

Fund Woes

Z to Bet On

Goldman's Hank Paulson

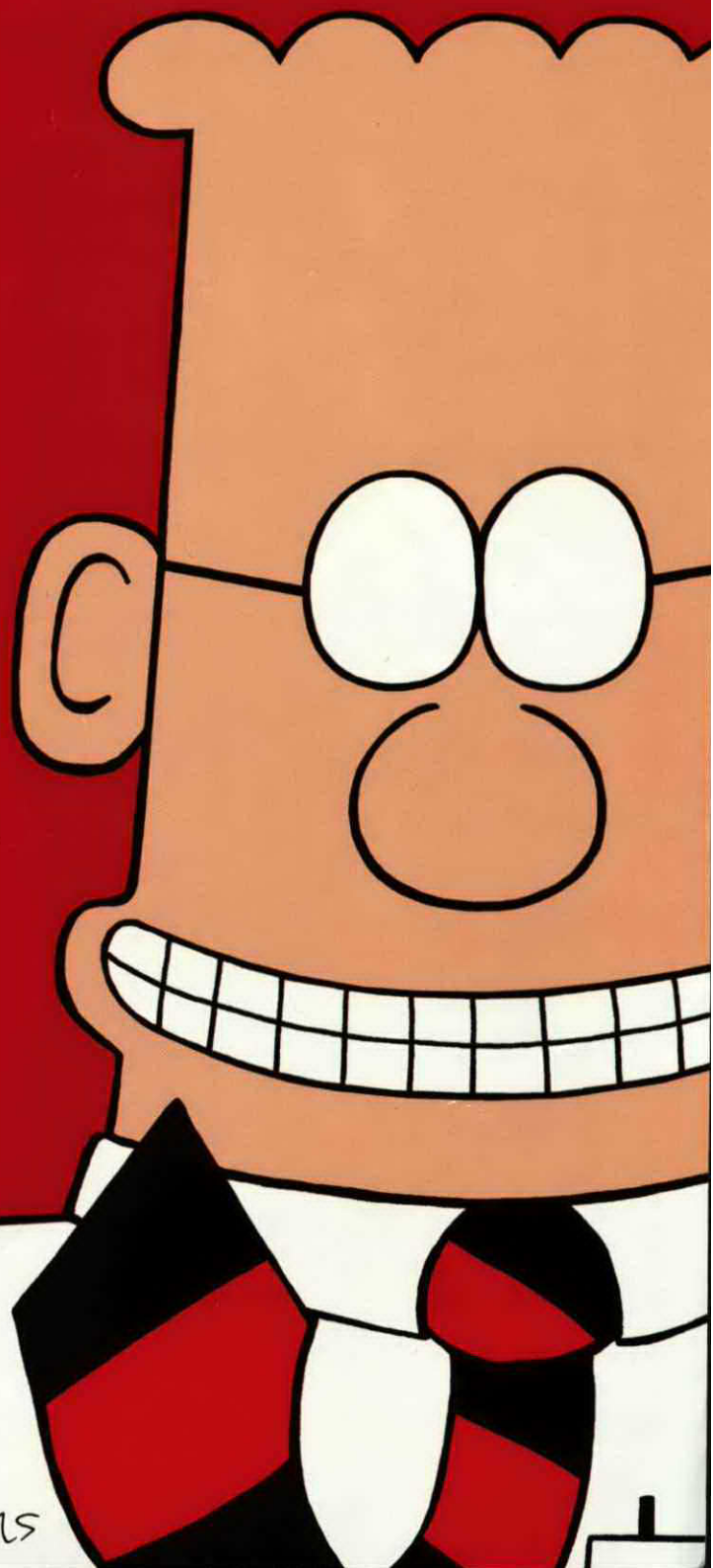
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2004 SPECIAL REPORT

THE
100
BEST
COMPANIES
TO WORK FOR



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04 SPECIAL REPORT

THE 100 BEST COMPANIES TO WORK FOR

Okay, so it's been a rough couple of years for jobs. But lots of companies still want to be good places to work—and 59 of the companies on our seventh annual list actually *added* to their payrolls last year. Some noteworthy movements on the list: Only 16 high-tech companies made it, as opposed to 22 five years ago; there are now seven hospitals, up from two in 1998. Sixteen newcomers made the cut, including the Mayo Clinic, highway builder Granite Construction, and music-crazed mall chain Hot Topic. Overall, today's lesson is that perks are nice, but employees are looking for something more basic. They want to be told the truth, for one thing, especially if the news is bad. They also want, corny as it sounds, to feel they make a difference and to be given a chance to grow. So it's not all bad news out there. Here are the tops for 2003.

**BY ROBERT LEVERING
AND MILTON MOSKOWITZ**

ILLUSTRATIONS BY SCOTT ADAMS




FORTUNE



Scott Adams

The 107-year-old family business is the very first manufacturer to make No. 1 on our list. But what's really impressive is its secret recipe: a culture and management style as straightforward and likable as strawberry jam. **BY JULIA BOORSTIN**

J.M. SMUCKER

Company (2002 rank) Headquarters (U.S. sites) Website	Employees: U.S. Outside U.S. % Minorities % Women	Job growth New jobs (1 year)	Applicants Voluntary turnover	Training Per year	Average annual pay: Professional Hourly	2002 revenues In millions
J.M. Smucker (8) Orrville, Ohio (14) www.smuckers.com	2,585 345 25%  50% 	3% 80	6,700 3%	70 hrs.	\$46,267 \$31,518	\$1,312

The best company to work for in America is headquartered in Orrville, Ohio (pop. 8,000), a quiet, tidy town 50 miles south of Cleveland. Employees don't get any razzle-dazzle perks—no pet insurance, no subsidized feng-shui consulting, none of that. It's a 107-year-old, family-controlled business that is run by two brothers who tend to quote the New Testament and Ben Franklin. It's a throw-back to a simpler time. If Norman Rockwell were to design a corporation, this would be it. In other words, J.M. Smucker & Co. couldn't be trendier.

Smucker's gimmick-free management starts with the CEOs, Tim and Richard Smucker, who took the reins in 2001. Tim and Richard are popular with their 2,930 employees—they're affectionately known as the "boys"—which isn't too surprising given that the company's stock has had a total return of 100% over the past five years. (They also engineered Smucker's purchase of Jif and Crisco from Procter & Gamble in 2002,

which nearly doubled the company's revenues to \$1.3 billion in fiscal 2003.) The boys have made sure Smucker adheres to an extremely simple code of conduct set forth by their father and CEO No. 3, Paul Smucker: Listen with your full attention, look for the good in others, have a sense of humor, and say thank you for a job well done.

If nothing else, Smucker brass takes that last directive seriously. Plant supervisors have been known to serve celebratory barbecues after hitting new records; managers routinely thank teams with lunches and gift certificates. There's also the annual commemorative Christmas plate, holiday turkeys, screenings of films in which Smucker's has a tie-in, like *The Cat in the Hat*.... Tonie Williams, director of marketing for peanut butter, says she's been thanked more in her two years at Smucker than she was in her nine years at Nestlé, Kraft, and P&G combined.

The play-well-with-others approach, as precious as it comes across to an outsider, has clearly won over employees. "At first I was skeptical," says director of operations Brian Kinsey, who












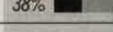




MICHAEL EDWARDS

spent ten years at P&G. "But this family feel is for real." Irrefutable proof of remarkably high worker satisfaction: Earlier this year Ken Tabeilion, a 26-year plant veteran, used his own time and money to erect a monument to the company—a boulder with a plaque expressing gratitude to the Smucker family.

Tim and Richard Smucker say that the biggest challenge they have to deal with is to make sure the company's culture stays the way it is. The company may have some rough spots as it absorbs the acquisitions from P&G. Any company that's growing has to figure these things out. (It also has to survive the age


Co-CEO brothers Tim and Richard Smucker, in the kitchen of the old factory house in Orrville, O

