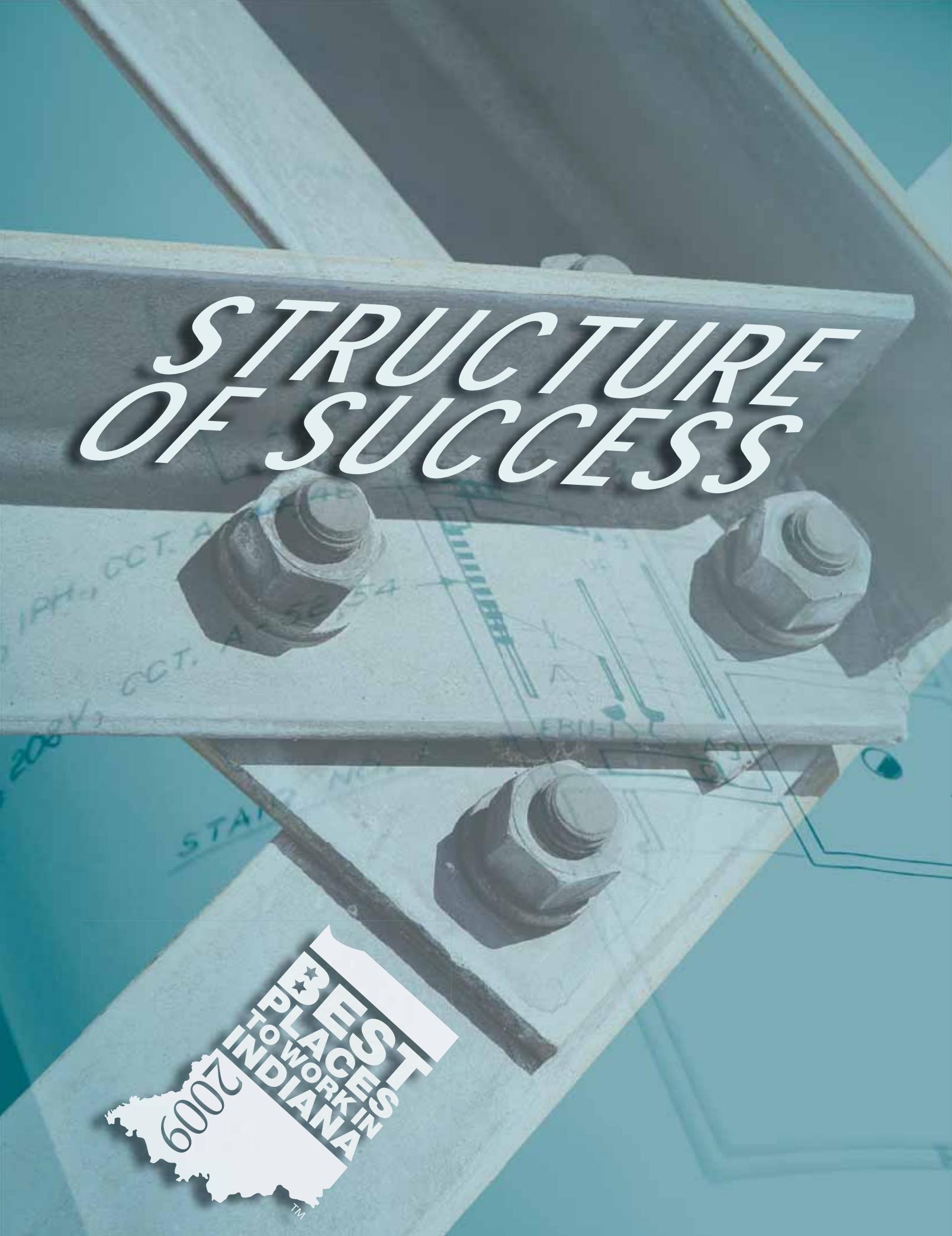


STRUCTURE OF SUCCESS

A photograph of a steel girder construction site. In the foreground, there's a large, dark steel girder with several large, octagonal nuts and bolts. Below the girder, there are blueprints spread out on a surface, showing various technical drawings and measurements. The background shows more of the steel framework of a building under construction.

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By Tom Schuman

Small/Medium Companies

Performance Services Lives Up to its Name



Tim Thoman, founder and president of Performance Services, Inc. (PSI), is quite convincing when he insists that customers come first and employees second – both before profits – in his 11-year-old design-build engineering and construction company. But how does one know for sure that leadership's plan is everyone else's reality?

