sales tax audits Anti-drug / alcohol programs Environmental reporting DOT driver / OQ audits
Stakeholder/ Stockholder Protection	Owner / President involved to protect personal interests Standards of Conduct Employee / Customer surveys Business Continuity Risk Mitigation Baldrige Award Process

**1.2-1 Organization Governance Processes**

activities, along with an ongoing focus & commitment to our SAFETY culture & individual development. **What are your key compliance processes, measures, & goals for meeting & surpassing regulatory & legal requirements, as appropriate?** Our key compliance processes are included in Figure 1.2-1. Measures & goals are provided in Figures 7.4-4 & 7.4-5. **What are your key processes, measures, & goals for addressing risks associated with your products & operations?** We are committed to having a World-Class SAFETY Culture to protect the personal SAFETY & health of the public & our employees, by meeting or exceeding regulatory requirements appropriate to our operations. Requirements are primarily associated with regulations from DOT

& OSHA. Key processes & measures are highlighted in Figures 7.1-1, 7.1-2, 7.1-18, 7.1-19, 7.4-4 & 7.4-5.

**1.2b(2) How do you promote & ensure ethical behavior?**

(A) MESA operates in a relatively small, mature market. Retention & growth of existing customer & vendor relationships are critical to the company's long-term success. MESA recognizes that our reputation is one of our most important assets in developing these critical relationships. Since 1979, our business practices have been based on a foundation of trust, honesty, & ethics. These characteristics are embedded in the leadership & culture of the organization. MESA communicates this philosophy to employees, customers, suppliers, & the public through our Principles statements, which reflect the ethical foundation demonstrated by our team. **What are your key processes & measures or indicators for promoting & ensuring ethical behavior in your governance structure; throughout your organization; & in interactions with your workforce, customers, partners, suppliers, & other stakeholders?** Integrity & ethical behavior are woven through our Purpose, Path, & Principles, as well as our Code of Conduct & Standards of Behavior. These guiding statements are reviewed for continued relevance during annual strategic planning meetings. A comprehensive set of listening mechanisms (1.1-3) assists in constantly monitoring the landscape with primary stakeholders & identifying any perceived or actual incidents where a lack of integrity or a breach of ethics may be possible. Ethical behavior is measured by incident occurrence & is monitored through an incident log maintained by the President. Ethical risk reduction processes are listed in Figure 1.2-4, with measures summarized in Figure 7.4-7. Bi-annual performance reviews encompass a demonstrated understanding of rules, policies, & culture, & provide a consistent forum for discussing expectations related to integrity & ethical behavior. They also provide coaching & development to managers so that leaders can demonstrate the standards & conduct that is expected from everyone. **How do you monitor & respond to breaches**

Event	Impact	Probability	Plan	Possibilities
Succession	High	High	Yes	T.May death/incapacitation/transition; loss of key employee
Disaster/Emergency	High	Moderate	Yes	Damage/loss/utility disruption in Tulsa; Regional emergencies
IT System	High	Moderate	Yes	Security breach; System crash; Data loss
Major Accident	High	Moderate	Yes	Plant/Field
Litigation	Moderate	Moderate	Yes	Accident related; Employment; Product liability
Workplace Violence	High	Low	Yes	Active shooter; bomb threat; hostile employee
Event	Impact	Probability	How Addressed	
Supply Chain Disruption	Moderate	Moderate	Maintain secondary sources	
Loss of Key Customer	Moderate	High	Customer Relationship Development Plan	
Customer Default	Moderate	Moderate	Credit Policy; Financial Plan	
Financial Reversal	High	Low	Financial Plan	
Major External Event	Moderate	Low	Manage debt, optimize resources, shorten info cycles	

### 1.2-2 Business Continuity Risk Mitigation

**of ethical behavior? (L)** As a result of our Respect Initiative in 2018, MESA’s employee hotline was retitled to the “Respect & Ethical Reporting Hotline” & communicated to employees. The President reviews questionable behavior or action when reported or observed. Unethical behavior & gaps in personal integrity will result in appropriate disciplinary action, up to termination.

**1.2c(1) How do you consider societal well-being & benefit? (A)** Our Purpose is to deliver innovative solutions to protect people, property, & the planet. The products & services we offer are designed to prevent deterioration of assets which typically hold & transport substances that can cause harm or environmental concerns. Prevention of corrosion is part of our customers’ overall integrity management system, designed to prevent pipeline SAFETY incidents that could have detrimental impact to people, property, & the planet.



Consequences of asset failure can be catastrophic & our business supports the prevention of these incidents. MESA also considers societal well-being through our societal risk reduction processes ( see 1.2-3). **How do you contribute to the well-being of your environmental, social, & economic systems?** MESA’s Purpose is operationalized as part of strategy & daily operations through SWOT analysis & implementation of key strategic objectives. A culture of quality & customer service contributes to the preservation of environmental, social, & economic systems by preventing corrosion failures of critical infrastructure. Our focus on SAFETY is imbedded in every process, from key work systems to technical work processes to ancillary processes like driving. Work processes are designed with SAFETY as a first priority, & processes like our 360-degree walkarounds are daily indications of our commitment to protecting the public & our employees. Our aim to protect the public & the environment through a focus on SAFETY & expertise of our people is evident in our process design & discipline. **(L)** A 2018 strategic initiative focused on emphasizing Respect, leading to the addition of ending our meetings with a Principle Moment. **(L)** A 2019 strategic initiative from our 2018 SPP is a Diversity/Inclusion initiative. Both of these demonstrate MESA’s commitment to improving our work environment & being a role model for other organizations.

**1.2c(2) How do you support & strengthen key communities?** Our support of key communities is grounded in one of our Principle statements: “Communities: we encourage support for our professional, local, & non-profit communities in order to leave this world a better place than we found it.” MESA actively supports & strengthens key communities through a defined process. **What are your key communities?** MESA defines its key communities as:

Type	Description	Probability	Impact	Risk Reduction
Driving	Traveling to projects	High	High	Pre-employment background check; CDL; SAFETY
Excavation	Backhoes & drill trucks	High	High	Training/OQ; Preventive maintenance; SAFETY
Technical Expertise	Defective design, defective installation, interference	Moderate	Moderate	Training; NACE Certification; Operator Qualification; In-Service Forms
Environment	Stormwater runoff, deep anode drilling, subcontractors	Moderate	Low	Training; Permitting; Installation process
Hazardous Materials	Epoxies, solvents	Low	Low	Training; Hazcom Program; Quantity Control; SDS

- ⇒ Our industry (corrosion control & pipeline integrity), including NACE
- ⇒ Baldrige & Oklahoma Quality
- ⇒ Local geographic communities
- ⇒ Causes connected to our team’s passions

### 1.2-3 Societal Risks of Products/Services (with Mitigation Methods)



**How do you identify them & determine areas for involvement?** MESA supports contributions made to these causes, including industry associations (NACE), the Baldrige & Oklahoma Quality communities, & local geographic communities. Deployment of key community support activities extends to all groups. **How do leaders, in concert with workforce, contribute to improving these communities?** Support of industry groups is a decision made by senior leaders with input from any other participant. Support includes both financial & personal commitment, as when an employee chairs a committee or authors a paper. Group volunteer activities associated with non-industry communities are primarily coordinated through the Tulsa headquarters, although many employees participate in various communities individually. We also match employee donations to any eligible group (using a defined set of parameters) & we financially support selected organizations in which an employee is personally invested & involved. For example, if a MESA employee is on the board of a charity & requests sponsorship, that request is reviewed using predetermined criteria to determine if sponsorship is available.

MESA’s return on investment is the recognition of leadership in local & professional communities, increased employee satisfaction, & enhanced communities. For example, the Support Services team started participating in quarterly volunteer events at a local food bank in 2017; employee engagement among that team increased significantly that same year. A summary of community support activities is provided in Figures 7.4-8 to 7.4-12.

**Industry Support:** The primary industry organization supported by MESA is NACE (National Association of Corrosion Engineers). MESA has supported NACE at local, regional, & national levels for over thirty-five years. We are a Platinum Corporate Member & provide additional financial support to the NACE Foundation (NACE’s non-profit arm), & by hosting classes & sponsoring teachers. MESA hosts five NACE certification classes annually at our Tulsa training facility. These classes are attended by employees of current & potential customers, but also employees of competitor organizations. We feel that increasing the technical knowledge of those in the industry outweighs any potential competitive disadvantage from training competitor employees, & through these courses we have seen over 600 students trained during the past fifteen years. Our employees provide leadership at local, regional, & national levels of

NACE, including five local sections. Two employees have served on the national Board of Directors, while two other employees have served in leadership roles at the national level. Several others have contributed to standards set by NACE, which tend to be incorporated as accepted industry practice by regulatory bodies. MESA employees have been recognized by NACE for their contributions, including the NACE Distinguished Organization Award, the Distinguished Service Award, & the R.A. Brannon Award, one of NACE International’s highest awards. MESA employees actively participate in a number of other NACE-affiliated educational programs, including the annual Appalachian Underground Corrosion Short Course & the Oklahoma University Underground Short Course. MESA was one of the founding supporters of the NACE Foundation, which was established as an educational outreach organization arising out of NACE International. MESA’s leadership & financial contributions led the effort to grow this organization from a startup group to a national resource with a mission to “excite & educate students & the public about corrosion science & engineering”. Outreach programs now reach both elementary & university-level students, through a combination of science camps co-sponsored by ASM International & annual scholarships to deserving students.

**Baldrige & Oklahoma Quality:** As a two-time recipient of the Baldrige Award, MESA has remained an advocate & major contributor to the success of the national Baldrige program & the state Baldrige-based Oklahoma Quality Award Foundation. MESA was one of the early contributors to the Baldrige Foundation when the Baldrige program lost its federal funding, committing \$100,000 to the program. MESA’s President served as a Board member of the Baldrige Foundation, helping to craft strategies to continue funding of the Baldrige Program.

**Cystic Fibrosis Foundation:** MESA became involved with CFF more than twenty-five years ago & remains one of our primary causes. MESA is a Premier Sponsor, contributing money & time through participation in fundraising activities & campaigns to help increase awareness & fight for a cure

Risk	Description	Risk Reduction	Listening	Measures
Team Members	Theft, harassment, kickbacks, illegal behavior, fraud	Employee Hiring Process; Onboarding; Communication methods; Training; Standards of Conduct; Insurance	Employee Engagement Survey; Town Hall Meetings; Bi-annual Performance Reviews; Open Door Policy; Exit interview process	Major incidents
Suppliers	Kickbacks, gifts, preferential treatment	References/referrals; Standards of Conduct; Communication methods	Supplier Satisfaction Survey; Personal contact	Major incidents
Customers	Kickbacks, preferential treatment, gifts	References/referrals; Standards of Conduct; Communication methods	VOC Mechanisms; Customer Relationship Development Process	Major incidents
Corporate	Fraud, non-compliance, software licensing	Standards of Conduct; Training; Regulatory Reporting	Open Door Policy; Bi-annual Performance Reviews; SLT 6D Review	Major incidents

**1.2-4 Ethical Risk Reduction Processes**

for this genetic disease. Two of MESA’s senior leaders have served as Vice-President & President of the Sooner Chapter, both receiving the Henry Zarrow Award for Leadership, demonstrating continued leadership over a sustained period. Other team members have contributed time & energy at events that support finding the cure to Cystic Fibrosis.

**Other Causes:** During the Christmas holiday season, MESA sponsors a selected Make-A-Wish recipient, engaging teams in raising funds to pay for the wish of our recipient. Exhibiting the Principle of “Fun,” various activities are scheduled to raise funds for the Make-A-Wish recipient, like a chili cook-off, T-shirt design & sale, & various spirited challenges. In 2017, 2018 and 2019, we met our fundraising goals & were able to send children with Cystic Fibrosis to either Disney World or a Disney cruise. MESA also matches employee charitable donations & may provide sponsorship to organizations with which an employee is personally involved.

## CATEGORY 2— STRATEGY

**2.1a(1) How do you conduct strategic planning? What are the key process steps?** (L) MESA’s strategic planning process (SPP) has been the driving force behind our growth & improvement since implementation in 1998. Through the SPP we have identified growth initiatives leading to an average annualized growth rate of 10% against the backdrop of four major recessionary cycles. Based on feedback from the 2012 Baldrige site visit, we became more disciplined in terms of managing action plans to completion. (L) In 2014, we adopted a methodology called “Six Disciplines of Excellence” (6D) as our SPP. It is a process that closely mirrored our existing SPP for strategy development, & helped us address opportunities for improvement identified in 2012. 6D is a strategic planning & execution methodology supported by software that has helped us become more aligned & systematic, along with an external coach who facilitates our planning & review meetings (4.1-1), which provides increased accountability & transparency. (A) The high level steps involved in the 6D process are summarized in Figure 2.1-1. It is an iterative process with weekly, monthly, quarterly, & annual cycles (4.1-1). The annual cycle establishes current year focus, with quarterly updates & monthly reviews, as well as weekly execution & accountability. The *planning* steps are described more fully below, while the *execution* steps are described in 2.2.

**Step VI – Step Back (November/December):** The last step in the 6D process is the starting point for the next planning/execution cycle. This is a multi-step process that results in a thorough assessment of Strengths, Weaknesses, Opportunities, & Threats (SWOT) & development of a rolling long-term plan. In this step, we analyze a series of information to **Review Externals**, like market drivers & customer buying preferences, & conduct a competitive analysis across market offerings. Here, we identify early indications of shifts in technology, markets, products, customer preferences, competition, the economy, & the regulatory environment. Analysis of data & information is

also conducted to **Review Internals**, during which we evaluate key work systems & processes (Figure 6.1-1), as well as workforce capability & capacity, in light of our market strategy & growth objectives. Additionally, we evaluate existing core competencies & any need for a new or improved core competency. Data & information sources are listed in Figure 2.1-3.

Beginning in November, all Directors compile a draft version of a rolling **long-term plan**. This plan projects revenue levels & establishes profitability expectations. It also identifies any potential threats & critical success factors for achieving the plan & projects resources needed to support the plan, to include workforce capability & capacity, equipment & facilities, & financial investment required. We also conduct operational team SWOT analyses, facilitated by our 6D coach, as input into the ONEMESA level SWOT. (L) The long-term plan was a cycle of learning in 2016 to address a weakness identified in the SWOT of not having a long-term growth & financial plan. (I) The long-term plan is integrated into the annual 6D planning process. The SLT annual planning meeting occurs in early December. During this meeting, which is facilitated by the 6D coach, the long-term plan draft is reviewed, analysis from the Review Externals & Review Internals steps is discussed, & the long-term plan is approved.

Based on review of Externals & Internals, the operational SWOTs, & the projections in the long-term plan, the final step is to conduct an overall **SWOT** analysis based on considerations previously mentioned. Incorporated in this analysis is a consideration of the potential need for change, improvement, & organizational agility. Strengths identified are Strategic Advantages, while Opportunities, Weaknesses & Threats are Strategic Challenges (P.2-1).

**Step I – Decide What’s Important (December):** During the annual planning session, MESA affirms who we are, where we are headed, & how we behave – our **Purpose, Path, & Principles**. These statements define our long-term direction & the ground rules for the road ahead. They are reviewed annually & have gone through multiple cycles of improvement. (L) In 2019, for example, we changed our principle of Respect to Valuing People to better represent our commitment to diversity & inclusion. In this step, we also evaluate our **Strategic Position** within Materials & Services, evaluating opportunities to differentiate ourselves in the market & the key success factors to achieve those areas of differentiation, including needed core competencies. This step addresses the need for transformational change through exchange of ideas, information, discussion, & ultimately consensus. **Vital Few Objectives** (VFOs) are reviewed, identified or revised during this step. VFOs are strategic objectives that must be accomplished in order to achieve our Path. In the original 1997 planning session, we identified five areas that would lead us to success. Through cycles of learning, these have evolved into our current Vital Few Objectives and, along with “developing long-term relationships”, represent our core competencies: World-Class SAFETY, Exceptional Customer Experience, World-Class Performance, Great Place to Work,

Opportunistic Growth. These VFOs are reviewed annually for continued relevance. Finally, in this step we identify a **Stop List** – activities that no longer provide value & that, by stopping, would free up resources to support current VFOs & Initiatives.

**Step II – Define Goals that Lead (December):**

In this step, we review **key performance measures** associated with each of the VFOs. Measure definitions are refined as needed, & if a particular measure is no longer considered relevant, it is removed and/or replaced. **Targets** are then updated or established for each key performance measure for the next 3-4 years, aligned with the long-term plan. Each key performance measure is assigned to a SLT owner who monitors &



2.1-1 6D Process

updates the team on the measure in weekly reports, as well as monthly & quarterly SLT reviews. Next, **Initiatives** are developed, representing the most significant action plans to address weaknesses, opportunities, & threats from the SWOT. The process includes a 100-point multi-voting prioritization exercise resulting in SLT consensus during the SWOT analysis & Initiative identification. Each Initiative is assigned to a SLT owner who is responsible for accomplishing the Initiative with the support of an Initiative Project Team. The SLT owner also updates the SLT on the status of completion in weekly reports, as well as monthly & quarterly SLT reviews. Initiatives are discussed more fully in 2.2a(1). Current year initiatives are illustrated in Figure 2.2-2.

**Step III – Align Systems (December):**

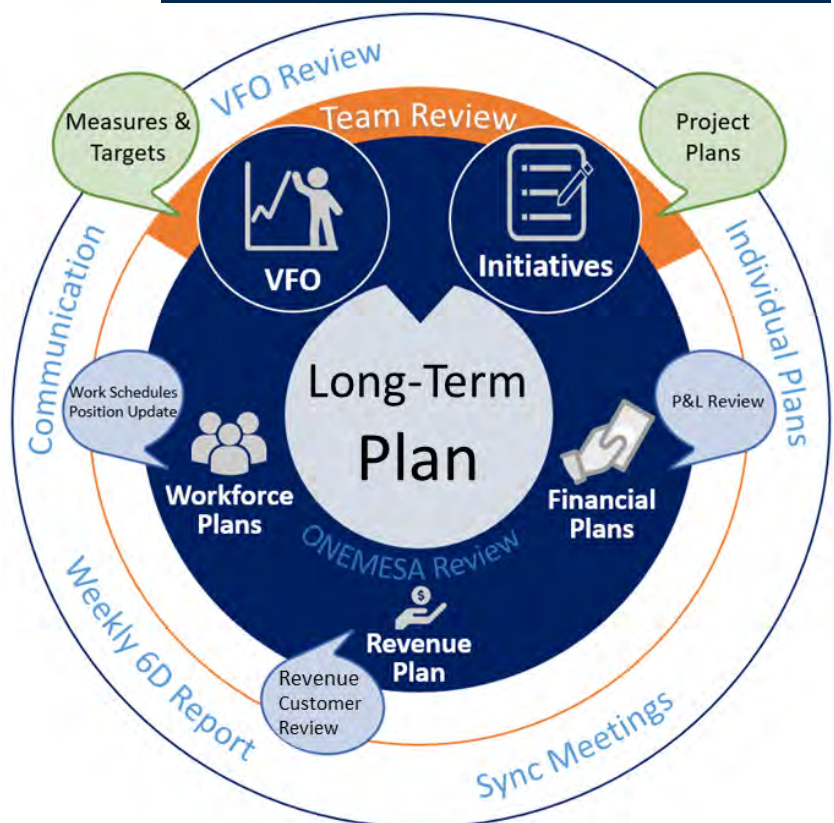
The SPP steps for defining VFOs, associated measures & targets, & supporting Initiatives are also conducted for Materials, Services & SS. (L) These sessions occur after the SLT meeting in order to cascade enterprise-level measures & Initiatives down. In addition, we identify areas where alignment & integration needs to be calibrated across teams to ensure that the ONEMESA philosophy is maintained through market perception (e.g. with Key Customers), as well as internally via culture & key work systems. **Who are the key participants?** At the ONEMESA level, key participants in the SPP are MESA’s SLT which represents every function & process within the company & collectively represents over 200 years of industry experience ranging from five years to over forty individually. At the operational level, key participants are the leadership teams for Materials, Services & SS, respectively. **What are your short- & longer-term planning horizons? How are they addressed in the planning process?** The annual planning cycle is for the upcoming one year period. Recent industry consolidations among customers, competitor ownership changes, and regulatory activity have created a degree of potential instability in our industry, so we choose

to focus our long-term plan over the next 3-4 year period. VFOs measures include targets & projections over both horizons, and Initiatives are typically a mix of short- and longer-term action plans. **How does your strategic planning process address the potential need for transformational change, prioritization of change initiatives, & organizational agility? In Step VI—Step Back,** we conduct a thorough SWOT analysis, which considers the need for transformation change. Prioritization of change initiatives occurs during Step II - Define Goals That Lead. The iterative nature of the process with monthly & quarterly reviews & weekly accountability helps to ensure agility. (D) The process used at the ONEMESA level is deployed at the group/team level for Materials, Services, & SS.

**2.1a(2) How does your strategy development process stimulate & incorporate innovation? How do you identify strategic opportunities? (A) Step V of the SPP is “Innovate Purposefully”.**

While we would not characterize MESA as a particularly innovative company (nor is the industry in which we operate), it is clear from our history of growth that intelligent risk-taking in an entrepreneurial culture is a fundamental element of our success. As such, the strategy development process stimulates intelligent risk-taking by identifying growth opportunities each year to ensure that MESA continues to expand our market reach in a purposeful manner. Strategic opportunities are identified as part of the SWOT analysis. **How do you decide which strategic opportunities are intelligent risks to pursue?** The strategic

2.1-2 Strategy Development & Execution Process





opportunities are then vetted through facilitation of a 100-point multi-voting prioritization exercise, followed by SLT discussion & debate to reach consensus. Prioritization & selection of strategic opportunities is balanced against resources available to ensure ability to execute the SP. Once a strategic opportunity is identified as worth pursuing, an Initiative is developed, an owner & project team assigned, & the Initiative is managed as a project with weekly, monthly, & quarterly updates. **What are your key strategic opportunities?** MESA's current year strategic opportunities are summarized in Figure 2.1-4, to include: expansion in the Northeast for Services & Material sales; developing competencies for a non-destructive evaluation (NDE) service line; improving the automated customer experience; collaboration with key partners; expansion of vacuum excavation service line.

Opportunities for innovation & intelligent risk-taking can come from any of the five strategic objectives. For example, as a result of the Opportunistic Growth objective, MESA identified the pipeline integrity market as an opportunity to pursue in 2009, & subsequently invested \$1 million to develop the N-LINE data gathering & analysis software, providing a competitive advantage with an innovative, industry-leading service offering. In 2012, we developed an innovative application to use a vapor phase corrosion inhibitor (VCI) product to address pipeline casing remediation in conjunction with a key partner & customer, driven by the Exceptional Customer Experience core competency. In 2014, MESA developed an innovative wire winding machine to provide improved efficiency, SAFETY, & customer service. In 2017, we developed a new shrink wrap packaging machine to increase SAFETY & efficiency in our manufacturing facility, increasing our World-Class SAFETY competency.

**2.1a(3) How do you collect & analyze data & develop information for strategic planning? (A)** Much of the data used as input for the strategic plan comes from the VFO measures (Figure 2.2-2) that are reviewed monthly & quarterly. This includes a balanced set of results for measures associated with customers, operations, workforce & financial performance. These are supplemented by VOC sources (Figure 3.1-1), outputs of the Customer Relationship Development Process (Figure 3.2-1), & other data & information, as needed, from sources highlighted in Figure 2.1-3. **In this collection & analysis, how do you include these key elements of risk:** • **your strategic challenges & strategic advantages?** The breadth of information across the external & internal environments supports a fact-based analysis during development of the SWOT in **Step VI - Step Back**. • **Potential changes in your regulatory & external environment?** This is included in the data & information aligned with the external environment (Figure 2.1-3). • **Potential blind spots in your strategic planning process & information?** The addition of a 6D coach as an external facilitator in the planning process improved MESA's ability to identify potential blind spots by having an external perspective challenge the SLT with clarifying questions, & by ensuring that all perspectives of those in the planning

process are verbalized & included in the SWOT analysis. When appropriate, external experts are also invited to help identify opportunities & blind spots, such as in 2008 & 2014 when outside experts were involved in analyzing the opportunity to engage in the Pipeline Integrity market.

**2.1a(4) How do you decide which key processes will be accomplished internally & which externally? (A)** Decisions about whether key processes will be accomplished internally or by external suppliers & partners occur through the SPP to address the output from the SWOT analysis. **How do those decisions consider your strategic objectives, your core competencies, & the core competencies of potential suppliers, partners, & collaborators?** As we consider our key work systems & processes (6.1-1), our objective is to incorporate as much of the value creation processes & mission-critical support processes internally, since doing so gives us more control in scheduling & greater opportunities for improved profitability. Those boundaries are fairly well established in our Materials operations. For example, our operations are focused on assembly & distribution of products from other manufacturers, & we rely on the competencies of external suppliers to produce & provide those products, which is not a core competency of MESA. In the services operations, we use an opportunistic approach to evaluate whether or not to internalize a particular set of competencies. For example, MESA has traditionally subcontracted the process of vertical drilling, even though it is a critical competency for installation in the field. When we were approached with an opportunity to hire individuals with a long history of vertical drilling, we evaluated the risks & rewards & considered it to be an intelligent risk worth pursuing. We now operate six vertical drilling rigs with plans to expand that competency internally across regional operations. The same type of evaluation of opportunistic intelligent risks occurred as we added heavy construction capabilities & vacuum excavation competencies. All were vetted as Opportunities in the SWOT analysis developed through the SPP. The critical issues in decision-making are based on expected trends in customer requirements (e.g., looking unfavorably on the use of subcontractors), whether we feel we can perform the activity as well or better than a partner (which is why we rely on external partners for complex design & engineering services), & the expected financial return on investment. If the activity is not part of the value creation processes or mission-critical support processes, then the decision is based mostly on expected financial return. **How do you determine future organizational core competencies & work systems?** Future needed core competencies & work systems are identified in response to the SWOT analysis, which incorporates projections from the long-term plan, external data & information, & internal performance. For example, in 2013 we recognized that SAFETY was going to be a key market driver for opportunities in the Services operations, which led to establishing goals, measures & subsequent initiatives for the World Class SAFETY VFO. In 2019, we began developing training & processes to develop a competency in non-destructive evaluation to take advantage of the market opportunity from expanded regulations **CATEGORY 2**



identified through the SWOT.

**2.1b(1) What are your organization’s key strategic objectives & timetable for achieving them? (A)**

MESA’s key strategic objectives (Figure 2.2-2) are the VFOs at which we must excel to succeed in the marketplace & to reach our Path. The timetable for achieving each VFO is based on our one year & longer-term planning cycles, as these represent core competencies that must be developed & strengthened in order to leverage MESA’s strategic position. The key performance measures related to each VFO define the timetable for maturation & improvement within each VFO, with projected levels of performance over the next 3-4 years. **What are your most important goals for these strategic objectives?** The most important goals for each VFO are the key measures & Initiatives in Figure 2.2 -2, which are developed in Step II - Define Goals That Lead. **What key changes, if any, are planned in your products, customers & markets, suppliers & partners, & operations?** Key opportunities are summarized in Figure 2.1-4. Planned changes are an outcome of the SPP. **(D)** VFOs & associated key performance measures & Initiatives are established at enterprise-level, but cascade to each team, as appropriate. **(L)** MESA evaluates the VFOs during each annual planning cycle for continued relevance. As described above, in 2013, it was apparent that SAFETY would be the price of entry in the marketplace & risks would continue to increase in our line of work, which led to establishing the VFO World Class SAFETY. In 2015, we combined two VFOs – Great Relationships & Great Customer Service – into the single VFO Exceptional Customer Experience to better communicate the customer-focused VFO. Going into 2020, we changed the key measures associated with the Opportunistic Growth VFO to focus more on sustained profitability rather than revenue growth. Similar refinements to key measures have occurred with the other two VFOs – World Class Performance & Great Place to Work – over the past decade. **(I)** The implementation of the long-term plan has led to a more effective approach for developing projections for key performance measures, while the implementation of 6D in 2014 has led to more effective integration of VFOs, measures & Initiatives from the ONEMESA level to the group/team level.