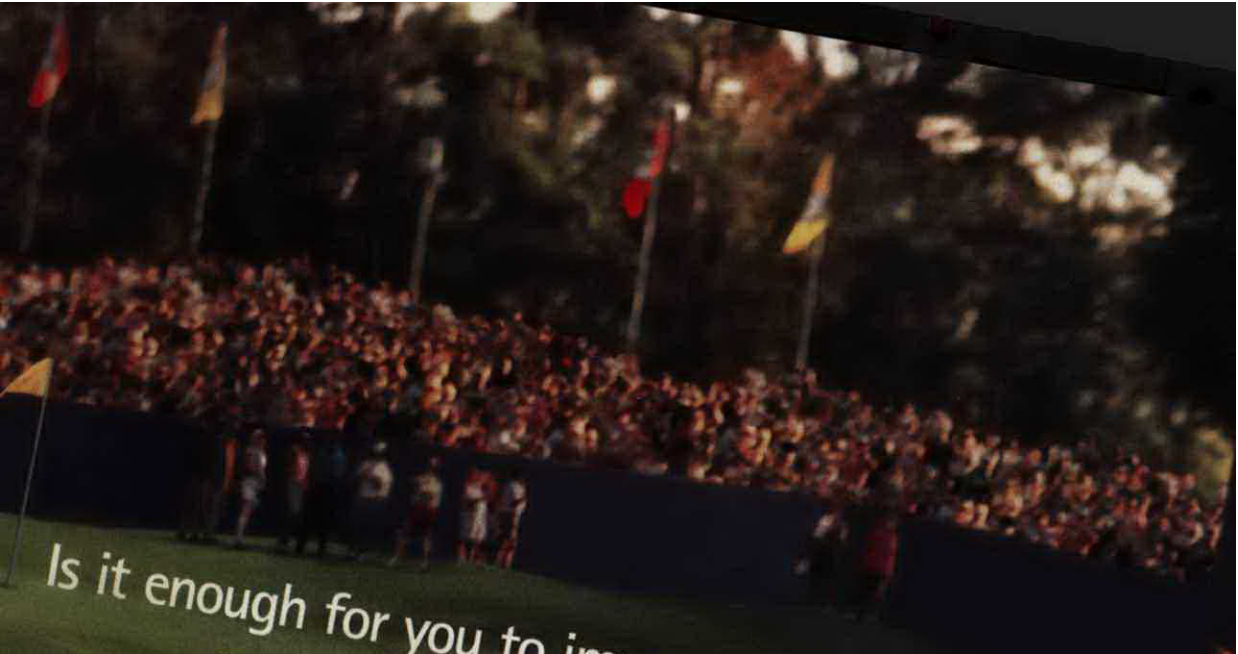
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2 ⁽³⁾ Alston & Bird Atlanta (5) www.alston.com	1,450 0 22%  58% 	8% 102	11,000 7%	50 hrs.	\$131,239 \$55,150	\$314	The law firm offers generous maternity leave (up to three months at full salary) for mothers—and fathers if they're the primary caregivers. An on-site child-care center charges a reasonable average rate of \$500 per month.
3 ⁽²⁾ Container Store Dallas (30) www.containerstore.com	1,832 400 24%  62% 	5% 31	26,462 9%	162 hrs.	\$40,703 \$26,354	\$271	Betty Murray likes to keep tabs on how her co-workers' dogs are doing—their downward dogs, that is, and also their exalted warriors, half spinal twists, one-legged T's, and all the other standard yoga poses. Though Murray's main job is as an information-systems director at Container Store's Dallas headquarters, she's also a part-time yoga instructor who teaches free sessions offered weekly to local staff. Her colleagues have responded enthusiastically since the classes began two years ago; 25% now join in the bending and stretching. "It's a good mental practice that can be applied to physical purposes," Murray explains. The classes are a fitting perk for a company whose unofficial mascot is Gumby, the verdant cartoon cowboy. "Being Gumby"—bending over backward to please customers (and co-workers)—is highly prized. So is training—Container Store employees average 162 hours a year. The company has continued to rank at or near the top of the list since debuting at No. 1 four years ago, owing to exuberant morale and the fact that it doesn't behave like a normal retailer. Yoga is just one of the many stress reducers Container Store offers to its employees, including monthly chair massages, stretching classes, and an online exercise and nutrition diary that's personalized for every worker. — CHRISTOPHER TKACZYK
4 ⁽¹⁾ Edward Jones St. Louis (8,481) www.edwardjones.com	27,092 1,916 6%  63% 	8% 1,513	484,821 15%	126 hrs.	\$67,320 \$24,324	\$2,270	Though down from last year's top spot, this financial services firm continues to grow, adding 1,500 employees in the past 12 months, including 578 new brokers and 695 new offices. Not one single layoff in 34 years.
5 ⁽¹⁷⁾ Republic Bancorp Owosso, Mich. (101) www.republicbancorp.com	1,360 0 11%  76% 	2% 20	16,500 12%	50 hrs.	\$150,000 \$35,000	\$340	Incentives galore for mortgage sellers: Last year 300 employees were awarded trips to Aruba, Cancun, or the Dominican Republic; all employees receive stock options. Since 1991 the company's stock has increased 1,700%.
6 ⁽⁵⁾ Adobe Systems San Jose (16) www.adobe.com	2,368 1,072 28%  38% 	-4% -97	38,628 6%	50 hrs.	\$155,340 \$50,179	\$1,153	For its 20th anniversary , this maker of publishing software threw a cake-and-champagne party for its employees at the Tech Museum for Innovation in San Jose. A new high-rise at the San Jose campus will include a basketball court.
7 ⁽⁷⁾ TDIndustries Dallas (8) www.tfindustries.com	1,393 0 32%  8% 	-5% -71	1,877 14%	29 hrs.	\$78,430 \$40,260	\$217	Education is foremost at this construction company, where all employees—called "partners"—are allowed 100% reimbursement of tuition, fees, and books at any state-supported college. Free boots for new hires.
8 ⁽¹⁹⁾ SAS Institute Cary, N.C. (50) www.sas.com	4,927 4,064 14%  49% 	6% 267	58,637 3%	25 hrs.	\$87,538 \$38,639	\$1,180	Employees have choices: three different cafeterias—including one with a lunchtime pianist—and two Montessori child-care centers, with fees averaging \$300 per month. An on-site fitness center boasts a ten-lane pool.



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9 ⁽¹⁰⁾ Wegmans Food Markets Rochester, N.Y. (97) www.Wegmans.com	28,561 0 12% 54%	4% 335	94,000 6%	46 hrs.	\$89,065 \$22,941	\$2,836	The family-owned supermarket chain hired from within for the opening of a new restaurant. Offers zero-premium health insurance to employees making less than \$55,000; 652 workers have been at the company 25 years or more.
10 ⁽⁴⁾ Xilinx San Jose (23) www.xilinx.com	2,037 591 43% 30%	1% 18	170 4%	60 hrs.	\$64,629 \$31,081	\$1,100	New hires at this specialty chipmaker receive stock-option grants. Continued its no-layoff policy by requiring management to take a 20% pay cut. CEO Wim Roelandts prides himself on responding promptly to employees' e-mail questions.
11 ⁽¹³⁾ CDW Vernon Hills, Ill. (9) www.cdw.com	3,694 88 25% 30%	27% 778	21,595 16%	90 hrs.	\$79,847 \$31,057	\$4,265	What tech recession? This computer-products provider keeps humming, adding 600 workers this year from a now-defunct competitor. Strong esprit de corps from a holiday party for 6,000, frequent treats, and stock options for all.
12 ⁽²⁷⁾ W.L. Gore Newark, Del. (35) www.gore.com	4,012 2,075 15% 41%	1% 58	16,955 5%	12 hrs.	N.A. N.A.	\$1,350	Workers get to choose what they want to work on at this privately held innovator, inventor of Gore-Tex fabric and Elixir guitar strings. Anyone can be a leader here—most are not appointed but emerge as they acquire followers.
13 Quicken Loans Livonia, Mich. (13) www.quickenloans.com	1,669 N.A. 17% 61%	96% 812	20,000 15%	100 hrs.	\$98,400 \$65,000	\$368	Doubling staff hasn't blunted the mortgage broker's "cultish" culture. Kudos from the boss means 200 employees on a jet to the Bahamas. "It's an exciting place to work," says one sales manager.
14 ⁽²³⁾ Third Federal S&L Cleveland (50) www.thirdfederal.com	1,065 0 21% 80%	4% 41	3,873 7%	64 hrs.	\$50,500 \$34,750	\$416	Mortgage refs kept this thrift busy, but employees still managed to celebrate its 65th birthday with parties at all 50 branches, an extra week of vacation, and a Third Federal Idol contest with a karaoke machine for every contestant.
15 ⁽⁸⁰⁾ Genentech South San Francisco (2) www.gene.com	6,110 3 40% 51%	19% 947	168,000 8%	32 hrs.	\$62,553 \$40,974	\$2,719	This biotech pioneer, known for its "casual intensity," offers big-company perks like a hair salon, dry-cleaning services, and sushi in the cafeteria while keeping bureaucracy to a minimum. A soaring stock price doesn't hurt either.
16 Milliken Spartanburg, S.C. (60) www.milliken.com	10,000 2,700 37% 38%	-6% -600	N.A. 8%	60 hrs.	\$45,000 \$30,000	N.A.	The 138-year-old textile manufacturer makes everything from Major League Baseball uniforms to tennis-ball fuzz and relies on smart employees to do it. Forty hours of classes a year at Milliken University are mandatory.
17 ⁽¹⁶⁾ Vision Service Plan Rancho Cordova, Calif. (27) www.vsp.com	2,072 0 29% 70%	-6% -125	19,000 7%	40 hrs.	\$80,133 \$28,464	\$1,947	Want a new job that you're not quite qualified for? VSP helps its employees by setting up an individualized training program to bridge such gaps. New online real estate service gives workers a break on broker commissions.
18 ⁽¹¹⁾ Plante & Moran Southfield, Mich. (15) www.plantemoran.com	1,167 0 5% 56%	-1% -14	5,500 12%	60 hrs.	\$65,000 \$32,600	\$170	A buddy system at this accounting firm helps get new recruits acclimated, but caring shows in other ways: a \$700 bonus for passing the CPA exam; \$500 toward a new computer. More women partners than at any of the Big Four.
19 ⁽¹⁴⁾ JM Family Enterprises Deerfield Beach, Fla. (5) www.JMFamily.com	3,232 0 22% 48%	-1% -27	23,512 10%	30 hrs.	\$74,331 \$25,449	\$7,600	Besides offering a great lease on a new car, this Toyota distributor flies employees to the Bahamas for cruises on the company yacht. The amenities are awesome: an on-site heated lap pool, a fitness center, and a free nail salon.
20 ⁽⁹⁾ Synovus Columbus, Ga. (578) www.Synovus.com	11,822 13 25% 64%	4% 396	9,898 10%	52 hrs.	\$50,280 \$15,488	\$1,727	The financial services and credit card company adds another 21% to employees' salaries with "wealth building" programs like a 401(k) and profit sharing. On top of that, there's an annual bass-fishing tournament.
21 Bronson Healthcare Kalamazoo, Mich. (14) www.bronsonhealth.com	2,902 0 9% 85%	8% 176	10,000 9%	31 hrs.	\$208,245 \$56,166	\$423	Employees gush over this health-care group, which looks after employees with concierge services like shopping and errand running. Employee suggestions are not only encouraged, one told us, "but then action is actually taken."
22 ⁽¹²⁾ Pella Pella, Iowa (30) www.pella.com	7,412 32 5% 33%	8% 492	35,700 7%	35 hrs.	\$43,950 \$34,020	\$1,000	Profit sharing is a 50-year tradition at this family-owned window and door maker. With operations mostly in small towns, Pella takes care of its employees, giving workers' sons and daughters scholarships and first crack at summer jobs.