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Go to Berne in Adams County, where the state's first K-12 design-build project is taking place. PSI Senior Project Manager Steve Bluhm leads a team meeting (number 27 in the project that will conclude this summer), listening intently, taking notes and interjecting his thoughts and a little humor as he balances the needs of about a dozen contractors. He concludes the approximately 45-minute session with a simple expression: "Thanks everybody for all your hard work."

South Adams Superintendent Cathy Egolf notes this is the third building project she has been involved in, but the "first in which I've seen such collegiality." She had appeared for only the final minutes of the session, relaying that her confidence in Bluhm and PSI made that possible.

"Every meeting has been professional, and that has been so true of the entire project. We developed the plan together – they included the school – so that we get the best buy for the best price."

Bluhm, with the company for nearly four years, confirms that the PSI philosophy allows him to "make customers happy. The bottom line isn't always the (determining) factor and when a project ends, our involvement doesn't end."

As for his role in fostering the communication that is so critical among the various building trades working on the new school building, he adds, "We're not a company that is supervision heavy. Our culture breeds an atmosphere that allows me to be able to use all my skills. I have a supervisor, but he knows that I know what I'm doing, and he lets me do it."

Blowing in the wind

Take State Road 27 south and wind your way to Union City, where a nearly two-year process is nearing completion that will lead to construction of a pair of wind turbines that will benefit the community and Randolph Eastern schools – another K-12 first.

Superintendent Cathy Stephen, like Egolf, had prior experience with PSI, but nevertheless did a comprehensive check of references on a large number of previous projects. Both found 100% customer satisfaction, which Thoman says is the ultimate goal.

"Without PSI, I'm not sure I would have had the fortitude to do this," Stephen acknowledges. "They've done a great deal of research, and Tony (Kuykendall, PSI business development manager) has become a real expert. I wouldn't have done this without a company that I really trusted."

Kuykendall, now talking to about 15 different school corporations about potential wind projects, knew Thoman from both attending the same church. His decision to shift his career path and come to PSI was based on that personal knowledge as well as benefits that include 100% company paid group health insurance (with eligibility coming on the first day on the job) or employer contributions to those who choose to open a health savings account.

"I saw an opportunity and how (those benefits and others)



Tim Thoman works to bring top people to the organization – and then let them shine.

would really help my family," he shares. "Tim has positioned it that if we're successful as a company and work hard, we're all going to win together. To a lot of people, that's pretty attractive."

Fulfilling a vision

Thoman, an Indianapolis native and Purdue University engineering graduate, learned the performance contracting business at Johnson Controls first and later Siemens (then known as Landis & Gyr).

"After seven years, I could not continue to grow and be successful with the overhead those large companies continue to carry," he offers. Thoman created PSI to serve public schools

with guaranteed savings contracts (the company designs and builds a project, which by state statute must pay for itself within 10 years in energy savings). The core business has been supplemented with the school design-build (energy savings are not required, although PSI is building those capabilities into the South Adams facility) and wind energy turbine components.

Like Kuykendall, many PSI staff members either knew Thoman personally or worked with him previously. The company president says, "The types of people we attract love the opportunity to do a great job, and they often come from where finances and project profitability ruled the day.

"We try to take great care of our employees (46 in all) so we don't lose them. We have a lot of All-Stars, in many cases the best in the industry," Thoman contends. "If we have to manage someone, we've got the wrong person. Our job is to remove the roadblocks and let them flourish. It's almost like being a coach, getting the top talent and putting them in a position to thrive."

To achieve that, they need tools beyond those used on construction sites. Company-provided vehicles for staffers out

A new home in November will provide more space and teamwork opportunities for PSI employees.





Performance Services' Steve Bluhm (bottom right) is the senior project manager for the first design-build K-12 school project in the state. A "collegial" atmosphere has led to portions of the building being completed months ahead of schedule.

on the road, Blackberrys for all employees to support communication efforts, clothing allowances and generous tuition reimbursement for degree and certification programs are among the benefits.

PSI is not alone, of course, in providing such amenities. But how many companies – in years in which financial goals are met (which is often in an organization averaging 30% annual growth) – take all employees (and spouses) to Mexico for a five-day planning and team building celebration?

Thoman recalls that he was fortunate to be selected several times for a similar excursion while at Siemens. Though treated royally, only 50 to 70 people out of 2,500 in the company realized the benefits.

"We outproduce the competition here; our revenue per employee is 3 to 1 or 4 to 1 (that of other companies)," he states. "Part of my thinking is that if we continue to deliver excellence and maintain high productivity, we should be in a position to share that with employees."