**2.1b(2) How do your strategic objectives achieve balance?**

**(A)** Figure 2.2-2 illustrates how the VFOs

address strategic advantages, challenges, & opportunities, which span across short- & long-term horizons. The VFOs are balanced across varying & potentially competing organizational & key stakeholder needs by the integrated, cause & effect relationship:

⇒ If MESA is going to achieve sustainable, profitable growth (Opportunistic Growth), it must deliver an

External Environment	Conferences & trade shows Industry publications Market analysis reports Venture capitalists/private equity markets TAB monthly meetings Banking Relationship National workforce statistics
Competitive Environment	Public competitor information Information from suppliers Feedback from employees/customers on competitors Industry publications VOC Methods External Customer Satisfaction Survey (CSS)
Workforce Capability, Capacity & Engagement	Annual Employee Engagement Survey Semi-Annual Performance Reviews Job Progression System Town Hall meetings Exit interviews NCRs/OOPS Open Door conversations Employee turnover results
Work Systems & Processes	Formal Process Reviews NCRs / Oops! “Lessons Learned” sessions ISO QMS audits Voice-of-the-Customer feedback
Suppliers/ Partners	NCRs Key supplier facility visits Conferences & trade shows Project job sites Purchase order processing Annual Supplier Survey

**2.1-3 Data & Information Sources for SPP**

Exceptional Customer Experience.

⇒ If MESA is going to deliver an Exceptional Customer Experience, it must operate at World Class levels of Performance & SAFETY.

⇒ If MESA is going to operate at World Class levels of Performance & SAFETY, it must create a Great Place to Work in order to attract, retain, develop & engage a high performing workforce.

The needs of each key stakeholder group – customers, employees, suppliers/partners, & owners – are represented across the five VFOs. Our commitment to this balanced approach is engrained in the MESA DNA with roots back to our first strategic plan in 1997. **(L)** Based on feedback from the 2019 Baldrige site visit, we added a step toward the end of the VFO and Initiative review and development process to explicitly review key stakeholder groups and ensure balance of VFOs and Initiatives across all stakeholders.

**2.2a(1) What are your key short- & longer-term action plans? (A)**

Key Initiatives for 2020 are noted in Figure 2.2-2. Some are short-term in nature, such as “Integrate Northeast Operations” or “Improve

Workforce Engagement”. Others represent multi-year action plans such as “Services Integration” that originated in 2019 and is projected to extend into 2022, or “Improve Profitability” which originated in the 2020 plan and will extend through 2023; both of these Initiatives are reflected by milestones in the long-term plan. Additionally, certain longer-term action plans related to resources & workforce capability & capacity are summarized in the long-term plan (AOS).

**What is their relationship to your strategic objectives?**

Alignment of action plans to strategy is accomplished by the cascading, integrated steps & cycles of the 6D process, as depicted in Figure 2.2-1. **How do you develop your action plans? (A)** Key short- & long-term action plans are developed in **Step II of the SPP as Initiatives**, which directly relate to each of the VFOs to drive the level of performance desired as defined in the key performance measure targets & to address the top weaknesses, threats, & opportunities

identified in the SWOT analysis. Initiatives are developed by first brainstorming a list of potential Initiatives to address the SWOT. A 100-point multi-voting exercise is then utilized with each SPP participant to narrow down the list to the top priorities. Discussion & debate, facilitated by the external 6D coach, continues to ensure understanding of each, & to make sure that each element of the SWOT is appropriately addressed. (D) Key Initiatives are established at the enterprise level & cascade to development of related Initiatives for each operational & support team, who use the same process to develop Initiatives described above. (L) Adoption of 6D has significantly improved MESA's focus in developing Initiatives, as well as the effective alignment & integration of enterprise-level initiatives with those of the operating teams & support functions. (I) As described above, Initiatives are aligned with each VFO & the enterprise-level Initiatives are aligned with those of each team.

**2.2a(2) How do you deploy action plans? (A)** Strategic Initiatives are deployed in **Steps II, III & IV of the SPP** (Figure 2.1-1). **How do you deploy your action plans to your workforce & to key suppliers, partners, & collaborators, as appropriate, to ensure that you achieve your strategic objectives?** After VFOs & current year Initiatives are established in **Step II - Set Goals That Lead**, the final part of this step is to "Engage the Team". This occurs through Town Hall meetings at the beginning of the year, typically held in Tulsa & at other MESA locations throughout the country to ensure that we reach all employees; in January 2020 we brought all employees to Tulsa for team building and to hear the same Town Hall message in support of the Services Integration Initiative. Additionally, the current year strategic plan is made available to all employees by posting on our intranet, & signage throughout our facilities is updated for the current year plan. Once Initiatives are identified & defined, each is assigned a SLT Owner & a team responsible for accomplishing the Initiative, who develop a series of action steps in their Initiative plan, communicating throughout their teams & engaging others as needed - to include suppliers, partners & collaborators - as part of **Step III -Align Systems. In Step IV-Work the Plan**, weekly status updates are communicated to all SLT members by the Initiative & action plan owners, with a deeper dive into the Initiative at monthly & quarterly reviews. **How do you ensure that you can sustain the key outcomes of your action plans?** During the quarterly reviews, the SLT evaluates whether MESA can sustain the key outcomes of the action plans & determines whether any modification in approach or resources are needed. (D) This same enterprise-level approach to action plan implementation also occurs for Materials, Services & SS teams.

<p style="text-align: center;"><b>Products</b></p> <p>Non-destructive Evaluation (NDE) Expansion of Vacuum Excavation Packaged linear anode system</p>
<p style="text-align: center;"><b>Customers &amp; Markets</b></p> <p>Northeast expansion - Materials &amp; Services Impact of regulation expansion (Mega Rule) in 2020 Evaluate viability of Rocky Mountain &amp; West Coast</p>
<p style="text-align: center;"><b>Suppliers &amp; Partners</b></p> <p>Collaboration with SI for Material Verification service line New product distributorships in Materials</p>
<p style="text-align: center;"><b>Operations</b></p> <p>Integrate Services operations into one business unit Automated customer experience in Materials CNC capabilities in Materials</p>
<p><b>2.1-4 2019 Strategic Opportunities</b></p>

**2.2a(3) How do you ensure resources are available to support your action plans while you meet obligations? How do you allocate these resources to support the plans?**

**(A)** After we develop the strategic plan, we create a Financial Plan that includes projections of revenue, profitability, equipment needs, & workforce additions, that is also aligned with the long-term plan. We evaluate the financial risks associated with the action plans & the Financial Plan, & through an iterative process, allocate resources in order to most effectively achieve the plans. **How do you manage the risks associated with the plans to ensure your financial viability?** Key performance measures monitored as part of **Step IV of the SPP** include key financial indicators, & the work processes include elements to ensure appropriate risk management associated with achieving those

financial indicators. For example, acceptable profit margin levels are established in the Opportunity Management process (Build Solutions), & invoice turnaround & collections standards are defined as part of the Finish It process in the Execute Work system (Figure 6.1-1). MESA's core competency of "developing long-term relationships" extends to our banking partner, with which we have had an excellent relationship for over 25 years. Because of the depth & transparency in that relationship, as well as MESA's excellent financial performance, MESA has grown our working line of credit & equipment financing limits to accommodate the growth in business & provide capital to achieve the Initiatives. (Figure 7.5-11)

**2.2a(4) What are key workforce plans to support short- & longer-term strategic objectives & action plans? (A)** The Great Place to Work VFO & related 2020 Initiatives summarizes our key workforce plans for the current year at the ONEMESA level (Figure 2.2-2). Additional workforce plans specific to the Materials, Services & SS teams are included in their respective plans (AOS). Longer-term plans are the projected workforce capability & capacity needs that are developed as part of the long-term plan. These are integrated with overall Job Progression results & individual Job Progression plans to allow us to understand workforce capacity & adjust as needed to achieve objectives. By design, individual Job Progression plans build the strengths of each employee & team in a way that correlates with our core competencies. Training plans developed as a component of semi-annual performance reviews also work to build strengths aligned with our core competencies, which in turn help us achieve our objectives. **How do the plans address potential impacts on your workforce members & any potential changes in workforce capability & capacity needs?** Initiatives are managed as projects, so any potential impact on team members is incorporated as part of project development to achieve the defined outcome. Because

the long-term plan applies across the organization, we are able to take a holistic & long-term view of workforce needs & projections; any significant change in workforce needs would be addressed as an Initiative. Job Progression & individual training plans are reviewed twice a year to ensure that our workforce is being developed in a way that aligns with our short-term needs & long-term objectives.

### 2.2-1 Deployment & Implementation of SPP



each of the key performance measures. (Figure 2.2-2). In deriving projections, we consider the impact of strategies & improvement efforts in the context of our projection of the market & competitive landscape in the long-term plan. Past performance, as well as comparative performance to benchmarks, is reflected in the respective results for all performance measures. **If there are gaps between projected performance & that of competitors, how do you address them in your action plans?** As discussed in Category 4.1a(2), comparative & benchmark information

#### 2.2a(5) What key performance measures or indicators do you use? (A)

Action plans are primarily targeted at improving a VFO key performance measure (e.g. “Improve Workforce Engagement” or “Improve Profitability”), which becomes the indicator for tracking & evaluating the effectiveness of action plans; these are summarized in Figure 2.2-2, & are part of the overall Performance Measurement System (see 4.1a(1)). Some Initiatives are projects (e.g. “Services Integration”), which are evaluated based on desired milestone completion and the project objectives defined as part of the action plan development process. **How does your overall action plan measurement system reinforce organizational alignment?** In addition to the alignment depicted in Figure 2.2-2 between VFOs, key performance measures, & Initiatives, further alignment occurs in the cascading nature of our planning process to the group/team level, to include alignment of key performance measures across the organization as more fully described in 4.1a(1).

is used to identify opportunities for improvement & innovation that are then included as inputs into the SPP & the Performance Analysis & Improvement System (see 4.1b).

#### 2.2b How do you recognize & respond when circumstances require a shift in action plans & rapid execution of new plans? (A)

Recognition & response occurs by monitoring & communicating market changes, key customer & supplier changes, operational events, & results through the structure of the Performance Analysis & Improvement System (4.1b), MESA identifies any modifications needed to the action plans through monthly operations reviews & quarterly strategic planning reviews. In the quarterly strategic planning review, the SLT establishes areas of focus for the next 90 days. The SLT also meets weekly to communicate & share information, with a high level overview of VFO performance & Initiative status each month. Should a rapid change in plans be required, the leadership structure is agile enough to develop plans & deploy information through the action planning process & multiple communication methods.

#### 2.2a(6) What are your performance projections for your short- & longer-term planning horizons? (A)

Aligned with the planning time horizons, one-year & three- to four-year performance projections are included on the Strategic Plan for

VFO (Core Comp)	Target	Measure	ST	LT	2020 Initiatives (Align with SWOT)
World-Class SAFETY	Achieve World-Class SAFETY	TRIR	<1.0	<1.0	Advance SAFETY Culture
		First Aid Events	< 12	< 12	
Exceptional Customer Experience	Grow Key Customers	# of Key Customers	135	150	Integrate Services Operations
	Retain Key Customers	Key Customer Retention%	≥ 95%	≥ 95%	
World-Class Performance	Identify & Review Key Processes	Formal Process Reviews	10	10	Integrate Northeast Operations Submit Baldrige Application
Great Place to Work	Have Highly Engaged Employees	Employee Engagement%	80%	85%	Improve Employee Engagement
	Retain Highly Qualified Workforce	Voluntary Retention% (All)	85%	90%	
		Voluntary Retention% (Field)	70%	75%	
Develop Highly Skilled Workforce	% Qualified for Position (Job Progression)	75%	80%		
Opportunistic Growth	Grow Revenue / Employee	Revenue per Employee	\$356K	\$375K	Improve Profitability
	Adherence to Budget	Budget Variance %	+/- 2%	+/- 1.25%	
	Grow EBITDA	EBITDA %	6%	9%	
	Grow Q1 Services Revenue	Q1 Services Revenue \$	\$11MM	\$14MM	

### 2.2-2 Strategic Plan - ONEMESA

## CATEGORY 3— CUSTOMERS

**3.1 a(1) How do you listen to, interact with, & observe customers to obtain actionable feedback?** (A) MESA uses a variety of approaches (collectively “VOC methods” - Figure 3.1-1) to listen to, interact with, & observe customers. Some are passive mechanisms available to customers for initiating an interaction or to seek information & support, while others are proactive, purposeful interactions initiated by MESA to engage customers & build long-term relationships. Most involve opportunities for two-way feedback. **How do your listening methods vary for different customers, customer groups, or market segments?** The VOC methods are well deployed across both Material & Services customers, although some have an appropriate degree of variation. For example, post-project phone calls are more effective in Services which has a fraction of the number of transactions with a single customer than does Materials, while conference attendance is a more effective means of spending face-to-face time with Materials customers, who significantly outnumber those in Services.. Variation in deployment of VOC methods across customer groups may also be in the frequency of customer contact, which is scheduled more often with Key Customers, or customers that are targeted for Key Customer development (see Customer Relationship Development Process (CRDP), (Figure 3.2-2). Additional variation in the use of each VOC method may occur based on individual communication preferences of customers, determined through the CRDP. **How do your listening methods vary across the customer life cycle?** VOC methods are deployed across all stages of the customer life cycle (Figure 3.2-2), with variation in frequency depending on the life cycle stage. For example, customers in the “New” or “Grow” stage may warrant more frequent contact than those in the “Maintain” stage. **How do you seek actionable feedback from customers on the quality of products, customer support, & transactions?** Each VOC method is intended to obtain actionable information that will lead to stronger customer relationships & sustainable, profitable growth. Some are specifically designed to gauge quality of products, customer support & transactions such as lessons learned meetings, performance inquiry & post -project phone calls, & the customer satisfaction survey, while others do so in a more passive manner, such as informal conversations during conferences & trade shows.

(D) VOC methods are well deployed without significant gaps across Materials & Services operations, & across customer groups & customer life-cycle, as described above. (L) The VOC process benefits from systematic evaluation as one of our key work processes that undergoes formal review at least once every three years (see 61.b(3)), & more frequently if needed. Additionally, involvement in conferences, trade shows, & events are preceded by a basic ROI discussion, & specific VOC methods are considered during the SPP in the context of the Exceptional Customer Experience VFO. Most have benefited from cycles of refinement & improvement over the past two decades, particularly our customer survey process (discussed more fully in 3.1b). In terms of social media tools, MESA has undergone cycles of learning over the

past decade. Our current approach is to leverage our website, email marketing, & LinkedIn presence within our VOC portfolio, while using other social media (Facebook, Wistia, & Flickr) for internal communication. Although we use all social media to promote brand awareness, our competitors are not active on social media & our biggest advantage in using those tools is to engage employees, recruit employees, & promote brand awareness. For current & future customers, our websites are useful marketing tools because they provide detailed technical information (data, calculators, SDS information, etc). In 2019 we launched an on-line store for Materials, giving us the capability to offer products for sale via the internet, which is not common in our industry & gives us another marketing advantage. (I) As illustrated in Figure 3.1-1, VOC methods are integrated with various other key processes in the Acquire Revenue work system (Figure 6.1-1). VOC information may lead to an immediate revenue opportunity, which is then managed through the Opportunity Management process (Build Solutions in 6.1-1); it may identify an opportunity to recover customer confidence as a result of a complaint, which would be managed through the Customer Complaint Process (Figure 3.2-3); it may lead to new customer or market intelligence or provide an indication of customer satisfaction & engagement, which could be used to strengthen & grow existing, or develop new, customer relationships as part of the CRDP; or VOC information may lead to potential market growth opportunities, such as new products & services, which would be considered in the SPP as intelligent risk opportunities.

**3.1a(2) How do you listen to potential customers?** (A) Deployment of many of our VOC methods extend to former, potential, & competitor customers. For example, we are just as likely to solicit a meeting at a trade show or industry event with a former or potential customer as we are with a current customer, particularly if we have identified that customer as a target to develop (or recover) through the CRDP. Other examples of VOC methods deployed to former, potential, & competitor customers include proactive sales calls, supplier/partner information exchange & website interaction. Through these methods, we obtain actionable information on our products, customer support, & transactions, as we solicit opportunities for growth.

**3.1b(1) How do you determine your customer groups & market segments?** (A) MESA determines customer groups & market segments to pursue through the SPP as part of the SWOT analysis (2.1a(1)) that aligns with our key business objective of Opportunistic Growth. **How do you: • use information on customers, markets, & product offerings to identify current & anticipate future customer groups & market segments?** Through the SPP, broader market & external environment data & information is obtained (Figure 2.1-3), which is supplemented with trends highlighted among existing customers through VOC methods & the CRDP. This data & information is used to identify & evaluate potential desirable customer groups & market segments to pursue as

opportunities as part of the SPP SWOT, as well as to evaluate our current market & customer segments. • **determine which customers, customer groups, & market segments to emphasize & pursue for business growth?** As we analyze opportunities during the SPP, we align our product offerings, core competencies & preferred strategic market position (based on service, quality & SAFETY) with the characteristics of the customer/market segment, to include asset types, regulatory environment, region of the country, long-term outlook, & competitive environment, in order to evaluate the intelligent risk. Based on the degree of strategic alignment, we prioritize those for consideration that will allow MESA to develop strategies to be successful with growth expectations.

## Voice of the Customer (VOC) Methods



### 3.1-1 Voice of the Customer Process

(D) The approach to determine customer groups & market segments through the SPP is well deployed to both Materials & Services operations. (L) The approach is included when evaluating the effectiveness of the SPP to achieve our VFOs. The customer & market segments have undergone multiple cycles of refinement over our 40 year history, beginning with ranking Materials customers (A/B/C/D - see 3.2a(1)) as part of the Customer-based Sales Plan in the early 2000's, & the evolution to Key Customer identification across Materials & Services beginning in 2015. (I) Customer groups & market segments are integrated with the approaches for determining product offerings (3.1a(1)), for building & managing customer relationships (3.2a(1)) & determining customer satisfaction & engagement (3.2b(1)).

**3.1a(1) How do you determine product offerings? How do you:** • **determine customer & market needs & requirements for product offerings & services?** (A) Most of our product & service offerings align with industry standard methods for corrosion prevention & control and/or those that are approved regulatory methods for assessing & maintaining pipeline integrity. Within our growing portfolio of product & service offerings, we are able to develop a solution to meet a specific customer need, whether that comes to us through a RFQ/RFP or a solution developed in collaboration with a customer through the CRDP or Opportunity Management Process (Build Solutions in 6.1-1). • **identify & adapt product offerings to meet the requirements & exceed the expectations of your customer groups & market segments?** At a **macro level**, we

determine product & service offerings as part of the SWOT analysis in the SPP as we identify opportunities aligned with the Opportunistic Growth VFO. Many of those opportunities are an expansion of product or service lines based on existing industry standard practices. Determining **specific product & service offerings** for a particular customer occurs through the CRDP, as we identify those that present the best opportunities to expand an existing customer relationship across more of MESA's products & services. At a transactional level, requirements are determined through the Build Solutions processes (Figure 6.1-1). • **identify & adapt product offerings to enter new markets, to attract new customers, & to create opportunities to expand relationships with current customers, as appropriate?** As we listen & learn from our customers through VOC methods, we identify product & service offerings to meet the requirements & exceed the expectations of customers. As we have grown our Services market share, MESA has leveraged innovative solutions developed for one customer or market segment to create additional market opportunities for attracting new customers, creating opportunities to expand relationships with current customers, & enter new markets. Examples of these intelligent risks in recent years include:

- ⇒ The use of VCI, an innovation implemented in 2012 for CC in the AST market, to develop a unique market offering of a gel-based CC product & service for addressing the industry regulations for cased-crossings
- ⇒ Interference & Influence Testing developed to support the pipeline integrity program of a Key Customer, leveraged as a product offering to expand to others

- ⇒ Our AC Threat Assessment Program (TAP) offering, which has its origins in a project executed in 2013 to address the threat of AC current.
- ⇒ The AST Corrosion Prevention Program developed for a customer in 2017, which now serves as one of the primary offerings to grow revenue in the AST market
- ⇒ Our N-Line software, an investment of more than \$1 million in 2009/2010 that has created an advantage for MESA against most competitors in the market for integrating various data streams & presenting them in a format that is more easily analyzed by customers to identify potential anomalies in pipelines
- ⇒ Addition of vacuum excavation service line in 2018 & continued internalization of vertical drilling capabilities beginning in 2015, including the acquisition of Hansen Drilling in 2018.

(D) The approaches to determine product & service offerings through the SPP are well deployed to both Materials & Services operations. (L) These approaches are included in the evaluation of the effectiveness of the SPP to achieve our VFOs. Examples of refinement in recent years center around improved implementation of intelligent risk opportunities as a result of implementation of the 6D planning & execution process (see 2.2). (I) The approaches are integrated with those for product & process design in 6.1a.

### 3.2a(1) How do you build customer relationships? (A)

Long-term customer relationships are the foundation of MESA's strategy to achieve sustainable profitable growth. We systematically build & manage Key Customer relationships through our Customer Relationship Development Process (CRDP) (Figure 3.2-2). **How do you market, build, & manage relationships with customers to:**

- **acquire customers & build market share?** In the CRDP, we "Target" & "Nurture" new customer relationships to build market share, using many of the VOC methods as part of a consistent prospecting effort among our sales teams, complemented by systematic marketing & advertising approaches.
- **manage & enhance your brand image?** Our marketing function is responsible for establishing & monitoring our brand image in the marketplace & internally. Brand promotion is deployed in a variety of ways, including social media, internal tools like Sharepoint, signage on & around buildings, proposals, invoices, & advertising. We recently added a link on Sharepoint to our most current logo files, accessible to all employees, to ensure availability of tools needed to maintain brand consistency.
- **retain customers, meet their requirements, & exceed their expectations in each stage of the customer life cycle?** The primary objective of the CRDP is to retain & grow key customer relationships, across the customer life cycle, as reflected in the Key Customer Indicators (Figure 3.2-1). We accomplish this through the CRDP, & in combination with VOC methods, by identifying customer requirements, developing solutions to meet them, & following up to ensure

that they have been met.

(D) The CRDP is well deployed to Key Customers, who collectively make up approximately 80% of our total revenue. We consistently evaluate the remaining 20% to determine if any could be developed into a future Key Customers, and apply the CRDP to nurture the relationship while qualifying and confirming our initial assessment. (L) The CRDP benefits from systematic evaluation as one of our key work processes that undergoes formal review at least once every three years (see 6.1.b(3)), & more frequently if needed. Building & managing long-term customer relationships has been a core competency of MESA's since inception of the company, but we have learned & become more systematic about it since embarking on our first Baldrige journey in 2002. At that time, our Materials business was 85-90% of our total revenue, so we started to identify which of those customers were most important to us by segmenting them as A-B-C-D, with "A" customers being most important, & "B" & "C" customers representing the best opportunities to develop into "A" customers. Using that structure, we developed a Customer-based Sales Plan that included contact frequency, response time & order priority based on customer ranking. As our Services business grew, we soon realized that customers with whom we were the closest were generating most of our business with higher profitability & win rates on proposals; we identified those key customers as "Top 10/Next 10" to indicate their importance. That evolved to our current Key Customer definitions (Figure 3.2-2), deployed to Materials & Services. As our relationship building effectiveness has matured, a handful of customers have emerged at a level of revenue across both Materials and Services that to lose one of these customers would be very difficult to replace the amount of revenue in the short term. Beginning in 2017, we labeled these as "Super Customers", and became more intentional in assigning roles and responsibilities, as well as internal communication, for these customers. In 2020, we have extended that approach to a broader set of Key Customers, with the assignment of teams and client managers to provide for a more cohesive and planned approach to growing the relationship across all Services and Materials offerings. (I) The CRDP is at the heart of our Exceptional Customer Experience VFO & the basis of our financial objective for sustainable, profitable growth.

### 3.2a(2) How do you enable customers to seek information? (A)

Our VOC methods serve as mechanisms for customers to seek information & support, enabling customers to do business with us. **How do you enable them to conduct business with you? What are your key means of customer support & communication?** Our phones are answered promptly by a team member so customers do not need to work their way through a frustrating automated attendant structure. Email is the most frequent form of day-to-day communication. Our website is a customer resource for technical & material data. Customers are encouraged to access this information by sales personnel at trade shows & other opportune moments. The easy-to-navigate site provides



comprehensive information, including product data, material SAFETY Data Sheets (SDS), credit information, & terms of conditions. MESA’s cpdesigncenter.com is a communication tool that provides technical information to assist in the design of CP projects. Based on these CP designs, requirements are communicated to the sales team for ordering. Communication touch points are also woven through our project management processes in our services operations. Daily & weekly communication channels occur, providing customers ample opportunity to seek information & support. **How do they vary for different customers, customer groups, or market segments, as appropriate?** These approaches are deployed to all customers, although as previously noted, some of the proactive VOC methods may be utilized more frequently with Key Customers. **How do you:** • **determine your customers’ key support requirements?** Key support requirements unique to each Key Customer are identified through the CRDP. • **Deploy these requirements to all people & processes involved in customer support?** Support requirements are maintained through our Knowledge Management approaches (4.2b(1)) & deployed to those involved in customer support through process documentation, training, & various communication methods (Figure 1.1-3).

**(D)** The approaches for customer access & support are well deployed, as appropriate, to all customers across Materials & Services operations. **(L)** Customer access & support is evaluated based on feedback through the VOC methods & CRDP. As we reflected on our strategic objective of Exceptional Customer Experience during our December 2016 planning session, we created an initiative to articulate a set of Customer Promises that clearly communicated what an Exceptional Customer Experience would entail. In doing so, we realized that we needed to review our project management & execution processes to ensure we were delivering the level of communication that we noted in our Promises. Feedback from customer surveys & follow up phone calls suggested we also needed to improve our communication efforts in the Services operations. As a result, we added more systematic communication steps in our Execute Work processes (Figure 6.1-1).

**3.2a(3) How do you manage customer complaints? (A)** Customer complaints may be received through any of the VOC methods noted in Figure 3.1-1, and are managed through a corrective & preventive action process known as the Customer Complaint Process (Figure 3.2-3). As a key part of MESA’s Quality Management System, the CCP is aligned with the ISO 9001 standards. When a customer complaint is received, a Non-Conformance Report (NCR) is generated. This might translate to a NCR for a late delivery, faulty materials, incorrect quantities, or an incorrect invoice that directly impact a customer. Grievances, comments, & suggestions received by e-mail or through the website are dealt with in the same manner as verbal or written complaints. Information received is entered into an electronic NCR form & logged into the complaint system. Upon completion of a root cause investigation, processes are analyzed to avoid recurrence. Preventive

3.2-1 Key Customer Indicators	
Key Customer Retention %	Fig 7.2-4 & 5
Growth in Total # of Key Customers	Fig 7.2-9 & 10
Growth in Avg Key Customer Spend	Fig 7.2-6 & 7
Total Key Customer Revenue Growth	Fig 7.2-9 & 10
Super Customer Revenue Growth	Fig 7.2-8
Key Customer Requirements met	Fig 7.1-1 to 7.1-9
Key Customer Satisfaction	Fig. 7.2-1 to 7.2-4

actions are put in place & the NCR is closed. Based on the severity of the incident, the CCP initiates a leadership follow-up with the customer to confirm a positive resolution. Part of the NCR process is to capture the “Cost of Quality” associated with the incident, which is reviewed & reported for each sales team monthly. **(D/L)** In 2017 SS used the best practice of NCRs in Materials and modified it to fit their operation, branding it as an “Oops!” process. In 2020, the best practice was extended to Services, incorporating key elements of the process like root cause analysis, customer follow-up, and cost of quality metrics. **How do you resolve complaints promptly & effectively?** As part of the complaint management process, MESA’s team members are empowered to take immediate action to recover confidence due to a customer complaint, & if the financial investment is going to be significant, they are trained to escalate the issue through the leadership chain in order to restore customer confidence as quickly as possible. **How does your management of complaints enable you to recover your customers’ confidence, enhance their satisfaction & engagement, & avoid similar complaints in the future?** As part of the complaint management process, complaints are transferred through the appropriate internal communication channel with an immediate focus on resolving the complaint for the customer as promptly & as effectively as possible. Our first priority is to ensure that our customer’s confidence is restored & that they do not suffer a loss due to a MESA error. In addition, customer complaint review is included in the CRDP, to include discussions among Key Customer teams and across Materials and Services. The implementation of post-project phone calls by our Service operations, as well as annual relationship reviews & Lessons Learned meetings with Key Customers helps to ensure that any complaints or issues that might potentially weaken a Key Customer relationship are vetted & communicated, with appropriate follow-up & corrective action to restore customer confidence & strengthen the relationship.