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23 ⁽²⁹⁾ S.C. Johnson & Son Racine, Wis. (13) www.scjohnson.com	3,381 8,619 14% 37%	-1% -33	2,635 1%	40 hrs.	\$88,518 \$51,981	\$5,500	Only the maker of Pledge could have a factory called Waxdale (which is spotless, of course). Employees enjoy amenities like a cheery child-care center and a state-of-the-art fitness center with squash, basketball courts, and lap pool.
24 ⁽⁷³⁾ REI Kent, Wash. (70) www.REI.com	6,346 0 11% 40%	3% 54	23,564 11%	41 hrs.	\$56,506 \$21,075	\$735	What started as a co-op among friends is still a consumer-owned corporation, now with 66 stores. The sports retailer provides its staff with showers and bike storage, discounts on gear, and up to 10% of salary in profit-sharing bonuses.
25 ⁽²⁰⁾ Microsoft Redmond, Wash. (49) www.microsoft.com	36,665 18,258 25% 26%	6% 1,915	535,134 N.A.	N.A.	N.A. N.A.	\$32,190	The software giant added almost 2,000 employees last year. The company offers every benefit in the book—gym, no-deductible health coverage, etc.—and also matches charity donations up to \$12,000.
26 ⁽⁷⁶⁾ Griffin Hospital Derby, Conn. (1) www.griffinhealth.org	1,193 0 9% 78%	3% 17	3,593 8%	76 hrs.	\$60,931 \$19,697	\$85	Griffin's patient-centered approach to medical care has brought customer satisfaction scores through the roof, rejuvenated the staff, and made the hospital a magnet for cookie-baking, dog-toting volunteers.
27 ⁽²⁶⁾ Sterling Bank Houston (40) www.banksterling.com	1,140 0 37% 62%	-2% -18	306 9%	109 hrs.	\$88,004 \$27,991	\$241	This Texas bank has set its sights high: It wants to be the "perfect company" for all its stakeholders. There are no tellers here—they're now "front-line managers," expected to make decisions. Turnover for those jobs is way down.
28 ⁽²⁴⁾ Cisco Systems San Jose (162) www.cisco.com	24,622 9,720 42% 24%	-4% -952	50,223 2%	N.A.	\$98,103 \$55,416	\$18,915	John Chambers—Cisco CEO , Internet evangelist, and all-around extremely busy man—isn't above pressing the flesh with underlings. Seen here with Cisco workers in New York City, he hosts breakfasts for employees celebrating birthdays each month. Tough questions are encouraged, says account manager Kim Fisher, who passed up med school to work for Cisco 3½ years ago. The tech downturn hasn't left Cisco unscathed—it laid off 6,000 employees in 2001, and some stock options are still underwater. But survivors award the company points for giving them the straight scoop. "You have a say in where the company's going and the vision," Fisher says. "Where else can you have an impact at 25?" — ANN HARRINGTON
							
29 ⁽⁶⁴⁾ SEI Investments Oaks, Pa. (10) www.Sei.com	1,651 228 10% 40%	0 1	6,000 9%	N.A.	\$44,983 \$29,000	\$621	Workers blow off steam with a jog around the financial services firm's 100-acre property, then come inside and warm down in the fitness center. An egalitarian culture means no titles or offices, and 40% of stock is held by employees.
30 ⁽³⁰⁾ Stew Leonard's Norwalk, Conn. (7) www.stewleonards.com	1,794 0 53% 45%	1% 9	6,690 14%	50 hrs.	\$49,119 \$25,678	\$268	To recognize good performance, last year the premium supermarket issued 17,200 "Moo Notes" (the company's logo has a cow motif) redeemable for a free lunch. Full-timers pay nothing for health-care coverage.
31 Amer. Fidelity Assur. Oklahoma City (26) www.afadvantage.com	1,333 0 17% 67%	16% 179	5,800 7%	46 hrs.	\$74,588 \$29,335	\$402	Learning is as big as insurance here, where free courses, from time management to Spanish, can be taken on the clock. Ninety-five percent of management is promoted from within the company, and performance bonuses average 15%.
32 ⁽⁷⁰⁾ Valero Energy San Antonio (4,100) www.valero.com	17,033 3,595 38% 42%	-15% -2,678	47,085 31%	49 hrs.	\$31,689 \$16,747	\$27,000	This refinery and gasoline retailer gives employees bonuses when they make suggestions that save the company money. One guy took home \$10,000 (the max). Fitness center and dry cleaning at some offices help morale too.



















Is it enough for you to im

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33 Amgen Thousand Oaks, Calif. (11) www.amgen.com	9,263 2,434 25% 46%	49% 3,046	120,390 8%	40 hrs.	\$93,345 \$53,000	\$4,991	On-site massage, a discounted car wash, and farmers' markets keep this biotech company's workers pampered. Other bennies: 16 paid holidays, generous vacation time, and \$10,000 tuition reimbursement.
34 (47) Starbucks Seattle (3,579) www.starbucks.com	60,447 7,444 29% 62%	14% 1,174	872,000 7%	40 hrs.	\$57,000 \$24,000	\$3,288	Employees working at least 20 hours a week get health coverage, and if they stay for a year they get stock options, called Bean Stock. In a financial bind? A \$1,000-per-person employee emergency fund can bail you out.
35 Mayo Clinic Rochester, Minn. (3) www.mayoclinic.com	37,151 1 11% 85%	3% 1,009	47,036 5%	35 hrs.	\$230,000 \$61,979	\$4,425	Doctors' fixed salary means they spend more time with fewer patients. Perks include serene natural settings. (And predator protection: Five alligators and 42 rattlesnakes were caught last year at clinics in Florida and Arizona, respectively.)
36 (36) American Express New York (1,224) www.americanexpress.com	43,477 31,984 27% 62%	-4% -1,938	198,489 18%	40 hrs.	\$85,500 \$33,415	\$23,807	The 153-year-old travel and financial services firm lets managers try colleagues' jobs around the globe for six-month stints. With a recently reinstated 12-week sabbatical, staff can take time off to work at nonprofits.
37 (49) VHA Irving, Texas (30) www.vha.com	1,389 0 13% 62%	-2% -33	700 8%	32 hrs.	\$86,365 \$36,004	\$449	VHA provides staffing and equipment to a network of community hospitals. Employees in Dallas are eligible for onsite MBA instruction and admissions counseling. Everyone else gets \$5,000 tuition reimbursement and 401(k) matching.
38 (89) MITRE McLean, Va. (50) www.mitre.org	4,997 65 13% 32%	7% 313	25,000 3%	20 hrs.	\$89,000 \$49,066	\$740	The nonprofit technology consultant for the Pentagon allows the most flexible of schedules: Create your own as long as you hit 40 hours in a seven-day period. Also: 23 days off and up to \$14,000 in tuition reimbursement.
39 HomeBanc Mortgage Atlanta (22) www.homebanc.com	1,091 0 33% 57%	42% 320	13,307 14%	73 hrs.	\$61,600 \$39,500	\$133	Job applications spiked at the mortgage bank after the Atlanta Business Chronicle named it the No. 1 place to work. Employees can take classes in business, leadership, and finance at HomeBanc U, and get \$10,000 tuition to study elsewhere.
40 (37) SRA International Fairfax, Va. (56) www.sra.com	2,545 2 27% 37%	23% 460	1,870 9%	26 hrs.	\$79,007 \$34,404	\$450	The IT firm keeps computers and employees healthy. Staff nurses are on hand to advise on everything from pregnancy to caring for elderly parents; an on-site clinic takes care of the rest. Ride the train? SRA pays \$75 a month in transit costs.
41 (35) Goldman Sachs New York (28) www.gs.com	11,610 6,775 29% 37%	-14% -1,811	20,000 10%	25 hrs.	\$55,000 N.A.	\$13,986	Top-tier investment firm keeps employees (one has stayed 70 years) by encouraging internal job changes and offering career mentoring. Plus 16 weeks' paid maternity leave, on-site gym, and seminars on managing stress.
42 (60) Arnold & Porter Washington, D.C. (8) www.aporter.com	1,473 60 32% 57%	1% 15	12,704 13%	41 hrs.	\$141,812 \$52,469	\$400	





