



# 2024 Award Recipient

## Freese and Nichols, Inc.

Freese and Nichols, Inc. (FNI), is a multidiscipline consulting firm based in Fort Worth, Texas, that provides services in engineering, architecture, environmental science, planning, construction services, and program management. FNI received its first Baldrige Award in 2010; since then, it has tripled its workforce to more than 1,200 employees and increased its total revenue, from \$83 million to \$325 million. Yet it continues to be privately owned by 92 employee shareholders.

The 130-year-old firm's clients include municipalities, water districts/river authorities, federal and state agencies, higher education institutions, and transportation entities. It has 34 offices in Texas, Arkansas, Colorado, Florida, Georgia, Kansas, Louisiana, New Mexico, North Carolina, Oklahoma, South Carolina, and Virginia.

### Customer Relationship Building Drives Repeat and New Business

- Repeat business rate of approximately 85% across 663 unique clients, with an increase in clients that produced 80% of FNI's revenue from 88 to 113 from 2019 to 2023, reflects FNI's focus on building deep customer relationships.
- Commitment to building long-term, mutually beneficial client relationships has enabled FNI to deliver consistent project quality and sustain its clients over decades.
- Favorable client perceptions of key aspects of FNI's project management are demonstrated in project satisfaction ratings that on average have exceeded 4.5 on a 5-point scale over the past five years for managing overall project costs, adhering to the schedule, technical proficiency, and quality of deliverables.
- FNI's Net Promoter Score (NPS)—a rigorous measure of customer loyalty—was above 80% for all four quarters of 2023, outperforming the industry benchmark.

### Data-Driven Strategic Planning Drives Growth

- Disciplined strategy development and implementation processes have resulted in total revenue growth averaging over 12% per year from 2019 through 2023 (63% overall), transitioning the Texas-based firm to a regionally focused business with 34 offices across 12 states.
- Balanced scorecard results that meet or exceed targets increased from under 80% in 2019 to 90% in 2023. The organization is currently completing more than 90% of its balanced scorecard objectives.



### Highlights

- Approximately 85% repeat business rate across more than 650 unique clients, with an increase in clients that produce 80% of revenue from 88 to 113 over four years
- Data-driven strategic planning that enabled the firm to triple its workforce since 2010 and expand from one state to 12 during that same period
- Total revenue growth from \$200 million in 2019 to \$325 million in 2023
- Rankings in top 10% nationally on measures of workforce satisfaction and engagement
- Innovative ownership transition process, which sets aside profits to fund shareholder transitions, that supports the long-term stability of the business



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- The “win rate” for client business increased from 31% to 51% for roughly the same base of pursuits over five years.
- Continual improvement of the firm’s data-driven strategic planning process since its inception has increased the number of people involved; sharpened the focus on planned growth; and shifted the planning horizon (now a five-year process, with market scans and balanced scorecard reviews done annually).

### Top 10% Nationally for Workforce Satisfaction and Engagement Turnover Rates

- FNI consistently performs in the top 10% or 25% of benchmarking data over five years on measures of workforce satisfaction and engagement, including survey items on manageable workload, meaningful work, work schedule flexibility, co-workers’ actions aligning with organizational values, availability of remote work, relationship with coworkers, and connection to FNI’s mission.
- FNI boasts a 92% response rate for workforce engagement surveys.
- Relatively low employee turnover demonstrates a positive workforce culture and achievement of FNI’s vision to be the firm of choice for clients and employees. FNI’s voluntary turnover rate for professionals has met or closely approached the top 25% of industry comparisons over the past five years. In 2023, FNI’s total, involuntary, and voluntary turnover rates for professionals all reached top 10% levels.

### Strong History of Financial Performance

- FNI shows favorable levels and trends for revenue growth measures, including total revenue and net revenue per FNI office, with total revenues steadily increasing from \$200 million in 2019 to \$325 million in 2023.
- FNI demonstrates top 10% or top 25% performance against industry benchmarking data in most areas of financial viability, including liquidity, cash reserves, working capital, and balance sheet performance.
- The firm’s profit margin (earnings before interest, depreciation, taxes, and amortization) has been consistently high since 2014, outperforming an industry average of 10% during the same period through 2023.

### Leadership That Prioritizes Long-Term Stability and Service

- Systematic succession planning processes have resulted in successful transitions of FNI’s ownership and leadership through three generations, despite a tendency in the market toward enterprise divestiture and acquisition. FNI’s innovative ownership transition process, designed to provide business continuity and operational stability, sets aside 11.5% of company profits annually to fund shareholder transitions. To avoid the fate of other engineering firms that are eventually sold due to a lack of a strong ownership transition process, FNI reviews and updates its model for this process every year.
- Consistent with its core value to “serve always,” FNI demonstrates three-year growth trends in its contributions of funds, volunteer time, and expertise to its key communities. FNI has given more than \$1.7 million over the past five years to professional communities and charitable organizations in the communities where employees live and work. In addition, in both 2019 and 2023, the number of community volunteer hours of FNI employees each year totaled about 5,000 hours.
- The nature of FNI’s work has widespread benefits for the company’s communities, such as developing infrastructure to provide clean, sustainable water supplies; increasing safety and reducing congestion on roadways; and making communities more resilient from floods.

#### For more information:

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#### Baldrige Performance Excellence Program

The Baldrige Program educates organizations of all sizes and from all sectors in organizational performance management and improvement. We also administer the Malcolm Baldrige National Quality Award®. Our key services are to identify and recognize role-model organizations, share best management practices, and help organizations achieve best-in-class performance levels. We are the only public-private partnership and Presidential award program dedicated to improving U.S. organizations.

#### For more information on the Baldrige Program:

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