**3.2b(1) How do you determine customer satisfaction, dissatisfaction, & engagement? (A)** Included in the portfolio of VOC methods are the measurable approaches for determining customer satisfaction, dissatisfaction, & engagement. The most significant of these to MESA’s strategy of sustainable profitable growth is the retention, growth, & expansion of Key Customers, which is a primary indicator of customer engagement. Complaints (3.2b(2)) are an example of and indicator of dissatisfaction. A listing of key customer indicators is provided in Fig. 3.2-1. **How do**



**your determination methods differ among your customer groups & market segments?** As described previously, deployment of some of these approaches may vary in frequency depending on whether a customer is a Key or targeted Key Customer. Other methods, such as customer complaints are appropriately deployed to all customers & customer groups. (L) A significant cycle of learning that MESA has undergone in recent years has been related to our customer survey process. We have surveyed our customers in one form or another since the late 1990s. For over a decade, we contracted an external survey firm to call 50 customers each quarter, with a very detailed report prepared each quarter for analysis. As “survey fatigue” began to set in to society in general, our customers’ willingness to participate in this type of survey decreased. We switched to an email-based survey process in 2012, which was originally more acceptable to customers because it could be completed at their convenience & in less time. However, in 2017, after seeing year-over-year decline in participation with the email-based survey despite efforts to improve the level of participation, we developed a process integrated with the Customer Relationship Development Process to make periodic phone calls or in-person visits with Key Customers to monitor satisfaction & dissatisfaction. While we are still tinkering with how to make this a measurable event, we have found the approach to be very effective in terms of identifying & developing opportunities to strengthen, grow, & at times recover, a specific Key Customer relationship, while also providing feedback on the effectiveness of our key processes. As a 2019

strategic initiative, we deployed a market research & satisfaction survey, using an electronic survey format designed to correlate with our prior formal satisfaction surveys. The survey was deployed to about 500 key or target customer names. Results are included in 7.2.

**How do your measurements capture actionable information?** With the exception of the Customer Satisfaction Survey, all of the measurable VOC methods capture information that is identifiable with a specific customer, & as such, is used as input to the CRDP to develop plans & strategies across the customer life cycle. The Satisfaction Survey captures aggregate information segmented across customer & market groups that provides insight for performance & improvement across these groups. (I) The measurable VOC methods are used as inputs into the Strategic Planning Process & Customer Relationship Development Process to evaluate strengths, weaknesses, opportunities, & threats.

**3.2b(2) How do you obtain information on customers’ satisfaction with your organization relative to other organizations?** (A) Through the VOC process, we obtain information on our customers’ satisfaction relative to other organizations in multiple ways. Through proactive methods, customers provide indicators of MESA’s performance & their

**Sales Cycle for Establishing New Customers & Growing Existing Customers**



<b>Target:</b> pre-qualify (or re-qualify) customer on asset profile, estimated spend, procurement practices & existing relationships
<b>Connect &amp; Nurture:</b> identify key influencers & decision-makers, establish rapport & build relationship, familiarize with MESA
<b>Discover &amp; Qualify:</b> identify service line opportunities: e estimated spend, strength of competitive position, & key factors in decision-
<b>Build Trust:</b> establish & maintain <u>character</u> by keeping commitments, honoring Principles, & acting professionally; establish <u>competence</u> by demonstrating technical knowledge, operational experience, & ease of business
<b>Bridge to Solution:</b> develop strategy to win targeted service line based on competitive SWOT analysis, offering a value-based solution for both parties
<b>Onboard:</b> for targeted customers, invest time to learn & deploy customer requirements for conducting business & walk customer through our operational & commercial processes
<b>Perform:</b> as the basis for all future trust & additional opportunities, execute work at world-class levels of performance & SAFETY with an exceptional customer experience
<b>Follow Up:</b> using one or more of the VOC methods, determine customer satisfaction with MESA performance

**Customer Life-Cycle**

- New:** targeted as potential new key customer
- Grow:** key customer with opportunity to expand existing volume of revenue through existing or new services & products
- Maintain:** key customer for whom no further expansion is identified; candidate to move into operational-level client ownership
- Recover:** key customer for whom the relationship has been weakened by MESA performance or competitive influence.

**Key Customer Criteria**

- Materials:** customers are ranked by dollar volume in 5 categories: A+, A, B, C, & D; Key Customers are defined as the A+ & A categories which are those customers exceeding \$100,000 per year in sales
- Services:**
  - (1) Relationship customer (not based solely on price), with revenue exceeding threshold levels consistently, year over year, or
  - (2) MESA is sole source with no competitive bidding required, or
  - (3) High potential target customer, or
  - (4) Critical or strategic customer to ONEMESA

**3.2-2 Key Customer Relationship Development Process**



**3.2-3 Complaint Process**

preferences compared with other competitive offerings. (I) As part of the CRDP, MESA formally evaluates customer satisfaction relative to competitors by assessing existing competitor strength of relationship & MESA’s strengths, weaknesses, & opportunities relative to incumbent competitors. With a nationwide communication network of customers, suppliers, & competitors operating in a small, tight-knit industry, actionable information is often obtained in informal or anecdotal exchanges.

**CATEGORY 4 — MEASUREMENT, ANALYSIS, & KNOWLEDGE MANAGEMENT**

**4.1a(1) How do you track data & information? How do you:** • **select, collect, align, & integrate such data & information** (A) For tracking daily operations, we **select** data & information that provides visibility into the **volume of work** to be done (“demand data”) supporting resource & capacity decisions in the “Plan It” processes (see Figure 6.1-1), the **progress of work** in process (“status data”) which are in-process indicators supporting management of resources to ensure customer requirements are met in the “Do It” & “Finish It” processes, & the **performance of work** completed (“outcome data”) supporting the “Learn from It” processes. Examples of *demand data* includes scope, schedule & compliance requirements at a transactional level for specific materials orders or services projects to be performed, & project schedules or the manufacturing plant capacity viewer. Examples of *status data* includes order routing through the plant capacity viewer & daily field updates & customer communications for services projects. *Outcome data* includes primarily the key process measures in Figure 6.1-2.

This type of data & information is **collected** either from data entry into enterprise information systems (Figure 4.2-1) or from controlled process forms used for documentation through operational process execution (e.g. daily field work orders), & is **aligned** primarily at a transactional level. The data & information is **integrated** into views for daily & weekly management, either by creating of reports from the information system databases or tools such as spreadsheets, project scheduling tools or word processing software. (D) Each team has demand, status, & outcome data specific to their key processes that are used for managing daily & weekly activities. (L) Much of this data & information has evolved through multiple cycles of learning over the past 20 years, with the use of technology playing a significant role. For example, in our Materials manufacturing operations, the use of technology has made it possible to monitor real-time information related to manufacturing capacity, order scheduling & order status. This data is

instrumental for the sales team in communicating promised ship dates to customers, & for managing capacity & resources in the manufacturing operations to meet demand. Similar technology improvements have contributed to the availability of information in Services. (I) The outcome measures listed in Figure 6.1-2 are summarized at an aggregated level & monitored on monthly, quarterly & annual intervals, & are the basis for performance analysis & review described in 4.1b.

• **track progress on achieving strategic objectives & action plans** (A) Progress on achieving strategic objectives & action plans is monitored through the VFO measures developed through the SPP & described in 2.1a(1) during the “Define Goals that Lead” step. (D) The VFOs at the ONEMESA level (Figure 2.2-2) cascade to each of the operational & support teams, as appropriate, either as an identical measure (e.g. Key Customer Retention for Materials & Services) or a derivative of the ONEMESA metric (e.g. # of Recordable Injuries in Services as a derivative of ONEMESA TRIR). The exception is in the Word-Class Performance VFO, in which case each operational & support team has indicators of process effectiveness and/or efficiency specific to their processes, as highlighted in Figure 6.1-2. Action Plans are tracked through the 6D process as described in 4.1b. **What are your key organizational performance measures, including key short- & longer-term financial measures? How frequently do you track these measures?** VFO measures in Figure 2.2-2 & key performance indicators in 6.1-2 are our most important organizational performance measures. Included are key financial measures of Revenue & EBITDA. The other significant financial measure for MESA is cash flow / liquidity which is largely a function of EBITDA. Results of VFO measures are reviewed monthly, quarterly & annually through the 6D strategy execution process (see 4.1b) at the ONEMESA & group/team level.

**4.1a(2) How do you select comparative data?** (A) We select comparative & benchmark data primarily to help us identify opportunities for improvement & potential for innovation. The relevance of the comparative & benchmark data is a significant factor in our selection criteria. The priority of preference would be: 1) direct competitor data, which is very difficult to obtain & usually comes from VOC sources noted in Figure 3.1-1; data from our industry, such as comparisons of SAFETY performance; 3) data from similar industry, such as comparisons of market growth to the pipeline construction industry; 4) general industry data, such as comparisons of employee turnover to general “manufacturing” or “construction” benchmarks. In some instances, we might look to unrelated industries or

organizations considered to be “best in class”, such as top quartile/decile benchmarks from survey databases in which we participate or from other Baldrige award recipients. (D) Not every key measure is correlated with a comparison, as some are specific to MESA (e.g. Job Progression). (I) We leverage comparisons primarily in review of VFO measures as part of the “Step Back” process in the SPP as we Review Externals & Internals.

**a(3) How do you ensure that your performance measurement system can respond to changes & provide timely data?** (A) As described in 4.1b, our 6D sync meeting rhythm provides for weekly, monthly, & quarterly opportunities to discuss any unexpected organizational or external changes & to make adjustments as needed. The frequency of interactions, the transparency of communication, & the accountability established as a result provide the cultural aspects for measurement agility to meet our organizational needs.

**4.1b How do you review performance & capabilities? Organizational success, competitive performance, financial health, & progress on achieving strategic objectives & action plans:**

(A) The 6D process provides a systematic approach to reviewing organizational health at quarterly & annual intervals, supplemented with weekly & monthly communication & information sharing (Figure 4.1-1). Each quarterly & annual review session is facilitated by a 6D coach, who provides an external perspective to help identify blind spots & challenge assumptions & conclusions of MESA’s leaders. **How do you use your key organizational performance measures, as well as comparative data, in these reviews?** Each session includes an overall assessment of organizational performance, based on VFO measures, as well as customer, market & competitive conditions, based on data & information highlighted in Figure 2.1-3. While our leaders & teams have a multitude of status, demand & outcome data used for managing daily operations, the “step back” element of the 6D review process provides the opportunity to aggregate that data into VFO measures in order to support fact-based decision making. As discussed in 2.1b, MESA’s VFOs are balanced across the needs of our multiple stakeholders & provide a holistic perspective of the organization’s health. **What analyses do you perform to support these reviews & ensure that conclusions are valid?** The team then goes through a “goal statement rating” exercise, providing their individual assessment of the likelihood of achieving the VFO targets for the year, then discussing outliers before arriving at a team consensus on the ratings (summarized in Figure 7.5-19). A deep dive into the performance measures & initiative progress follows to vet out any concerns with achieving strategies & action plans highlighted in the goal statement ratings. **How do your organization & its senior leaders use these reviews to respond rapidly to changing organizational needs & challenges in your operating environment?** Modifications or re-prioritization occurs as needed based on the analyses & team discussion. The quarterly & annual review sessions are supplemented with weekly “sync” meetings, weekly

individual plan distribution via email, & monthly VFO & Initiative review sessions. The frequency of detailed reviews & the depth of leadership evaluation enable MESA to respond rapidly to both external & internal drivers of change. **How does your governance board review the organization’s performance & its progress on strategic objectives & action plans, if appropriate?** As discussed in 1.2, MESA’s SLT functions in essence as a governance board, with representation by the company’s owner, its in-house legal counsel, human resource director, SAFETY director, & senior leader of each major area of the organization. Additionally, the 6D coach provides an external perspective to help identify blind spots & challenge assumptions & conclusions of the SLT.

(D) The 6D process is used at the ONEMESA level by MESA’s SLT, as well as with the leadership teams of the Materials, Services, & SS teams. (L) As previously discussed, the 6D strategy execution system was a cycle of improvement in 2014 to improve upon MESA’s systematic strategy execution approach.

In addition to organizational review through the 6D process, MESA has embedded opportunities for learning & improvement in various other reviews of performance & capabilities to include:

- ⇒ **Key Customer Relationships:** Key customer reviews (monthly, quarterly, annually) to update status of the annual plan & develop modified plans to achieve the growth & nurture targets identified in the plan; bi-weekly & quarterly revenue plan review meetings to discuss the status of revenue acquisition & nurturing activities related to key & target customers; proactive VOC methods identified in Figure 3.1-1.
- ⇒ **Financial Health:** Monthly profit & loss statement reviews with each Director; bi-weekly review of accounts receivable aging to identify any potential liquidity or collection issues; monthly line of credit review to identify any potential cash flow issues.
- ⇒ **Workforce Capability, Capacity & Engagement:** daily & weekly resource & capacity schedules in the operational teams & weekly review of open positions to identify any potential capacity issues; semi-annual Job Progression assessments to assess capabilities; semi-annual performance reviews to assess engagement & development opportunities; annual Employee Engagement Survey to assess levels of engagement & satisfaction among the workforce.
- ⇒ **Key Work System Performance:** daily, weekly & monthly monitoring & review of in-process indicators & key outcome measures identified in Figure 6.1-2 & discussed in 4.1a(1) & 6.1a.

**4.1c(1) How do you project future performance?** (A) As discussed in 2.1, MESA’s senior leaders develop a rolling long-term plan prior to the annual planning session in the SPP, projecting performance for the next three to four years. (D) The long-term plan is a compilation of inputs from

Materials, Services & SS teams. (L) The long-term planning process was a cycle of improvement implemented in 2016 to address a weakness identified in MESA's SWOT analysis for a lack of a long-term plan.

**How do you use findings from performance reviews & key comparative & competitive data in your projections?** The long-term plan incorporates findings from performance reviews discussed in 4.1b as the basis for projecting future performance, critical success factors, & resource plans. Assumptions about market performance & the competitive environment influence projections for revenue & profitability levels. (I) The annual plan developed through the SPP identifies strategic initiatives to reconcile perceived gaps or differences in current & projected performance & summarizes them as critical success factors.

**4.1c(2) How do you use findings from performance reviews to develop priorities for continuous improvement & innovation?** (A) As discussed in 2.2, strategic initiatives, representing priorities for continuous improvement & innovation, are developed through the SPP that align with the current SWOT analysis. Also, during the performance review approaches described in 4.1b, opportunities to modify, re-prioritize or create new initiatives are incorporated. (L) We do not have a specific checklist for continuous improvement or innovation, but instead we embed learning through the approaches in our leadership system (1.1-1), supported by the 6D process.

Outside of the systematic performance reviews, we have created a culture that includes employee empowerment & a focus on continuous improvement, from which opportunities can be identified in response to a customer need or complaint, a fresh set of eyes from new employees, or the unique perspective of those performing the work at all levels of the organization. Soliciting improvement ideas in Services is challenging because our employees are much more dispersed geographically and somewhat disconnected outside of the small crew structure. To increase engagement among Services employees, at the beginning of 2020 we implemented an electronic process that any employee can use to submit ideas for improvements or cost savings. Additional approaches to develop priorities for improvement & innovation are described in 6.1b(3) & 6.1d.

**How do you deploy these priorities & opportunities: • to work group & functional-level operations?** Initiatives developed through the 6D process, & related action items needed to achieve the initiatives - whether at the ONEMESA level or group/team level - are assigned to specific individuals for ownership to complete. Status updates from initiative & action item owners are provided in weekly email updates & monthly/quarterly reviews. • **when appropriate, to your suppliers, partners, & collaborators to**

**4.1-1 6D Planning Rhythm**



**ensure organizational alignment?** Initiatives & action plans to achieve them may require involvement of suppliers, partners & collaborators. In that event, the owner of the initiative/action plan engages the supplier as needed.

**4.2a(1) How do you verify & ensure the quality of organizational data & information? How do you manage electronic & other data & information to ensure their accuracy & validity, integrity & reliability, & currency?**

(A) Organizational information is verified using a number of methods, one being a permissions-based architecture in our IT systems. Users are granted permissions based on needs so documents cannot be accessed or modified by individuals without authority. Integrity is maintained by the establishment of a firewall system to prevent potential cyberattacks. We monitor system reliability by performing software & hardware updates on a scheduled basis. (D) The permissions-based method of restricting access is deployed across the organization, regardless of team, based on job description & need to access. Software & hardware updates impact the entire organization. (L) Although we have had a server maintenance schedule for some time, one corrective action in 2017 demonstrated the need to add an additional monthly update to a SharePoint server. Doing so prevented a buildup of the cache, which had been causing user problems. Additional learnings in 2018-2019 indicated the need to move to a cloud-based intranet, so one current initiative is the transition to SharePoint Online. (I) Learnings from electronic reliability & corrective actions roll into the buildout of the next year's schedule.

**4.2a(2) How do you ensure availability of organizational data & information?** (A) Organizational data is kept up-to-date in a few databases, depending on the team (Figure 4.2-1). SharePoint, Great Plains & Spectrum are the main sources of organizational data & information & are available to all employees. **How do you make needed data & information available in a user-friendly format & timely manner to your workforce, suppliers, partners, collaborators, & customers, as appropriate? How do you ensure that your information technology systems are reliable & user-friendly?** Permissions restrict access to secure information. Cloud-based systems (like Spectrum & Concur) are available 24/7/365 & are managed & maintained by third-party software vendors, leading to increased reliability, quick customer service response times, & user-friendly formatting & updates. Our systems are tailored for the environment & outsourced when appropriate. The decision to outsource technology when appropriate ensures our technology selection is the most user-friendly possible. Our expense management software (Concur) is a widely-used solution with a fully-developed & supported app for all devices, allowing employees to post & review expenses with ease. Our on-premise Estimating Tool builds custom proposals & estimates. Hosting this tool on-site makes sense

because it is tailored to our needs & environment. The Services team uses in-house material & is able to estimate materials, labor, shipping, & overhead costs accurately. An FTP site or OneDrive link can be used to collaborate with customers, along with our external website & social tools like LinkedIn. Our website is a great place for customer interaction because it includes comprehensive product information, as well as SAFETY information (SDS), policy information, marketing material, an easy contact form, & more. An additional website, cpdesigncenter.com, is a free resource to customers, suppliers, & others in the industry with technical calculators, data, & design information. (D) All solutions are fully deployed within the organization & teams that need access. SharePoint is accessible to all employees. Concur access & training is provided to all employees who are required to submit expense reports. Spectrum & Great Plains access is provided to all employees who use the system. Collaborative links are provided to customers when needed. (L) Concur was implemented in 2014 after in-house solutions proved to be inefficient, inaccurate, & time-

consuming. Spectrum was implemented in 2014 after it became clear that Great Plains was not a good fit for Services teams, who primarily work in remote offices & whose work needs do not match the manufacturing mold. SilkRoad was implemented in 2015 after an internal analysis showed we could benefit from reaching remote employees with the capability of virtual training. A conversion to Office 365 in 2018 enhanced email functionality for all users. Our website, mesaproducts.com, was revamped in 2017 to include a mobile-friendly site. Technology improvements are always a priority for our Support team. 2019 brought the implementation of Kronos, a timekeeping software with approval workflow for our field teams, allowing us to more effectively track time & manage hours. (I) Feedback from users is relayed to our IT team, who builds a plan for upgrades (which is added to a 6D project plan). These upgrades are deployed on a schedule, along with user training. A new CRM system (Salesforce) was implemented for our Materials teams in 2018; this system is imbedded within the sales process as a component of the sales workflow. Additionally, Salesforce brought multiple enhancements to our process, including a built-in mapping functionality for use by outside sales personnel. Additional examples for availability of data & information to various stakeholders are highlighted in Figure 4.2-2.

**b(1) How do you manage organizational knowledge? How do you: • collect & transfer workforce knowledge?** (A) In addition to capturing workforce knowledge in the design & implementation of key processes, workforce knowledge is also built into & managed through the various workforce approaches described in Category 5, such as the Job Progression system (see 5.1a), the new employee Onboarding process (see 5.1b), MESAU & other training & development

approaches described in 5.2b(1). • **blend & correlate data from different sources to build new knowledge?** (A) Organizational knowledge is managed through key work systems & processes by incorporating learning about customer requirements & process performance into the design of MESA’s processes (see 6.1a). This occurs primarily through process mapping supported by work procedures, instruction, checklist, & PCDs. Process documentation is stored & made available through the SharePoint intranet portal, as well as other various technology systems noted in Figure 4.2-1. For example, the Estimating Tool in Services was designed with input from individuals who had decades worth of experience in developing estimates for CP systems & now through the use of the Estimating Tool, their knowledge can be transferred in a more effective way to a newer member of the workforce. The same is true for work procedures, checklists, PCDs & other process documentation, many of which represent several years’ worth of cycles of learning & refinement, & knowledge of individuals with decades of experience. • **transfer relevant knowledge from**

Cloud-Based	
Spectrum	6D
Office 365 (incl. Teams & OneDrive)	Kronos
Concur	Paycor
SilkRoad (“MESAU”)	Formstack
	Salesforce
On-Premise	
Great Plains*	UniFlow
SharePoint*	Estimating Tool
KwikTag	NLine
FTP	Capacity Planner
ShipGear	Wire Winder
*current initiative to transition these two programs to cloud solution	

**4.2-1 MESA Information Systems**

**& to customers, suppliers, partners & collaborators?** **Customers:** (A) organizational knowledge about customers is built into & managed through the CRDP (Figure 3.2-2), deployed through technology solutions to include SharePoint, CRM, 6D, Great Plains, Spectrum & Office 365, as well as systematic internal communication mechanisms to share VOC inputs (Figure 3.1-1). **Suppliers, Partners, Collaborators:** through supply chain management approaches described in

6.1c. • **assemble & transfer relevant knowledge for use in your innovation & strategic planning processes?** Through strategy development & implementation (see Category 2) & Leadership Communication mechanisms (Figure 1.1-4).

(L) Cycles of learning & improvement include the implementation of formal, systematic review of key processes (see 6.1b(3)) implemented in 2016, refinements to the CRDP in 2019 and 2020 (see 3.2b(1)), & Job Progression implemented in 2015.

**b(2) How do you share best practices?** (A) The 6D meeting rhythm & format (Figure 4.1-1) & the Leadership Communication methods (Figure 1.1-4) provide the format for disseminating key learnings across the organization, to include best practice sharing. Best practices are identified during operating group reviews & shared during SLT review & planning sessions. Mentoring & close relationships between senior leaders regularly lead to informal sharing of best practices. As an example, in support of the Initiative this year to Improve Workforce Engagement targeted mainly at Services, we integrated the leader of SS team, who has introduced several innovative approaches for engaging her team over the past couple of years leading to increased engagement among SS employees, and challenged her to leverage best practices from SS to improve



engagement in the Services operations.

**b(3) How do you use your knowledge & resources to embed learning?** (I) One of the four overarching objectives of MESA’s Leadership System (Figure P.2-2) is to embed learning in the organization. (A) We accomplish this in a purposeful way by designing in opportunities to step back from day-to-day activity in order to review & reflect on our performance, which leads to improvement, intelligent risk-taking & at times, innovation. (D) These opportunities to embed learning are systematically built into multiple levels, & are well-deployed across the organization, to include:

**Organizational Performance:** this occurs through the 6D planning & execution system’s formal “Step Back” process that involves assessment of the external & internal environment (Figure 2.1-1), & the quarterly & annual intervals for performance review & analysis of VFO performance, leading to improvements & innovations (Figure 4.1-1).

**Key Work Processes:** systematic learning is embedded through the “Learn from It” processes noted in Figure 6.1-1. In addition, we formally review each key process at least once every three years using an ADLI-like evaluation approach with multiple stakeholders in order to embed improvement & new learning into the process. Additional learning opportunities for key processes are built into daily work, supported by demand-status-outcome data & information (see 4.1a(1)), & additionally through the NCR & Oops processes (see 6.1b(3)), that provide for root cause analysis & corrective actions, as do internal & external ISO quality system audits. All of these represent systematic opportunities to “step back” & embed learning in the way our key processes operate.

**Key Customers:** the Customer Relationship Development Process (Figure 3.2-2), supported by VOC approaches (Figure 3.1-1) includes systematic opportunities to “step back” & embed learning in the way we develop relationships with Key Customers.

**Workforce:** learning is embedded in the workforce performance management system (see 5.2a(4)), the Job Progression System (see 5.2a(1)), & the workforce learning & development approaches (see 5.2b(1)) that all include

systematic opportunities to “step back” & embed learning in the way our workforce performs.

**CATEGORY 5 - WORKFORCE**

**5.1a(1) How do you assess your workforce capability & capacity needs?** (I) MESA’s Workforce Planning Framework (Figure 5.1-1) includes an integrated set of approaches for assessing workforce capability & capacity. At a **strategic level**, workforce needs are identified through the SPP, as they relate to product/service offerings (3.1b(2)), the design of offerings to meet requirements (6.1b(3)), & key work processes (6.1b(2)). Addressing a change or trend in workforce capability & capacity happens in annual initiatives. For example, a 2020 initiative is to integrate our field services teams, with a goal of increased resource sharing and collaboration. As noted in 2.1a(1), **long-term projections** of workforce capabilities & capacity are included in the long-term plan; these plans are calibrated & translated into the **current year plan** through the annual financial planning process. This process considers revenue projections, profitability expectations, & resource allocation for SPP Initiatives. “Demand data” (4.1a(1)), such as master project scheduling/forecasting (in Services) & the Capacity Planner (in Materials) is leveraged **weekly/monthly** throughout the year to manage workforce plans.

**How do you assess: skills, competencies, & certifications needed?** (A) Our Job Progression system supports the Workforce Planning Framework by identifying needed capabilities for most positions. Job Progression was developed for common job families (sales, production, construction, technicians, etc.) & include a description of duties, compensation levels, needed skills, behaviors, certifications, & training. By reviewing the individual progression of employees & the overall progression of teams, we can determine our current capabilities & potential gaps. This review is updated every six months based on performance reviews against the Job Progression model. (D) Job Progression is deployed with some variation due to the nature of our jobs. For positions not covered by Job Progression (Support Services, BD, & Corporate – approximately 20 employees), formal job descriptions highlight needed skills, competencies, & behaviors. (L) Job Progression was developed in 2015 after struggling to

provide defined paths for employees & to communicate skills needed for promotion (Figure 5.1-2). Bi-annually, the system is evaluated for improvement opportunities resulting in refinements since its inception. For example, two years into using the model, we developed a new ladder for drilling positions due to the addition of in-house drilling positions. The results of Job Progression are tracked in 6D & used to evaluate any skills gaps or areas with too little (or too much) progression. One improvement in 2020 is a focus on aggregating the data into a “skills matrix” so we can more easily interpret and use the results. (I) The Job Progression model is integrated with the performance

What	Who	How
Product, SAFETY, & Policy Info, branding, contact information	Customers, Shareholders, Suppliers	mesaproducts.com
Technical calculators & design information	Customers, competitors, students, & others	cpdesigncenter.com
Internal files, project documents, benefit information, etc.	Employees	SharePoint
Proposals, estimates, quotes, orders, invoices	Internal operations (CS/ Materials)	Estimating Tool; GP; Spectrum
Project/order information, announcements	Customers	Email
Announcements, updates	Employees	Email

**4.2-2 Availability of Organizational Data & Information to Stakeholders**

management system (5.2a(4)). Any significant changes to Job Progression are included in SPP discussions.

• **staffing levels needed?: (A)** The long term Plan forecasts capacity needs for every year based on growth projections & product/service mix. The annual financial planning process – integrated with analysis derived from the SPP - reflects current year capacity levels as noted in the long-term plan, which is based on a refined projection of volume & mix. Any high-level changes in headcount based on demand data are discussed in leadership sync meetings (4.1b), followed by operational & HR analysis. HR consults with the hiring manager & operational leaders after every employee exit to make decisions on refilling that position. An employee exit provides a good opportunity to review the strategy for that position. Job Progression data completes the picture, providing data on how many employees we have in each position, how close each employee is to promotion, & any skills gaps that may exist. **(D)** These capacity assessment approaches are fully deployed to all teams, driven by HR & leadership. HR oversight on all hiring (and terminations) promotes consistency in our practices. **(L)** Although MESA has had a strategic planning process for decades, the addition of a comprehensive long-term plan with detailed expected headcounts was implemented as part of the 2015 planning cycle. This addition gives us a longer-term perspective of hiring needs in each department, updated on an annual basis.