"I always said the Siemens trip was a great concept, but it doesn't build teamwork. Here, if we reach our goals – which are aggressive but achievable – we all go. It's so neat," Thoman reveals, "to be able to reward our employees and thank the spouses. We see people reach across departments, get to know each other better. From a business perspective, it's beneficial. It puts walk to the talk of our mission."

Team atmosphere

Eddie Bohannon, controls group manager, admits being a little apprehensive in coming to a smaller company after working at Siemens. But he quickly found a "total open door policy. We can just get our question resolved and get our work done, and that hasn't wavered from day one." Being able to have the owner or other company leaders "sit and talk for hours with your group" on the Mexico trip is a perk few are able to enjoy at other organizations.

Several in Bohannon's department have taken advantage of the tuition reimbursement, as has performance assurance analyst Shana Lopez, who earned her master's in business administration. The working atmosphere, she suggests, is one that can't be beat.

"I know when I encounter a problem that it's easy to get the support of other people, and I also know my input is valued," she says. "We're empowered to make decisions. We don't have to check in with someone every two seconds. Tim is very generous, and you want to do better for someone when they're taking such good care of you."

Senior energy engineer Dale Bozell, another Siemens alum, enjoys the fact that the smaller company allows him to get out from behind the drawing board and computer and "see his solutions being implemented." While others may strive for 100% customer service, "everybody here knows that is the number one goal. At other companies, you have to jump through hoops. We just go fix it."

Keeping their word

Thoman admits "it's cost us quite a bit on some projects to make things right." But he and the PSI team live by "no change orders." In other words, customers are not asked for extra money to cover design or construction errors.

And, with the guaranteed savings contracts, the service continues well beyond the construction phase. Egolf, the South Adams superintendent, recalls a noise in the engineering area disrupting a classroom following a previous energy savings project with PSI.

"I called Bob, who was in Cancun on vacation. Within 20 minutes, someone was in that room, tracked it, found the defect and replaced the entire piece at their expense," she affirms.

On the current school construction, Thoman reports that Egolf and South Adams are getting a new 150,000-square-foot building that was originally priced 18% lower than the statewide average. Additional savings, along with benefits for teachers and other school personnel, are being realized through aggressive scheduling and performance that is allowing PSI to turn over portions of the facility months earlier than the original deadline.



Wind power is coming to Union City this fall as PSI's Tony Kuykendall has been working with Randolph Eastern Superintendent Cathy Stephen and local officials for nearly two years.

A place to call home

Rich Bradley, a senior project manager, has 33 years in the industry. He says he was the fifth PSI employee when he came on board in March 2000. Listen to him for a few minutes and it's clear he has no intention of working anywhere else.

"Truly, the customer is the main focus – and that's set from Tim on down. There's a real peace of mind to work for an employer that offers benefits far beyond what's in the normal business environment," he advocates. "Customers have needs beyond the 40-hour workweek. We get called out on nights and weekends. But there is a selfishness to it – that's why we get a lot of repeat business."

"We try to be on the leading edge and not transfer over to the bleeding edge," he continues. "Tim sets the direction and vision, but we've got a real nice mix here – the older people who have fought the fight and those that bring the youth and energy."

In contrast to Bradley's experience, Scott Zigmond was in his seventh week on the job as vice president of sales and marketing at the time of this interview. For the first time in his career, "a customer pointed at me and said, 'You made a great decision.' Sometimes it's tough to break into these families, but

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Performance Services

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people have opened up, and I've very much felt embraced here. I like that it's in our hands to grow this business."

Growing and serving

Despite adding on several times, PSI has outgrown its rented office space on the northwest side of Indianapolis. The company will have a new home, in November of this year, in the Anson development in neighboring Boone County. New amenities will include a complete fitness center with additional employee access to a personal trainer and nutritionist.

"We want an office where we can all be together as a team," Thoman offers. "We will minimize the private offices. People will be in workstations – an open, collaborative environment that is better for communication."

PSI is also pursuing business in Illinois and striving to diversify its Indiana clientele by working with municipalities and in the health care field. Additional growth, Thoman

insists, must not come at the expense of the company's overall mission.

"Our goal is not certain dollar figures, offices or employees, but to be good stewards. On a personal level, I felt called by God. This was my calling – to run a business and be a steward of God," he declares.

"Over time, that really affects our culture. If we have to make more money by not taking care of our customers or not treating our employees properly, I'm not interested in that. The feeling that I'm not the owner, but the steward, allows us to much more easily put making money third."

"All employees, at a deep level," he concludes, "know that it's customers first, they are second and money is third."

INFORMATION LINK

Resource: Performance Services, Inc. at
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