Though Vivian Swan had worked in Arnold & Porter's human resources department for three years, it wasn't until her baby boy, Dylan, came along last August that she fully appreciated benefits like 12 weeks of paid leave for moms (six weeks for dads) and private lactation rooms. Now Dylan goes to day care in the building, and Swan can stop by whenever he gets hungry. "It's the next best thing to having him at home," she says. The law firm's generosity goes beyond the office: Last year it donated 77,000 hours to pro bono work, the equivalent of a full-time public-interest staff of 35. — ABRAHAM LUSTGARTEN

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43 ⁽¹⁵⁾ Baptist Health Care Pensacola, Fla. (9) www.ebaptisthealthcare.org	4,151 0 26%  78% 	0 -17	19,000 12%	60 hrs.	\$45,614 \$18,619	\$768	"The nurses hum at work," says an RN at this hospital. Staff suggestions have saved \$5 million since 1998. BHC also hands out thousands of job-performance awards—get five of these, and trade 'em in for a \$15 gift certificate.
44 Hot Topic City of Industry, Calif. (490) www.hottopic.com	5,471 0 50%  62% 	4% 55	107,000 23%	50 hrs.	\$37,924 \$24,596	\$443	Body piercings and spiked hair are common at the music-inspired clothing company. Employees are reimbursed for concert tickets and win \$100 gift certificates—or in one case an electric guitar—for designing cool T-shirts.
45 ⁽⁶⁾ Amer. Cast Iron Pipe Birmingham, Ala. (18) www.acipco.com	2,426 0 29%  11% 	-1% -24	393 3%	58 hrs.	\$65,597 \$48,809	\$600	The company runs a full-service hospital and pays employees \$200 in cash to lose weight or drop cholesterol. Employee-elected reps sit on the company board. No wonder 50% of employees have been at the company 20 years or more.
46 ⁽²⁸⁾ Intel Santa Clara, Calif. (34) www.intel.com	49,015 32,209 37%  24% 	-8% -4,522	N.A. 9%	30 hrs.	\$92,406 \$38,152	\$26,800	Secretaries get a corner office? No, but execs don't either. Ten percent of employees shift jobs internally each year; 75% telecommute some days. Stay seven years and get an eight-week paid sabbatical.
47 ⁽³²⁾ Whole Foods Market Austin (198) www.wholefoodsmarket.com	25,052 231 42%  43% 	10% 2,090	N.A. 34%	35 hrs.	\$59,557 \$25,268	\$3,100	Healthy-food grocer provides extensive PPO health coverage for "team members"—full- and part-timers. Staff get stock options—nonexecs hold 85%—and a profit-sharing plan adds another 6% to wages.
48 ⁽³⁹⁾ Network Appliance Sunnyvale, Calif. (36) www.netapp.com	1,791 568 35%  23% 	-2% -28	N.A. 6%	40 hrs.	\$112,747 \$34,234	\$892	Bubble-era perks live on at this network-hardware maker, where video golf-swing analysis, massages, and bike repairs are free. Engineers are trusted to put their personal websites on the company server.
49 Monsanto St. Louis (105) www.monsanto.com	6,824 6,517 14%  31% 	-7% -493	11,280 3%	43 hrs.	\$76,000 \$44,741	\$4,673	When the agribusiness giant laid off 7% of staff last fall, severance included up to 15 months' pay and medical coverage. Current employees get medical, of course, plus stock options and tuition coverage.
50 ⁽⁶²⁾ Timberland Stratham, N.H. (81) www.Timberland.com	2,116 3,068 30%  50% 	-1% -8	69,200 17%	30 hrs.	\$47,460 \$18,868	\$1,191	



Some Nashville feet will be a little warmer this winter, thanks to five Timberland employees who joined volunteers from retailer Genesco at the Nashville Rescue Mission this December to fit 217 men with shoes and boots. (Timberland will host a similar event in New Hampshire on Jan. 19.) The maker of rugged footwear gives employees up to 40 hours a year of paid time off for community service. "Businesses should do more than just make money," says planning analyst Anthony Gow, and his does: Last year Timberland granted him a six-month sabbatical to help a local food pantry. — CHRISTOPHER TKACZYK

JEFF JACOBSON—RENOIX

51 ⁽⁸⁵⁾ Baptist Health S. Fla. Coral Gables, Fla. (20) www.baptisthealth.net	9,093 0 67%  76% 	6% 348	17,000 8%	29 hrs.	\$49,896 \$20,043	\$926	An extensive wellness plan includes a free fitness center, health screenings, and programs to quit smoking. For the 10,000 Steps-a-Day challenge, employees are given pedometers and walk five miles daily to compete for prizes.
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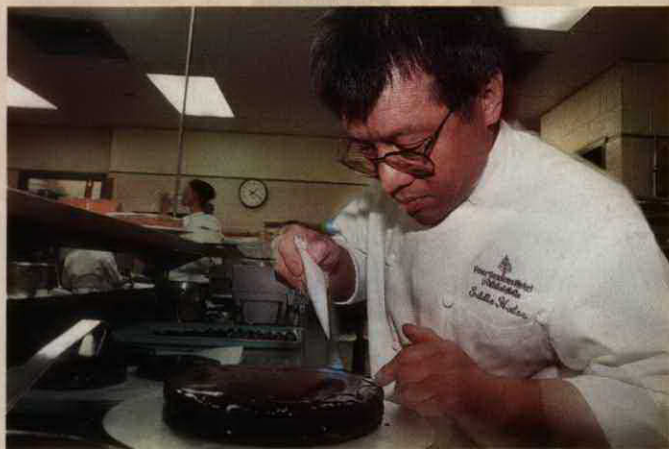


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IT SERVICES AND SOFTWARE ENTERPRISE NETWORKING AND COMPUTING SEMICONDUCTORS IMAGING AND DISPLAYS