**5.1a(2) How do you recruit, hire, & onboard? (A)** Finding qualified people is a challenge in our industry, with some positions much harder to fill than others. Our Recruiting & Hiring process is managed by HR in close connection with the operational teams in order to align needs & recruitment activities. The most effective form of recruiting has typically been employee referrals, which are rewarded with a referral bonus for a successful hire. Job listings are posted online (Indeed, Glassdoor, NACE Jobs, Craigslist) & distributed through our website & via social media. We also recruit through partner schools that offer programs specific to our industry (like OSU-IT’s Pipeline Integrity program) & attend career fairs. Summer internships promote our brand, provide students with relevant work experience, & widen our workforce pipeline. Many of these students have returned to our full-time workforce after finishing their degree. **(L)** In recent years, we have turned to reliable partners for our recruiting efforts. For example, Tulsa’s Women in Recovery program provides candidates for manufacturing positions; this connection not only helps us in the Recruiting & Hiring process, but strengthens our commitment to diversity & inclusion. We hired our first candidate from this program in 2019. Onboarding has gone through multiple cycles of improvement based. Before 2015, we onboarded every employee in Tulsa. However, due to increasing the volume of field & remote employees, we learned that it can be impractical to do this. As such, we’ve developed a remote onboarding process that replicates the in-person process. Communication occurs between the hiring supervisor & Support team in order to coordinate training, compliance, & HR needs.



### 5.1-1 Workforce Planning

**How do you ensure that your workforce represents the diverse ideas, cultures, & thinking of your hiring & customer communities?** Although many of the geographical communities in which MESA operates are diverse, our industry community is a relatively small section of those communities. We recruit & hire people with the right skills & experience without regard to race, gender, religion, sexual orientation, or ethnicity & we are committed to providing a culture of inclusion. Nevertheless, our workforce demographics tend to mirror those of our male-dominated industry (Figure P.1-2) because most new hires typically have industry experience (often with a customer or competitor). To a large extent, our workforce reflects our customer community. **(L)** We deployed an initiative in 2019 to address the need for more conversation around diversity & inclusion, as well as a more systematic approach to increasing diversity among all teams. From this initiative, we held focus groups, attended seminars, and communicated different aspects of diversity and inclusion. We also hosted a workshop about unconscious bias for our customers; this allowed us to demonstrate our commitment within the industry and with our partners. In 2020, we are weaving these principles into our processes so that the commitment to diversity & inclusion becomes imbedded in our work systems. One example of this is the creation of an employee team in Tulsa dedicated to community and engagement; distributing decision-making responsibility and seeking feedback from all teams ensures that we are capturing ideas and cultural perspective from our community. **How do you ensure the fit of new workforce members with your organizational culture?** Ensuring the fit of new employees within our culture begins in the behavior-based interview process, where defined aspects of our culture are built into the job description & assessed during interactions with a prospective employee. For example, SAFETY is a core competency & we ask candidates questions that give us insight into their philosophy of SAFETY. While we do not expect—or want! - each candidate to answer the same way, as that would indicate little diversity in thought, we do look for consistent prioritization of what our core competencies. An exceptional candidate brings a new perspective on our VFOs or a unique way to solve a problem within one. As for the onboarding process, which occurs either in Tulsa or remotely, we equip each new employee with tools & training needed to begin contributing as soon as possible. New workforce members are integrated within their teams almost immediately & are able to quickly enjoy the ONEMESA culture

with the help of their manager. Employee retention approaches are highlighted in Figure 5.1-3. (L) The Recruiting & Hiring & Onboarding processes benefit from fact-based evaluation as they undergo a formal review at least every three years. Corrective actions result from these process reviews, giving us a means to improve on a regular basis. One recent review led us to recognize a need to reaffirm our behavior-based interview process; as such, our HR team reviewed our processes & implemented training for hiring managers, along with a guide that is distributed before each interview.

**5.1a(3) How do you prepare your workforce for changing capability & capacity needs?** (A) The Workforce Planning Framework discussed in 5.1a(1) & leadership communication methods (Figure 1.1-3) are the primary approaches for preparing our workforce for changing capability & capacity needs.

Additionally, because each employee has a bi-annual performance review & Job Progression evaluation, employees are kept up-to-speed with their progress, opportunities for advancement, & any potential gaps. **How do you:** • **balance the needs of your workforce & your organization to ensure continuity, prevent workforce reductions, & minimize the impact of any necessary reductions?** (A) The primary driver of changing capability & capacity needs is fluctuations in demand for certain products & services. For example, in our manufacturing environment, current demand may be greater in one department, creating a capacity constraint, while much lower in another department, exposing excess capacity; in the Services teams, demand may be greater in the Eastern Region, while there could be a lull in the Western Region. The key to effectively addressing those issues begins with the “Build Culture” foundation established by our SLT leadership system (Figure P.2-2) in which common values & expectations are established. Standard processes & procedures allow for an employee in one region of the country to work effectively in another region of the country, while cross-training in the manufacturing environment allows an employee in one area to effectively fill capacity gaps in another. Capacity indicators in operational teams (demand data) allow managers to plan for these scenarios to ensure a smooth transition. MESA has never had an organization-wide layoff. However, in 2015, when the price of oil dropped dramatically, impacting the short-term spend of our Key Customers, we recognized after months of analysis that we had overbuilt our structure in certain areas, mostly Support functions. After re-aligning functions and roles, these teams have become key contributors to our success. We were able to effect this change because of our succession planning, a cohesive strategic SPP, a history of integrity, & a culture of transparency. Today, although we continue to grow our customer-facing & revenue-generating roles, our support structure has remained largely consistent, indicating that we are able to support more activity with the same structure. For example, our Accounting team is about 40% smaller today than it was six years ago (when we had fewer employees and revenue) and it offers an increased level of service to the organization. Additionally, engagement in

CONSTRUCTION CAREER PROGRESSION LADDER	
SENIOR FOREMAN (Promotion contingent upon available position)	
<b>CERTIFICATIONS &amp; EXPERIENCE</b> • NACE CP-2/4/7 YEARS FIELD RELATED CONSTRUCTION EXPERIENCE OR • NACE CP-1/100 YEARS FIELD RELATED CONSTRUCTION EXPERIENCE • PROFICIENT IN EVERY SERVICE LINE APPROPRIATE TO REGION	<b>VALUES/BEHAVIOR/SAFETY REQUIREMENTS</b> • RECOGNIZE, FOLLOW AND COMMUNICATE SAFE WORK PRACTICES • UNDERSTAND, ACCEPT, AND MODEL MESA'S VALUES & BEHAVIOR STANDARDS
<b>SOFT SKILLS/LEADERSHIP REQUIREMENTS (Meets all requirements of lower positions)</b> <b>TECHNICAL/SKILL REQUIREMENTS (Meets all requirements of lower positions plus)</b>	
Estimated time for progression = 3-6 years	
FOREMAN (Promotion contingent upon available position)	
<b>CERTIFICATIONS &amp; EXPERIENCE</b> • NACE CP-1/4/6 YEARS FIELD RELATED CONSTRUCTION EXPERIENCE • EXPOSURE AND TRAINING IN EVERY SERVICE LINE APPROPRIATE TO REGION	<b>VALUES/BEHAVIOR/SAFETY REQUIREMENTS</b> • RECOGNIZE, FOLLOW AND COMMUNICATE SAFE WORK PRACTICES • UNDERSTAND, ACCEPT, AND MODEL MESA'S VALUES & BEHAVIOR STANDARDS
<b>SOFT SKILLS/LEADERSHIP REQUIREMENTS (Meets all requirements of lower positions plus)</b> • PERFORM ALL ADMINISTRATIVE FUNCTIONS • COACH AND MENTOR TEAM MEMBERS • CONSISTENT ACHIEVEMENT OF PROJECT PROFITABILITY GOALS	
<b>TECHNICAL/SKILL REQUIREMENTS (Meets all requirements of lower positions plus)</b>	
Estimated time for progression = 1-2 years	
ASSISTANT FOREMAN	
<b>CERTIFICATIONS &amp; EXPERIENCE</b> • 3 YEARS FIELD RELATED CONSTRUCTION EXPERIENCE	<b>VALUES/BEHAVIOR/SAFETY REQUIREMENTS</b> • RECOGNIZE, FOLLOW AND COMMUNICATE SAFE WORK PRACTICES

our support teams has increased measurably since 2015.

• **prepare for & manage periods of workforce growth? • prepare your workforce for changes in structure & work systems, when needed?** Preparing & managing for periods of growth has been a challenge over the course of our history & has driven most of the changes in organizational structure & work systems. Preparations start through our long-term planning cycle with growth & workforce capacity included as key factors. We are transparent about growth projections, beginning with town hall sessions to kick off the year, reinforced with consistent communication (Figure 1.1-3). Job Progression models may need to be revised for needed or obsolete capabilities due to work system changes, such as the addition of our drilling positions. (D) Organization-wide town hall sessions in January cover the strategic plan, including overall hiring objectives & service capabilities & strategies. Any new service lines or market opportunities are discussed in this setting, as well as in smaller settings within each operational team. Individual team meetings also recognize any new positions created & allow for discussion & review. (I) The SLT meets regularly; issues concerning changes in capacity or capability are discussed to ensure affected parties are aware. For example, if the Services team is about to receive a large order, that project may be addressed in a sync meeting to give our manufacturing team advance notice. This information gets trickled down through team meetings via leadership channels.

**5.1a(4) How do you organize & manage your workforce? How do you organize & manage your workforce to accomplish your organization’s work?** (A) Nearly everything we do happens through teams, which is reflected in one of our Principles: “Working as a Team: we embrace teamwork & a sense of shared accountability.” Additionally, teams are organized around service line performance & manufacturing specialty.

• **capitalize on your organization’s core competencies?** As described in P.1a (1), at a high level, our organization is separated into Materials & Services – two very different business models. Organizing & managing through these teams allows us to capitalize on core competencies specific to those market offerings to better exceed performance expectations of our customers. • **reinforce a customer & business focus, & exceed performance expectations:** We recognize that these



organizational lines have been created by us, helping us to accomplish our work more effectively, but that our customers see us as one organization. To reinforce that customer focus, we have embedded a “ONEMESA” philosophy as part of our culture. We do this through communications (Figure 1.1-3), internal branding & messaging, & through the profit sharing plan which distributes 25% of the company’s pre-tax income to all employees (based on the success of the company as a whole rather than any individual or team). We have found that employees may describe the concept of “ONEMESA” using different words or examples, but that the common theme is one of collaboration. (L) We evaluate our organizational structure annually, which has resulted in frequent changes over the past decade as our Services business has grown. In 2020, our analysis led us to combine two field-oriented teams into one group: Services. This integration is a result of customer confusion, gaps in resource sharing, and dissimilar processes developing across similar service lines. This re-alignment will help us drive engagement in our teams, deliver exceptional results to our customers, and increase efficiency in our processes. (I) Although Services and Materials have independent revenue goals & objectives, our teams share the same ONEMESA ethos (purpose, path, principles) & are aligned toward reaching shared organizational VFOs.

**5.1b(1) How do you ensure workplace health, security, & accessibility?**

(A) We consider MESA to be a Great Place to Work, & value the SAFETY of our teams – our people are our greatest asset, & we protect them as such! We know that SAFETY & health benefits are a major component of employee engagement. Figure 5.1-4 summarizes various approaches to workplace health, security, & accessibility. **Workplace health** is ensured using numerous benefits, including no-cost flu shots (offered to all employees & dependents), first aid kits in every office, eye wash stations in the manufacturing facility, SAFETY policies & procedures for all positions, free health assessments (for all employees & any spouses on the health plan), & a 24/7/365 telemedicine option (free for members of the health plan). **Workforce security** is ensured via appropriate SAFEGuards like alarm systems, key fob access, locked gates, & scheduled fire drills on our main campus. When arriving at our main campus, all visitors are required to check in at the front desk & are greeted with our SAFETY standards. This helps maintain SAFETY policies throughout the facility. The

security of our drivers is ensured by rigorous adherence to SAFETY procedures & DOT standards, including hours of service limits to prevent driver fatigue, the a fire extinguisher in every vehicle, appropriate insurance & other documentation for every driver, adherence to a hands-free driving policy, & a 360-degree walk-around policy, among others. We have a dedicated SAFETY team that responds to questions, incidents, & issues within a moment’s notice & is responsible for performing reviews of our SAFETY policies & procedures, along with creating preventive programs. Additional security measures include basic life insurance (no cost) & short & long-term disability coverage. **Workplace accessibility** is maintained by following all laws & providing any reasonable & necessary accommodations. Flexibility & work/life balance is achieved by our FMLA-compliance, our parental leave policy for all new parents, our personal time off policy for all employees based on tenure, & our paid holidays throughout the year. Additionally, some roles in the organization can be conducted remotely & team members in these roles live in various locations throughout the country. **What are your performance measures & improvement goals for your workplace environmental factors?** SAFETY & health concerns are taken into account at year-end strategic planning & are factored into our ongoing initiative to “Advance the SAFETY Culture,” which is linked to the World-Class SAFETY VFO.

Performance measures for our workplace environments are included in 6D VFO measures for each operational & support team, cascading from the ONEMESA goals highlighted in Figure 2.2-2. SAFETY metrics are a top priority & are documented monthly & distributed to the entire organization in multiple ways, including a monthly email newsletter and a SAFETY scorecard on SharePoint. Other metrics are recorded & discussed in sync calls. Improvement Initiatives are developed through the SPP & documented through 6D.

(D) The benefits & policies in Figure 5.1-4 are available to all employees, with some variation based on working environment. For example, SAFETY policies & procedures are

deployed in Services via annual training, monthly SAFETY calls, & SAFETY tailgate visits. SAFETY procedures are distributed to our manufacturing team in monthly SAFETY trainings & weekly meetings. Additionally, the onboarding process (during which SAFETY training is required) is an important avenue for providing SAFETY & health information to our workforce. (L) The approaches in Figure 5.1-3 benefit from systematic evaluation through the annual review of benefits & services and/or SAFETY audits. We

- Individual New Employee Follow-ups
- Bi-Annual Performance Reviews
- Annual Merit Increases
- Annual Engagement Survey
- Company-Sponsored Training
- Generous Benefit Package
- Defined Progression Plan per Position
- Service Awards
- Rewards & Recognition

**5.1-3 Employee Retention Efforts**

Health
SAFETY policies & procedures Annual Health Assessment (free for employee/spouse) Annual Flu Shot (free for employee & families) 1-800-MD telemedicine benefit (free) Employee Assistance Program (free) Gym/Activity Reimbursements SAFETY Training & SAFETY Assessments Ongoing SAFETY corrective actions
Security
Facility Alarms Fire & Other Emergency Drills SAFETY & DOT Policies for drivers, including hands-free driving & 360-degree walk-arounds Basic Life Insurance (free) Voluntary Life Insurance (at additional cost) 401(k) Plan (company match of 50% up to 8%) Short- & Long-Term Disability Benefit (at no cost)
Accessibility
Personal Time Off; Holiday Leave Parental Leave Policy for all new parents FMLA-compliance Flexible Scheduling/Remote Work based on job

**5.1-4 Workplace Environment**

implement SAFETY corrective actions on an ongoing basis, tracked through 6D. In recent years, these have included providing spill kits for offices performing drill rig maintenance, clarifying our post-accident drug & alcohol policy, distributing additional Bluetooth handsets for drivers, & correcting a potential eye hazard in the manufacturing facility.

**5.1b(2) How do you support your workforce? (A)**

Figure 5.1-5 depicts our portfolio of services, benefits, & policies. Because we like to think of ourselves as a “home away from home” for employees, we want to make sure we take care of people. That means providing comprehensive benefits consisting of salary, merit increases, affordable health coverage (including vision & dental), a 401(k) plan, a Flexible Spending Account option, annual health assessments with incentives for completion, flu shots, gym reimbursements, a tobacco-free discount on insurance premiums, a surgical management program, life insurance, charitable matching, an employee referral bonus, parental leave, tuition reimbursement, & short- & long-term disability coverage. We also provide an Employee Assistance Program (EAP), which provides free & anonymous counseling to employees & dependents. Our policies are developed to provide a positive work environment & a good work/life balance, including paid time



- Comprehensive insurance
- Flexible Spending Account option
- Charitable matching
- Employee Referral Bonus
- Basic Life Insurance (free)
- Voluntary Life Insurance (additional cost)
- 401(k) Plan options
- Short- & Long-Term Disability (free)
- Annual merit increases
- Profit Sharing Distribution
- Tuition Reimbursement

**5.1-5 Services, Benefits & Policies**

off, paid holidays, & job flexibility (Figure 5.1-5) & compare very favorably to benefit portfolios of other organizations (Figure 5.1-7). **How do you tailor these to the needs of a diverse workforce & different workforce groups & segments?** All full-time employees have access to all benefits & policies, although the relative importance may vary for different workforce groups. We update our health plan annually & we seek input from employees in different states to determine how well the plans are working. Our tele-medicine option was developed with field employees in mind, as those employees have less stability in location & are often traveling; the need for quick & easy access to medical treatment is paramount. (This, of course, only

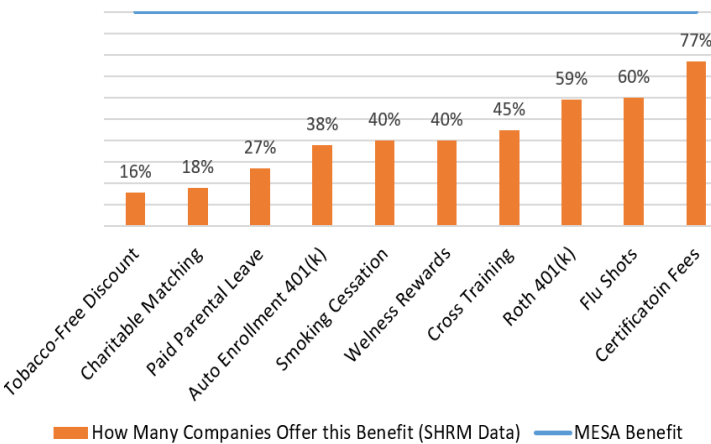
relates to personal health care—any work-related medical issue is addressed using a 24/7 medical case management firm that provides immediate access to nurses and medical facilities.) (L) We review our compensation, benefits, services & policies annually, & perform market comparisons of compensation ranges for our positions at least bi-annually. Recent changes include the addition of a Roth option to our 401(k), implementation of the Paycor software to improve access while increasing efficiency of our internal processes; improvements in our health insurance network; & the addition of the gender-neutral parental leave policy that reflects the realities of families. We recognized a gap in our EAP program in 2019 because the providers were primarily based in Tulsa. In 2020, we partnered with a new EAP vendor that utilizes mobile app technology to provide counseling services and more to all employees, regardless of location. (I) Our compensation, benefits, services & policies are closely integrated with our Great Place to Work VFO & our ability to address the strategic challenge of

**What motivates you to do your best?**

Recognition	6
Money	7
Personal	7
Co-Workers	7
<b>Family</b>	<b>9</b>

recruiting & hiring qualified employees. As such, these are common topics during strategic planning sessions.

**5.1-6 2020 Survey**



**5.1-7 Percent of Companies Offering Similar Benefits**

**5.2a(1) How do you determine drivers of engagement? (A)** A variety of workforce listening methods contribute to identifying key drivers of engagement for MESA’s workforce, which were originally determined after our initial employee satisfaction survey in the late 1990s. Since then, engagement drivers are updated based on feedback from our EES & other listening mechanisms, such as performance reviews, exit interviews, town hall meetings & conversations with leaders. Our engagement survey is designed to determine what’s on the minds of our workforce - be it leadership, culture, benefits, compensation, or their role in the organization. **How do you determine drivers for different groups & segments?** The EES is deployed to every employee across all teams throughout the organization, with results segmented by workforce groups; other employee listening mechanisms are deployed as appropriate to the various workforce environments. (L) The shift in our business over the past decade from primarily manufacturing to field services has provided many opportunities for learning about drivers of engagement, which have evolved & are reflected in those identified in P.1a(3). In

2020, we began deploying various additional listening mechanisms with the goal of increasing engagement and transparency. These tools include live meeting links that allow employees to ask questions anonymously during the course of a meeting or town hall session. In our 2020 January town hall with the Services team, we answered over thirty questions, allowing us to understand motivations and concerns of the team. In a survey taken in early 2020 by more than thirty members of our Services team, we learned that the biggest motivator for being engaged at work is the desire to provide for one's family. (5.1-6) (I) As our SAFETY culture has evolved, so has our SAFETY reporting & incident investigation. This evolution has led us to evaluate SAFETY incidents for causes that might be related to workforce engagement (rather than something like malfunctioning equipment). A contributing factor for an incident in 2017 was considered to be a lack of engagement & this was a lesson learned for leadership in how to prevent similar incidents. In 2019, we held a series of diversity & inclusion focus groups in order to evaluate our employee engagement & seek feedback from our workforce on their prioritization of issues, benefits, & policies.

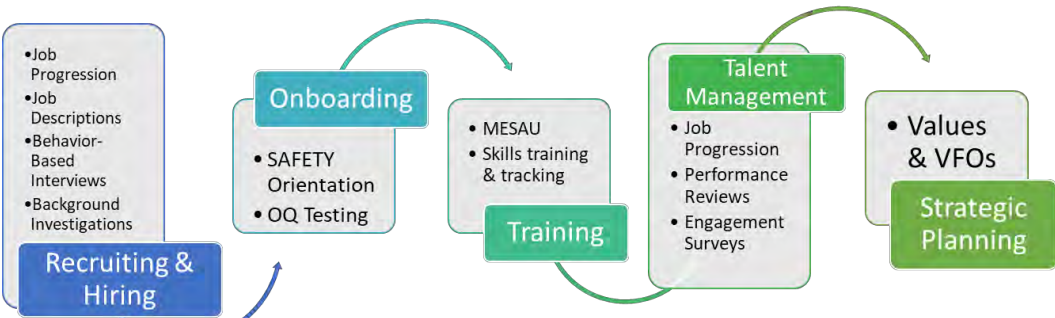
**5.2a(2) How do you assess engagement? What formal & informal assessment methods do you use to determine workforce satisfaction & engagement?** (A) We distribute an annual workforce engagement survey. This is the primary metric of engagement, although other indicators include the survey participation rate, SAFETY incidents, quality issues, turnover, referral rate, email open rates, & employee complaints. The participation rate in the survey is an indicator of employee engagement because it allows us to understand the willingness of our workforce to provide feedback. **How do these methods & measures differ across workforce groups & segments?** There is no significant difference in these methods & measures across workforce groups & segments, although some groups include additional measures. For example, participation rates in community events is mostly relevant to our Support team, who are centrally located. **How do you also use other indicators to assess & improve workforce engagement?** Although we maintain the survey as a constant measure, we may include an additional measure depending on the results or any major developments during the year. For example, in 2015 we held focus groups in order to hone in on some of the survey results that had changed more than we'd expected. After the 2016 survey, we added a mini-survey with just two questions to check in with our employees so we wouldn't have to wait a full twelve months for feedback. In 2019, we held focus groups with topics related to different employee demographics. In 2020, we added a tool (meet.ps) that allows us to capture live feedback and ideas during meetings. Additionally, we evaluate every SAFETY incident for concerns of decreased levels of engagement (which could cause incidents) & address any potential issues through disciplinary action, SAFETY stand downs, monthly SAFETY calls, policy changes, & other communication techniques. (D) The engagement survey is anonymous (and conducted by a third-party) & deployed

consistently across the organization, with results segmented by group, region, leadership level, & more. These results are one of the primary inputs to the SPP & are communicated to the company via email & reviewed at the annual town hall sessions. (L) Using the survey as our baseline, we make improvements to our engagement methodology every year, supplemented with initiatives aimed at improving engagement.

**5.2b How do you foster a culture characterized by open communication, high performance, & an engaged workforce?** (A) Building a culture of high performance through an engaged workforce is one of the primary objectives of our Leadership System (Figure P.2-2). **How do you reinforce your organizational culture? How do you ensure that your organizational culture: supports your vision & values?** Through the leadership system, we "Create Clarity" about who we are, how we behave, where we're going & what's important - our Purpose, Principles, Path, VFOs, & Initiatives. Leaders role model, reinforce, & communicate that clarity through various approaches (1.1-1). We "Align Systems" to reinforce the culture, including Job Progression, workforce performance managements, & workforce services, benefits, & policies, & we "Embed Learning" in feedback mechanisms like our annual Employee Engagement Survey & VFOs. • **benefits from the diverse ideas, cultures, & thinking of your workforce?** The principle "Valuing People" guides our Diversity & Inclusion (D&I) efforts. A 2019 SPP Initiative helped us to embed D&I in our workforce & leadership processes & policies. **How do you empower your workforce?** (D) Employees are empowered to "own" their career via our Job Progression model; through the career ladder of their position, all employees can see requirements needed for promotion & training they will be provided. Employees are empowered to take care of themselves & their families via our time off policies, including parental leave. Employees are empowered to communicate & provide feedback through an open-door policy in the office, annual town hall sessions, focus groups, & other two-way communication channels. Employees are empowered to contribute to the goals of the organization by sharing of the strategic plan, regular discussion of VFOs, & communication surrounding the Purpose, Path, & Principles. (L) Systematic evaluation of the Leadership System is described in 1.1. In 2017, after hearing from employees that our field pay structure was not optimal, we made a fairly major structural change. The result was an increase in employee engagement results from the previous year (see 7.3-11 & 7.3-12) & overall increase to the employee's compensation (on average); this change was an example of empowering our workforce by using their feedback to make a major policy change. Other changes we have made based on employee feedback in the past few years include changes to our benefits plan & full implementation of the Job Progression program.

**5.2c(1) How does your workforce performance management system support high performance?** (A) Our Workforce Competency & Management

System (5.2-1) includes aligned & integrated processes to support a culture of high performance. **How does it consider workforce compensation, reward, recognition, & incentive practices?** Every employee receives semi-annual performance reviews & those positions represented by Job



Progression (see 5.1a(1)) are evaluated against the competencies, skills, training & certifications needed to excel in their current position & to progress. High performance is rewarded & incentivized, as performance reviews are used by leaders to determine merit increases & distributions from profit sharing. Additionally, Job Progression defines compensation levels & opportunities for increases based on development of skills & needed competencies. **How does it reinforce intelligent risk taking, a customer & business focus, & achievement of your action plans?** The integration with the SPP & related VFOs supports the “Build Culture” objective in the leadership system (P.2-2) to establish a customer & business focus & an entrepreneurial environment for intelligent risk-taking & innovation. As described in 1.2a(2), performance reviews of SLs include an evaluation of performance in “Leading MESA” & “Leading Your Team,” which supports the achievement of action plans. (D) The approaches in the Workforce Competency & Management Framework are well deployed across all workforce groups, with variation described previously (e.g. with Job Progression). (L) Our Job Progression model is regularly updated using operational feedback in order to address changes in service lines, workforce needs, or capability. For example, as previously mentioned, additional models were developed for new positions like our drilling team. In 2019, we implemented leadership training that includes lessons on effective performance management. In 2020, we implemented 360-degree reviews for SLs to increase feedback and help continually develop leadership skills.

**5.2-1 Workforce Competency Processes**

Customer Experience at World-Class levels of SAFETY through our key work systems & processes (6.1-1). These are captured in the Job Progression system & job descriptions (5.1a(1)), targeted at an employee’s current position & desired development for career progression. The learning & development framework includes operational & skills-based training, cultural coaching, & leadership development. Operational & skills-based training often includes SAFETY training, industry certification classes, or ongoing process & hands-on training. Also embedded in Job Progression for field-based employees are requirements for Operator Qualifications (OQ), which are mandated by customers based on regulatory requirements & certified by an external third-party provider to ensure individuals working around pipelines are properly qualified in the tasks that they will be performing. (D) All employees are given training for their role & job description, although the types of training required varies by team & position. (L) MESAU was an improvement made in order to provide training to employees anytime, anyplace. Employees can access online training from their computers or phones at their convenience. This allows us to distribute required training online (since getting teams in the same room at the same time can be very inefficient) & allows our teams to access training they need. (I) As discussed, one of our strategic challenges has been finding qualified employees who fit our culture. The learning & development system – coupled with Job Progression - is a key component of ensuring that we have the right capabilities & capacity to meet our growth projections. In our 2017 planning meeting, we realized that it wasn’t just the lack of technical or operational skills that were creating barriers to growth, but

**5.2c(2) How does your learning & development system support the organization’s needs & personal development of workforce members, managers & leaders? How does it consider the learning & development desires of workforce members, support organizational performance improvement & intelligent risk taking, & support ethics & ethical business practices?** (A) Figure 5.2-3 summarizes our learning & development framework to support the organization’s needs & development of our workforce. The primary focus of our learning & development framework is the skills needed to deliver World-Class Performance & an Exceptional

- Reinforcing Vision & Values**
  - Annual Review & Discussion
  - Imbedded in Performance Reviews
  - Imbedded in Job Progression
  - SAFETY & Principle moments
- Incorporating Diversity**
  - Rotating ownership of meeting agenda items
  - Strategic Partnerships
  - Employee Involvement
- Empowering Employees**
  - Job Progression
  - Benefit plans
  - Two-way communication
  - Strategic communication

also leadership skills, particularly in front-line leaders. As a result, a strategic initiative was identified through the SPP to create & deliver a leadership training program targeted at front-line levels. The first cycle of this training was completed at the end of 2018.

