

Together, they catalog

Company puts a premium on teamwork and employees' health

By DORIS HAJEWSKI
dhajewski@journalsentinel.com

Last Updated: Sept. 7, 2003

Fort Atkinson - If the radio in Highsmith's warehouse is tuned to WIBA-FM, it means the picking team is rocking through the afternoon.

In the morning, the 10-member work group listens to country music while they work.

The choice of a radio station is just one of the issues the workers have had to iron out for themselves during the past 10 years at this small-town catalog company.

Since the early 1990s, employees have been performing their tasks as teams, taking turns at being the boss, although they don't call it that.

The \$60 million library supply marketing business has cut the number of managers in half since owner Duncan Highsmith embarked on a program aimed at giving employees more responsibility for their careers.

During the same period, Highsmith also started a wellness program that won national attention and helped the company hold down its health insurance costs.

Highsmith's innovative approach to these issues has placed it on the list of finalists for the corporate culture award in the Wisconsin Honor Roll program begun by Deloitte & Touche. The list recognizes the top public or privately held companies based in Wisconsin that have a majority ownership by an individual, family or employee stock ownership program.

Awards in five categories will be announced at a luncheon Sept. 17 at the Midwest Express Center.

An end to paternalism

Both initiatives at Highsmith Inc. came at a time when Highsmith, now chairman, was taking an increasing role with the company that his father, Hugh, founded in the mid-1950s.

Duncan, who studied architecture and urban planning at the University of Wisconsin-Milwaukee, joined his father's business in 1976.

"I always said I would have nothing to do with it," Duncan recalled. But the mid-'70s were tough times for architects, and he figured the stint with Highsmith would be a nice temporary job for three or four years.

"I was very fortunate that my father was very tolerant of my desire to change things and fix things," Duncan said. One of the things that the son wanted to change was what he viewed as Highsmith's paternalistic - albeit affectionate - attitude toward employees.

"I believe it's really important to give people choices," Duncan said.

Duncan's mother, Doris, had been serving as the company's human resources officer. She knew when an employee had an illness in the family, or a death. When she died 15 years ago, it left a real vacuum, he said.

"That was the first time we ever recruited for an executive," Duncan said. From the Minneapolis office of Arthur Andersen, Highsmith hired Bill Herman, who has presided over the transition to work teams and the wellness initiatives.

The switch to the team concept took two years, and there were bumps in the road. Some people weren't eager to take on more responsibility, and there were arguments among peers.

"We learned the hard way that we didn't equip our team members to succeed," said Herman, Highsmith's vice president of human resources.

So the company began to develop a curriculum of courses to teach people how to handle the new demands of group dynamics. Over time, the course list grew to include a long list of business skills and hobby topics. It grew so long that the company now publishes a course catalog for its 225 employees and offers online enrollment.

Incentives to stay healthy

Highsmith employees work with a flex time scheduling program that allows them to set their own hours, as long as customer needs are met. Flex time includes vacation, personal leave and sick time, which can be taken in increments as small as one hour. Work group schedules are posted in writing for all to see.

The company also provides free legal advice (but not representation), financial advice and an employee assistance program that offers mental health counseling.

Highsmith's evolution toward self-directed work group coincided with with a change in the way the company looked at health care.

In 1989, the company was notified that its insurance rates for 1990 would go up by 53%, as a result of some large claims. At the time, Highsmith was paying only 50% of the cost of the premiums for its employees.

The company decided to increase its portion to 60% and to shift its workers to a managed care plan instead of the more expensive program that allowed a choice of any health provider.

"We started doing typical things," Herman recalled, "aerobics, yoga, kick boxing, before and after work."

Two years later, Highsmith embarked upon the wellness incentive plan that has won praise from the Wellness Councils of America.

In a nutshell, Highsmith has managed to hold down claims, and as a result, premiums, by paying its workers to participate in a wellness program. For those who do, the company pays 75% of health insurance premiums instead of 60%.

To qualify, an employee must get an annual checkup, on company time and at company expense. Women older than 50 must get a mammogram annually. If they are older than 40, they must be tested biannually. Males older than 50 must have an annual prostate screening. Smokers don't qualify for the 75% subsidy, and the company tests for evidence of smoking.

Beyond the insurance incentives, Highsmith tries to surround its staff with a healthy environment. The rural Fort Atkinson headquarters is ringed by a walking trail, and there is a price break on the more healthful offerings in cafeteria vending machines. The bargains are subsidized by higher prices on fattening stuff, dubbed the "Twinkie tax" by employees.

In 1994, Highsmith's claims were 18% lower than for other companies in its insurance pool and fell to 22% below the average in 1999, the last year that data was made public. Highsmith's premiums increased by 2.9% in 2002 and 3.1% this year.

"It is extremely innovative," said David Hunnicutt, president of the Wellness Councils of America. "What Highsmith has been able to demonstrate better than 99% of companies in America is to link their program to business outcomes. Most companies are activity centered when it comes to wellness."

Next week, company executives will talk about their program at a business round-table discussion in Washington, D.C., at the invitation of Tommy Thompson, secretary of Health and Human Services.

For all of its success in the area of employee programs, however, Highsmith's business hasn't been immune to the stress of the economy. Highsmith sells most of its products to school libraries, and when state budgets are cut, the company's sales are affected. In May 2002, Highsmith reduced its workforce by 15%, cutting 30 jobs in one day.

Chief Executive Officer Paul Moss, who's been with Highsmith for 21 years, doesn't remember a worse economic environment, but he's hoping the company won't ever have to go through another reduction in force.

From the Sept. 8, 2003 editions of the Milwaukee Journal Sentinel