



2004 Award Winner

Texas Nameplate Company, Inc.

The smallest business ever to receive a Baldrige Award, Texas Nameplate Company, Inc. (TNC), is also the only small business to receive the Baldrige Award twice, the first time in 1998. Located in Dallas, Texas, TNC is a privately held, family business that produces custom nameplates in small and frequent orders primarily for small businesses nationwide and abroad. These identification tags and labels display important equipment usage and safety information for products ranging from high-pressure valves and oil field equipment to computers. Two years after receiving its first Baldrige award, TNC decided to take the company to the next level. But that did not mean growing bigger; rather it meant wanting to get better. During the economic downturn following the tragedy of September 11, 2001, TNC wanted to avoid layoffs. So, as employees left over the next years, they were not replaced. Rather, the remaining employees, down from 66 to 39, pulled together, improved their skills, and cross trained. By targeting specific areas for improvement, the company increased its profitability from 36 percent to over 40 percent, and in 2003 TNC outperformed other companies in the industry and exceeded the performance of comparable organizations among *Industry Week's* 2003 benchmark companies.



Highlights

- From 2001 to 2004, repeat orders from TNC customers remained steady at approximately 78 percent.
- Seventy percent of the company's top customers have been with TNC for more than 10 years.
- TNC increased its profitability from 36 percent in 1998 to more than 40 percent in 2004.
- TNC has cross-trained more than 80 percent of its workforce to perform multiple jobs across departments.

Building Partnerships

Relationships with customers are key to TNC's success. The company uses a variety of formal and informal approaches to build and maintain relationships, including a guarantee to deliver material on time and free of defects—or to supply them free of charge. A variety of communication and customer access mechanisms help these relationships grow and thrive. They include face-to-face contact with employees at all levels, a database of customer interactions, and a voice mail system that ties into the company's e-mail system to track customer requests and concerns. Complaints are aggregated in a database and resolved by a Corrective Action Team.

Sustained, repeat business reflects the success of this long-term relationship building. From 2001 to 2004, repeat orders remained steady at approximately 78 percent, and 70 percent of the company's top 50 customers have been buying from TNC for more than 10 years. And, a third-party customer survey shows that overall customer satisfaction improved from 81 percent in 2000 to approximately 86 percent in 2003.

The knowledge accumulated throughout these long relationships enables the company to anticipate its customers' long-range needs. For example, if prices in the international market dip, TNC buys in bulk the aluminum, steel, and other metals needed for manufacturing. Strategic buying is a major reason that TNC's cost of materials and related costs declined from 17 percent of net sales in 1998 to less than 10 percent in 2004.

Focus on Improvement

Effective use of innovative, systematic processes and new technology is helping TNC achieve its goal to be “better, not bigger.” The company developed an intranet, called “*The New Hotrod™*”, which tracks workflow and displays real-time production information throughout the plant. Two intranet programs—Real-Time Dashboard™ and Pipeline Dashboard™—collect and organize the production data. *The New Hotrod™* provides Web pages that display information and enable employees to monitor production and search an extensive database of production and customer information.

More than 80 percent of TNC’s workforce has been cross-trained to perform multiple tasks across departments. Employees regularly check real-time information on workflow tracked through the intranet and displayed on a centrally controlled Smart TV. They respond to changes in workflow by promptly rotating to areas that need assistance.

The New Hotrod™ also provides a forum for employee discussions and suggestions. Employees are encouraged to develop and maintain personal Web pages, an activity that expands their computer skills and earns them recognition.

Technology and training have led to dramatic improvements in production. Between 1998 and 2004, the incidence of product nonconformity with specifications, as a percentage of sales, dropped from 1.4 percent to about 0.5 percent, significantly lower than the *Industry Week* median (2 percent). In that same period, TNC reduced its quote response time from 6 hours to less than 2 hours, and it trimmed the length of its production cycle from 14 days to under 8 days.

TNC improved its fiscal processes as well. Better management of aged receivables has reduced the percentage of unpaid accounts (90 days or older) from 7 percent in 2002 to less than 4 percent in 2004. And, to better guide its product pricing policy, the company developed its Simon™ Pricing System, which enables the sales staff to adjust pricing based on both an individual customer’s needs and the pricing policies of TNC’s competitors.

Environment of Trust

At TNC, every employee is considered a valuable asset. Everyone in the company is valued, trusted, and counted on for the success of the organization. Continuous, open, two-way communication between senior leaders and employees at all levels has created an environment in which employees are highly motivated and empowered.

Its senior leaders, a group that includes nearly half the staff, are engaged in all aspects of TNC’s strategy development and deployment approaches. All employees participate in monthly meetings and all managers and supervisors in weekly or biweekly meetings to review organizational performance, share ideas, and identify

opportunities for improvement. Semiannually, senior leaders conduct Management Reviews. TNC has been recertified under ISO (International Organization for Standardization) 9001:2000 for its Quality Management System.

TNC has two primary incentive programs, both focused on achieving “no defects” production and making the most efficient use of resources. The Gainshare program pays employees a portion of the money the company saves as a result of minimal product defects. Under JETS (Just Earning Time and Saving Resources), employees who achieve their production goals for the month ahead of schedule are given time off with pay. Between 2002 and 2003, more than 3,800 hours of “time off with pay” were awarded.

Public recognition of achievement also rewards high-performance work. Public announcements are made when the day’s production goals are achieved. Catered meals and cookouts are held in honor of jobs well done. Special covered parking is provided to the TNC employee of the year. In addition, TNC pays its employees higher salaries than its competitors and provides free flu shots, health and life insurance, birthdays off with pay, back-to-school assistance, tuition reimbursement, and on-site English classes for Spanish speakers.

Focus on its employees has paid off. TNC’s annual survey shows that employee satisfaction has grown from 75 percent in 2001 to 83 percent in 2003.

Safety and Environmental Consciousness

Although some of the chemicals and processes used to manufacture nameplates are potentially hazardous, TNC operates safely and successfully in a highly regulated environment. TNC had no recorded cases of work-related accidents or injuries in 2003 and 2004, and between 1999 and 2004, its incidence rate was significantly below the Occupational Safety and Health Administration’s standard.

To address potential environmental impacts of operations, the company conducts its production processes in accordance with its quality management and environmental management systems and Underwriters Laboratories standards and practices. TNC is one of only two members of the National Association of Graphic and Product Identification Manufacturers that has earned ISO 14001:1996 certification for its Environmental Management System, and it is an Underwriters Laboratory Authorized Label Supplier.

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