**5.2c(3) How do you evaluate the effectiveness & efficiency of your learning & development system? How do you: correlate learning & development outcomes with findings from your assessment of workforce engagement & with key business results?** (A) The annual employee

**5.2-2 Reinforcing Vision & Values**

engagement survey asks questions specifically about learning & development & allows for write-in comments to provide additional detail, which helps correlate the effectiveness of our system with employee engagement. Our 2017 survey provided several suggestions related to training. Since the capability & capacity of our workforce is the most significant constraint on our ability to grow, the effectiveness of the learning & development system is correlated to business results by identifying the impact of this constraint on our projected revenue either through the current year financial plan or the long-term plan. At a more granular level, the effectiveness of training is evaluated by Job Progression data. If we see gaps in the progression ladder, we will increase the training at the positions one & two levels below in order to increase the flow through the progression. (Figure 5.2-4) • **use these correlations to identify opportunities for improvement both in workforce engagement & in learning & development offerings?** (D) Results from training inform future training offerings. For example, cybersecurity training implemented in 2019 and continuing through 2020 correlates with results for our internal phishing tests. These results will influence the training content pushed out via MESAU or through communications. Group training sessions allow us to obtain employee feedback on training content & timing, which in turn creates opportunities for improvement in our training & development program while empowering employees to provide candid feedback. Results of Job Progression are used to identify necessary training or training that is no longer valid. For example, we recently refined a Job Progression ladder to remove a formal training requirement from a certain position as it was no longer a customer requirement for those roles. Job Progression results are also used on an individual level to identify employee skills & proficiencies; these conversations provide insight into changes that would increase employee engagement. All formal training is coordinated through our Support Services

Operational & Skills-Based Training
On-the job training (OJT) aligned with Job Progression Ongoing training for all teams by position Industry certification & training as defined by Job Progression Operator Qualification training & certification for field teams SAFETY training for field & manufacturing teams Goal communication by leader (via email or team meeting)
Cultural Coaching
New Employee Onboarding Annual Town Halls Annual Respectful Workplace training Monthly SAFETY calls for field teams Monday morning meetings for manufacturing team Quarterly service activities for Support Services
Leadership Development
Formal leadership training Job Progression aligned with leadership positions Cross-training & alignment between teams Opportunities to lead imbedded in job functions (SAFETY/ tailgate meetings, event planning committees, etc.) Elective, self-managed development by SLT Sync meetings with SLT Sync meetings with leadership teams
5.2-3 Learning & Development System

team, which can evaluate the requested training against an employee’s position.

**5.2c(4) How do you manage career progression for your workforce & your future leaders?** (A) As described in 5.1(1), our Job Progression model is designed to help employees manage their career. Job Progression is a map of all positions, outlining the necessary training, skills, abilities, & requirements for each role. Additionally, there is an estimated timeframe attached to each role. Employees are evaluated on this model twice a year & are able to gauge their progression on the ladder. The ladder includes operational leadership roles, as well as positions in the field, in the manufacturing facility, & in sales. **How do you carry out succession planning for management, leadership, & other key positions?** The Job Progression system supports succession planning for key positions. Succession planning for

management & leadership positions is described in 1.1 c(1) & 1.2a(1). (D) All operational teams have deployed a Job Progression model that includes all positions in their team. All new employees are given an overview of Job Progression & can immediately identify their place on the ladder. (Because of the size of the groups & the specific nature of the roles, the Support Services & Business Development teams do not utilize the Job Progression model; instead, these employees have a job description with detailed requirements.) (L) Job Progression is reviewed after each six-month performance review cycle & multiple refinements have been made to the progression models since implementation in 2015.

## CATEGORY 6 - OPERATIONS

**6.1 a(1) How do you determine key product & process requirements? Products:** (A) At a **macro level**, the design requirements for MESA’s products & services are primarily based on regulatory guidelines & industry standards for CC & pipeline integrity; MESA is an active participant in industry committees & associations that establish these standards (see 1.2c(2)). At a **customer relationship level**, design requirements are identified through the CRDP as part of “Discover & Qualify” & “Bridge to Solutions. On a **transactional level**, specific customer requirements for products & services are determined in the “Build Solutions” set of processes (6.1-1) where customer requirements for each order or project are identified & clarified. (D) These approaches are well-deployed across MESA’s product & service lines. (L) The CRDP & the processes included in “Build Solutions” benefit from systematic evaluation as key processes that undergo formal review at least once every three years, & more frequently if needed. The Build Solutions processes have gone through multiple cycles of refinement over the past decade, particularly in our

### Measuring Development Measuring Business Results

Job Progression Measure Cost of Quality

Retention On-Time Performance

Engagement Revenue

Project Profitability

### 5.2-4 Correlating Training with Business Results

(A) **Process:** VOC methods (Figure 3.1-1) provide input to requirements for key work processes that align with MESA’s strategic position in the marketplace, such as those for delivering products & services on-time, accurately, & SAFELY. Additional work process requirements are determined based on unique & specific customer requirements, SAFETY considerations, workforce engagement drivers, & other stakeholder requirements derived through inputs to the SPP (2.1-2).

**6.1a(2) What are your key work processes?** (A) MESA’s key work processes are those illustrated in Figure 6.1-1, aligned with the three work systems of “Acquire Revenue,” “Execute Work,” & “Manage Resources & Rules.” **What are the key requirements for these work processes?** Key requirements are identified in Figure 6.1-2. (D) The key work system & process framework in Figure 6.1-1 is deployed to all operating & support teams, though the specific processes for Materials & Services may vary in design due to the unique requirements of each operation.

**a(3) How do you design products & work processes to meet requirements?** (A) **Products:** As most of MESA’s products & services would be considered commodities within our industry, the design of those products & services typically start with accepted industry standards. We look for opportunities to differentiate our business in the competitive environment, which could include **incorporating new technology**, such as the \$1 million investment in our N-Line data analysis system, or **potential need for agility** as seen in our AC TAP service line. MESA has developed a wide network of suppliers, customers, & even competitors as a source of new ideas & technology. Design of products & work processes are built on the foundation of MESA’s primary market focus of **product & service excellence** balanced against **value to the customer**. An example of this is customized engraving on the external casing of wire assembled in our Materials manufacturing operation. Opportunities to differentiate may also lead to innovations, such as the use of VCI for CC in AST applications rather than traditional CP systems, or in a gel substance for use in casing fills rather than the traditional industry standard of using a wax substance. In these innovative

applications, the design process involves a development & testing phase to ensure that the product & service will meet industry & regulatory requirements & standards. Product design or change includes an **evaluation of risk**, quality, & cost in a market environment which hasn’t dramatically changed in basic technology since the 1960’s & is historically slow to change. (A) **Processes:** Nearly all of our work process design has evolved from many years’ worth of Plan-Do-Check-Act cycles of learning. We begin with a design to meet key requirements, implement the process, monitor performance against requirements, & then learn & improve using the methods described in 6.1b(3).

**6.1b(1) How does operation of work processes ensure that they meet key process requirements?** (A) Key processes are supported by work instructions, written procedures, process control documents, and/or checklists to ensure that the requirements of the process are achieved in daily operations. Key processes are also supported by training & development approaches, such as Job Progression (5.1a(1)), new employee Onboarding (5.1a(2)) & workforce learning & development approaches (5.2b(1)), to ensure that our workforce is knowledgeable about process requirements & able to perform the processes in order to achieve those requirements in daily operations. **What key performance measures or indicators & in-process measures do you use to control & improve your work processes?** Performance measures for key processes are identified in Figure 6.1-2 & are reviewed at appropriate intervals (daily, weekly, monthly, final delivery of product or

6.1-1 Key Work Systems & Processes



service) to ensure process requirements are met (see 4.1a(1) & 4.1b). Ongoing operation of key processes is supported by data described in 4.1a(1) (demand-status-outcome data), such as the Capacity Planner in Materials or project schedules and project status updates in Services. **How do these measures relate to end-product quality & performance measures?** Most of the key process measures in 6.1-2 are related to end-product quality, while the demand-status-outcome data (4.1a(1)) provides in-process indicators. VOC methods also provide feedback on process performance relative to Key Customer requirements. (D) These approaches are well-deployed across Materials, Services & SS operations. (L) Process documentation & measures are included in each formal key process review (see 6.1b(3)). In 2016, we created a shared, secure SharePoint location for managing process documentation, providing an extensive library of process control documents, including procedures & checklists, that are available to all employees. Process documents include expiration dates, owners, & versioning metadata & undergo scheduled & as-needed review to stay timely.

**6.1b(2) How do you determine key support processes? (A)**

Key support processes are those that do not fall within the direct value creation work processes, but are determined to be necessary to support those processes. **What are your key support processes?** Key support processes are mostly those included in the “Manage Resources & Rules” work system, but could also be embedded in the other two work systems (e.g. Marketing, Invoice Customer, Pay Vendors & Subs). **How does your day-to-day operation of these processes ensure that they meet key business requirements?** Requirements for support processes are included in Figure 6.1-2. There is little differentiation between support processes & other key processes in terms of determining key requirements & managing them on a day-to-day basis, as described in 6.1a(1) & 6.1b(1). (D) Most support processes are performed by a Support Services team located in the Tulsa headquarters. (L) MESA systematically reviews our work systems & processes (see 6.1b(3)) to ensure continually improving alignment & integration with operational & customer-facing processes, which may result in a decision to either centralize or decentralize a support process. For example, in 2017 we moved all services invoicing out of the Tulsa-based Support Services team to the regional operations teams after seeing how well it had worked with our Manufacturing team. The result has been fewer mistakes on invoices because team members preparing the invoices are working more closely with the Project Managers for those jobs & are more tightly aligned with the project details & requirements. In contrast, with the implementation of our LMS (SilkRoad), we consolidated the training efforts from the operational teams, resulting in a more effective approach to training (MESAU) that includes company-wide Job Progression, industry certification, & annual training events.

**6.1b(3) How do you improve work processes to improve products & performance, enhance your core competencies, & reduce variability? (A)** Key processes in

Figure 6.1-1 undergo a formal process review at least every three years to ensure that our processes are current & effective. These reviews include important internal stakeholders & typically involve an ADLI-type discussion, with a SIPOC process analysis, to identify opportunities to improve performance, enhance core competencies & reduce variability, resulting in updates to process documentation. (I) Improvement opportunities identified through formal process reviews are assigned as Initiatives & managed through the 6D strategy execution system. (L) As a cycle of learning in 2019, we incorporated a format to evaluate certain processes through a “customer value” lens to identify waste based on Lean concepts. (A) Outside of formal key process reviews, MESA has a long history of process improvement through disciplined cycles of Plan-Do-Check-Act (PDCA). Opportunities to improve work processes, products & performance come from the SPP, ISO system audits, or general performance review cycles embedded in our key processes. Improvement opportunities identified through the SPP are typically related to a weakness, threat, or opportunity prioritized in the SWOT analysis. In those instances, the improvement is characterized as a strategic initiative & the improvement process is managed through the 6D strategy execution system (see 2.2). As part of our ISO 9001 Quality Management System – for which we have been certified since 1998 - we also undergo external (and internal) ISO audits annually to comply with our certification; these audits nearly always result in corrective actions that translate into improving one or more work process. Key process measures (6.1-2) & VOC methods (Figure 3.1-1), are used to evaluate performance & to determine any needed corrective actions. Additionally, MESA has a strong culture of improvement, with open lines of communication & opportunities to suggest changes that will enhance performance & provide value to the customer. (D) These approaches are well-deployed across Materials, Services & SS operations.

**6.1c How do you manage your supply network? (D)**

Supply chain management for materials purchases is managed centrally for all locations by our Purchasing Team. This team issues Purchase Orders upon request after review to approved suppliers. Services subcontractors are selected & managed by the individual Service teams, with ongoing compliance monitoring by SS. A list of approved Services subcontractors is maintained by the SS team & is accessible to all Services teams. **How do you select suppliers that are qualified & positioned to meet your operational needs, enhance your performance, support your strategic objectives, & enhance your customer’s satisfaction?** Material suppliers are selected based on qualified product, performance metrics including on-time shipments & defect rate, & ease of doing business. In some cases, the customer selects the supplier through specification requirements. Key suppliers are designated as suppliers with which MESA spends more than \$200K/year. Critical suppliers are those where the loss of such material could affect production or there are no competitive alternatives. Subcontractors are



selected based on Service team needs & customer requirements. These suppliers undergo a qualification process by submitting proof of insurance, a signed service contract, acknowledging our terms & conditions, completing a SAFETY exam, & complying with any client requirements. Approved subcontractors may work with any Service team. **How do you promote alignment & collaboration within your supply network?** (A) MESA's core competency of developing long-term relationships

extends to key suppliers & subcontractors. The philosophy that MESA strives to be the preferred supplier to our customers & the preferred customer to our suppliers is evident in the approaches to manage & build relationships with key suppliers & subcontractors. The strength of these relationships is evident through their length & loyalty & are the result of building trust over time. Suppliers are an important source of customer opportunities & new product opportunities. **How do you ensure supply network agility in responding to changes in customer, market, & organizational requirements?** (A) Although performance results factor into vendor selection & spend, MESA's general philosophy is to maintain multiple supplier relationships for key product lines to maximize supply chain flexibility. (L) Based on the findings of a 2016 ISO external audit, our material purchasing supply chain evaluation process was updated to its current metrics. (L) Learnings from incident investigations involving subcontractors factor into training & communication provided to all field teams. **How do you communicate performance expectations, measure & evaluate suppliers' performance, provide feedback to help them improve, & deal with poorly performing suppliers?** Key & critical material suppliers are monitored monthly for performance, with feedback to them in the form of monthly metrics, which are emailed to the supplier ("monthly report card"). An annual survey is conducted with these key suppliers to identify opportunities to strengthen the relationship. When a poorly performing supplier is a sole resource, we coach that team up to our performance standards. Subcontractor performance is evaluated on a project by project basis. When performance issues are identified, they are addressed by the individual Service team. Services subcontractors are required to participate in on-the-job SAFETY meetings & incident investigations; likewise, all subcontractors are expected to report any & all potential incidents as soon as possible. In some cases, subcontractors will be included in Lessons Learned sessions following project completion. Poorly performing

System	Processes	Requirements	Measures
<b>Acquire Revenue</b>	Build Strategy Build Branding Build Relationships Build Solutions	Attract, develop, grow, & retain mutually beneficial key customer relationships	Revenue Growth (7.5-1/2) Key Customer Growth (7.2-9/10) Key Customer Retention (7.2-4/5) Customer Satisfaction (7.2-1/2)
<b>Execute Work</b>	Plan it Do it Finish it Learn from it	Scope/error free Schedule/on-time Budget/Profitability SAFETY	Materials On-Time (7.1-3/4) Materials Error-Free (7.1-7/8) Labor Utilization (7.1-13) TRIR (7.1-1)
<b>Manage Resources &amp; Rules</b>	People Equipment Subs/Vendors Compliance Technology Money	Capacity/Capability/ Engagement Right amount of right equipment Relationships Timely/efficient processes Reliable, secure, available Availability of capital/ financing	Days to Fill (7.3-3) Engagement (7.3-11/12) Retention (7.3-15/16) % Qualified (7.3-1) Line of Credit (7.5-11) AR Outstanding (7.5-10) AP Outstanding (7.5-10) Current Ratio (7.5-9) Debt-to Equity (7.5-9)

### 6.1-2 Key Process Requirements

subcontractors are typically dismissed from our approved list, especially if their performance poses a SAFETY or customer service risk. In a situation where the subcontractor is a sole resource, we coach that team up to our performance standards.

#### 6.1d How do you pursue opportunities for innovation? (A)

Opportunities for innovation & intelligent risks are managed through the 6D strategy & execution system, described in 2.1, 2.2 & 4.1b. **How do you pursue the strategic opportunities that you determine to be intelligent risks?** (A) Strategic opportunities that are determined to be intelligent risks are typically identified through the SPP during development of the formal SWOT analysis (see 2.1a(2)). Strategic action plans are identified based on the elements in the SWOT analysis & managed through 6D. An initiative owner is assigned, as are team members to support development & implementation of the initiative. A project plan is developed within the 6D software & managed through the 6D execution rhythm with weekly, monthly, & quarterly accountability mechanisms embedded in the process (see 4.1b). (D) Such innovations & intelligent risks are most often identified at the organizational level planning session, but could be identified & managed at the team level, as well. An example would be the initiative to develop the MASTS program (solutions for above-ground storage tanks). The innovation within this program is a process to prevent, rather than just control, corrosion. This is managed at the Services team level, using the 6D process. **How do you make financial & other resources available to pursue these opportunities?** Financial resources for opportunities are evaluated & budgeted as part of Step I & II of the SPP (Decide What's Important & Plan) through prioritization, selection, & assignment of initiatives. **How do you decide to discontinue pursuing opportunities at the appropriate time?** These SPP steps also determine which opportunities will not be pursued. Monthly & quarterly reviews also provide a mechanism for discontinuing opportunities being pursued. One example is a strategic acquisition opportunity that was under active consideration in



2018. At a mid-year quarterly review, the SLT made a decision to discontinue following a discussion & evaluation of value relative to cost. The Stop List exercise in our SPP also provides an opportunity to identify activities which no longer provide value.

**6.2a How do you control costs?** (A) At an organizational level, costs are evaluated & managed through the annual financial planning process, which establishes expectations for cost & profitability. Our 2020 VFOs and strategic initiatives include specific targets and action plans for managing and reducing costs of operations (Figure 2.2-1). (D) This approach is cascaded to each team. Team leaders receive monthly financial statements tracking performance against the financial plan. (A) At a process or transactional level, cost control is addressed primarily through process design & workforce capabilities. The right people with the right skills operating through efficient & effective processes yields the highest return. (L) Based on feedback from our 2019 Baldrige site visit, we implemented a process in 2020 to solicit cost and efficiency savings from all employees throughout the company. **How do you incorporate cycle time, productivity, & other efficiency & effectiveness factors into your work processes?** As described in 6.1a(3), our key processes have been developed over many cycles of improvement. Factors such as cycle time, productivity, & efficiency are incorporated into the design process as appropriate for the process. **Prevent defects, service errors, & rework? Minimize warranty costs or customers' productivity losses, as appropriate?** Work instructions, written procedures, process control documents, and/or checklists support key processes as do Job Progression & workforce learning & development approaches. **Minimize the cost of inspections, tests, & process or performance audits, as appropriate?** Where in-process inspections, tests & audits are determined to be necessary, they are designed into the process with cost control in mind. For example, in the Materials operations, designing contract review into the sales process before an order is forwarded to the manufacturing process is more cost-effective than inspections & reviews downstream to prevent re-work, scrap, or warranty costs. **Balance the need for cost control & efficiency with the needs of your customers?** (A) This occurs through the "Build Solutions" set of processes (Figure 6.1-1) that includes systematic approaches for clarifying customer requirements, & developing a solution & a price that provides value for the customer & an appropriate level of profitability. MESA's competitive position is leveraged on service & quality; however most of the products & services we offer tend to be viewed as commodities in the industry. Price is almost always a significant factor in a customer's buying decision.



**6.2b How do you ensure the security of sensitive data & key assets?** (A) Data is protected in various ways, depending on the requirements. Employees have a password to access email/O365. External systems (such as timekeeping software, payroll software, & accounting software) have

password-security requirements. An organization-wide approach to spam is utilized, which blocks potentially harmful emails & helps prevent cyberattack. **How do you maintain your awareness of emerging security & cybersecurity threats?** In 2018, we purchased cybersecurity insurance, which provides access to a dedicated specialist in the event of an attack, several tools to manage risk (such as password management apps), & best practice information across all industries. These resources will allow us to systematically respond to an attack under the guidance of trained professional. Also in 2018, we purchased cybersecurity training content from a trusted vendor (KnowB4). This content was incorporated into our MESAU system & deployed to every team. In 2019, we implemented third-party notifications on all emails, which alerts users when an incoming email is sent from an outside domain. This is designed to create awareness of spoofed domain names. **Ensure that your workforce, customers, partners, & suppliers understand & fulfill their security & cybersecurity roles & responsibilities?** Training is deployed throughout the organization & to all new hires. Potential phishing scams are sent via email company-wide. To track results of training & notices, we instituted monthly phishing tests for employees, sending out fake spam to test our level of risk. The results are tracked & used to determine our vulnerability. Although we don't have a lengthy history of results, we have seen a decrease of over 30% in users who fall victim to cyberattack during months where we deploy training. In 2020, we deployed an organization-wide cybersecurity test to understand the gaps in our user experience. Communication with partners occurs via one-on-one communication or as part of a documented process. For example, our Accounting team uses a phone verification process when changing partner bank information; this process creates a touchpoint with the vendor that allows us to explain our security practices. (I) Lessons learned from cyberattacks & new threats are incorporated into process development and training material, which is distributed via organization-wide email or MESAU. All employees are required to take cybersecurity training annually & during onboarding. **Identify & prioritize key information technology & operational systems to secure?** MESA servers are given priority in terms of physical & data security because this is an asset over which we maintain control. Systems are prioritized in terms of impact to operating unit; for example, an impact to Great Plains would be prioritized because it enables our Manufacturing team to produce & sell orders. Cloud-based systems are prioritized secondarily, using their customer support, user training & industry-best privacy controls. **Protect those systems from potential cybersecurity events, detect cybersecurity events, & respond to & recover from cybersecurity events?**

(L) One common cyber threat is a dictionary attack. To combat this threat, we implemented a change in 2017 to the method of issuing user IDs. This change has so far prevented additional incidents of dictionary attacks. In 2018, we partnered with a cybersecurity insurance vendor to create a systematic process for cyberattack process.

This process includes forensic investigation, stakeholder impact evaluation, and corrective action.

**6.2c(1) How do you provide a SAFE operating environment?**

**How does your SAFETY system address accident prevention, inspection, root-cause analysis of failures, & recovery?**

(L) As MESA grew our market position with our service operations, one of the key challenges we had to tackle was providing a SAFE operating environment when our operations are conducted in remote, geographically dispersed locations around the country rather than in MESA’s own facility. SAFETY is not just the price of admission in the services marketplace, but is a key factor in being a Great Place to Work. MESA addressed this in 2013 by establishing the VFO to create a World-Class SAFETY culture. (A) MESA’s SAFETY culture is based on prevention, guided by the philosophy of SAFETY first & understanding that there is no single project, order, or customer is so important we cannot take time to work SAFELY. The standard of performance is zero OSHA recordable accidents (Fig. 7.1-1) & zero line strikes – two measures of SAFETY of significant important to MESA’s Great Place to Work culture & customer requirements. Our SAFETY culture (Figure 7.1-2 & 7.3-10) evolved into one of shared ownership between leadership & workforce, with each held accountable. (I) SAFETY is embedded in work processes (such as Job SAFETY Analyses on every project) as well as communications, performance measures (SAFETY Scorecard) & training systems. (L) A robust incident & accident investigation process supports the learning aspect of the SAFETY culture, as does benchmarking with customers & others in the industry to learn of best practices. In 2016, our insurance company awarded us the Silver Star SAFETY Award after an audit & evaluation of our facility & SAFETY culture. In 2017, we invited them back to conduct another assessment that confirmed MESA was among the highest performing SAFETY organizations in their portfolio.

**6.2c(2) How do you ensure your organization is prepared for disasters or emergencies? How does your disaster & emergency preparedness system consider prevention, continuity of operations, & recovery?**

(A) MESA’s business continuity risk mitigation (1.2-2) is an integral part of the leadership system for maintaining a sustainable organization (1.1c(1)). **How does your disaster & emergency preparedness system take into account your reliance on your workforces, supply network, & partners?** MESA’s operations are dispersed throughout the United States, & services are conducted in & around client-owned facilities & assets. Therefore, the risk associated with any one of the individual operations is lessened due to the ability to replicate those operations either in one of the other operations or through readily available replacement equipment, technology & resources. The sole exception is MESA’s



Tulsa facility, for which specific plans for disaster recovery and business continuity have been developed, tested and refined over the past decade. (L) Our business continuity capability has been put to the test on a number of occasions over the past decade. The first was an ice storm in 2007 that shut down major sections of the Tulsa area & again in 2010 when a blizzard struck Tulsa. The improvements that MESA made after the 2007 emergency allowed it to weather the 2010 blizzard with negligible interruptions.

A small tornado impacted the Tulsa facility in 2017, but once again, MESA’s emergency response resulted in virtually no impact to customers, team members, or ongoing business operations even though power to the area was down & sections of our facility were physically damaged or destroyed. **How do you ensure information technology systems continue to be secure & available to serve customers & meet business needs?** Much of the plan related to IT systems is described in 4.2a(2). All computers are equipped with anti-virus software. In order to detect viruses, we use an enterprise-wide solution for proactively detecting attacks, & emails contain quick links to report phishing scams, which is linked to our KnowB4 platform. (D) All hardware is equipped with the same anti-virus protection & all users are provided anti-spam software.

**CATEGORY 7 — RESULTS**

**7.1a What are your results for your products & your customer service processes?**

Key requirements of our customers are noted in Figure P.1-4 - SAFETY, Service, Quality & Price - which can vary between customers & customer groups.

**Key Customer Requirement (SAFETY):** (L/T) We always considered SAFETY to be a priority, but since 2013, our “SAFETY First” culture has made it our **top** priority. This has contributed to our competitive advantage with Services customers, as maintaining a World-Class SAFETY culture - in addition to maintaining compliance with customer requirements - is a competency smaller competitors often cannot afford & on which larger competitors at times lose focus. The primary metric used to determine a contractor’s ability to work SAFELY is the OSHA Total Recordable Incident Rate, followed by the insurance industry’s Experience Modifier Rate (7.1-1). We have achieved sustained benchmark performance over the past 6 years, with only 1 Recordable in 2019 & a much reduced severity rate for each, as reflected in the sustained benchmark level of our EMR. (C) Our TRIR is significantly below the construction industry comparison, similar to the benchmark for oil & gas construction, & remains close to our target of 1.0, while our EMR performance closely matches that of Baldrige comparison (I) Due to the relatively few incidents each year, segmentation is not meaningful. (L/T) Services customer perspective of

MESA’s performance (including SAFETY performance) through the CSS is highlighted in Figure 7.2-2 with a sustained positive trend.

**Key Customer Requirement (Customer Service):** (L/T) For Materials, the customer requirement of “service” is captured in our ability to ship their order on-time (7.1-3). We have sustained performance that has exceeded our goal of 99% for the past 3 years. (C) This is a significant competitive advantage for us, & we believe that we have been the benchmark for this metric in our industry for nearly two decades, although there are no available industry or competitor comparisons; therefore, we benchmark our performance against Baldrige comparison. (I) Although we have the data to segment results, there would be minimal value in doing so at our current level of performance.

(L/T) Materials customer perception of service is measured through the CSS as “Meeting Promised Ship Dates” & “Order Turnaround” (Figure 7.1-4). Sustained performance is demonstrated since 2012. (C) Although no recent competitor comparisons are shown, MESA’s performance since 2014 has improved in both attributes. (I) ASAOS.

(L/T) For Services customers, the definition of “on-time” can be difficult to determine, since delays occur due to weather, customers not being ready, or scope changes. However, final deliverables (reports, as-built drawings, etc.) provided to a customer represents the last step in our project delivery & providing these on-time is a competitive advantage that many contractors cannot achieve (Figure 7.1-5). Until 2020, this was measured separately between two service teams; going forward, that metric will be combined. (C) The benchmark comparison is to a 2018 Baldrige Award recipient in the management consulting industry, against which MESA compares favorably.

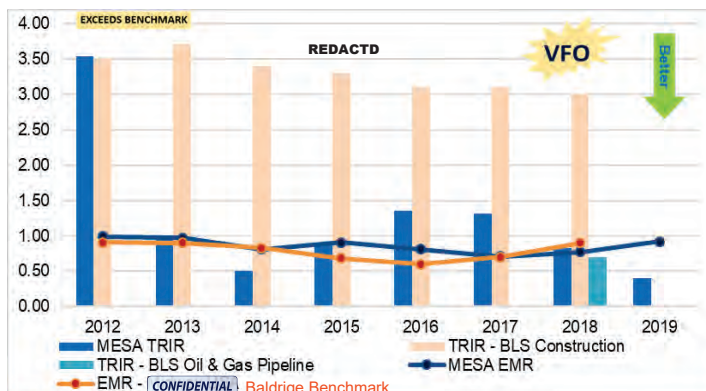
(L/T) Services customer perception of customer service is measured through the CSS in Figure 7.1-6, demonstrating beneficial trends.

