Pridegon & Clay is one of the largest independent, value-added manufacturers and suppliers of stamped and fineblanked components in the United States. The firm boasts a global workforce of more than 1000 skilled employees, which its managers quickly credit with providing its full-service approach to design, prototyping, product validation and manufacturing.

Founded in 1948, the family-owned company operates more than 95 stamping presses throughout five worldwide manufacturing facilities. While primarily a Tier One and Tier Two automotive supplier, Pridegon & Clay also manufactures parts and assemblies for the Class 8 heavy-truck market, and for customers in the agricultural, marine, motorcycle, alternative-energy and hardware industries.

Home base for Pridegon & Clay is a 350,000-sq.-ft. plant in Grand Rapids, MI, home to 650 employees —up from 400 employees just a couple of years ago. The site includes a 37,000-sq.-ft. research-and-development center and Advanced Engineering Center—“a real difference-maker for us,” says company CEO Bob Clay, son of the firm’s founder Donald V. Clay. Clay credits the AE center along with its A2LA certified testing laboratory with “fueling the company’s growth engines, by developing new products that anticipate our customers’ needs and keep us on the vanguard of the metalforming industry.”

R&D, New-Product Development Paving the Road to Recovery

Net sales for the company climbed 40 percent in 2010 compared to a very challenging 2009, while net earnings more than tripled year over year. While 2010 sales still lagged those of 2007-2008, net earnings for 2010 were at an all-time high, 30 percent above 2007 net earnings. Contributing greatly to the firm’s recent financial success is growth of the AE center, research and development lab and prototype department, all managed by director Mike Kozal. Since 2008, some 80 percent of new-product development completed by Kozal’s group has been launched as production business at the company. “Prior to that time, that percentage was just under 50 percent,” says Kozal. “Also, until 2007, our contribution to the company’s revenue total held steady at 11 percent globally. Today, just over 25 percent of total global sales has hit our development area in one form or another.”

“Looking to the future,” adds Clay, “our commitment to being an automotive supplier has us studying power-train trends and conducting research and development into emerging technologies. For example, we have several parts on alternative-energy vehicles, and are heavily involved in fuel-cell development. This work, which could double our sales in the next 5 to 10 yr., is not me saying ‘let’s get into fuel-cell development.’ Rather, it’s our people—from our R & D manager on down—offering their ideas, pulling together teams and digging in.”

For the firm’s frontline workers, expansion of Pridegon & Clay’s product-development group has provided new opportunities in the area of model making, where six employees manufacture prototypes to give life to the new ideas emanating from the group’s engineers. Five of the six model makers were promoted from within, taking advantage of the firm’s generous (100 percent) educational-reimbursement policy. As such, their wages have more than doubled, progressing from entry-level (utility) workers to varying levels of model makers. All of the firm’s model makers currently attend Grand Rapids Community College, working to obtain their associate’s degrees in manufacturing—on Pridegon & Clay’s dime.

Education and Training Kicked up a Few Notches

“My father was a strong believer in education,” Clay stresses, adding a
Pridgeon & Clay CEO Bob Clay describes the early days of the company as one managed by just a few key people at the top. When the industry transitioned (some 20 years ago) to higher levels of technology and to lean manufacturing, built on the concepts of team leadership and empowerment of frontline workers, Clay says that’s when management made a long-standing commitment to upgrade its workforce.

“Training in the early days of the company focused primarily on the floor leaders and not as much on the frontline workers. When my brother (Don) and I took ownership (in the early ’90s), we felt we had to move beyond that level of training and find ways for all of our employees to improve themselves.

“The company once was managed by a few people at the top,” Clay continues, noting its strong commitment to its employees in terms of wages and benefits. But he and his brother noted a real transition occurring in the automotive supply chain in the early days of their company ownership. This transition—to higher levels of technology and to lean manufacturing built on the concepts of team leadership and empowerment of frontline workers—fueled the company’s commitment to upgrade its workforce.

“We found that we couldn’t become truly lean without educating our workforce,” Clay says. So, he and his brother initiated a program to fully reimburse workers who invested their own time and money toward higher education.

