



2006 Award Winner

MESA Products, Inc.

MESA Products, Inc. is a small, privately held business that designs, manufactures and installs cathodic protection systems which control the corrosion of metal surfaces in underground and submerged structures, such as pipelines and tanks. MESA sells products and materials nationwide; technical and installation services are provided regionally. The company's headquarters and production facility are based in Tulsa, Okla.; branch offices are in Houston, Texas; Tallahassee, Fla.; and Los Angeles, Calif.

Succeeding in a Mature Industry

While the cathodic protection industry in the United States is a relatively mature market with limited new business, MESA has grown from a one-man service company in 1979 to a workforce of 75, largely by focusing on customer satisfaction, improving cycle time and productivity, and continually exploiting opportunities to improve its market share. Since its inception, MESA's philosophy has been to provide its customers with a quality product and outstanding service at a fair price. To achieve this goal, MESA focuses on teamwork and shared goals that include continuous improvement, continued growth and long-term success.

- Sales have increased 93 percent since 2000, growing total revenues from \$14 million to \$27 million in 2006.



Malcolm Baldrige National Quality Award

Named after the 26th Secretary of Commerce, the Malcolm Baldrige National Quality Award was established by Congress in 1987 to promote excellence in organizational performance, recognize the achievements and results of U.S. organizations, and publicize successful performance strategies. For more information, see <http://baldrige.nist.gov/>

- Return on equity improved from -5 percent in 1999 to more than 25 percent in 2005 and presently exceeds that of industry competitors by 20 percent.

In a mature industry, success relies on forming and maintaining long-term relationships with key customers and suppliers. MESA has earned the loyalty of both by delivering "industry leading" customer service and emphasizing customer satisfaction, mutually profitable alliances, and ethical behavior. MESA's five strategic goals are key factors in determining its success: **Customer service**, including on-time shipping, quality, and customer satisfaction; **relationships**, personal, friendly relationships resulting in customer retention and supplier performance and satisfaction; **performance excellence**, including reduced cycle time and improved productivity; **work environment**, including employee training, satisfaction and ethical behavior and **opportunistic growth**, including profits and sales.

MESA uses a quarterly customer satisfaction survey to measure customer satisfaction as well as identify its customers' most important concerns – quality, service, price, and safety. Through continual communication and ongoing measurement of its performance as a business partner, MESA has become the preferred supplier to its customers.

- Customer satisfaction surveys show that 94 percent of customers prefer doing business with MESA due to the total quality of the relationship.

- From 2002 to 2005, the company's Customer Satisfaction Index increased from 80 to 88, far outperforming the American Customer Satisfaction Index of Energy Utilities, which is at 73.

- In 2006, MESA led its best competitor in 17 of 17 attributes evaluated in the survey process.
- From 2000 to 2005, retention of key customers increased from 93 percent to 100 percent.
- Since 1997, total sales from existing customers have grown from 70 percent to more than 90 percent.

A monthly balanced report card helps the company to review its performance and find ways to improve. For example, the report card process showed that MESA was routinely missing a target of shipping products within three days due to a lack of available inventory. MESA constructed a 5,000-square foot covered storage area, improving inventory availability and greatly facilitating timely shipments.

A variety of tools help to improve performance, including "lean" manufacturing to reduce waste, certification for international quality standards by the International Organization for Standardization (ISO) and the Baldrige principles of performance excellence.

- Since 2000, MESA's on-time shipping performance has improved from 93 percent to 97 percent; error rates have gone down 50 percent.
- Throughput time in the magnesium assembly area has improved 82 percent and assembly time of instrumentation equipment has improved by 60 percent.
- Since 2002, major complaints have declined from 0.75 percent of orders to less than 0.50 percent of orders.

MESA's senior leaders act as role models and use many means to communicate the company's values, direction and performance expectations to employees and suppliers. Legal and ethical behavior is spelled out through the MESA Code of Conduct: **Create a safe and enjoyable workplace; Obey laws and support and protect our community and environment; Deal respectfully with people; Ethical and honest relationships with our stakeholders.**

Qualified, Satisfied Employees

A stable workforce is crucial to long-term success, and MESA has created a culture of empowerment and learning to attract and retain valuable employees. MESA shows its commitment to employees by encouraging a positive, team-based working environment and investing in development and training. All employees are empowered to exercise personal judgment in taking corrective actions and resolving complaints. Other incentives include:

- MESA provides a doctor and registered nurse on site one afternoon each week to treat the medical needs of employees and their families, at no cost to employees. (MESA has never experienced an accident resulting in permanent injury or death, with the last reportable accident experienced in 2004.)
- Thirty-five percent of annual net pre-tax profits are distributed among employees based on performance and position. Since 2000, annual distributions have ranged from 7 percent to 18 percent of annual salary.
- Career development satisfaction results from MESA's employee satisfaction survey range from 76 to 94 percent; compared to industry averages of approximately 50 percent.

Tied closely to career development is training. The company has established an extensive employee training facility and calls on its most technically qualified employees to conduct in-house training. It also makes the facility and its trainers available to customers and industry groups for seminars and workshops, underscoring the company's commitment to the entire corrosion control industry.

- According to the American Society for Training and Development, the industry average for training in 2004 was \$955 per employee. In 2006, MESA spent more than \$1,700 per employee.
- In a 2006 survey conducted by a third party research organization, 69 percent of MESA employees described themselves as highly satisfied compared to industry average of 45 percent.
- Across the 17 employee satisfaction attributes measured by the survey, MESA employees scored 20 or more percent higher than the industry norm, placing them in the top 10 percent of respondents in all the companies surveyed.

Industry and Community Leadership

MESA assembles more than 75,000 magnesium anodes each year, a product line that accounts for 30 percent of the company's material revenues. Beginning in 2002, MESA was instrumental in identifying and addressing an industry-wide issue of poor-quality magnesium anodes. Working with its key suppliers, the company implemented a comprehensive quality assurance specification for product acceptance, resulting in a significant improvement in the quality of the company's anodes. MESA then mounted an industry-wide awareness campaign to alert manufacturers and end users about the issue. As a result, the quality of anodes throughout the industry has improved.

MESA also is a leader in its own community. In 2005, MESA supported 17 key community activities. More than 50 percent of its employees participated in activities such as Food for Families, the Oklahoma Blood Institute, and Adopt-a-Family, and donated \$45,000 to eight community organizations – an average of more than \$600 per employee. For its corporate citizenship, MESA has received many honors and awards, including Best Corporate Citizen (2004, Tulsa People), Outstanding Organization Award from the National Association of Corrosion Engineers, and Manufacturer of the Year from the Tulsa Chamber of Commerce.

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