Rank (2002 rank) Company Headquarters (U.S. sites) Website	Employees: U.S. Outside U.S. % Minorities % Women	Job growth New jobs (1 year)	Applicants Voluntary turnover	Training Hours/year	Average annual pay: Professional Hourly	2002 revenues In millions	What makes it so great?
52 ⁽⁴⁵⁾ Fannie Mae Washington, D.C. (60) www.fanniemae.com	5,011 0 43% 50%	5% 248	20,000 5%	33 hrs.	\$102,126 \$44,247	\$52,901	When employees complained about too many speeches at the annual holiday party, the verbiage was cut in favor of more dancing. An employer-assisted housing program helps workers with a loan for a down payment.
53 ⁽⁴¹⁾ QuikTrip Tulsa (429) www.quiktrip.com	6,462 0 21% 34%	1% 43	96,381 20%	27 hrs.	\$57,071 \$33,482	\$3,516	After 25 years of service, employees get a one-month sabbatical in addition to the standard four weeks of vacation. Most of the convenience-store chain's executives started at the company in entry-level jobs.
54 Memorial Health Savannah (49) www.memorialhealth.com	3,668 0 37% 83%	11% 328	18,000 10%	29 hrs.	\$57,553 \$50,211	\$891	Hospital workers currently serving in Iraq (the 3rd Infantry Division's headquarters are nearby) receive full salary while overseas. The company annually selects 100 junior-level workers to complete management training program.
55 ⁽¹⁸⁾ Qualcomm San Diego (38) www.qualcomm.com	5,382 452 44% 28%	8% 393	69,253 4%	20 hrs.	\$91,221 \$32,664	\$3,040	This wireless tech supplier has employees originating from more than 100 countries who altogether speak over 50 languages. Flexible holiday policy allows them to change any of the ten company-approved days to better suit their needs.
56 ⁽⁵⁴⁾ First Tennessee Memphis (483) www.firsttennessee.com	11,781 0 24% 67%	15% 1,426	21,458 14%	68 hrs.	\$71,901 \$42,219	\$2,294	Operates an expanded-hours financial center just for employees and retirees. In case of a takeover, a "change of control" measure is designed to protect laid-off employees, who would collect severance based on salary and length of service.
57 ⁽⁵⁰⁾ AFLAC Columbus, Ga. (11) www.aflac.com	3,726 3,186 41% 70%	10% 318	13,451 8%	90 hrs.	\$47,304 \$22,832	\$10,300	In 2003 the health insurer added a graduate scholarship to its tuition-reimbursement program, available to children and grandchildren of employees. A Night Owl service provides on-site Saturday evening child care.
58 Scooter Store New Braunfels, Texas (61) www.thescooterstore.com	1,361 0 30% 55%	36% 355	29,153 5%	61 hrs.	\$65,019 \$23,835	\$254	Every morning , at this manufacturer and seller of medical scooters and power wheelchairs, managers assemble workers in a 14-minute huddle to discuss the day's goals. Employees own 40% of the company through an ESOP.
59 ⁽⁴⁰⁾ Alcon Laboratories Fort Worth (8) www.alconlabs.com	6,026 5,787 25% 48%	1% 87	88,500 2%	46 hrs.	\$105,499 \$27,487	\$3,009	Instead of a pension program, this eye-care company offers a very rich 401(k): For every dollar contributed, Alcon matches it with \$2.40—arguably the best match in the country. Extensive employee assistance includes free will preparation.
60 St. Luke's Episcopal Hlth. Houston (28) www.stluketexas.com	6,805 0 61% 79%	7% 377	42,567 9%	40 hrs.	\$91,148 \$71,182	\$615	The hospital system's Academy for Human Potential has seminars on topics from career management to dealing with stress. Despite a nurse shortage, St. Luke's staffed a new facility entirely from employee referrals.
61 Nvidia Santa Clara, Calif. (10) www.nvidia.com	1,531 135 45% 17%	18% 231	260,000 4%	N.A.	\$119,475 \$74,650	\$1,909	New to the list , this maker of computer chips for 3-D video-game systems still offers perks from the glory days of the dot-com boom: dry-cleaning delivery to every cubicle, company-paid lunches, and an on-site hair salon and dentist.
62 ⁽⁴²⁾ Continental Airlines Houston (84) www.continental.com	36,283 3,376 35% 46%	-4% -1,098	41,036 2%	52 hrs.	\$34,737 \$36,028	\$8,400	The only big airline on our list, Continental was hit by industry troubles and shrank its workforce by 4%. CEO Gordon Bethune met with 4,000-plus employees in 2003. A third of the workforce has 16 years or more of service.
63 ⁽⁵³⁾ National Instruments Austin (8) www.ni.com	2,020 1,116 26% 30%	2% 37	N.A. 7%	40 hrs.	\$56,327 \$25,708	\$391	At this maker of computer-based measuring devices, founder James Truchard, know as "Dr. T," rewards workers for every five years of service with a luncheon and a bonus, and \$1,000 for ten and 20 years of service.
64 General Mills Minneapolis (99) www.generalmills.com	19,602 7,767 22% 40%	-5% -1,027	50,000 5%	60 hrs.	\$38,100 \$34,500	\$10,500	Returning to the list this year for a third appearance, the cereal maker of champions boasts that one out of every five workers has been in service 20 years or more. On-site medical center and fitness facility help focus on health.
65 ⁽⁸²⁾ ARUP Laboratories Salt Lake City (2) www.aruplab.com	1,555 0 12% 58%	11% 141	14,054 11%	22 hrs.	\$48,004 \$42,756	\$217	One of the few Utah companies that offers domestic-partner benefits, this diagnostic lab is quite flexible in allowing some employees to develop their own schedule—30% of them work seven ten-hour days, followed by seven days off.

Rank (2002 rank) Company Headquarters (U.S. sites) Website	Employees: U.S. Outside U.S. % Minorities % Women	Job growth New jobs (1 year)	Applicants Voluntary turnover	Training Hours/year	Average annual pay: Professional Hourly	2002 revenues In millions	What makes it so great?
66 ⁽⁴⁸⁾ Four Seasons Hotels Toronto (25) www.fourseasons.com	11,982 11,825 65% 42%	0 -52	38,085 16%	40 hrs.	\$32,421 \$23,690	\$1,814	With one of the lowest turnover rates in the hospitality business, Four Seasons has no shortage of old hands. But we couldn't find anyone who's worked for the luxury chain longer than pastry chef Eddie Hales. In the 28 years since the company hired him away from Scotland's famed Gleneagles golf resort, Hales has become a fixture in Four Seasons kitchens, known for his strong mixing arm and delicate decorator's touch. One way our 66th-best company to work for keeps people like Hales around: by giving them first dibs on open positions. "It's my extended family," says Hales, now head of pastry prep at the Philadelphia Four Seasons. "We rely on each other." — CHRISTOPHER TKACZYK
67 ⁽⁸¹⁾ Amer. Century Invest. Kansas City, Mo. (12) www.americancentury.com	1,871 2 10% 51%	-31% -803	5,122 6%	29 hrs.	\$73,417 \$27,788	\$688	The mutual fund operator saw its very first round of layoffs last year. Open-forum lunch sessions allow workers to ask questions of executives; in a recent session ten employees sat down for an informal chat with the CFO.
68 ⁽⁵⁶⁾ Valassis Livonia, Mich. (16) www.valassis.com	1,625 3,074 15% 52%	23% 285	14,164 4%	45 hrs.	\$44,070 \$51,360	\$853	Very low turnover (4%) at this publisher of newspaper inserts and coupons, where referrals account for 22% of new hires. Active social calendar includes gambling nights, limo-erick contests, and tailgating at college football games.
69 ⁽⁵⁷⁾ Eli Lilly Indianapolis (7) www.lilly.com	22,130 22,880 16% 44%	3% 731	193,500 5%	80 hrs.	\$66,375 \$43,261	\$11,078	When the drugmaker cut 700 jobs this past spring, 86% of affected workers were reassigned within the company. Retirees are given a lifetime pass for free meals in the cafeteria and free membership at the on-site fitness center.
70 ⁽³¹⁾ Merck Whitehouse Station, N.J. (50) www.merck.com	33,071 37,175 20% 49%	-24% -9,932	332,220 2%	40 hrs.	\$65,800 \$43,500	\$51,790	The pharmaceutical giant recently announced 4,400 layoffs, the first in years. (The big payroll drop last year was from the spinoff of its Medco unit.) But generous pay and benefits still make it "Mother Merck" to loyal employees.
71 Arbitron New York (12) www.arbitron.com	1,113 320 37% 57%	0 2	40,000 7%	40 hrs.	\$84,300 \$30,416	\$250	At this market researcher , an All Stars recognition program is run by colleagues, not management. Honorees are selected by former All Stars and are invited (with a guest) to join the executive team on a four-day trip to a luxury resort.
72 ⁽³⁸⁾ IBM Armonk, N.Y. (616) www.ibm.com	140,859 179,601 23% 31%	-2% -3,009	197,779 3%	54 hrs.	N.A. N.A.	\$81,186	Pretty flexible for such a large company. On any given workday, 40% of IBM's employees (128,000 people) telecommute from home or the road. And the company is cutting red tape: Almost all administrative work is done online.
73 Robert W. Baird Milwaukee (76) www.rwbaird.com	2,187 121 6% 46%	-9% -206	11,050 8%	41 hrs.	\$172,000 \$33,425	\$524	During the recent bear market , when most investment firms were suffering through SEC scrutiny and/or laying off workers, Baird employees were still receiving bonuses—some of them as big as their base salary.
74 ⁽⁶⁵⁾ Medtronic Minneapolis (189) www.medtronic.com	18,820 8,713 26% 47%	4% 644	100,000 7%	36 hrs.	\$83,110 \$24,970	\$7,665	More than 95% of its U.S. employees hold stock in this maker of medical devices. This past year the company awarded 8,000 stock-option grants to employees from every level and began hosting lunch seminars with financial planners.
75 ⁽⁷¹⁾ Ukrop's Super Markets Richmond (33) www.ukrops.com	5,500 0 28% 52%	-2% -41	21,159 7%	12 hrs.	\$74,500 \$25,650	\$634	Family-owned market stays closed on Sundays and gives quarterly bonuses to the tune of 20% of the stores' pretax profits. No gym, but visit your health club 30 times in a quarter, and Ukrop's picks up the membership tab.



With one of the lowest turnover rates in the hospitality business, Four Seasons has no shortage of old hands. But we couldn't find anyone who's worked for the luxury chain longer than pastry chef Eddie Hales. In the 28 years since the company hired him away from Scotland's famed Gleneagles golf resort, Hales has become a fixture in Four Seasons kitchens, known for his strong mixing arm and delicate decorator's touch. One way our 66th-best company to work for keeps people like Hales around: by giving them first dibs on open positions. "It's my extended family," says Hales, now head of pastry prep at the Philadelphia Four Seasons. "We rely on each other."

