



# 2004 Award Winner

## The Bama Companies, Inc.

The Bama Companies, Inc. is a privately held corporation that began in the Texas kitchen of Cornillia Alabama ("Bama") Marshall in 1927. In 1937, her son, Paul, and wife, Lilah Marshall, founded Bama Pie in Tulsa, Okla., and it has grown into a leading developer and manufacturer of frozen, ready-to-use food products served worldwide by quick service and casual dining restaurant chains such as McDonalds and Pizza Hut. From four production facilities in Tulsa, Okla., and two in Beijing, China, Bama's 1,100 employees generate over \$200 million a year in revenues. The company's three main product categories—handheld pies, biscuits, and pizza crust—account for 92 percent of revenues.

While overall sales in the frozen baked goods industry have remained flat since 1999, Bama's sales have grown 72 percent. At the Beijing plant, production leaped from 600,000 pies in 1993 to 90 million in 2004. In an industry dominated by companies several times its own size, Bama's agility, its unique approach to product innovation, and its System View pricing strategy—it has not raised prices for its hand-held pies and biscuits since 1996—give it tremendous leverage in the marketplace.

Today, Bama is managed by CEO Paula Marshall-Chapman, daughter of Paul and Lilah Marshall. Continuity has enabled the third-generation company to remain firmly rooted in its original guiding principles: keep your eyes on

## Highlights

- While the overall frozen baked goods industry has remained relatively flat since 1999, Bama's sales have increased 72 percent; total revenue has grown from \$123 million in 1999 to \$211 million in 2004.
- Bama shares company success with its employees through a profit-sharing process. Since 2001, this payment has averaged about \$3,000 per year for each employee.
- Bama has not raised prices for hand-held pies and biscuits since 1996 through their "System View" pricing protocol.
- Bama has a full-time leader of community development who is responsible for directing all of Bama's charitable and volunteer efforts.

quality and remember that people make a company. Yet the way that Bama applies these principles in today's competitive business environment is anything but traditional. The company's stated vision is to "Create and Deliver Loyalty, Prosperity and Fun for All, While Becoming a Billion Dollar Company." Bama sees itself and its mission as "People Helping People Be Successful."

## Eyes on Quality

In its endless quest for improvement, Bama uses a battery of advanced strategies and tools, including the Bama Quality Management System, based on the quality improvement philosophies of W. Edwards Deming and the company's own performance excellence model. The Bama Excellence System provides a framework for all decision-making. A Principle Centered Bama Culture, based on tenets developed by Stephen Covey, provides a context for creating and measuring excellence. Using Six Sigma methodologies since 2000, Bama has dramatically improved processes throughout the company. Total savings from Six Sigma improvements equates to over \$17 million since 2001.

## The Future Looks Bright

In 1999, Bama utilized a strategic planning process called Prometheus to develop a company Future Picture—a high-level view of the company as it wants to be in 2010. The



future that Bama envisions includes: billion-dollar sales, recognition of the company's world class quality, being first-choice supplier in all its target markets, and providing employees and other stakeholders with unparalleled personal and financial opportunities. To help achieve these goals, but maintain its small company culture, the company focuses on five strategic outcomes: 1) People – Create & Deliver Loyalty, Prosperity and Fun, 2) Learning and Innovation, 3) Continuous Improvement, 4) Be Customer's First Choice, 5) Value Added Growth. Bama uses its Centers of Gravity (short-term action plans) and a Balanced Scorecard to assess progress toward meeting these outcomes. The plans and scorecard support the company's decision-making process at all levels and are posted throughout its facilities allowing all employees to see at a glance how their unit is performing against goals. The senior management team reviews the information at weekly and monthly meetings.

Building long-term relationships with suppliers and customers also helps Bama stay at the top of its game. Most of its key suppliers have been partners for 10 years or more, two have worked with the Bama Companies for three decades. Relationships with customers are just as enduring. The McDonald's system has been a Bama customer for 37 years and Pizza Hut for 11 years. Through these long-term relationships, Bama understands its customers, their customers' markets and what their customers need to succeed. The company has tailored its services to meet customer requirements in critical areas such as assured supply, precision manufacturing, and value pricing. Since 2001, Bama has achieved 98 percent on-time delivery of products to customers, with 99 percent of orders completely filled on the initial shipment. Customer satisfaction for the company's major national accounts has increased from 75 percent in 2001 to 100 percent in 2004, considerably higher than the food manufacturing benchmark of 85 percent.

## Geared for Innovation

Bama's manufacturing capabilities and customer knowledge have positioned the company not just as a manufacturer and supplier, but also as a designer of innovative food products. Developing new and innovative products is a major reason for Bama's growing market share and sales growth rate and also is helping its customers increase their own market share. In recognition of the innovation Bama brings, Bama has received Pizza Hut's Innovator of the Year award in three consecutive years: 2001, 2002, and 2003.

To manage its innovation initiatives, the company developed a Business Opportunity Management Process (BOMP) to coordinate the activities required to get a product from the idea stage to market. As a result, from 2000 to 2004, sales from new and innovative products have grown from less

than 0.5 percent of total sales to almost 25 percent; and sales per employee grew from \$175,000 to \$205,000. This exceeds the 2003 Industry Week benchmark by \$40,000.

## People Make the Company and the Community

Bama is committed to the success of everyone associated with its business – customers, employees, and the community. The company's People Assurance System (PAS) ensures that each employee is well trained, fully informed, and empowered, and centers on helping all employees develop their potential and achieve personal success. Bama encourages employees to seek a college education by providing tuition reimbursement. Since 2001, more than 140 employees have taken advantage of this program, representing an investment of more than \$400,000 in tuition reimbursement.

Satisfaction and loyalty of their people is key, and the company shares its success with employees when certain financial measures are met. Since 2001, profit sharing payments have averaged around \$3,000 per year for each employee. A promote-from-within philosophy offers every qualified employee opportunities for advancement and the opportunity to be considered for job openings. This commitment to employees is paying off. Bama's 14 percent employee turnover rate is well below the average rate in the Tulsa area at 20 percent.

Bama also is committed to its community. A full-time leader of Community Development directs all of Bama's charitable and volunteer efforts, and a Volunteer Coordinator matches community needs with corporate resources. Employees are given paid time off to volunteer to work on corporate-sponsored projects. The number of hours Bama employees donated to organizations such as Meals on Wheels, Habitat for Humanity, Domestic Violence Intervention Services, Emergency Infant Services, and others increased from 500 in 2000 to nearly 7,000 in 2004. Bama is the third largest contributor to the Tulsa Area United Way (Manufacturing Division) contributing \$150,000 in 2004 alone. In addition, the company each year contributes an average of 6 percent of its pre-tax income (over \$2.6 million since 2000) to local organizations that provide essential social, educational, cultural, and health services.

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