(Editor’s Note: According to the Precision Metalforming Association’s Annual Wage and Benefit Report, only 37 percent of metalformers fully reimburse employees for tuition).

During this same time period, in the mid-’90s, the company also fired up its research and development center and Advanced Engineering Laboratory, “another motivator to upgrade our workforce,” says Clay.

**Recognizing Loyalty as a Two-Way Street**

How does all of this workforce development parlay into the company’s success? “People see the way to the top, and they get there, using what tools we provide them,” Clay says. “This, in turn, creates loyalty to the company. Our employees appreciate the opportunities we provide, and in turn they bring their creativity to work every day, in addition to their physical labor.”

Clay’s views mirror those of experts that closely follow the U.S. manufacturing industry, where the shortage of skilled workers has been well publicized. U.S. manufacturers need frontline workers who can solve problems on their own, and also can make sound business decisions. Says Emily Stover DeRocco, president of The Manufacturing Institute, in an interview with the University of Phoenix:

“Manufacturers must stay committed to research and development, and engage a talent pool with the right skills to drive innovation and invention within our manufacturing economy.”

Pridgeon & Clay is flush with independent thinkers—workers that have learned in structured classes as well as from each other on the plant floor. “Everybody here is a teacher and a leader,” says director of operations Dan Swiger. Of the 650 employees in Grand Rapids, 75 percent are production workers—machine operators, die setters, etc., and 75 percent have taken advantage of inhouse training programs such as automatic press operator (APO) and on-the-job training programs. Thirty-two employees have taken the APO training, while 480 employees have been through on-the-job training since 2009. Another several employees have taken advantage of the firm’s reimbursement program to, on their own time, gain outside skills training. Its latest success: training 12 employees in leadership development. Says Swiger:

“As we’re growing, we’ve become focused on creating the next set of team leaders, business-unit managers, etc. We’re excited at the enthusiasm and commitment the participants have shown.”

**Finding and Nurturing Leadership Potential**

Swiger is a stunning example of how the company recognizes leadership potential in its frontline workers and helps them realize that potential. He began his career at Pridgeon & Clay in mid-1992 as a utility apprentice in the company’s toolroom. Following his apprenticeship, which included four years of part-time college classes, in 1998 Swiger became lead person in the toolroom. In 2003 he climbed to business unit manager. He attained a bachelor’s degree in 2009 and was named director of operations in 2010.

“All along the way,” he says, “I have had very open relations with my supervisor, which I credit with transitioning into a manager myself. And I’m still learning.”

Swiger says his primary responsibility as director of operations is to find and train his successor. He man-
ages three business unit managers, as well as a logistics manager in the company’s warehouse and the plant manager of a sister plant in Indiana. “My role is to make them better,” he says, “and to be a teacher. If I have to make all of the important decisions for our plant, then we will fail.

“We want our employees to be able to work individually, to make decisions on their own,” Swiger continues. “At the same time, we also train them to work in teams so that they can initiate continuous-improvement ideas and then work together to turn those ideas into reality on the plant floor.”

To supplement inhouse classroom training initiatives and a structured on-the-job training program—both of which have earned the company awards from its industry trade association, the Precision Metalforming Association—the company is a dues-paying member of the Source, a local not-for-profit employee-support organization. Classes offered by The Source include computer basics, English as a second language, financial literacy, financial management, introduction to home ownership and home maintenance. In the last 3 yr., 45 Pridgeon & Clay employees have attended courses at The Source.

A Place Where All Opinions Matter

What motivates people to better themselves at Pridgeon & Clay (other than the opportunity to earn promotions and pay increases)? Swiger has a quick answer to the question: “Everyone here knows that their opinions matter, and are valued,” he says. “From the owners to the vice presidents and on down, everyone cares about each other and values their abilities far beyond the ability to physically do their jobs. We’re part of something more than just collecting a paycheck and making automotive parts. Our job satisfaction, and the urge to continue to grow and develop as employees, comes from being part of a company that cares about us as individuals, and creates windows of opportunity for us to climb through.”