**Key Customer Requirement (Quality):** (L/T) The quality component of Materials customer requirements is captured in customer-affected NCRs (Figure 7.1-7), which represent errors brought to our attention by a customer (i.e. “complaints”; “major” = more significant). While we strive to be error-free, we would prefer to catch any errors we make before they leave our facility; a customer-affected NCR is least desirable. Our performance has generally improved since 2012 such that we ship orders error-free nearly 98% of the time. The relatively minor increase in 2019 came after we upgraded our NCR tracking tool in December 2018. The new tool captures data more accurately, resulting in a perceived increase in cases. (C) As with our On-Time rate, we believe we have been the benchmark for error-free shipments in our industry for over two decades, though there are no available industry comparisons. Although Baldrige comparison provides a relevant benchmark with their metric of “Accurate, Intact Shipments”, we are currently addressing our upward trend through process review & training.

(L/T) Materials customer perception of Quality from the CSS is highlighted in Figure 7.1-8. MESA’s performance since 2012 demonstrates sustained, beneficial trends, (C) & leadership over competitors. (I) ASAOS. Services and Support Services adopted the NCR process for their operations, with implementation at the beginning of 2020.

(L/T) Services customer perception of Quality is reflected in the CSS results in Figure 7.1-9. Improvements in Equipment Maintenance/Availability correspond with MESA’s significant investment in capital equipment since 2013.

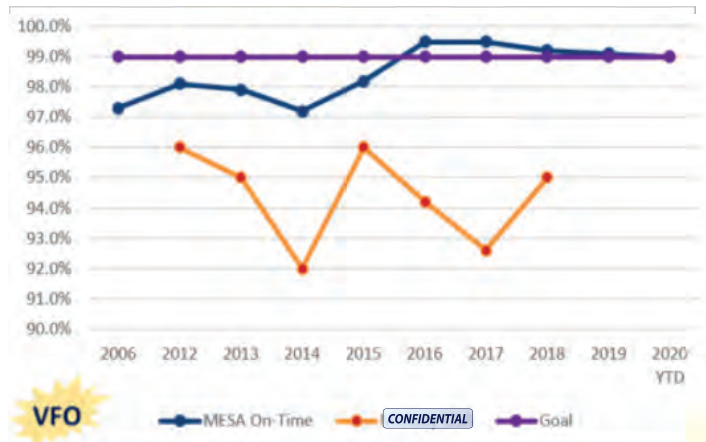
**Key Customer Requirement (Price):** (L/T) MESA’s strategic position is built on service, quality, & relationships, rather than price. However, competitiveness in the marketplace causes price to be a significant factor in a buying decision, particularly in Services, where the competitive landscape is more dense. The economic recession of 2009/2010 & the price of oil collapse in 2014/2015 (& now 2020) created even more pricing pressure, as budgetary



7.1-1 SAFETY: TRIR/EMR



7.1-2 SAFETY—Services Customer Perspective



7.1-3 On-Time Shipping MATERIALS

constraints of customers became tighter. Against that backdrop, a key indicator related to price is whether we continue to grow & retain key customers (7.2-5, 7.2-9, &

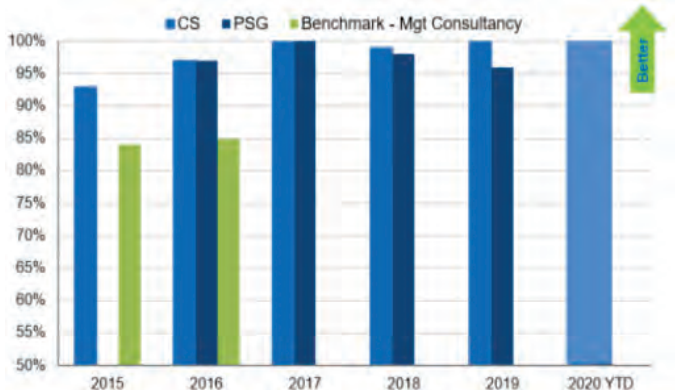
7.2-10) & overall revenue (7.5-1) while maintaining an acceptable profit (7.1-10). That was a challenge for us in Materials in 2019 as we experienced a considerable increase in Revenue in an unusually price competitive market. (C) The definition of gross profit/project profitability varies from company to company, so we choose not to invest the effort in a comparison for this, focusing more on comparisons to overall profitability, illustrated in 7.5. (I) ASAOS.

**7.1b(1) What are your effectiveness & efficiency results?**

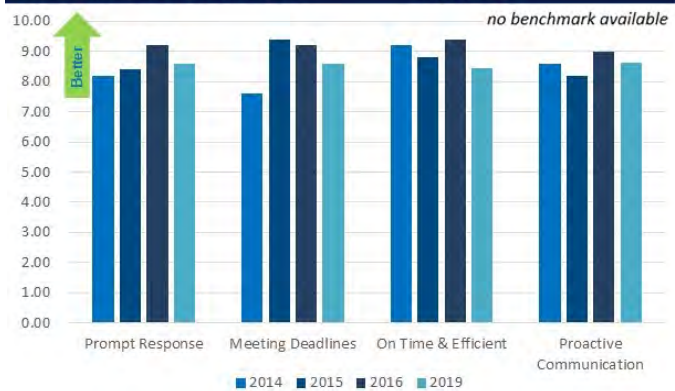
**Productivity: (L/T)** While our ability to ship on-time is our primary competitive advantage with Materials customers, our ability to effectively manage our investment in inventory is a requirement to ensure adequate liquidity (7.1-11). Sustained beneficial trends are illustrated over the past 3 years, despite significant growth in our Materials business. (C) MESA’s performance demonstrates ongoing high performance against a 2-time Baldrige winner. (L/T) Similarly, in our Services operations, work-in-process (7.1-12) represents costs incurred but not yet invoiced, which can drain cash flow if not effectively managed. We have seen a dramatic improvement since 2012, driven by improved timeliness & visibility of project-related financial information. The increases in 2018 and 2019 have been due to weather delays in the spring (both years have been very wet across the U.S.) and customer delays due to increasing restrictions for obtaining right-of-way clearance, a precursor to any work being performed. (I) ASAOS.



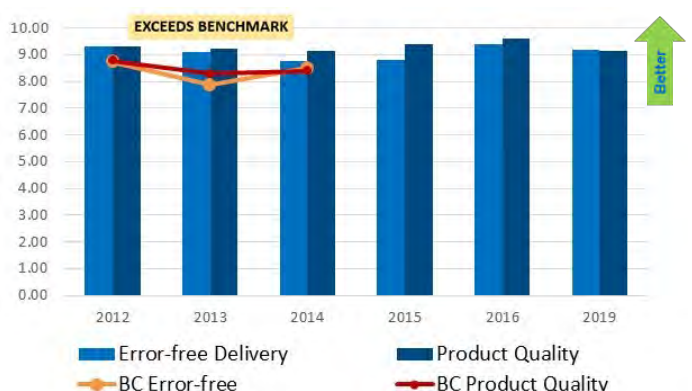
**7.1-4 CSS—Meeting Promised Ship Dates (Materials)**



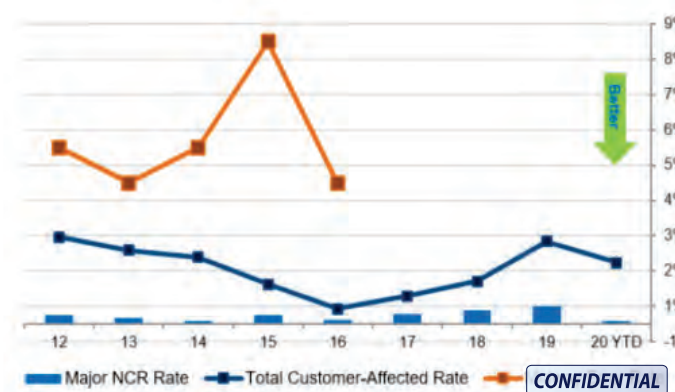
**7.1-5 Deliverables On-Time Rate SERVICES**



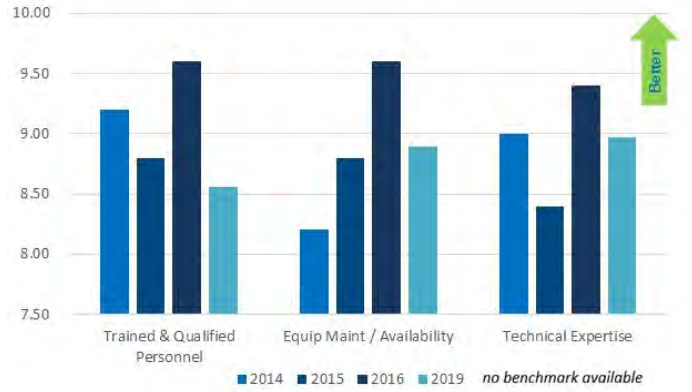
**7.1-6 CSS Customer Service Requirements (Services)**



**7.1-8 Error Free/Product Quality (Materials)**



**7.1-7 Customer-Affected NCR Rate MATERIALS**

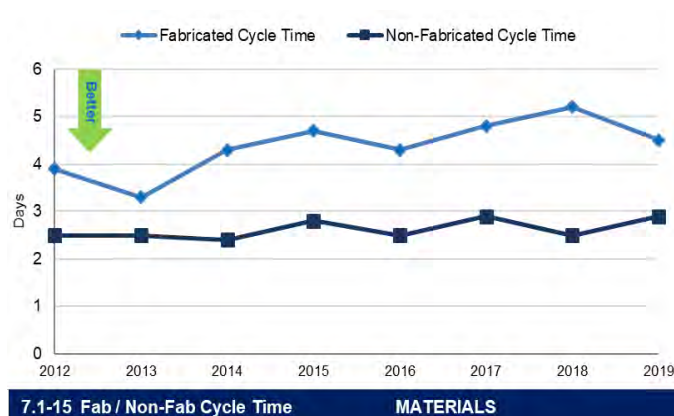


**7.1-9 CSS Customer Quality Requirements (Services)**



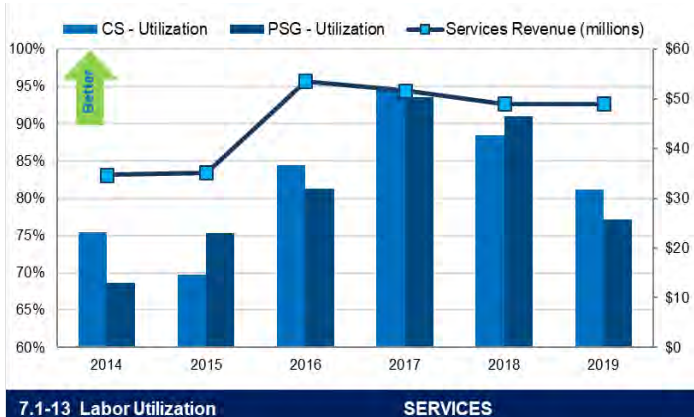
### 7.1-14 Intentionally Omitted

### 7.1-11 Intentionally Omitted



7.1-15 Fab / Non-Fab Cycle Time MATERIALS

projects, although our culture is such that we do not risk losing our high-performing employees during temporary downturns. The decline in 2018 and 2019 is primarily due to an unusually wet year, as we experienced above average rainfall in the spring and summer, in combination with delays from our customers in getting right-of-way clearance. We are monitoring this metric in 2020 and expect to see a significant improvement. (L/T) Revenue per Employee (7.1-14) has been declining in recent years as our Services operations have continued to grow along with our ability to internalize many of the competencies that we previously relied on subcontractors to perform, such as vertical drilling & vacuum excavation. (C) MESA's performance continues to exceed competitor & benchmark comparisons.



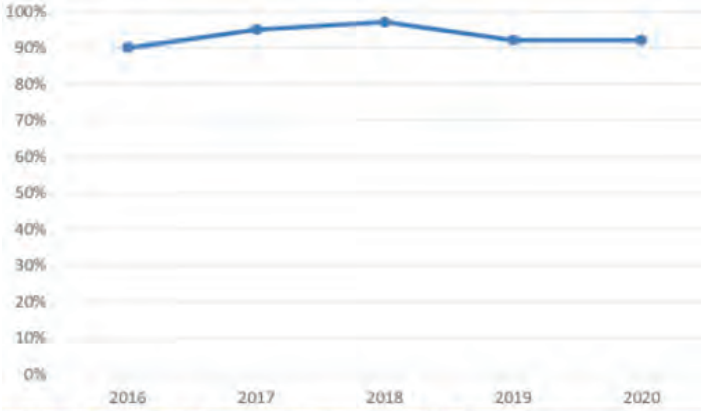
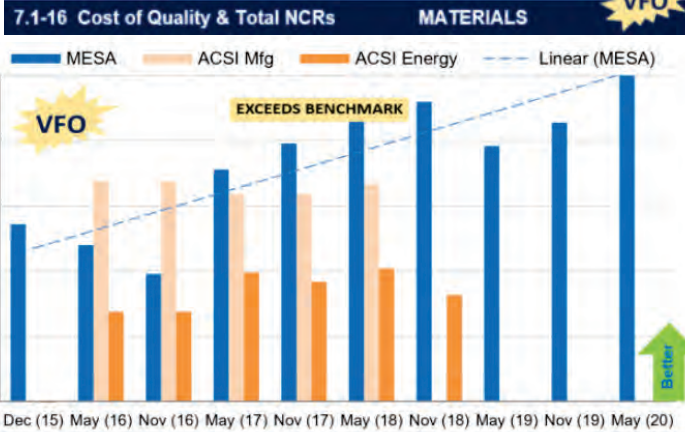
**Cycle Time:** (L/T) In Figure 7.1-15, fabricated cycle time represents products manufactured by MESA; non-fab represents products in inventory. Our Materials operation has grown, creating challenges with our current footprint. Our plant expansion in 2019 provided the opportunity to increase flow and efficiency, reflected in the improvement in fabricated cycle time.

(L/T) Labor Utilization (7.1-13) is an indicator of the percentage of hours our Services workforce is spending on revenue generating projects compared with the benchmark number of hours in a period (2,080 hours a year). The downturn in revenue during 2014-15 resulting from the energy price collapse impacted our ability to keep people on

**Process Effectiveness:** (L/T) NCRs & Cost of Quality (7.1-16) are aggregate performance indicators. While the trend for total & major NCR counts may fluctuate from year to year, the total COQ impact is a reflection of the "severity" of errors. Results for both metrics reflect a generally sustained improvement trend since 2015, interrupted with a spike in 2018. The increase in total NCRs that year is partially a result of the significant revenue increase for our Materials group in 2018 & the plant constraints previously described. The



7.1-19 Intentionally Omitted



7.1-20 EES: MESA Ensures My Workplace is SAFE

dangerous place our employees will be every day is the public road. Despite a growing fleet of vehicles traveling more than 2 million miles each year, our road SAFETY performance reflects sustained favorable performance (7.1-18). (C) The positive trending decline in DOT violations is demonstrated by outperforming the national average and most competitors in the percentage of out-of-service violations resulting from roadside inspections (7.1-19).

**Emergency Preparedness:** our disaster and emergency preparedness response has been repeatedly tested over the years with several major experiences, ranging from fires, floods, ice storms, & most recently a tornado in 2017. The tornado occurred in the early morning hours on a Sunday and resulted in widespread power loss & physical damage to the Tulsa facility. By Monday morning, we were up & running with no disruption in service to our customers. Each experience is followed by a lessons learned session with resulting cycles of improvement to our emergency preparedness plan. Employees feel SAFE at MESA, as demonstrated by their response to the survey question “MESA ensures that my workplace is SAFE” (7.1-20)

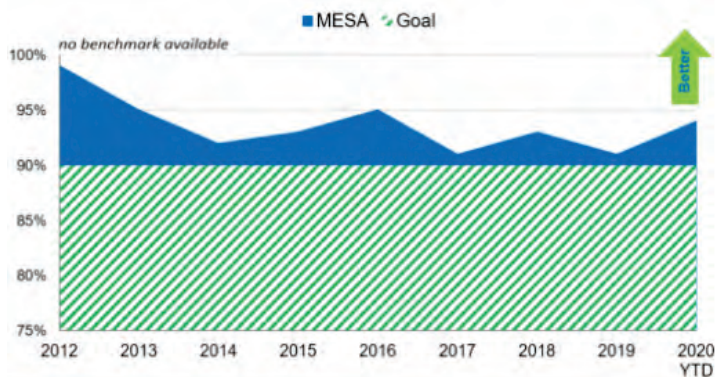
7.1c What are your supply-network management results?

(L/T) Contributing to on-time shipping performance is the related performance of key suppliers in meeting their on-time commitments to MESA (7.1-21). Performance exceeding the goal of 90% has been sustained for more than a decade. (I) ASAOS. (L/T) Our core competency of long-term relationships extends to valued key suppliers, many of whom have done business with MESA for over two decades. We survey our key suppliers annually to determine areas where

7.1-18 Driving SAFETY

dramatic increase in COQ is primarily a result of a fabricated product failure which actually occurred in 2017 & manifested as warranty claims in 2018. The failure was diagnosed & corrected but not before experiencing two major claims. Additional information is AOS. All claims were resolved in 2018, contributing to a return to the improvement trend in 2019. (L/T) Most of the key measures associated with Support Services processes are presented elsewhere in Category 7; however, the results of the internal customer satisfaction survey for Support Services demonstrate sustained, beneficial trends since 2015, with a slight decline in 2019 after an exceptionally high mark in 2018 (7.1-17). (I) ASAOS.

**7.1b(2) SAFETY & emergency preparedness results:** (L/T) TRIR & EMR are the primary metrics evaluated by customers (7.1-1). Although working around pipelines & related facilities carries SAFETY & environmental risks, the most



**7.1-21 Key Supplier On-Time**



**7.1-22 Supplier Survey - Satisfaction, Value & Relationship**



**7.1-23 Supplier Survey - Drivers of Satisfaction**

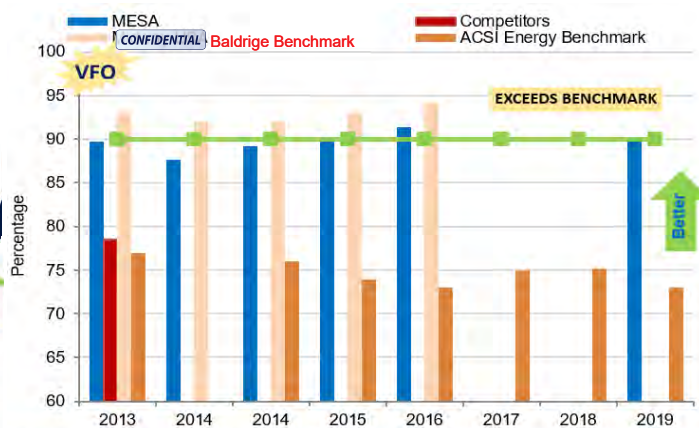
we can strengthen these relationships. Figures 7.1-22 & 7.1-23 demonstrate sustained, beneficial trends. Additional results for key suppliers are included in SAFETY, NCRs and subcontractor evaluation and are AOS.

**7.2a(1) Customer satisfaction & dissatisfaction results:**

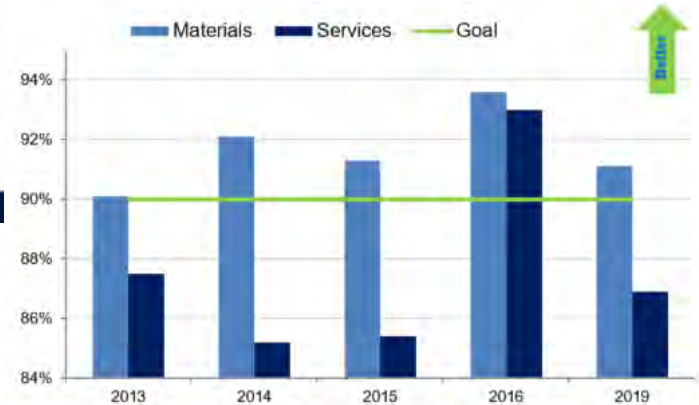
**Customer Satisfaction:** (L/T) Figure 7.2-1 illustrates survey results for customer satisfaction, with sustained high performance through most years presented. (C) MESA’s results through 2013 demonstrate leadership against “best competitor” & ACSI comparisons, & commensurate performance through 2016 against a two-time Baldrige Award winner. (I) Satisfaction results segmented by our two primary offerings of Materials & Services in Figure 7.2-2 reflect similar levels/trends. ASAOS.

(L/T) CSS results for customer satisfaction relative to key requirements for Materials customers are provided in Figures

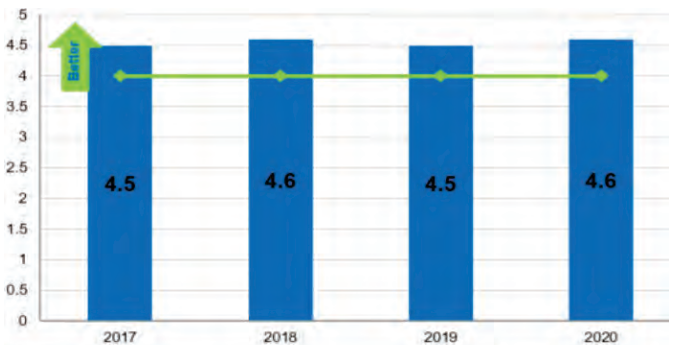
7.1-4 and 7.1-8. Both show sustained high performance with early benchmarking against best competitor. Figures 7.1-6 & 7.1-9 reflect satisfaction for Services customers relative to key requirements. ASAOS. (C) Customer perception of our performance demonstrates leadership against “best competitor” for Materials customers. (L/T) As we stepped back from the survey process in 2016, we increased our efforts to spend more time in the CRDP (3.2-1) systematically asking each customer how we were performing & taking any needed improvement actions specific to that customer. In our Services operations, this has evolved into capturing a rating of our performance on a scale of 1 to 5. Sustained satisfaction is demonstrated in Figure 7.2 -3. **Customer Dissatisfaction:** (L/T) Dissatisfaction among customers is captured in a measurable way through customer-affected NCRs (7.1-7) & refunds in Materials & the Cost of Quality metric in Services.



**7.2-1 CSS Customer Satisfaction Index**

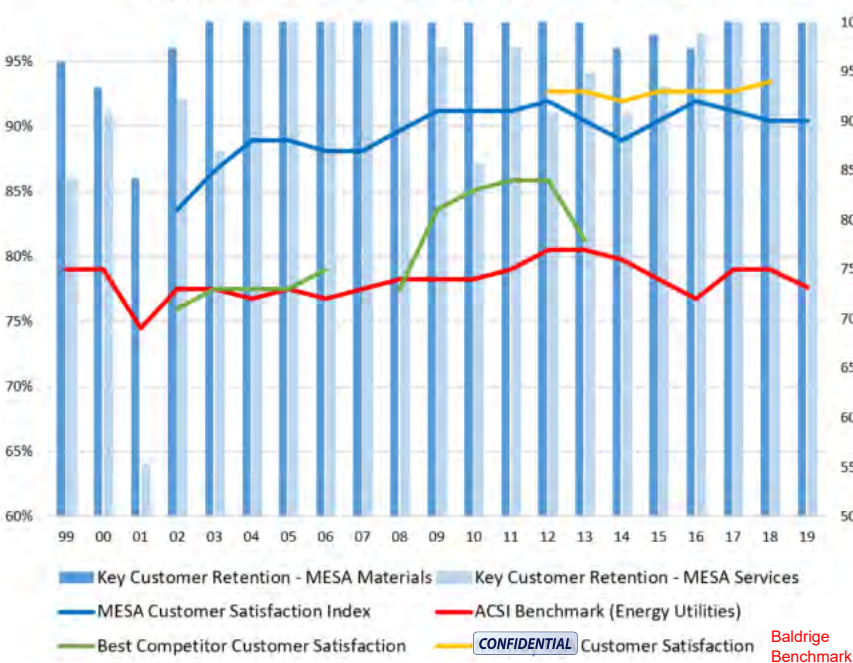


**7.2-2 CSS Customer Satisfaction MATERIALS & SERVICES**

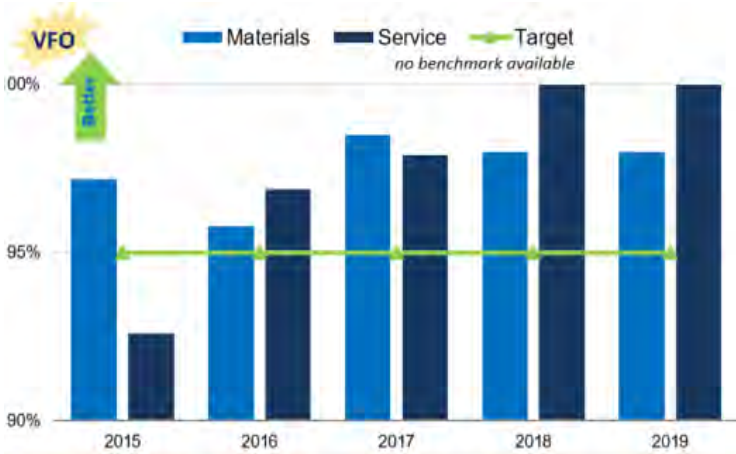


**7.2-3 Average Customer Rating SERVICES**

KEY CUSTOMER RETENTION - CUSTOMER SATISFACTION



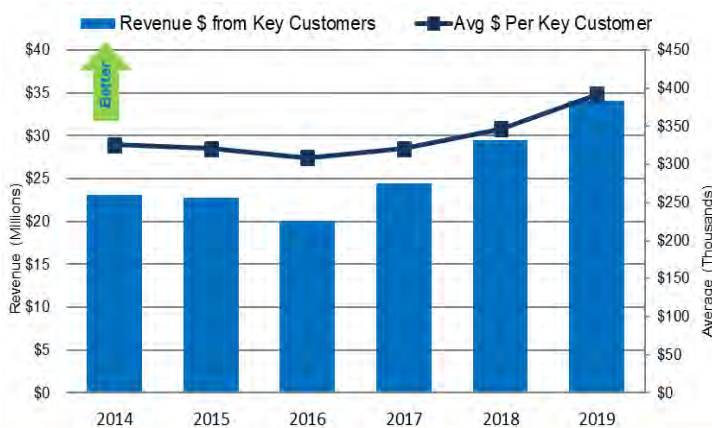
7.2-4 Customer Satisfaction correlated with Engagement



7.2-5 Key Customer Retention

7.2a(2) Customer engagement results:

**Customer Engagement:** (L/T) Key customer retention (7.2-5) is a primary indicator of engagement with existing customers, which has remained at world-class levels for more than a decade. (I) Segmented results are by major market



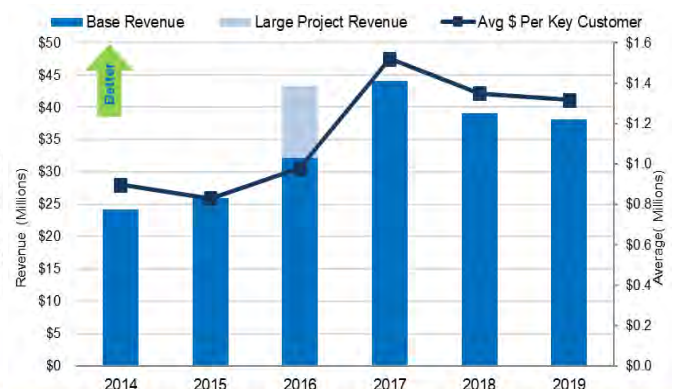
7.2-6 Revenue from Key Customers - Materials

offering. There are fewer key customers in Services than Materials, so the loss of one can be more significant in terms of percentages. (C) In Figure 7.2-4 we correlate Customer Satisfaction results with our key indicator of engagement (customer retention). We have 18 years of history of both measures with a relatively small customer base. Our target is 95% retention. Benchmarks for Customer Satisfaction are noted in this chart; however, we did not provide any for customer retention. Although we've made an effort to find meaningful benchmarks for this key indicator, our target of 95% & our current performance of nearly 99% is such that we believe any benchmark would have little significance. The correlation to Customer Satisfaction & the fact that we are reviewing & discussing potential key customer loss on a monthly basis during SLT meetings provides a high degree of confidence that this metric gives us actionable data even at our world-class levels of performance. Another key indicator of engagement is the revenue associated with key customers.

(I) Results are segmented by Materials (7.2-6) & Services (7.2-7). (L/T) While revenue from this customer segment demonstrates sustained beneficial trends, the same is true for the average revenue per key customer, indicating their willingness to entrust us with more business.

