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National Fund Employer Profiles of Job Quality

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Understanding the ways that businesses have engaged in implementing job quality strategies is key to understanding the first steps toward implementing employer-led job quality. Some of the changes are tactical and organizationally focused, others are culture based. Trust is a key component of success—trust between employers and employees, but more broadly between employees and the businesses they work for. Firms have found ways to implement these strategies and identify returns to the firm. The following cases developed by the National Fund for Workforce Solutions show how Universal Woods, a specialized manufacturer, and Optimax, an optical prototype manufacturer, approached developing quality job strategies.

UNIVERSAL WOODS

The workforce strategy of Universal Woods starts here: “We trust the people we’ve hired,” says Paul Neumann, CEO.¹ From that premise flows all major workforce decisions:

- eliminate the role of supervisor
- share financial information
- build team-managed teams
- invest in everyone’s education, and
- encourage participation throughout the organization.

The result of this organization-wide business logic is a company that over the past four years has grown 20 percent per year, doubled the size of its workforce, maintained 95 percent customer retention rate for 10 years, and is the leader in its two major markets (Dawson 2017). Headquartered in Louisville, Kentucky, Universal Woods now has operations in Ohio, Australia, and Belgium, serving over 200 customers in more than 80 countries (see Box 4.1).

“Our business strategy,” says Neumann, “is to align the economic interests of all our stakeholders—and you can only do that if you share information transparently across all parties—and treat each with respect. If you do that consistently enough, long enough, then those you work with every day will reward you in turn with their trust. And a trusting relationship is incredibly efficient and productive—you’re not slowed down by lawyers, lengthy negotiations, layers of supervision, or assignment of blame.”

Box 4.1 Universal Woods

Universal Woods manufactures hard-surface panels for the photo, art, and personalized/customized gift markets, as well as high-durability mezzanine flooring for the material-handling industry. Product brands include Unisub® and ChromaLuxe® for sublimation panels, and ResinDek® for industrial flooring.

For the Unisub and ChromaLuxe lines, Universal Woods applies an ultrathin, “sublimatable” polymer coating to a variety of hard-surface substrates. Unlike traditional printing, which applies ink to the surface of an object, sublimation uses heat and pressure to bond the image directly into the coating at the molecular level. After applying the sublimatable coating, Universal Woods cuts the panel to the desired shape—anything from a name tag to a wall panel—and the customer then applies the desired graphic. The final sublimated graphic is remarkably vibrant yet exceptionally durable.

For the ResinDek line, flooring panels are custom-manufactured for Universal Woods’ customers. After applying specialized coatings, the resulting industrial flooring durably withstands heavy equipment, rolling carts, and pallet jack loads.

At the very core of this strategy are the 200 workers at Universal Woods—men and women of 25 nationalities speaking more than 20 languages, diverse in age, religious beliefs, and sexual orientation. Tim Holt, director of human resources, puts it simply: “Employees are not a commodity—they’re our primary opportunity to create value.”

That diversity, combined with continued workforce investments, results in a highly knowledgeable, highly skilled, and very stable workforce, with an employee retention rate of more than 90 percent over the past five years. Holt continues, “We know our product, we know our customers, and we know how to work with each other.”

Of course, not every individual always contributes 100 percent, and sometimes mistakes are made. Adds Paul Wilson, in production, “But since we trust the vast majority of our employees to do the right thing at the right time—given the right support, training, and information—it wouldn’t make economic sense to hobble everyone with inefficient oversight and top-down directives just to ‘manage’ the occasional few.” Within this economic logic, the manufacturing operation has an opportunity to become self-correcting. Here is what that looks like on the shop floor: “Soon after I was hired,” recounts Darrell Ash, a team member in production, “I made a mistake on my machine, and I was really worried I would get written up. When I called over to the technical advisor, I said, ‘Here’s what I did wrong, and this is what I did to fix it.’ My advisor just said, ‘Great!’ and then thanked me for letting him know.”

The resulting organizational structure is flat and lean. Charles Hopkins, organization development, explains, “Each production and administration area is structured into a ‘team-managed team.’ I was the last supervisor Universal Woods hired—soon after, we eliminated that level of expensive oversight. We instead created the role of ‘technical advisor,’ one who acts as a coach and a resource to the teams.” Admittedly, the team structure is still a work in progress: “We started out calling them self-managed teams, but that didn’t have the desired emphasis on ‘team’ concepts,” acknowledges Hopkins. “We now call them team-managed teams to emphasize that we expect team members to collaborate and hold each other accountable.” (See Box 4.2.)