Of course, as frontline workers climb through those windows of opportunity, promotions and wage increases come along. According to corporate director of human resources Julie Church Krafft, 90 of the firm’s employees have received promotions within the last 3 yr., enjoying an average wage increase of 17 to 25 percent.

A Five-Star Benefits Package

“Our overall philosophy,” says corporate director of human resources Julie Church Krafft, “is to pay the local average wage for each position within the company and combine that with an extraordinary benefits package and a one-of-a-kind commitment to training and continuous education for our incumbent workers. Our goal is to always be proactive rather than reactive in terms of employee development. This way our employees are prepared for the natural progression in responsibilities necessary to stay competitive and grow. Within the last year we’ve posted more than 100 new job opportunities, and nearly 90 percent have been filled from within.

“To attract and retain the best of the best,” continues Church Krafft, “we’ve developed a five-star benefit package.” Included is free, top-notch health insurance plans for employees; nearly free ($10/week) health insurance for qualifying dependents; an employee stock-ownership plan (ESOP) that gives employees a financial stake in the company (ESOP ownership is 30.9 percent); a 401k plan with a 15-percent no-limit match; educational reimbursement ($5,250/yr.); and a wellness program, introduced in 2009.

“The wellness program,” says company president Bob Clay, “not only helps to keep our healthcare costs down, but also protects our assets and the investments we make to train and develop our employees.” The program incorporates quarterly one-on-one meetings between employees and a wellness professional to review goals and objectives related to health and nutrition. “The regular sessions keep health and well-being on everyone’s minds,” says Clay. “Our goal is to motivate employees, and the results have been terrific.”

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Workers Profiles, APOs in Action

Meet two of Pridgeon and Clay’s most recent graduates of its inhouse APO (automatic press operator) training program: Chris Jordan and Donna Carrothers. Jordan joined the company late in 2009 as a machine operator, became an APO trainee in March 2010 and a year later completed his training and became an APO. During his short stay, his wages have increased by nearly 40 percent. Carrothers joined the company in 1999 as a utility, stacking parts and helping the press operators. In 2001 she applied for and was awarded a machine-operator job and later became a lift-truck driver. In February 2007 she was awarded an APO trainee position and by the end of the year she had become an APO. Carrothers has enjoyed a boost in wages of nearly 70 percent.

Carrothers, in addition to enjoying having personal responsibility for her work, also relishes opportunities to work on project teams, to lend the perspective of a press operator to help improve productivity and quality on the floor. “I appreciate the opportunity provided to add my thoughts. I may not consider myself an expert yet, but I’m getting there.”

Says Church Krafft: “What Donna is doing on the floor and in project teams is preparing her for the next step, when she’s ready to take it, which is to become a setup technician. And we sure hope she pursues that, because we can’t find good setup techs…we have to grow them.”

And, like Carrothers (and which seems to be the status quo at Pridgeon & Clay), Jordan says he is always looking to try new tasks. “I just finished my associate’s degree,” he says (paid for by Pridgeon & Clay) “and will go back this fall (2011) for a bachelor’s degree.”

<table>
<thead>
<tr>
<th>APO Track</th>
<th>Training</th>
<th>Avg. wage (or % gain)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial general hire</td>
<td>Screen, orient, hire</td>
<td>$9.30/hr</td>
</tr>
<tr>
<td>APO trainee</td>
<td>Post, screen, promote</td>
<td>50.53% inc.</td>
</tr>
<tr>
<td>APO certified</td>
<td>Complete training, pass test</td>
<td>7½% inc.</td>
</tr>
<tr>
<td>APO setup tech.</td>
<td>Extended training</td>
<td>13.3% inc.</td>
</tr>
<tr>
<td>Team leaders from APO</td>
<td>Extended training</td>
<td>41.17% inc.</td>
</tr>
</tbody>
</table>

The demand is such that there’s available to anyone that wants to take it.”
the employee has a current attendance warning on his work record; the employee has more than two current company-rule violations on his record; or the employee is already currently on an open job. Following interviews with candidates, once the position is filled the human resources department notifies all applicants of the decision, and also provides feedback to each applicant to help them prepare for the next opportunity.