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**THE
100
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Rank (2002 rank) Company Headquarters (U.S. sites) Website	Employees: U.S. Outside U.S. % Minorities % Women	Job growth New jobs (1 year)	Applicants Voluntary turnover	Training Hours/year	Average annual pay: Professional Hourly	2002 revenues In millions	What makes it so great?
76 ⁽⁸⁶⁾ Barton Protective Svcs. Atlanta (34) www.bartonsolutions.com	12,526 125 61% 34%	4% 450	29,253 15%	40 hrs.	\$44,000 \$23,656	\$350	"Love" appears nine times in this security-guard agency's outline of company values. The CEO goes by "Tom," keeps salaries well above the industry average, and gives his personal e-mail and phone number to all staff.
77 ⁽²⁵⁾ Duncan Aviation Lincoln, Neb. (40) www.duncanaviation.com	1,754 4 4% 11%	-6% -109	2,306 5%	25 hrs.	\$62,380 \$40,861	\$270	The family-owned aircraft-maintenance company avoided layoffs by freezing wages. Each year it gives \$80,000 in scholarships to ten employees' children. Old-timers (25 years) join the Silver Wings club and get a leather bomber jacket.
78 ⁽⁶¹⁾ Intuit Mountain View, Calif. (46) www.intuit.com	6,064 496 22% 45%	-4% -224	183,575 11%	N.A.	N.A. N.A.	\$1,600	Employees at the financial-software developer use streaming-video connections to pop questions to senior executives and get pampered with an array of 1999-vintage perks: deskside massages, farmers' markets, bike tune-ups, etc.
79 ⁽⁵¹⁾ Harley-Davidson Milwaukee (15) www.harley-davidson.com	8,180 182 10% 23%	4% 279	26,243 0	40 hrs.	\$78,600 \$55,548	\$4,090	 The last time Cathy Pasbrig shut down the production line at Harley-Davidson, it wasn't because of a malfunctioning part or a dangerous leak. She saw a blemish on a shiny chrome chain guard, and "I put the line down in a heartbeat," says the eight-year Harley veteran. "I wouldn't want to put anything on the market that I wouldn't buy myself." At a place where workers are customers and leather jackets are more common than neckties, that means a lot. So does an open work environment (Harley execs' offices don't even have doors) where workers say they're free to speak their minds. No wonder they find it so hard to leave this 100-year-old motorcycle icon. — ABRAHM LUSTGARTEN
80 ⁽⁴⁴⁾ Bright Horizons Watertown, Mass. (406) www.brighthorizons.com	12,368 1,101 25% 97%	5% 459	9,038 20%	75 hrs.	\$31,000 \$22,000	\$408	When an employee was deployed to Iraq last fall, the work-site child-care provider bought him luggage and flew his wife in for a visit at Fort Drum, N.Y. Many companies on this list use Bright Horizons work-site child-care centers.
81 ⁽⁴⁶⁾ Procter & Gamble Cincinnati (164) www.pg.com	37,491 55,772 18% 41%	-8% -3,027	365,756 6%	64 hrs.	\$118,800 \$41,300	\$40,238	The 166-year-old company matches employees' charitable contributions up to \$5,000, offers three-month sabbaticals after seven years, gives \$5,000 in adoption assistance, and offers reduced work schedules for busy caregivers.
82 ⁽²²⁾ MBNA Wilmington, Del. (26) www.mbna.com	21,838 6,401 25% 56%	-5% -1,016	86,561 11%	32 hrs.	\$61,336 \$34,487	\$10,695	The credit card company shrank its U.S. payroll this year without resorting to layoffs. Brides and grooms get limo service on their big day, an extra week's vacation, and a \$500 cash gift. A thousand kids are enrolled in on-site child-care centers.
83 ⁽⁶⁶⁾ Northwestern Mutual Milwaukee (9) www.northwesternmutual.com	4,382 0 15% 66%	3% 124	12,500 3%	54 hrs.	\$73,200 \$34,763	\$15,916	The life insurer hasn't laid off a single person in 145 years. But it has offered free lunch since 1915. It also has a generous pension plan and subsidizes 30 rec clubs, including skiing, fishing, and martial arts groups.
84 ⁽⁷⁴⁾ Marriott International Washington, D.C. (2100) www.marriott.com	105,663 6,000 59% 54%	-12% -12,586	N.A. 23%	87 hrs.	\$44,824 \$21,243	\$8,441	When the hotel chain sold two divisions last year, it made sure most of the 14,500 employees affected would keep their jobs under the new owners. Three hundred managers moved up from hourly ranks.
85 ⁽⁶⁷⁾ A.G. Edwards Saint Louis (709) www.agedwards.com	16,482 13 7% 45%	-5% -761	24,000 10%	52 hrs.	\$57,401 \$32,330	\$2,194	The brokerage deposits 5% of salaries into 401(k)s whether employees invest or not, spends \$75,000 per worker on training, and just built AGEU, a 200,000-square-foot education center for new financial consultants.
86 Men's Wearhouse Houston; Fremont, Calif. (555) www.menswearhouse.com	7,249 0 45% 43%	7% 411	N.A. 28%	54 hrs.	\$65,031 \$31,184	\$1,295	A clothing store that grants sabbaticals—three weeks every five years. Last year alone, 647 employees took them. Employees can get interest-free loans and tuition reimbursement up to \$1,200 a year, \$600 for part-timers.



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Rank (2002 rank) Company Headquarters (U.S. sites) Website	Employees: U.S. Outside U.S. % Minorities % Women	Job growth New jobs (1 year)	Applicants Voluntary turnover	Training Hours/year	Average annual pay: Professional Hourly	2002 revenues in millions	What makes it so great?
87 (94) Perkins Coie Seattle (14) www.perkinscoie.com	1,424 39 16% 59%	-1% -16	2,619 9%	55 hrs.	\$118,377 \$50,724	\$244	"Happiness committees" roam the law firm's halls leaving baskets of candies and other thank-you treats on employees' desks. Staff chose to redirect their holiday gift exchange toward eight local charities. Three percent of work is pro bono.
88 Hyperion Solutions Sunnyvale, Calif. (41) www.hyperion.com	1,752 720 26% 37%	18% 258	312 6%	64 hrs.	\$100,475 \$44,666	\$510	This developer of accounting management software has kept many dot-com-bubble bennies: jukebox, pool table, and basketball court at headquarters. October's acquisition of Brio Software added 300 staff.
89 AstraZeneca Wilmington, Del. (12) www.astrazeneca-us.com	11,940 47,000 15% 54%	-1% -137	66,890 7%	30 hrs.	\$71,756 \$43,827	\$17,800	World's fourth-largest drug company pads its Delaware headquarters with services like a bank branch, DVD rentals, dry cleaning, and a fitness center. Compressed workweek and telecommuting are optional; 65% get stock options.
90 Granite Construction Watsonville, Calif. (110) www.graniteconstruction.com	4,110 0 26% 13%	8% 106	11,952 8%	35 hrs.	\$57,963 \$28,060	\$1,800	Granite builds roads, tunnels—and its employees. More than half of salaried employees were singled out for recognition last year and shared a \$3.9 million payout. Job security? No problem: In 82 years, Granite has never had a layoff.
91 (95) Texas Instruments Dallas (152) www.ti.com	17,087 17,295 32% 27%	-4% -624	60,000 2%	45 hrs.	\$96,000 \$40,000	\$8,383	The chipmaker values a healthy workforce, offering health insurance to part-timers and breast-cancer, cholesterol, and colorectal screenings. Busy workers get concierge services and can even renew driver's licenses on-site.
92 (97) Washington Mutual Seattle (2,600) www.wamu.com	60,757 0 39% 67%	24% 10,009	51,026 16%	49 hrs.	\$46,046 \$22,439	\$13,131	Though its rapid growth has been halted by recent layoffs, WaMu employees continue to receive four hours of paid time off every month to volunteer. In 2002 more than half of the bank's employees took part, donating about 200,000 hours.
93 (88) Paychex Rochester, N.Y. (109) www.paychex.com	8,855 0 15% 60%	22% 1,512	N.A. 15%	109 hrs.	\$61,415 \$32,314	\$1,099	This payroll processor convened a supervisor symposium at its Rochester HQ in 2003—the first time all its front-line managers had gathered in one place. Every employee spends at least a week at the University of Paychex.
94 (58) Intl. Data Group Boston (25) www.idg.com	1,585 11 12% 54%	-10% -160	N.A. 7%	39 hrs.	\$60,000 \$35,600	\$2,410	A decentralized management style at this tech publisher and research firm allows departments to determine rewards: days off or up to \$500 cash. After 40 years, founder Patrick McGovern still personally hands out bonus checks.
95 (100) Principal Financial Des Moines (266) www.principal.com	13,402 1,125 8% 70%	-6% -742	28,434 10%	23 hrs.	\$81,839 \$33,699	\$8,823	The financial services giant listens to—and acts on—employee suggestions. Such as? No meetings on Fridays, more medical plan choices, and caregiver leave allowing employees to phase in their return while retaining full benefits.
96 (72) FedEx Memphis (2500) www.fedex.com	175,592 24,205 40% 28%	0 -494	331,838 4%	48 hrs.	\$66,693 \$38,176	\$22,487	When FedEx needed to cut head count recently, it sweetened the deal for voluntary severance and early retirement with generous packages: 24 to 72 weeks' pay, plus \$10,000. Tuition reimbursement totaled \$17 million in 2003.
97 (68) Ernst & Young New York (86) www.ey.com	23,399 82,601 21% 49%	0 -53	292,499 15%	60 hrs.	\$52,621 N.A.	\$13,136	The Big Four accounting firm has 41 professional women's networks—up from zero seven years ago. Flexibility is the latest mantra—and not just for moms. A new confidential ethics hotline came from an employee suggestion.
98 (87) Publix Super Markets Lakeland, Fla. (792) www.publix.com	121,534 0 36% 50%	-1% -436	500,000 11%	50 hrs.	\$60,210 \$19,189	\$15,900	Since employees own 88% of this privately held supermarket chain, they share the wealth by recruiting friends and family to join them: Esperanza Alvarez has 25 relatives at Publix; Barbara McCoy has 41, over four generations.
99 (92) Nordstrom Seattle (179) www.nordstrom.com	40,319 340 39% 72%	0 23	N.A. N.A.	28 hrs.	\$45,500 \$32,000	\$5,975	Long before other companies talked about "empowering" employees, this 102-year-old retailer was doing it, encouraging employees to treat their jobs as if they were running their own businesses. The only rule: Use good judgment.
100 Simmons Atlanta (38) www.simmons.com	2,948 52 53% 26%	1% 41	5,316 12%	57 hrs.	\$30,942 \$28,167	\$709	"We're a hugging culture," says one employee at the mattress manufacturer, where touchy-feely programs include the annual ropes-course training: Employees walk a high wire and help each other climb a 40-foot wall.