Many employers hesitate to invest in workforce training and education, fearing that their workers will take those new skills and go to work for a competitor. That just isn’t a concern for Universal Woods. “In

Box 4.2 Team-Managed Teams

Team-managed teams are interdependent, highly trained team members who are accountable and responsible for managing the quality of work that needs to be done to exceed customers' expectations and contribute to the success of the business.

fact, we want everyone here to realize their full value, and to work to deepen that value every year," says Holt. Since team members consistently see how the investments made in them open up new opportunities within Universal Woods, they are constantly rewarded for staying at—and growing with—the company (see Box 4.3). Beth Bliss, materials supply, recounted, "I was describing how we invest in our employees to an acquaintance of mine who works at another company. She said, 'Wow, you must have better margins than ours to afford all that!' I told her, 'You've got it backwards—we have better margins because we do all that.'"

Binah Jang's story illustrates Universal Woods' commitment to investing in its employees. Jang emigrated from South Korea in 2011 with a degree in international business. After settling in Louisville in early 2013, Jang took a certified production technician (CPT) class sponsored by the Kentucky Manufacturing Career Center.² At a job fair specially organized for CPT graduates, Jang met Holt from Universal Woods and was soon hired as a second-shift production worker. "Interpersonal and communication skills are always emphasized by Universal's 'continual learning' program," said Jang.

Taking full advantage of those learning opportunities, Jang soon assumed the role of production assistant in marketing. Within a year, she adds, "during an informal 'lunch and learn' with Paul Neumann, I spoke about my idea for a new job responsibility." Jang knew that Universal Woods was an international company looking to expand its Asian markets. The company responded by creating a new role, and Jang now oversees marketing in Japan and Korea, her home country, and has already traveled to trade shows across Asia.

As CEO Neumann emphasizes, "One important lesson about our strategy of trust and respect is this: you never know when and how an

Box 4.3 How Universal Woods Invests in Its Workforce

- Above-market compensation
- Guaranteed minimum 40-hours-per-week compensation for all full-time hourly workers
- Equivalent benefits for both exempt and nonexempt employees
- Quarterly and annual profit sharing
- 401(k) plan
- Emergency loan program
- Applied continual learning—cross-training and classroom, both on- and off-site
- Education scholarships fully paid, whether or not directly related to current position
- Wellness Program—fresh fruit and bottled water, weekly fitness class, reimbursement for all walks/races and more
- Inclusion of all levels of team members at external sales and community events
- Flexibility, with advance notice, for planned absences
- Personal financial planning during first year of employment

investment in the workforce today might result in a business advantage later on. It's just not necessarily a linear process. And in fact, that's its real power: You're not hobbled by having to justify a direct, linear ROI on every decision you make, because you know that benefits will eventually result, often in unforeseen ways."

Here is one story about how investment made within an environment of trust generated a critically important competitive advantage at Universal Woods.

In October 2008, the Great Recession was forcing many companies to lay off workers. Universal Woods took a different tack: first, they assembled the entire company—60 workers at the time—and asked for recommendations on how to create efficiencies. One idea came from a production team member: move to a 10-hour day, four-day work week,

shutting down the plant for the three-day weekend to conserve electrical, heating, and utility expenses.

That strategy helped, but by March 2009, business still hadn't improved. So Universal Woods adopted a wide range of additional recommendations, including a hiring freeze; reduced hours for nonexempt employees to 30 per week, but paid for 35 hours (if employees did not have five hours of vacation leave available to bring them up to 40 hours' pay, they were advanced five hours of vacation leave); and a 10 percent pay reduction for all exempt employees.

The result: no one was laid off. The benefit: just four months later, orders began to pick up, the temporary compensation reductions were restored, and Universal Woods was able to surge back into the marketplace far ahead of its competitors. By not laying off anyone, the company retained not only its production capacity but also its knowledge base within its workforce, allowing it to take full and immediate advantage of the market's rebound. And of course, inviting its workers to participate in solving the company's challenges, and holding the community of workers together during the economic crisis only deepened loyalty and trust throughout the organization.