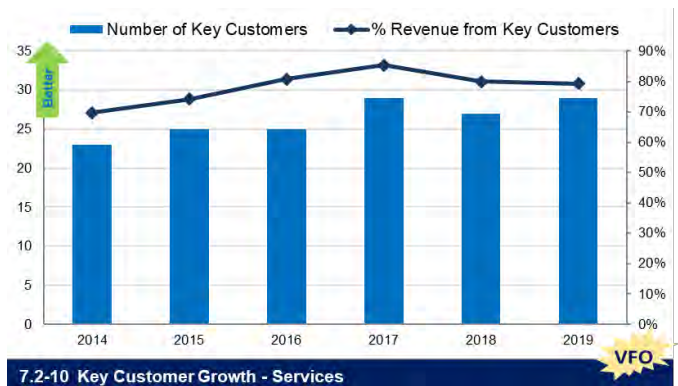
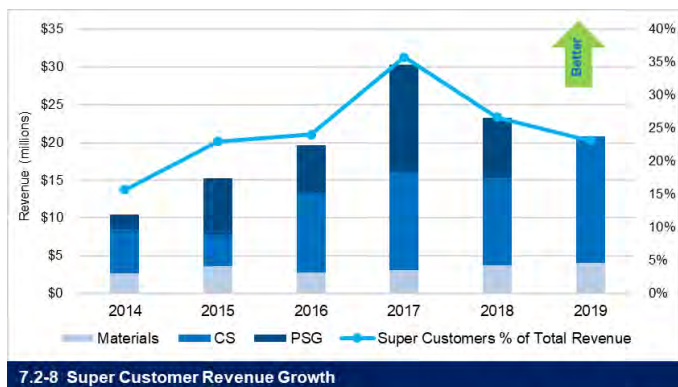
(L/T/I) Sustained growth in recent years in what are considered our Super Customers (7.2-8) is further evidence of our success in engaging key customers across the breadth of our market offerings. Project spend for Services customers can fluctuate significantly from year-to-year, & 2017 represented somewhat of an unusual year in having multiple Super Customers with better than average project spend.

**Building Customer Relationships:** In addition to key customer retention, the number of Key Customers is a VFO (Figures 7.2-9 & 7.2-10). (L/T) Against the backdrop of the competitive, price-driven environment of the past several years, we have been able to grow & retain our key customers with our value proposition, & engage new customers that



7.2-7 Revenue from Key Customers - Services





have developed into key relationships, contributing to MESA’s long history of key customer growth in both Materials & Services market offerings (I).

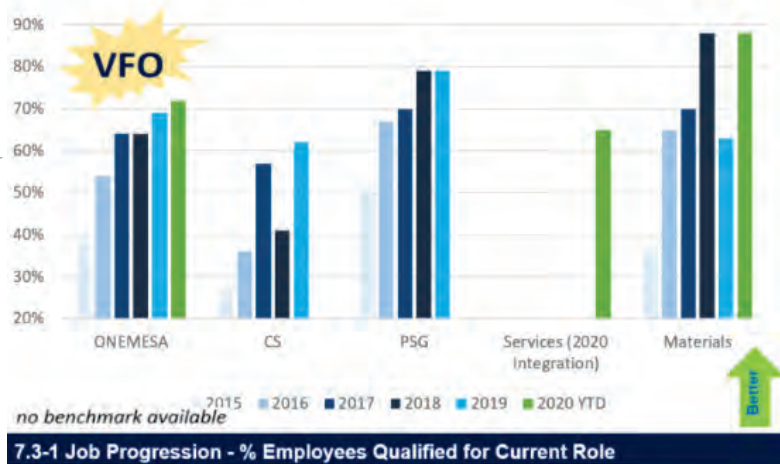
**How do these results compare over the course of your customer life cycle, as appropriate?** We note stages of the customer life cycle in Figure 3.2-1, which are used to develop strategies for the customer relationship. Results for the stages of “Grow” & “Maintain” are reflected in the measures related to growth in “key” customers (7.2-9 and 7.2-10), while results for “recover” are reflected in measures related to “retention” (7.2-5). For the “New” stage of the customer life cycle, the number of new customers each year is not as relevant to us as the number of “key” customers each year; however, in our Services segment, we began tracking this as a VFO measure in 2017 to communicate the need to continue developing new relationships. In 2017, we added 14 new Services customers, while in 2018 we added 42.

**7.3a(1) Workforce capability & capacity results:**

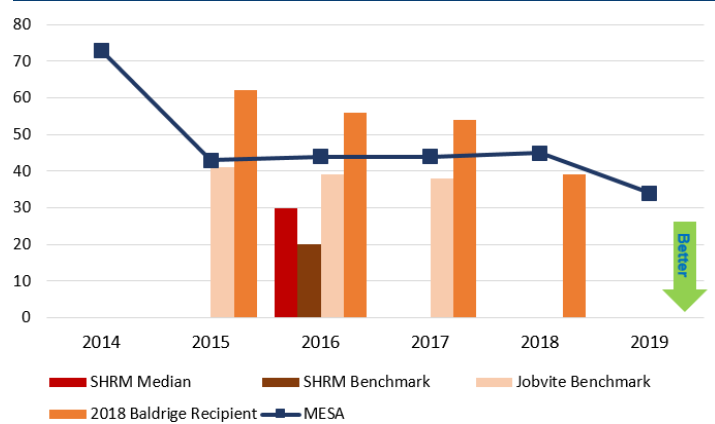
**Appropriate Skills (Capability): (L/T)** Through Job Progression, employees are evaluated every 6 months for needed skills, capabilities, training & certifications; those meeting 80% of the requirements for their position are

considered to be qualified for their current role (7.3-1). Sustained beneficial trends are demonstrated from 2015 through 2019 at the ONEMESA level, as well as in segmented results. The decline in CS in 2017 & 2018 was due to the number of new employees, most of which were at entry-level & still in need of development. 2020 results will not include PSG/CS segmentation, instead merging those into results for Services. (C) There are no available comparisons for this measure, as it is an internal metric specific to MESA’s process. (I) Primary segmentation displayed is by major market offering, but further segmentation, such as by tenure & position, is AOS.

**Staffing levels (Capacity): (L/T/I)** Capacity is monitored daily, weekly & monthly to schedule & align resources with demand. Services tracks Labor Utilization as an indicator of performance (7.1-13), but this is not a relevant metric in Materials. (L/T) The primary aggregate measure for effective capacity utilization is Revenue per Employee (7.1-14). Revenue from a large project (7.5-1) created a windfall in 2016, while recent performance is more consistent. We continue to internalize competencies that were previously subcontracted (vertical drilling & vacuum excavation), causing the trend to decline, which is offset by higher project profitability & greater flexibility in scheduling. (C) Even still, MESA’s results outperform the SHRM benchmark & those of competitor . (I) Segmentation AOS.



**7.3-2 INTENTIONALLY OMITTED**



**7.3-3 Days to Fill**



7.3-4 New Hires from Referrals

Cost per Hire			
	MESA	SHRM Median	SHRM Benchmark
2017	\$1,955	\$2,000	\$500
2018	\$1,839		
2019	\$1,849		

7.3-5 Cost per Hire

(L/T) Results for the number of Days to Fill (7.3-3) demonstrate sustained trends with improvement in 2019 despite an increasingly challenging labor market. (C) Despite the challenges, MESA has been able to sustain its leadership against market comparisons. (I) Additional segmentation by position is AOS.

(L/T) Sustained beneficial trends are demonstrated in the percentage of new hires from employee referrals (7.3-4), which has been our most successful form of recruiting over the past several years, reflecting the level of engagement & pride in MESA as a Great Place to Work among our workforce. The decline in 2019 was predicted and a result of our emphasis on inclusion and diversity; more emphasis on diversity in hiring and partnerships with community organizations led to an increased number of outside hires. (C) MESA's performance exceeds that of industry comparisons & benchmarks. (I) ASAOS.

(L/T/C) Additionally, MESA's cost per hire is a new metric (7.3-5) that we started tracking in recent years to evaluate our processes & educate leaders about the cost of turnover.

**7.3a(2) What are your workforce climate results?**

**Health:** (L/T) MESA invests in preventive measures to keep our employees healthy (7.3-6), including a free annual health screening for employees & their spouses that provides current results across a spectrum of health-related indicators; flu shots for employees & families; & reimbursement for gym memberships & other fees for events that get people moving (MESA-in-Motion). (L/T) Aggregate high risk indicators for participants in the annual health assessments reflect improvements like the percentage of positive change in employee BMI results year-over-year (7.3-7).

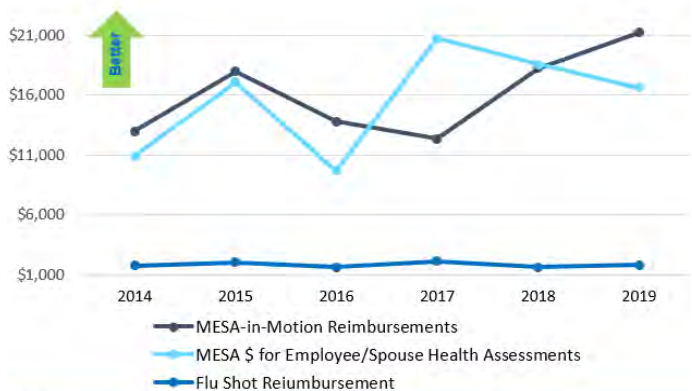
**Benefits:** (L/T) we have worked hard to improve our health benefits over the past few years, which has paid off in terms of high levels of employee satisfaction (7.3-8). (I) ASAOS.

(L/T) Saving for retirement is something we continually stress to our employees, & we continue to sustain high participation rates in our 401(k) plan with a record high of 97% participation in 2019 (7.3-9). This improvement is a result of a planned implementation of automatic enrollment and automatic increases.

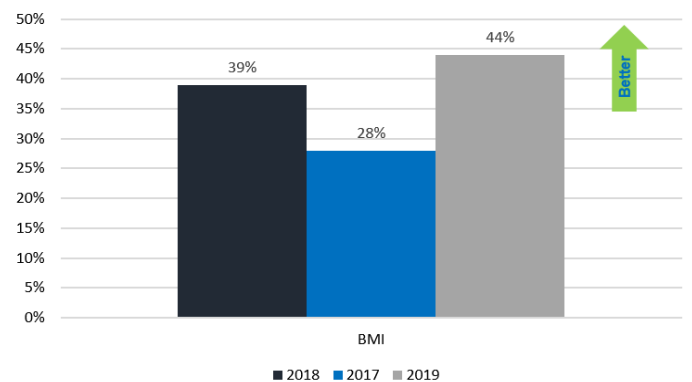
**Security:** (L/T) MESA places a high priority on SAFETY in the workplace as evidenced by our first VFO. Results from our EES (7.3-10) demonstrate sustained beneficial trends over the past five years in employee perception of this aspect of our culture. (C) MESA's performance exceeds the industry benchmark. (I) Additional segmentation AOS.

**a(3) What are your workforce engagement results?**

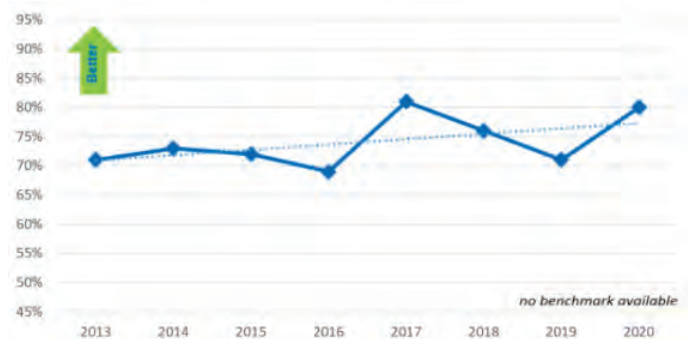
**Workforce Engagement:** (L/T) The percentage of MESA employees who consider themselves to be highly engaged (7.3-11) has demonstrated sustained beneficial trends since 2016. The uncertainty of the economic environment created by the collapse of oil prices in 2014/2015 created anxiety among the workforce due to the impact on MESA's 2015



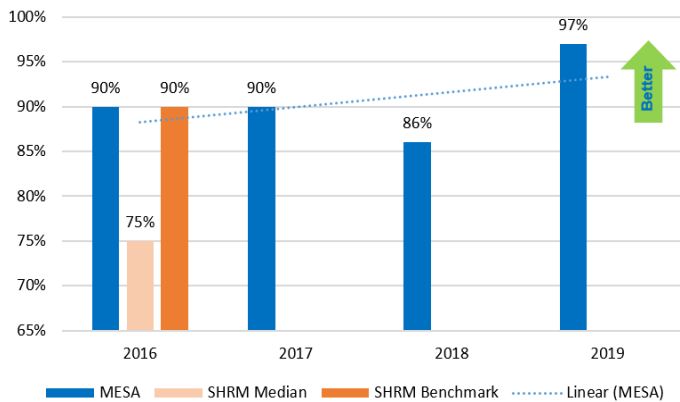
7.3-6 MESA Investment in Prevention (Employee Health)



7.3-7 Health Indicators - Percent Improvement Year over Year



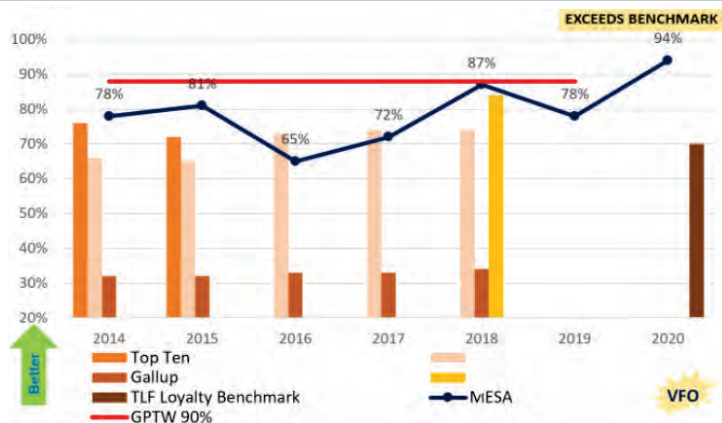
7.3-8 EES - Employees Satisfied with MESA Health Benefits



7.3-9 EES - Employees Participating in 401(k)



7.3-10 EES - Culture of SAFETY



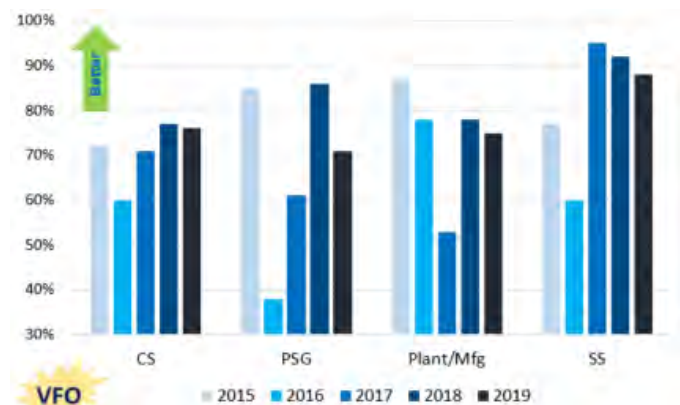
7.3-11 EES - Highly Engaged

financial results. The EES is administered in August each year, & the recovery of financial results was not yet evident at that time. Since then, we have enjoyed a renewed confidence among our workforce as reflected in the improved results in 2017 & 2018 levels that are the highest since we first started measuring engagement in 2013. (C) We changed survey vendors in 2016, primarily due to cost considerations. Up to that time, we benchmarked the engagement & satisfaction of our employees against the Top 10 & Norm comparisons from the survey vendor's extensive database. We were able to leverage that database again for 2018 comparisons, but by that time, the survey vendor only supported a "Norm" comparison since MESA was the only organization previously interested in a "Top 10" benchmark. Against all comparisons, MESA's performance demonstrates leadership.

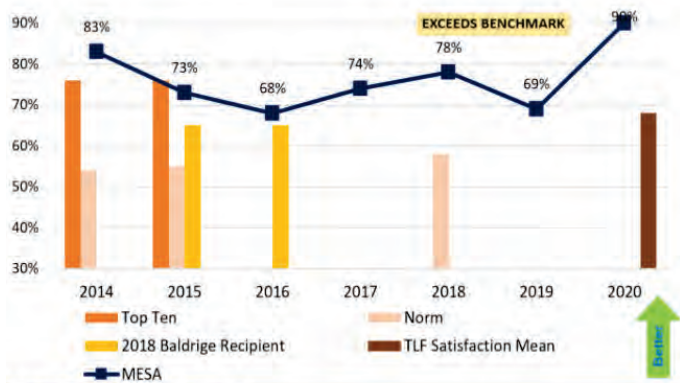
(I) EES results are segmented by each demographic characteristic provided in P.1(3), all of which is AOS. We

provide segmented results in 7.3-12 that closely mirror the differences in work environments described in P.1(3), which provides context for the varying levels of satisfaction & engagement among teams, though the trends for each generally follow the overall trend for ONEMESA.

**Workforce Satisfaction:** (L/T) Trends from the EEs for those at MESA who consider themselves to be highly satisfied (7.3-13) are comparable to the trends for highly engaged, & for similar reasons; sustained improvement in performance since 2016 is demonstrated, with what is predicted to be a single-year decline in 2019. (C) The comparisons in 2014, 2015 & 2018 are to our previous survey vendor's extensive database for Top 10 & Norm, for which MESA's performance reflects leadership. (I) Segmented results for highly satisfied employees are reflected in Figure 7.3-14. ASAOS.



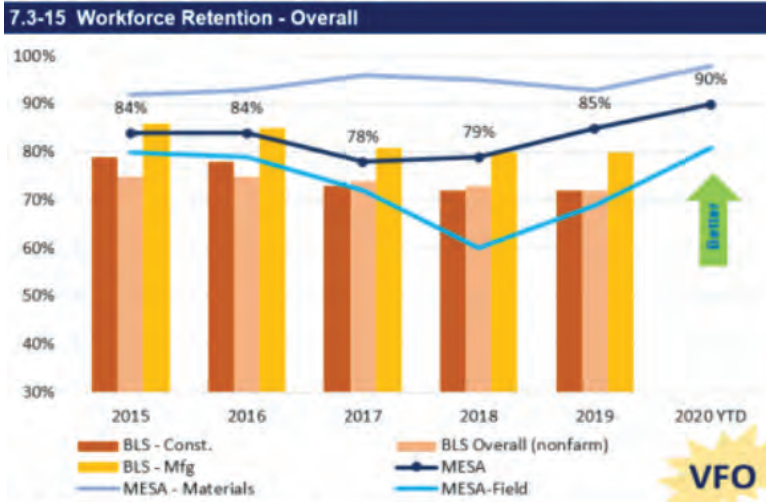
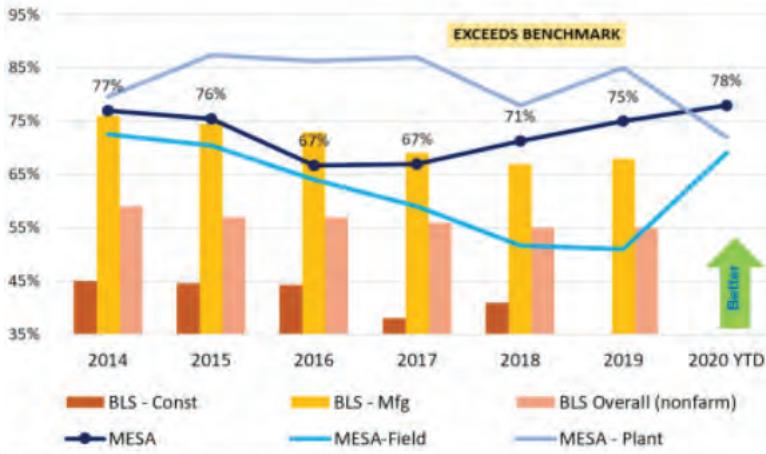
7.3-12 EES - Highly Engaged by Team



7.3-13 EES - Highly Satisfied



7.3-14 EES - Highly Satisfied by Team



(L/T) Overall employee retention/turnover is depicted in Figure 7.3-15. (C) MESA’s performance exceeds industry comparisons for construction & manufacturing. (I) Segmented retention results for field employees have been challenging over the past couple of years as the energy labor market has rebounded & the general unemployment rate has been at very low levels, coupled with the high travel requirement & physical demands inherent in those positions.

(L/T) MESA’s VFO is based on Voluntary Retention (7.3-16), which we feel is a better indicator of engagement & satisfaction for high performers. (C) MESA’s performance relative to BLS benchmarks for non-farm and manufacturing are favorable. The primary drivers of MESA’s overall performance results are the two segments of field and manufacturing. (I) New additions to our workforce are predominately young and inexperienced. As seen in 7.3-16a&b, the first two years of employment reflect high turnover as these employees make decisions regarding the type of work and the travel requirements inherent in our operations. After two years, retention rates dramatically increase and outperform benchmarks.

**a(4) Workforce & leader development results:** To support the growth in revenue over the past several years (7.5-1), most of our workforce development efforts have been focused on Job Progression (7.3-1) & SAFETY (7.1-1 & 7.1-18). Effectiveness of leadership development

is evaluated on overall employee engagement (7.3-11 & 7.3-12), EES questions specific to leadership depicted in 7.4-1 to 7.4-2, & VFO performance. Other relevant measures include the number of OSHA trainings completed (7.3-17), MESA employees with NACE certifications (7.3-18), & the internal promotion rate (7.3-19).

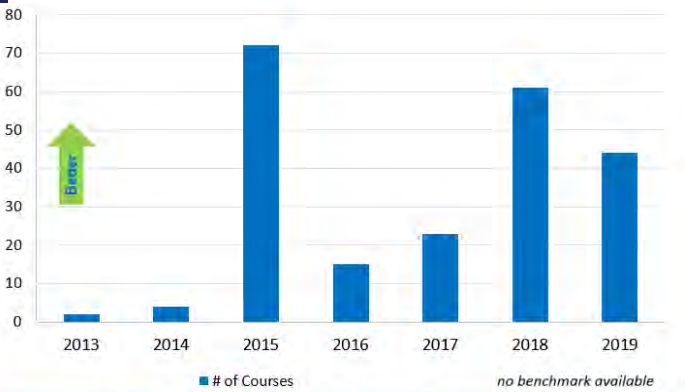
**7.4a(1) Sr. leaders’ communication & engagement:**

Tenure	2017	2018	2019	Communication Effectiveness: (L/T)
0-2 yrs	55%	32%	48%	Results from the EES related to communication (7.4-1) reflect sustained beneficial trends in recent years. As the percentage of our field-based employees & those working in small office locations across the country has increased, ensuring that our communication mechanisms (1.1-3) are effective is an ongoing challenge. In 2020, we implemented a systematic site visit process to ensure SLs are connecting with our remote and field employees. We ensure that all teams are equally
2-5 yrs	85%	95%	94%	
5-10 yrs	100%	95%	96%	
10-15 yrs	100%	98%	100%	
15+ yrs	100%	100%	98%	

**7.3-16a Voluntary Retention by Tenure—FIELD**

Tenure	2017	2018	2019
0-2 yrs	80%	71%	60%
2-5 yrs	60%	86%	80%
5-10 yrs	100%	100%	100%
10-15 yrs	100%	100%	100%
15+ yrs	100%	100%	100%

**7.3-16b Voluntary Retention by Tenure—PLANT**

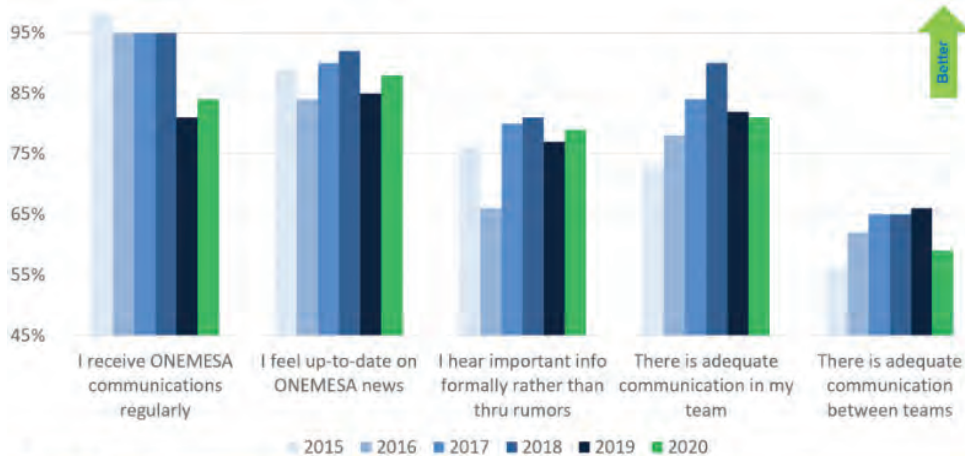


**7.3-17 Number of OSHA 10/30 Training Courses Completed**

**7.3-18 Intentionally Omitted**

	MESA	SHRM Median	SHRM Benchmark
2017	7%	4%	8%
2018	17%		
2019	10%		

### 7.3-19 Internal Promotion Rate



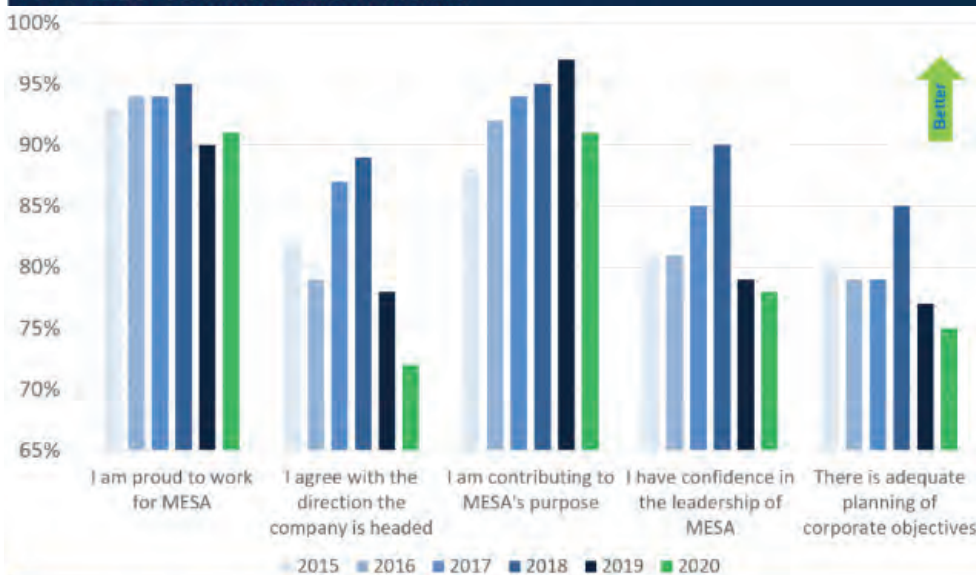
represented in the number of site visits, and we are recording corrective actions and ideas coming out of each visit. (C) Even with the challenges of a remote workforce, MESA's results outperformed the Top Ten benchmark from our previous survey vendor & continues to trend above those levels in our current EES. (I) ASAOS.

### Deploying Vision & Values: (L/T)

Translating effective communication to deploy Principles (7.4-1) & Path (7.4-2) is one of the keys to building a high-performance culture. (C) The EES questions in Figure 7.4-3 are unique & do not have relevant comparisons, but those in Figures 7.4-1 & 7.4-2 demonstrate leadership against the Top 10 Benchmark (orange bars in the graph). (I) ASAOS.

Most of the SLT are directly involved in customer relationship activities involving two-way communication through our VOC methods (3.1-1). We do not measure the effectiveness of those communications outside of the satisfaction & relationship building measures captured in 7.2.