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Bronson Healthcare Group	21	Intuit	78	Plante & Moran	18	Valero Energy	32
CDW	11	JM Family Enterprises	19	Principal Financial Group	95	VHA	37
Cisco Systems	28	Johnson (S.C.) & Son	23	Procter & Gamble	81	Vision Service Plan	17
Container Store	3	Jones (Edward)	4	Publix Super Markets	98	Washington Mutual	92
Continental Airlines	62	Leonard's (Stew)	30	Qualcomm	55	Wegmans Food Markets	9
Duncan Aviation	77	Lilly (Eli)	69	Quicken Loans	13	Whole Foods Market	47
Edwards (A.G.)	85	Marriott International	84	QuikTrip	53	Xilinx	10

How We Pick the 100 BEST

The most important factor in selecting companies for this list is what employees themselves have to say about their workplaces. Some 46,526 randomly selected employees from 304 candidate companies filled out an employee-opinion survey (the Great Place to Work Trust Index, an instrument created by the Great Place to Work Institute in San Francisco). Nearly half of them also gave us written comments about their workplaces. Each candidate company also filled out a questionnaire detailing its people policies, practices, and philosophies. We evaluated each company on both the employee surveys and the company questionnaires, with the employees' opinions accounting for two-thirds of the total score. If you think your company should be on this list, send us a brief explanation at 100best@greatplacetowork.com.

— ROBERT LEVERING AND MILTON MOSKOWITZ

NOTES

N.A. Not available.
U.S. employees: Includes part-timers as of time of survey.
Job growth, new jobs, and voluntary turnover: Full-time only.
Average annual pay: Yearly pay rate plus additional cash compensation for the largest classification of professional or technical employees and production or service employees. Data from summer 2003.
2002 revenues or latest fiscal year.

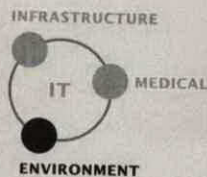
For more on these companies, see www.fortune.com/bestcompanies.



Scott Adams



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HITACHI
Inspire the Next

Five years ago executives at Science Applications International Corp., based in San Diego, had an epiphany. Future growth of the employee-owned research and engineering company depended on investing more in educating the entire workforce. The challenge was daunting, since the staff (then 30,000) was continually growing as global demand for the organization's outsourcing and IT services began to boom. Recognizing that the company's most precious asset was its brainpower, managers decided the best long-term strategy was to provide tailored management and IT-skills education and training to all employees. So the \$5.9 billion organization hired a new chief learning officer to launch a corporate university called SAIC University, which offered everything from leadership classes for managers to business planning for engineers.

Now the university includes everything from an onsite MBA program—through alliances with such schools as George Washington University and Palomar College in San Marcos, Calif.—to a mentoring program for middle managers and project management courses for field technicians. Thanks to those efforts, worker performance has improved and the turnover rate has dropped, according to vice president of corporate training and professional development Jeanette Graebener, who is also the new chief learning officer. Plus, she says, the employee retention rate is "significantly" higher than the industry average. "The results have been much better than we'd hoped," she says.

Welcome to the world of corporate learning. "In today's tough competitive climate, an increasing number of companies are reaching the same conclusion: They can only grow so much through mergers and acquisitions or by investing in new technology. Ultimately, it's the abilities and talent of people that will give them a sustainable advantage," says Mark Allen, president and CEO of Corporate University Xchange (CUX), a leading provider of corporate learning research, benchmarking, and advisory services based in New York. To make real leaps in innovation, you need creative people with the skills to operate in new ways. And one key method for nurturing a high-performance workforce is through company-

sponsored learning programs formed with an eye toward developing the specific skills employees need to reach corporate goals, react quickly to changing demands, and beat the competition.

In fact, many corporations have found that their universities have had a significant impact on performance in everything "from increases in speed-to-market of new products to revenue growth," says Ed Trolley, vice president of outsourcing

introducing more sophisticated learning and development programs. "As the knowledge-based economy in the U.S. has expanded, so has the number of corporate universities," says Eric Shuman, president and CEO of Thomson Lifelong Learning, a group within the Thomson Corp., a \$7.5 billion information giant based in Stamford, Conn. While exact numbers are hard to come by, most of the FORTUNE 1,000 now have a corporate university, and the number is growing. According to CUX, 31% of the 170 corporate universities in its Sixth Annual Benchmarking Report have been started in the past two years by companies of all sizes, especially by mid-sized firms and corporate Goliaths. What's more, organizations invested an average of \$1,365 in education per employee in 2002, up from \$1,242 the year before.

To recognize leaders of the corporate university movement, for five years CUX has sponsored the awards for Excellence and Innovation in Corporate Learning, which honor those companies that have the best practices in eight categories: alignment—curriculum tailored to overall business goals; alliances—relationships with outside suppliers; e-learning; launch of a new corporate university; leadership development; marketing—methods for promoting programs to employees; measurement—approaches for measuring effectiveness; and overall transformation (see box). In 2003 some 74 companies and government agencies submitted entries for the awards. Applicants also received awards of honorary distinction in seven of the eight categories.

What are those best practices? Perhaps most important is the matter of alignment. Among corporate university leaders, the days of fragmented, uncoordinated courses teaching generic topics are gone. Instead, corporate curricula must address business needs specific to company strategy and provide employees with a "common language for addressing common problems," says Josh Haims, CUX's vice president of business development. Trolley agrees. "The most successful corporate learning organizations get the highest return on investment because they follow this approach," he says.

Consider the Thomson Corp. which has acquired hundreds of small businesses, many with under \$50 million in

Best In Class

These organizations were the 2003 winners of the Corporate University Xchange awards for Excellence. Each was honored for best practices in a particular niche.

AT&T Consumer Sales and Service and Rio Salado College
Corporate Learning unit • Alliances award

Boeing

Boeing Leadership Center • Leadership Development award

Deloitte

Deloitte Global Learning • Marketing award

Department of Defense

Defense Acquisition University • Alignment and Measurement awards

Harley-Davidson

Harley-Davidson University • e-learning award

IBM

IBM Learning • Leadership Development award

The Schwan Food Company

Schwan's University • Best Overall Transformation award

UBS

UBS Leadership Institute • Launching award

at KnowledgePlanet and co-author of *Running Training Like a Business* (Berrett-Kohler Publishers, 1999). In a recent survey of 170 corporate universities at what CUX calls the most leading-edge companies, about 55% said that their corporate university programs "significantly improved their business performance." For example, companies with corporate universities have an annual voluntary turnover rate of about 13%, according to CUX, compared with an average of 21% for all companies.

Thanks to those results, there has been a rapid increase in the number of companies and government agencies

Learning Curve

Today more companies are educating their employees to boost loyalty and productivity.

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revenues. They sell everything from higher education textbooks to information services for the legal, financial, scientific, and health-care industries and are organized into four market groups. About a year ago, as part of an effort to integrate their holdings, a new chief learning officer revamped the five-year-old Thomson University so that its curriculum would help further corporate goals. As part of their talent-management process, representatives of each market group gathered information about the strategic goals of

a one-year program in which 100 mid-level protégés—from programmers to human resource managers—are nominated by their supervisors for a management mentoring program to groom them to be senior executives. Then they're paired with a senior manager who works with them one-on-one.