"There are no closed doors here," says Ben Yaney, engineer, who leads the safety focus throughout the plant. In fact, Universal Woods does everything it can to remove distinctions between "collar colors": they offer identical benefits for both exempt and nonexempt employees, have no reserved parking, provide a companywide bonus plan, and make sure all team members have an opportunity to participate in off-site customer visits and on-site plant tours. "When I first was hired here, I was confused—where are the supervisors?" says Amr Shalaby, a production worker who emigrated to the United States after serving 12 years in the Egyptian military. "Now, I know I am a respected team member here at Universal Woods. I never want to leave."

There is no deeper sign of respect than the company's efforts to keep employees safe. With forklifts around every corner, and massive machines constantly devouring large sheets of materials, safety is a necessity emphasized in every aspect of daily work life. Any worker can stop production for a safety concern or refuse to undertake a task he or she judges to be unsafe. Safety trainings are constantly updated, and the entire operation is kept orderly and uncluttered. The result: Univer-

sal Woods consistently has 40–50 percent fewer accidents than comparable SIC-code businesses.

Returning to the “business logic of trust,” Neumann underscores that respect, transparency, and shared investment reach beyond the workforce, throughout the company’s value chain. “My role is to create an understanding on the part of all our stakeholders that our economic interests are aligned together. For example, we try to limit price increases to no more than material-cost inflation. Near term, that might shave our bottom line a bit, but in the long term we deepen customer loyalty. Along with our investment in continually improving technology and quality, that is the reason that over the past 10 years we have retained more than 95 percent of our customers.”

OPTIMAX SYSTEMS, INC.

Continuous learning is at the heart of Optimax’s business strategy. The company will hire people with no formal credentials beyond a high school diploma and train them to fabricate high-precision optics using advanced manufacturing technologies. These frontline technicians, called opticians, make up over two-thirds of the company’s 300 employees (see Box 4.4).

“We aren’t primarily concerned with credentials; we look for people from our partnerships who want to work with their hands, want to learn, and want to grow with the company,” says human resources manager Alejandro Mendoza. Over time, many of these employees return to school, taking advantage of Optimax’s prepaid tuition benefits, to build their careers.

“Our goal,” says company president Mike Mandina, “is to create a profitable company that provides good jobs and career opportunities for our employees and prosperity for our region.” Mandina witnessed the decline of Rochester’s largest manufacturers, Kodak, Xerox, and Bausch & Lomb, and the consequent loss of jobs for the region. With new technologies emerging in the early 1990s, Mandina saw an opportunity to rebuild the region’s manufacturing base—but this time, through a creative blending of technology and craftsmanship.

Box 4.4 Optimax

Founded in 1991 by a group of moonlighting Kodak technicians, working in what was formerly a barn, Optimax is the largest manufacturer of prototype optics in the United States. The company specializes in quick delivery of high-quality precision optics for aerospace, defense, medical, and semiconductor applications.

Optimax's 60,000-square-foot manufacturing facility, located in Ontario, New York, includes 30 different manufacturing cells producing optics in a range of shapes and sizes. This precision manufacturing requires a highly skilled workforce and innovative equipment including: patented VIBE polishing, two environmentally controlled metrology rooms, high-end finishing equipment, and in-house coating chambers.

Optimax strives to make optics faster, more cost-effective, and of higher precision. The result has been cutting-edge discoveries in materials, manufacturing processes, and coating technologies that have helped the company grow its customer base—and carry on the region's legacy as a global leader in optics manufacturing.

Becoming an Employer of Choice

Believing that people thrive when they have meaningful work, Optimax's leaders have honed a company culture that successfully leverages the inner drive and talents of each employee. "Most people wake up in the morning and want to create value," says Rick Plympton, CEO. "We build on our employees' innate desire to create by helping them to grow their skills and get better and better at what they do."

Optimax hires creative and motivated individuals, and then shapes their performance by

- empowering individuals and teams to make decisions;
- investing in continuous learning and career development;
- sharing information broadly throughout the company;
- rewarding success through generous profit sharing; and
- providing opportunities to work on innovative projects that benefit humankind.