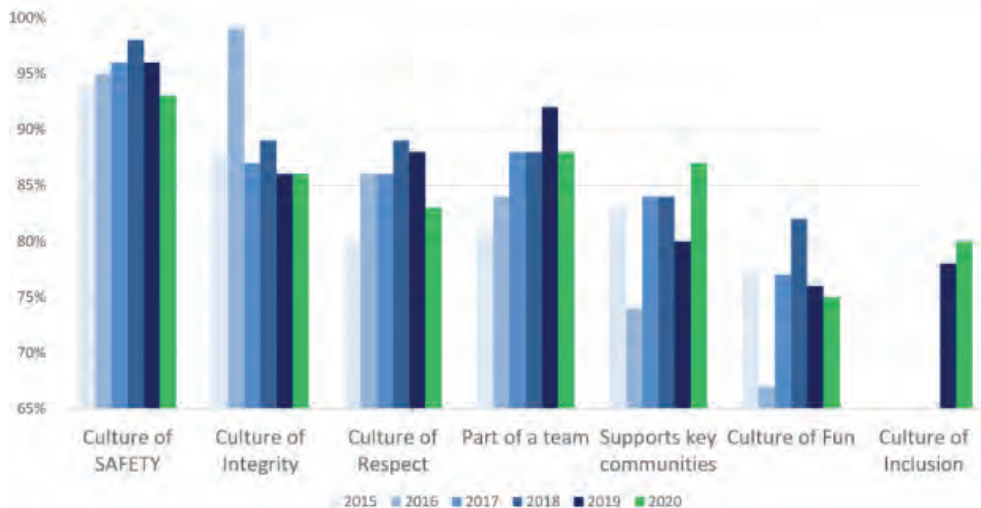
### 7.4-1 EES Communication Results



**7.4a(2) Results for governance accountability:** Internal & external fiscal accountability through MESA's governance approaches are measured by compliance/transparency with various entities (7.4-4).

**7.4a(3) Legal & regulatory results:** Beyond financial requirements, MESA's performance in meeting responsibilities to the public is tracked by regulatory reporting deadlines, incidents, & violations (7.4-5). MESA meets regulatory guidelines & provides required OSHA & DOT training for affected employees. MESA has not received any major violations or citations from these agencies. There are no significant differences between organizational units within MESA.

### 7.4-2 Leadership Communication (Deploying Path)



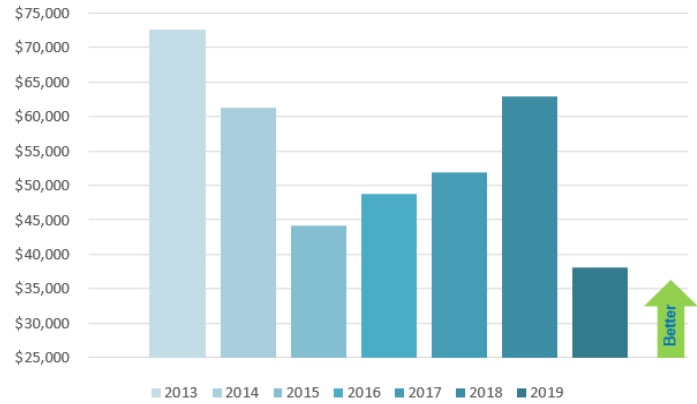
**7.4a(4) What are your results for ethical behavior?** Ethical behavior & trust is measured by stakeholder confidence (Figure 7.4-6) & ethical incidents (Figure 7.4-7). Ethical incidents are categorized as major or minor & recorded in an ongoing log maintained by the President, who investigates & resolves all incidents. Minor incidents include environmental issues & employee conduct. Conduct-related incidents initially result in employee counseling, with additional discipline if required. (The major incident in 2019 resulted in employee termination.)

### 7.4-3 EES Culture Results

### 7.4a(5) Societal well-being

Organization	Requirement	Fqn'cy	Met	Audit	Major?
IRS	Income Tax	Annual	Yes	No	No
IRS	Payroll Taxes	Bi-Weekly	Yes	No	No
Various States	Income Tax	Annual	Yes	No	No
Various States	Sales Tax	Monthly	Yes	Yes	No
Various local-	Property Tax	Annual	Yes	No	No
BOK	Relationship Re-	Annual	Yes	No	No
BOK	Financial Results	Quarterly	Yes	No	No
BOK	Borrowing Base	Monthly	Yes	No	No
CPA firm	Audited Finan-	Annual	Yes	No	No

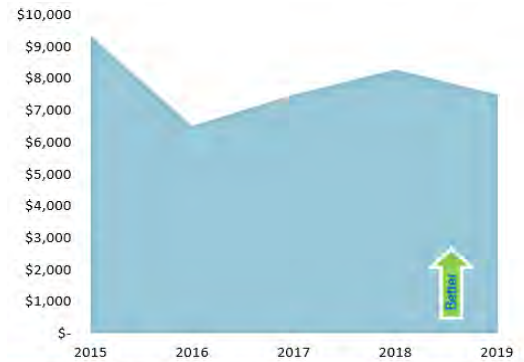
**7.4-4 Fiscal Compliance Deadlines & Results**



**7.4-8 Corporate Community Support**

Agency	Description	Requirement	Frqncy	Met?	Audit	Results
EPA/ODEQ	Stormwater Pollution Prevention	Permit Filing	Annual	Yes	No	No incidents
		Water Samples	Quarterly	Yes	No	No incidents
		Inspection	Monthly	Yes	No	No incidents
	Tier III Report	Report Filing	Annual	Yes	No	No incidents
	Form R	Report Filing	Annual	Yes	No	No incidents
DOT	CDL Drivers	Driver Qualification Report	Annual	Yes	Yes	Minor findings; Retain satisfactory
		Driver Logs	Daily	Yes	Yes	
		DVIR	Daily	Yes	Yes	
	Operator Qualification	Qualified personnel	Ongoing	Yes	Yes	No findings
		Certification Report	Annual	Yes	Yes	
	Anti-Drug/Alcohol	Maintain policy	Ongoing	Yes	No	No incidents
Drug testing		Ongoing	Yes	No	No incidents	
OSHA	SAFETY	OSHA 300 log	Ongoing	Yes	No	1 minor
DOL	401K Plan	Report Filing	Annual	Yes	Yes	No findings

**Figure 7.4-5 Regulatory Compliance & Results**



**7.4-9 Holiday Make-a-Wish Drive Contributions**

Cystic Fibrosis \$12,500/yr  
 Baldrige Foundation \$100,000  
 NACE Foundation \$150,000

**7.4-10 Organizations Funded**

- National MS Society
- American Cancer Society
- American Heart Association
- Tristesse Grief Center
- St. Jude
- Red Cross
- Big Brothers Big Sisters
- Coffee Bunker
- Leukemia & Lymphoma Society
- Center for Human Services

**7.4-11 Organizations Matched**

- NACE Tulsa Section (Treasurer)
- NACE Colorado Section (Exhibit Chairman)
- NACE Certification Board (Member)
- NACE Eastern Region (Board Member)
- NACE TG-543 Standard Committee (Vice-Chair)
- AUCSC (Executive Committee Member)
- The Grief Center, Tulsa (Pres. of Board)
- Big Brothers Big Sisters (Volunteer/Board)
- OK Center for Community & Justice (Volunteer)
- Center for Human Services, WA (Board Member)

**7.4-12 Community Leadership Positions**



**7.4-6 EES - Trustworthy / Honesty**



	Major	Minor
2020	0	0
2019	1	0
2018	0	0
2017	0	1
2016	0	1
2015	0	0
2014	0	0

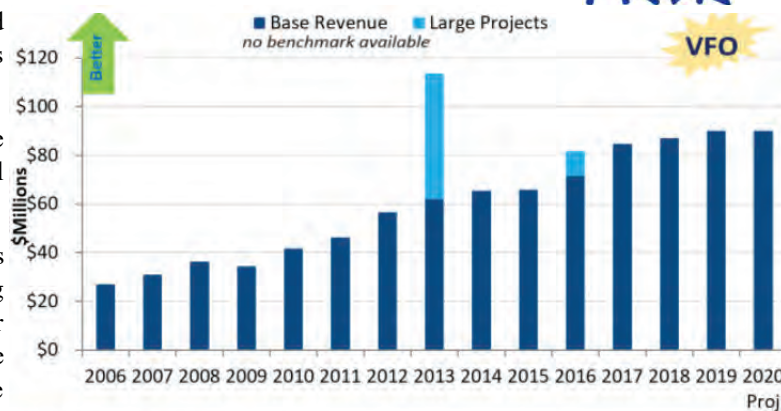
**7.4-7 Ethical Incidents**

**& community support:** Financial contributions and leadership for key communities are summarized in Figures 7.4-8 to 7.4-12.

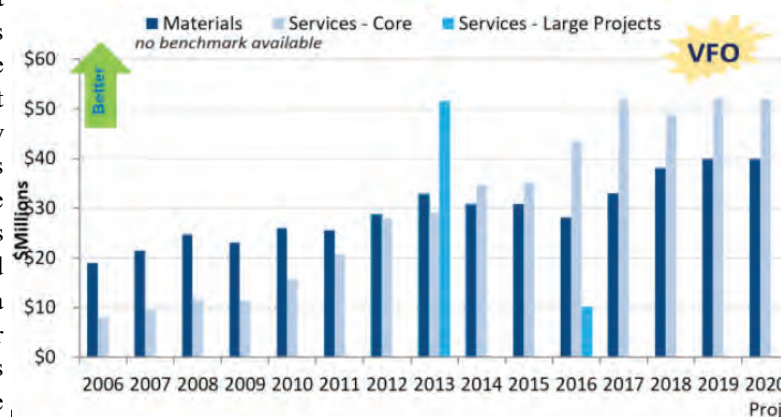
**7.5a(1) Financial performance results:** Aligned with the VFO Opportunistic Growth, our most important financial measures are Revenue & Profitability.

**Revenue: (L/T)** Figure 7.5-1 illustrates beneficial trends sustained over more than a decade, with MESA enjoying 10% average revenue growth since embarking on our Baldrige journey in 2002. In recent years, large one-time projects have been a part of our portfolio, but our base revenue has experienced consistent growth each year, which is important in a culture like MESA's where we do not expand & contract our workforce with inconsistent patterns of volume. **(C)** Despite major economic disruptions in the industry, MESA's growth demonstrates leadership against all competitors over the past 5 years (7.5-16). **(I)** Primary segmentation is by our major market offerings of Materials & Services (7.5-2). The growth in Services revenue illustrates the impact of intelligent risk to expand offerings into the pipeline integrity market in 2009. The downward trend in Materials from 2013 to 2016 was due to a combination of market factors (collapse of oil prices) & our expanding Services business encroaching on competitors that are also key contractor customers, which is a balance that we have been purposeful in maintaining in our key relationships. Revenue growth related to action plans for new markets entered is reflected in Figure 7.5-17. ASAOS.

**Profitability: (L/T)** MESA has been a leader in market share growth in our industry, despite a series of economic challenges over the past decade, to include the "Great Recession" of 2009/2010 & the collapse of oil prices in 2014/2015. Despite those challenges, we have experienced only one year in our entire 40 year history with no earnings, & that was 2015, making adjustments to return to profitability the next year in 2016 (7.5-3). **(C)** The same market forces affecting MESA's profitability trends are also seen among our competitors & others in our industry, yet against that backdrop, MESA's profitability demonstrates leadership. Our two largest competitors (A & B) are units of much larger (multi-billion dollar) publicly traded companies - their individual results cannot be extracted from their parent companies but still provide us with a good benchmark of the industry's profitability expectations. Company C is a multi-billion dollar publicly-held company specializing in storage terminal construction & is an ongoing MESA customer; their results mirror those of the industry. Using the Operating Income metric (7.5-4) we are able to refine our comparisons to Competitors A & B with available segmented information for these companies that is more closely related to MESA's operations. As publicly traded companies, stockholders generally



7.5-1 Revenue Growth - ONEMESA



7.5-2 Revenue Growth (Segmented)

7.5-3 Intentionally Omitted  
7.5-4 Intentionally Omitted

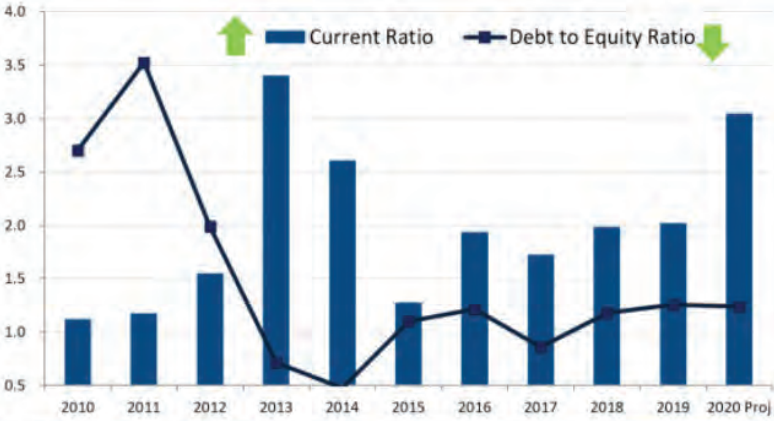
7.5-5 INTENTIONALLY OMITTED

7.5-6 INTENTIONALLY OMITTED

7.5-7 INTENTIONALLY OMITTED

7.5-8 Intentionally Omitted

leadership in a highly competitive market. (I) While ROI is evaluated on individual investments considered to be intelligent risks, segmented ROE would not be relevant for us since we evaluate this metric on the entire portfolio of MESA offerings. **Aggregate measures of financial viability:** Two keys to managing risk are maintaining a healthy degree of liquidity & responsibly manage debt. (L/T) Financial management trends are highlighted in our Current Ratio & Debt-to-Equity Ratio (7.5-9) over the past decade. (C) MESA’s performance demonstrates leadership over comparisons. (L/T) Sustained improving trends in AR Turns (Figure 7.5-10) supports this level of liquidity, which can sometimes be a challenge since we pay our valued suppliers & subcontractors faster than we get paid from our customers, as reflected in the AP Turns. This is one way we set ourselves apart in relationships with key suppliers, which has paid dividends in terms of product availability & sales leads. (C) MESA’s performance demonstrates leadership over our competitors & industry benchmarks. (L/T) As we grow, our ability to remain agile is supported by a key banking relationship, trusting us enough to grow our working capital line of credit despite uncertain conditions (7.5-11).



7.5-9 Current Ratio/Debt-to-Equity Ratio

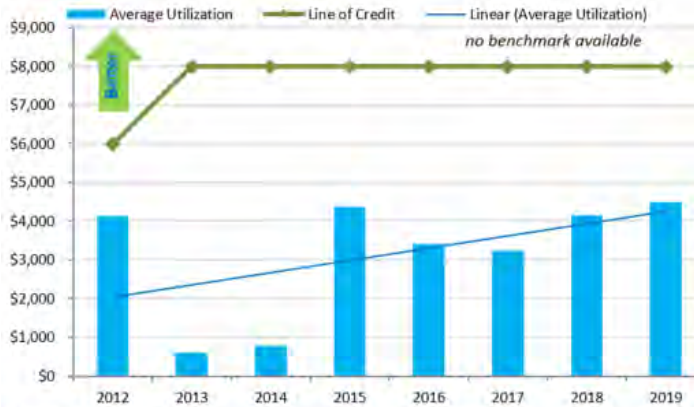
**Aggregate measures of budgetary performance:** (L/T) After recognizing that the market demand we anticipated after success in 2013 was not meeting our expectations, somewhat due to the collapse of oil prices in 2014/15, we re-aligned our structure in 2016 (7.5-12 & 7.5-13) to match our base year revenue expectations in the 5-year plan, contributing to much improved financial returns in 2016 - 18. (I) ASAOS.

**a(2) Performance Results: Market Growth:** (L/T) MESA has experienced consistent, sustained trends in growth over short- & long-term horizons (7.5-14 & 7.5-15). (C) Relative to the broader CP & pipeline construction markets, MESA’s growth has exceeded each over the past decade indicating that it is gaining market share rather than riding a wave of market growth (7.5-14 & 7.5-15). Many smaller competitors were not able to keep up with the increasing SAFETY & compliance requirements, which we identified in our SPP as early as 2008, systematically adding infrastructure to address

profitability than do privately owned companies like MESA, where maximizing profits is not our objective. (I) Primary segmentation is by Materials & Services. Our Materials business is mature, having been around since 1984. It is less prone to pricing pressures than Services, providing a steady year-over-year return. Profitability in Services is much more prone to competitive pricing pressures, as the competition is more dense. The primary impact of the energy price collapse occurred in Services as our customers experienced budgetary constraints for discretionary projects & delayed spending on compliance-driven projects. Although MESA streamlined to reduce costs, we did not layoff our field workforce because of the challenges in acquiring trained, qualified people. We accepted reduced margins & losses knowing that the downturn was cyclical. MESA has fared much better than others in the industry in both profitability & growth. When the market improved, we had the available capacity & resources to grow. **Aggregate measures of financial return:** (L/T) Trends for Return on Equity (7.5-8) mirror those for profitability, outperforming major industry competitors.

7.5-10 Intentionally Omitted

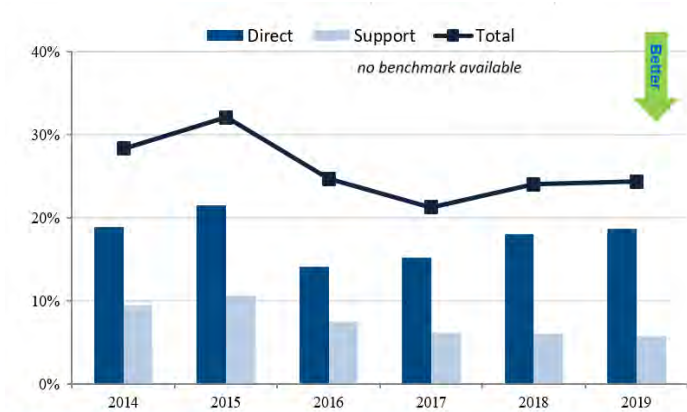




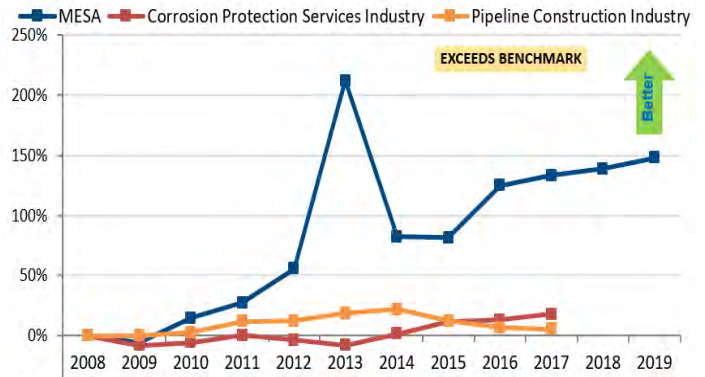
7.5-11 Line of Credit Growth

the shift in the market. Conversely, the quality & service of the two largest competitors (A & B) has been inconsistent with leadership changes; MESA's consistent focus on our VFOs has helped to sustain & improve on the world-class performance & customer relationships we have worked so hard to achieve.

(C) Following a steep industry decline in 2014/2015, MESA significantly outperformed our competitors in cumulative growth rates over the past five years (7.5-16). Unlike our publicly traded larger competitors, MESA does not have the pressure to focus on short-term profitability but instead can

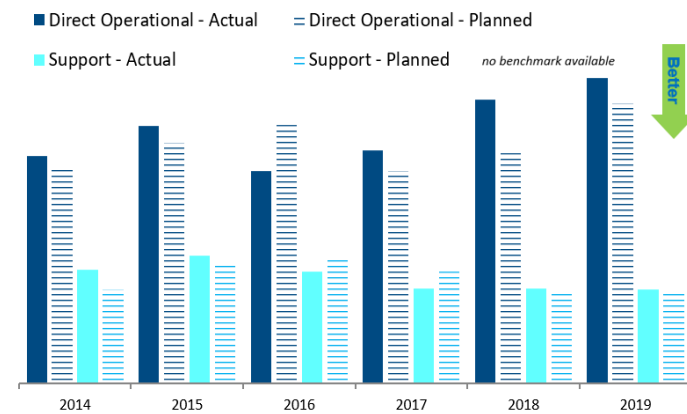


7.5-12 Expenses as % of Revenue

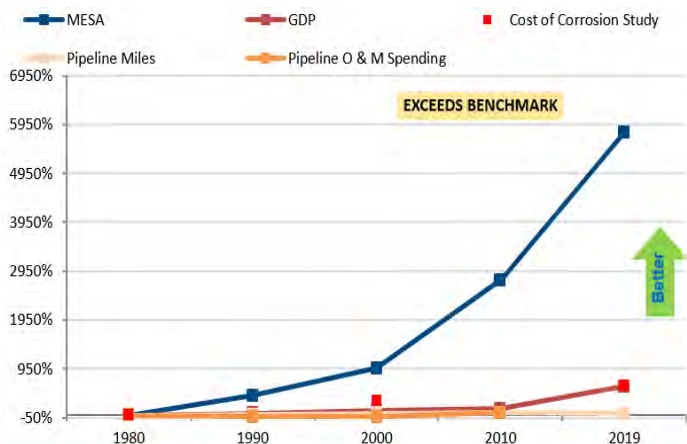


7.5-15 MESA Short Term Growth Relative to Market (2008 baseline)

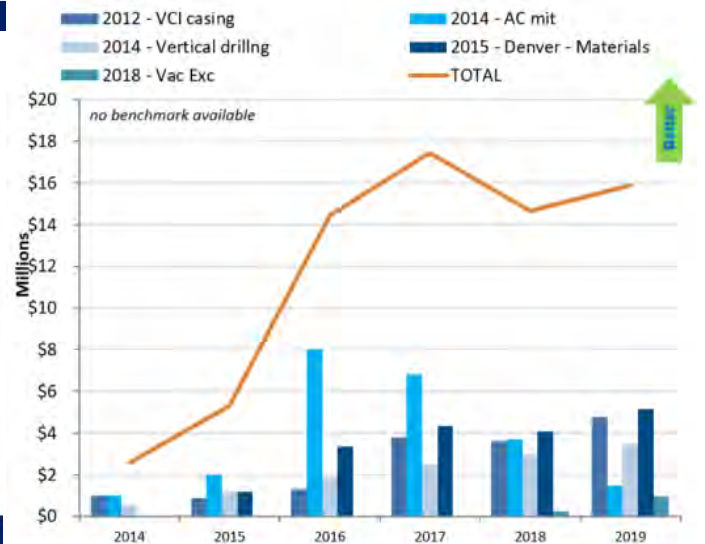
7.5-16 Intentionally Omitted



7.5-13 Actual Expenses vs. Planned Expenses



7.5-14 MESA Long Term Growth Relative to Market Indicators



7.5-17 New Market Growth

invest in people, equipment, & process improvement during these temporary cycles, which positions us much more favorably when the market returns.

**New Markets Entered: (L/T/I)**

Perhaps the most significant indicator of MESA’s success over the past decade has been the market growth that we have experienced as a result of intelligent risk-taking in new markets (7.5-17). From 2009 to 2018, those intelligent risks have produced over \$250 million in revenue, catapulting our position to the third largest company of its kind in our industry.

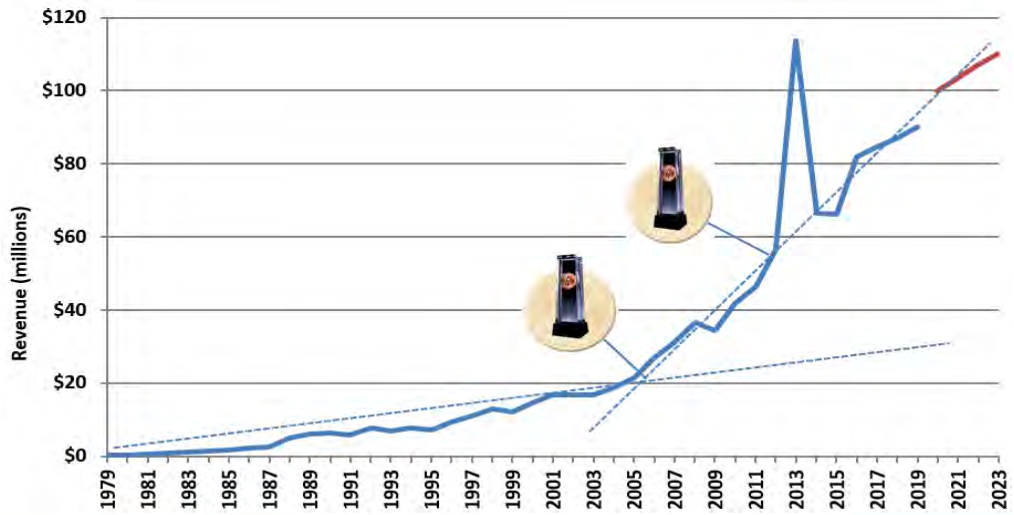
(L/T) MESA’s revenue growth since we were founded in 1979 is illustrated in 7.5-18. It is clear to see the difference in growth trajectory before we embarked on our first Baldrige journey in 2002, & the years after as we listened, learned, & improved our business. As a data-driven organization, we are convinced that Baldrige provides the framework, questions, & answers that will help MESA stay on the path of sustainable, profitable growth.

**7.5b What are your results for the achievement of your organizational strategy & action plans? (L/T)**

As part of the 6D process, we arrive at a “Goal Statement Rating” (7.5-19) during quarterly & annual planning meetings to measure performance of current year VFO targets, using a scale of 1 to 4. A rating of 2.7 is considered desirable, as it represents goals that are achievable, but are such that the organization will need to stretch. (I) GSRs for each operating group are AOS. (L/T) The best indicator for the success of our strategies & action plans is performance related to our VFOs. The measures that best represent each VFO are in Figure 7.5

20. For each, we have either improved or maintained the world-class levels of performance in each of the years represented by our two previous Baldrige Awards. (L/T) After 18 years of using Baldrige as our organizational playbook for success, our 2018 and 2019 feedback report performance exceeds that of 2006 and 2012 for which we were an award recipient (7.5-21).

**Intelligent Risks: (L/T/I)** Figure 7.5-17 reflects the outcome of MESA’s intelligent risks related to Opportunistic Growth in new markets. Other results for intelligent risk-taking (internalizing vertical drilling capabilities, introducing a VCI product for casing remediation) are AOS.



**7.5-18 MESA Historical Revenue Growth Trend from Inception**

VFO	2015	2016	2018	2019
World-Class SAFETY	1.0	2.0	4.0	4
Exceptional Customer Experience	3.0	3.2	3.3	3.3
World-Class Performance	3.0	4.0	4.0	3
Great Place to Work	3.0	2.7	3.0	2.5
Opportunistic Growth	1.0	3.5	1.5	3
<b>Overall</b>	<b>2.5</b>	<b>3.1</b>	<b>2.7</b>	<b>2.9</b>
<b>Target</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>

**7.5-19 Strategic Plan Goal Statement Rating**

VFO	Key Indicator	2006	2012	2018	2019
World-Class SAFETY	TRIR	N/A	3.54	0.83	.4
Exceptional Customer Experience	# Key Customers	65	100	130	133
	Key Customer Retention	99.5%	96.8%	100%	98%
World-Class Performance	On-Time Shipping	97.3%	98.1%	99.2%	99%
	Baldrige Award	Yes	Yes	No	No
Great Place to Work	Highly Satisfied %	69%	79%	87%	78%
Opportunistic Growth	Revenue (million \$)	\$27	\$57	\$87	\$90

**7.5-20 Effectiveness of SPP in VFO Performance**

Category	Item	2006			2012			2018			2019		
		Score	Str	OFl	Score	Str	OFl	Score	Str	OFl	Score	Str	OFl
Leadership	1.1	70-85	5	1	70-85	4	2	50-65	4	2	70-85	4	2
	1.2	50-65	5	4	50-65	3	2	50-65	3	2	90-100	4	0
Strategic Planning	2.1	70-85	4	2	50-65	3	2	70-85	4	2	70-85	5	1
	2.2	70-85	6	3	50-65	4	2	70-85	4	1	70-85	3	5
Customer Focus	3.1	70-85	6	4	50-65	4	2	70-85	3	2	70-85	3	3
	3.2	70-85	5	3	50-65	3	2	70-85	5	1	50-65	3	3
Knowledge Mgmt	4.1	70-85	6	1	50-65	3	3	50-65	3	3	70-85	4	3
	4.2	50-65	4	2	50-65	4	3	50-65	4	3	70-85	4	2
Workforce Focus	5.1	50-65	4	1	50-65	4	2	50-65	4	2	70-85	5	1
	5.2	50-65	5	4	50-65	4	2	50-65	4	2	70-85	3	2
	5.3	70-85	5	3									
Operations	6.1	50-65	4	3	50-65	3	2	70-85	4	2	70-85	4	2
	6.2	50-65	5	3	50-65	3	2	70-85	4	2	70-85	3	2
Results	7.1	30-45	3	3	50-65	3	2	50-65	3	3	50-65	2	3
	7.2	70-85	5	3	70-85	3	2	70-85	2	2	50-65	3	3
	7.3	50-65	6	3	50-65	3	3	50-65	3	3	30-45	2	4
	7.4	30-45	5	4	50-65	3	3	50-65	3	2	50-65	3	2
	7.5	70-85	5	2	70-85	3	2	50-65	3	2	50-65	3	2
	7.6	50-65	5	4									

**7.5-21 Baldrige Journey Progress**