But senior executives get involved in top corporate universities in other ways as well. In fact, "strong visible support from the top is critical to the overall success of a corporate university," says CUX's Allen.

gineers, software programmers, and other white-collar employees each year. Students of its Defense Acquisition University (DAU) can take the first part of certification programs online in such fields as systems engineering and financial management. Then, for more in-depth lessons requiring instructor interaction, they attend a class at one of the school's five regional training centers. The method works so well that DAU won two awards in 2003 from CUX, for best alignment and measurement.

The payoff for DAU, as well as most corporate universities using e-learning, is significant reductions in cost, thanks to decreases in travel and in employee time away from the job. The technique has additional fallout benefits. Because students can use an Internet-based system at any time of the day or night, it also speeds up the learning process. DAU, for example, says student training weeks—the total number of weeks for all participants—dropped from 36,000 to 10,000 since its e-learning system was introduced. "Companies are going beyond a focus on cutting costs and looking more at whether these systems are improving productivity," says Manoj Kutty, senior vice president, North America, for Tata Interactive Systems in Edison, N.J. A division of the Mumbai-based Tata Group, Tata Interactive develops assessment tools

and training programs for corporations, schools, and government.

Still, increasing efficiencies is essential for industry leaders. Part of that effort involves reducing redundancies. Kutty, for example, recalls one insurance company in which decentralized departments had bought eight learning-management systems from eight different suppliers. "If I'm purchasing different programs from the same vendor, I'm not leveraging my purchasing power," says Trolley.

The answer for many industry leaders is to combine some centralized control with the ability for individual business units to make decisions on their own. Kutty, for example, sees many companies

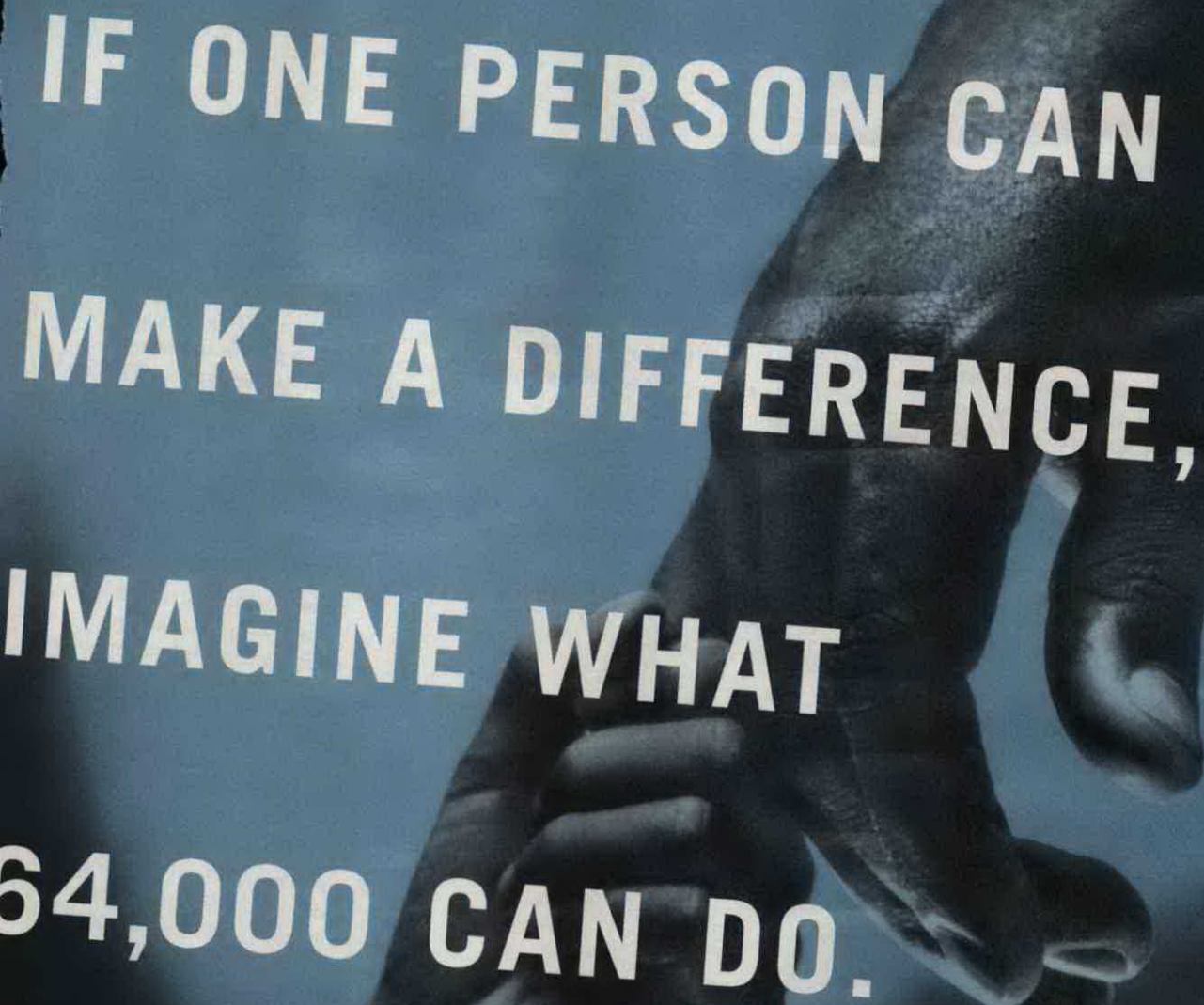
their unit and the skills of each general manager to see whether people had the necessary expertise. For example, if a key objective for a unit was to enter new markets and managers lacked the skills required, the company knew it had to provide that training. While they are still in formation, the courses will include everything from cross-functional learning to coaching. David Hatch, senior vice president of executive development and learning, says the university "is now intimately integrated into our corporate strategy."

While most leading-edge corporate universities are aimed at many levels in the company, leadership development is a top priority. At SAIC, for example, there's

That means everything from promoting the efforts in organization-wide speeches to coaching or teaching. In fact, 45% of CEOs in leading-edge corporate universities teach segments of courses and seminars. Participation by line managers is also important. For instance, at SAIC, project management courses are taught by experienced managers drawn from the staff.

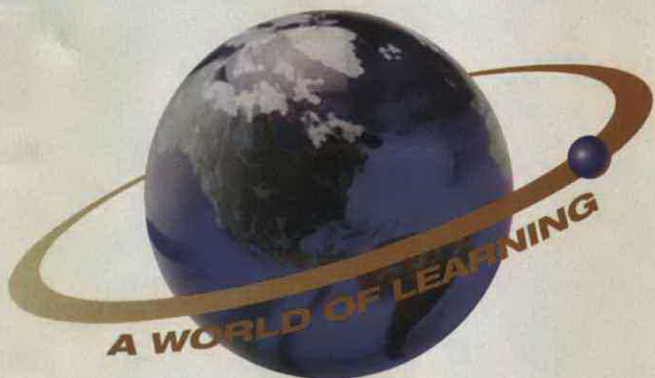
Of course, leading organizations use the Internet to deliver instruction as well. But the approach is often used in what's called blended learning—instructing staff sometimes through electronic systems and at other times through in-person, instructor-led classes. The Defense Department uses that strategy to train more than 132,000 en-



A close-up photograph of two hands shaking, symbolizing agreement or partnership. The hands are dark-skinned and are set against a dark blue background. The lighting highlights the texture of the skin and the grip of the handshake.

**IF ONE PERSON CAN
MAKE A DIFFERENCE,
IMAGINE WHAT
64,000 CAN DO.**

SAIC UNIVERSITY



Where learning never ends

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centralizing their purchasing by buying suites of products from one supplier, rather than just individual programs. "Of late, more companies are asking us to provide a soup-to-nuts solution, from text material to telephone support, not just an off-the-shelf program," he says. "That's because they realize a mix of blended learning works best and they want vendors to provide different types of content to support instructor-led classes or e-learning."

Another way to increase efficiencies is by outsourcing some functions to third parties and forming alliances with universities and other partners. Consider AT&T's Consumer Sales and Service division, a winner of the CUX award for best alliance. Four years ago, its learning unit, which runs training and development programs for employees in nine customer-service call centers, formed a partnership with Rio Salado College, a community college in Tempe, Ariz. Through the partnership, AT&T employees receive college credit for the training they receive. So far more than 800 employees have participated in the program, which is delivered at the company's sites in Mesa, Ariz., Dallas, and Charleston, W. Va. AT&T instructors teach classes that cover such areas as handling customer questions and discussing new products. But because employees know the classes count toward college credit, "it ratchets up the degree of attention in the classroom," says Jerry Ewing, regional director for AT&T's Consumer Sales and Service division. What's more, the number of dropouts has decreased, since employees must complete a class in order to receive credit. Ultimately, "the more effective the training, the better the learning and the greater the chance we'll be able to solve customer problems," says Ewing.

Such success, say industry observers, is sure to encourage the proliferation of new, state-of-the-art corporate universities. Says Trolley: "The more they deliver value, the more of a multiplier effect there will be." In today's atmosphere of heightened competition, corporate universities are here to stay. — Anne Field



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