This strategy has propelled Optimax’s business success as well as its reputation as an “employer of choice.” Consistently ranked among the Workplace Dynamics top 10 midsized workplaces in the Rochester area, the company is growing 20 percent per year, while the sector is growing just 3–5 percent. Optimax expects to add another 40,000 square feet in manufacturing space and grow its workforce by about 50 percent by 2025 (Kahn 2018) (see Box 4.5).

Empowering Frontline Innovation

Optimax’s 200-plus opticians, who use computer numerically controlled technology to fabricate high-precision optics, see themselves more as craftsmen than factory workers. Jeff Iorio, one of a small cohort in a three-year apprentice program, says, “Machining is like baking, it’s routine. Optics is like cooking. It is an art.”

That artistry is encouraged by the shop floor design, which is organized into LEAN manufacturing cells. Each cell includes a group of machines on which an optician can take a job from raw material to

Box 4.5 Optimax Employment Benefits

- Holiday pay effective day one
- Gain sharing at 25 percent of monthly profits
- 100 percent tuition assistance
- Direct hire of employees over use of contractors
- Health insurance
- Dental, vision, and life insurance
- Employee Assistance Program
- Long- and short-term disability
- 401(k) retirement plan with match
- Pretax spending benefits
- Paid time off
- Employee earned leave bank
- Access to company vacation home

finished product. Tasked with creating lenses worth tens of thousands of dollars, opticians are provided broad autonomy and therefore take tremendous pride in their work. “I feel fulfilled in what I do, because I’m a maker,” says optician Genny Kingsley. “Every day is a different challenge.”

LEAN manufacturing, pioneered by Toyota, empowers individuals and teams to continuously adjust the workflow process to reduce waste and increase efficiency. “LEAN allows us to maintain our agility, ‘fail fast,’ and learn, so that we can meet our customers’ needs,” says Mendoza.

Increasingly, Optimax teams, which manufacture optics of specified sizes and shapes, are becoming self-managed groups, making decisions regarding training and team development, resource investments, job assignments, and cell organization. The ultimate goal is for all employees to share “responsibility and authority,” says Plympton.

Group Leader Greg Frisch, who has been with the company for 17 years, explains that, in the past, “you needed to get multiple signatures to buy a piece of equipment. Now there is more trust; if we need it, we get it. The people closest to the work have the most information, and we empower them to make decisions.”

“When we take advantage of everyone’s knowledge, we make faster and better decisions,” says Plympton. But, he notes, teams are moving at their own pace. “It’s a journey; we are discovering what works best as we go.”

Improving Systems to Leverage Talent

Good decision making at the individual and team levels requires full transparency and highly disciplined systems to manage information, work flow, inventory, and access to tools. Without these systems, Optimax could not leverage each person’s knowledge and skills to their maximum capacity, says Plympton. “That’s why we are continuously improving these systems: to get people as much information as possible in real time.”

“Sharing knowledge, skills, and information keeps us on the cutting edge,” says Andy Haefner, a manufacturing group leader. Consistent with that philosophy, the company’s financials are displayed on the shop floor wall. A bonus system, in which employees share 25 percent

of monthly profits, makes these numbers meaningful and motivating. Everyone shares in the risks and rewards of innovation, whether an experiment ruins a \$20,000 lens or results in a breakthrough product.

Fostering Individual and Firm-Level Learning

Optimax prioritizes continuous learning to advance its employees' skills and prepare them for the company's goal of continuous improvement. New opticians learn their skills on the shop floor, through job instruction training, where over several months they work side-by-side with a teammate, observing and developing increasingly complex skills. The new optician is only allowed to work on her own when the trainer believes her skill level has sufficiently advanced.

Developing basic competency is only the first step in a continuous learning process. Dylan Dennison, who has been with the company for about a year, says, "I still learn every day. I can get assistance from anyone with the knowledge to help me solve a problem. You are encouraged to learn on your own, but there is always support to fall back on."

That support often comes from company president Mandina, who keeps his desk on the shop floor. Dennison says, "I can go to anybody for help, including Mike. If I am struggling with a problem, he's there." This is of great value to Dennison, both for the opportunity to learn and for the respect the relationship conveys. "It's very different from working at a large corporation, where the CEO wouldn't know I existed," he says. "Optimax has mastered making you feel like you are important, no matter what job you are doing."

