



2010 Award Recipient

Freese and Nichols, Inc.

Freese and Nichols is a Texas-based multidiscipline consulting firm that offers services in engineering, architecture, environmental science, planning, construction services, and program management. Founded in 1894, Freese and Nichols has been involved with major public projects across the state; in fact, flying at 10,000 feet from El Paso to Texarkana, one is never out of sight of one of the firm's projects. Freese and Nichols clients operate in public arenas and regulated environments where actions affect policy, plans, and everyday well-being. Among the markets served by Freese and Nichols are municipalities, water districts/river authorities, military/government organizations, higher education institutions, transportation entities, and energy organizations.

The corporate headquarters for Freese and Nichols are in Fort Worth, Texas. Other offices are in the following Texas cities: Austin, Corpus Christi, Dallas, Denton, Garland, Houston, Lubbock, McKinney, Pearland, San Antonio, and Tyler. The firm's revenues total \$80 million, and it employs 449 people.

Blueprint for Fiscal Accountability

- For the past four years, Freese and Nichols has achieved revenue growth between 12 and 16 percent, exceeding the industry benchmark in 2009 by 10 percentage points. The firm also has maintained profitability over this same period, while the engineering industry has seen minimal growth and modest profit.
- The company has never had any debt throughout its 116-year history, except for debt from notes payable to divesting stockholders and a long-term lease for company-wide infrastructure. The debt-to-equity ratio has decreased 6 percent over the last four years, reaching 3 percent, and is lower than the industry benchmark of 8 percent.
- Freese and Nichols builds a sustainable organization through growth in retained earnings and use of restricted funds that support key business needs as well as growth strategies during a time of economic crisis. Between 2005 and 2010, retained earnings grew from about \$9 million to around \$16 million with cash reserves and restricted funds invested in new offices, support strategic initiatives and technology upgrades, finance acquisitions, fund shareholder divestiture payments, and cover larger deductibles on professional liability insurance as a way to decrease premiums.

Service Engineered to Highest Specs

- Freese and Nichols has a strong ability to build long-term client relationships, retaining 42 percent of its key accounts for more than 30 years and 71 percent for more than 10 years. Consistent with the long-term client relationships, the firm adheres to a



Highlights

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- The company has never had any debt throughout its 116-year history, except for debt from notes payable to divesting stockholders and a long-term lease for company-wide infrastructure.
- Freese and Nichols has a strong ability to build long-term client relationships, retaining 42 percent of its key accounts for more than 30 years and 71 percent for more than 10 years.
- Honors for superior workforce satisfaction, professional development, and employee engagement include recognition as one of the top 25 "Best Companies to Work for in America" (2009) by the Society for Human Resource Management; the "2010 Top Workplace" among mid-size companies from *The Dallas Morning News*; and one of the *Civil Engineering News* "Top 40 Best Civil Engineering Firms to Work For" in multiple years.



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Hedgehog Concept (the single thing that the organization aims to do well): *Be the very best at client service, resulting in long-term mutually beneficial relationships.*

- Client interactions, preferences, needs, and other key information are tracked through an integrated sales system with processes and tools used throughout the firm. This process strengthens peer-to-peer relationships between the firm's employees and clients. Executive visits by senior leaders are used as a deeper way to understand big-picture client needs.

Solid Employees, Strong Company

- Freese and Nichols' workforce satisfaction and engagement trends and levels, as indicated by employee opinion surveys, have remained at or above 4.6 on a 5-point scale for the past three years, exceeding industry-best levels.
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- Professional development is a key workforce engagement factor for the firm. Freese and Nichols University offers a comprehensive curriculum focused on strengthening or maintaining the firm's core competencies and developing leadership. Senior executives, group managers and retired leaders often participate as instructors, facilitating transfer of their knowledge and experience to others.

Role-Model Ethics and Civic Service

- In 2007, Freese and Nichols received the National and Tarrant (County, Texas) Area Business Ethics Awards given by the Foundation for Financial Service Professionals and sponsored locally by the TCU Neeley School of Business. The firm was recognized as having the strongest ethics by *The Dallas Morning News* "2010 Top Workplaces" program.
- Volunteer hours for Freese and Nichols employees, including management, exceeded 7,000 in 2010, an increase of approximately 1,800 hours over 2007 levels. Freese and Nichols matches non-owner, employee United Way donations dollar-for-dollar, resulting in a total United Way contribution of nearly \$200,000 in 2010. The *Dallas Business Journal* recognized the firm's efforts by naming it one of the "25 Most Philanthropic Companies" in the Dallas–Fort Worth area in 2010.

Process and Planning Yield Results

- Freese and Nichols has a comprehensive, year-long strategic planning process to identify key focus area indicators, critical actions, and balanced scorecard measures. Participants in the planning process represent all areas of the organization, including a management-level Futures Committee charged with examining trends and changes likely to affect the firm in 5 to 15 years. Freese and Nichols also uses a "catch-ball" process to cascade plans to divisions, groups, and individuals to ensure that resources are committed and agreed-upon strategies are implemented.
- Freese and Nichols measures process effectiveness for levels and trends such as backlog—the revenue remaining to be earned on signed contracts—which grew from 11 months to 13 months between 2007 and 2009. Over the past five years, the company's backlog has matched that of the best-performing comparable firms. During the same period, net revenue per employee grew 36 percent.

For more information:

Freese and Nichols, Inc.

4055 International Plaza, Suite 200

Fort Worth, TX 76109

Telephone: (817) 735-7300

E-Mail: bpence@freese.com

Web Site: <http://www.freese.com>

Baldrige Performance Excellence Program

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