This informal coaching is matched by a more formal structure, in which group leaders analyze the skills needed by their team members and work with employees on yearly individual learning plans. Depending on their career goals, employees can take advantage of Optimax's robust in-house training (average of 1,000 hours of training delivered per month) or enroll at local colleges with fully subsidized tuition.

Creating the Right Culture

Developing skills to become a master optician is one-half of the Optimax learning equation. The other is understanding and adapting to a culture that is at once laid back and fun—the company uniform

is proudly identified as a tie-dye T-shirt—and yet fast paced and performance oriented. Optimax doesn't leave this to chance: they are as proactive in shaping their culture as in preparing their employees for lifelong learning (see Box 4.6).

New employees read *The Question behind the Question*, a book that explores “personal responsibility” in the workplace. They are also assigned a mentor outside their team or direct supervisory chain. The feedback loop is strengthened by an annual 360 peer review in which employees are rated on both aptitude (skills, attention to detail, productivity) and attitude (team player, trustworthy, positive spirit).

“You have to grasp the ‘adult contract,’” says optician Dan Buttery. “It’s an unwritten commitment: Be grown up. Be responsible. Have

Box 4.6 Building the Pipeline

The primary limiting factor for growth at Optimax is finding workers. “You won’t learn about advanced manufacturing watching TV,” says Plympton. Nor does your average high school student necessarily learn the basic skills necessary to succeed in optics manufacturing.

To address these issues, Mike Mandina founded FAME, Finger Lakes Advanced Manufacturing Enterprise, a nonprofit focused on developing the talent necessary for reviving advanced manufacturing across the region. FAME has three key priorities:

- 1) Collaborate with local colleges and workforce development programs.
- 2) Build a pipeline of qualified advanced manufacturing technicians.
- 3) Create awareness of employment opportunities.

Optimax offers students tours of their facility as well as summer internships. In addition, Optimax works closely with local schools to ensure educators understand the needs of business. “I’m working with school districts, community colleges, and economic development agencies,” says Workforce Development Coordinator Jim VanKouwenberg, “continuing Mike Mandina’s work to align educational resources and business needs.”

integrity. If you make a mistake, own up to it. If you aren't sure it's a good idea, don't do it."

"Mistakes are not held against you," says Jaeden Powers, team leader for the coating department. "We give new employees a lot of hands-on experience. Mistakes are expected. What people look for is, 'Can you learn from that?'" This culture is reflected across the organization, and senior staff are equally encouraged to acknowledge mistakes and identify lessons.

And as they learn, employees are given increased authority over their work. That motivates them to succeed. Says Apprentice Ben Zeller, "I am excited to get in early, because I am my own boss. I can get guidance from a coach, but I'm responsible for getting the work done."

The ROI of Employee Development and Trust

This is exactly what Mandina and Plympton dreamed of as they built Optimax into a high-powered economic engine for their region. Even during the Great Recession, they did everything they could to keep their employees and maintain their culture. "Rick and Mike didn't want to let anyone go, since our commitment to our team members is so high," says Frisch. At the beginning of the recession, company leaders worked out a plan to share work and to double down on training. When the economy picked up, the company was even better positioned for the future. "We stayed in the game," notes Frisch, "and when the markets turned around, we were able to ramp up more quickly than our competitors."

"Optics is exciting because we make the invisible visible," says R&D optical engineer Brian Myer. "Whether bringing Mars into focus through lenses on the Mars Rover or seeing inside human cells, optics expand our knowledge and understanding of our world."

Similarly, Optimax uses the principle of making the invisible visible to propel its business strategy. By emphasizing transparency, investing in their team members, and giving them the autonomy to get the job done, Optimax has found a winning formula. "By moving to role-based authority and full transparency, we build trust," says Mandina, "resulting in increased innovation and speed, and that's what keeps our customers coming back." As Plympton explains, "Our employees are constantly coming up with new ideas that allow us to take on more chal-

lenging and creative projects—which is good for our team members, good for Optimax, and good for our community.”

Notes

1. This section draws heavily from Dawson (2017).
2. Kentucky Manufacturing Career Center is supported by WIRED65 Regional Workforce Partners, a workforce funding collaborative supported by the National Fund for Workforce Solutions.

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