“We have created a career path that begins with an entry-level position,” says Church Krafft, “such as a packer, and through the job-posting process packers can become machine operators. Then, through our APO training program, machine operators can become APO trainees and APOs. The next step is to become a technician. All of this advancement comes via inhouse classroom and on-the-job training. Via our educational reimbursement program, employees then can progress to become die technicians, team leaders and, ultimately, business unit managers.”

VanTimmeren’s path at Pridgeon & Clay began when he dove into the firm’s award-winning APO Certification Program, a standardized training program available to all existing and new automatic press operators at the company. The goal of creating the program was to develop a way to formally train press operators, since the technology on the company’s presses had increased and its business had grown (in 2008) and was unable to keep up with hiring qualified APOs. VanTimmeren’s experience created the program, which includes 21 courses, each course requiring trainees (and existing operators) to attend one class per week (1.5 to 3 hr. each). The course outline includes classes in setup and operation of straighteners and feeders, press safety, maintenance, quick die change and sensor technology.

Each course includes a classroom test and an on-the-floor audit to demonstrate application of the classroom instruction. All APOs spend 33 hr. in the classroom and 50-plus hr. on the floor in one-on-one training with the firm’s technical trainer. To date, about half of the firm’s 100-plus APOs have completed the course.

The APO training has proved to be a breeding ground for leadership on the plant floor. In addition to its business unit managers, Pridgeon & Clay has spread the responsibilities for maintaining its production facility to its 21 team leaders out on the shop floor. Of the 21, 15 were promoted from within.

Adds Church Krafft: “The average pay increases for promotions via our job-posting process tell an exciting story. Average wages for an initial hire are $9.30/hr. APO trainees earn an average wage increase of 50.5 percent, with another 7 percent raise coming following APO certification. Setup technicians earn another 13.3 percent increase on average, and team leaders boost their wages by another 41 percent.”

**Worker Profile**

Scott Visser began his career at Pridgeon & Clay in 1988 as a press operator, and became a team leader out on the floor in 1997. In 2005 he began working toward earning a Bachelor’s Degree in Business, through Pridgeon & Clay’s education reimbursement program, while working full time and raising a family. Visser earned his degree in 2010, and was promoted to technical trainer early in 2011.

“Employees are reimbursed after each class,” says Church Krafft, “to minimize their up-front investment. Many colleges also offer tuition deferral. Since 2005, we’ve had 245 employees take advantage of our tuition-reimbursement program.

“Visser laid the groundwork for his promotion in 2007 when he prepared several training modules for the company’s 21-module APO training program. “I also taught some of the courses, and really enjoyed that experience,” he recalls. “That experience is what led me to apply for the technical trainer position.”

Included in his formal education was coursework in human resources that Visser credits with providing him the ability to motivate and inspire frontline workers to be successful. Further, Visser credits the firm’s commitment to lean training to helping him look ahead to anticipate rather than react to challenges on the production floor. “Lean allows us to efficiently run smaller lot sizes and reduce inventory, and has required our frontline workers to learn to conduct changeovers in minutes rather than hours. We all have to stay on our toes and be aware of what’s coming next.”

A Deep Pool of Deep Thinkers

Building leadership from within provides Pridgeon & Clay with a deep pool of deep thinkers who, says company president Bob Clay, look to learn and create opportunities for the company to grow. “I encourage the creativity; the rest is up to them,” he says, and proceeds to describe some of the profitable decisions that have been made to help fuel the company’s growth.

“Those stories are being written right now,” Clay says. “We’ve always been adventurous about investing in new technologies. For example, we were one of the first companies to run coil into big transfer presses, and one of the first to fineblank certain types of automotive exhaust components. The decisions to develop those types of technology advancements come from our creative, curious and driven employees.”

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As technical trainer, Scott Visser’s goal is to train the company’s frontline workers before they’re needed, proactively rather than reactively, so that they’re prepared when jobs become open. “I’m looking forward to helping Pridgeon & Clay build its workforce for the future,” he says.

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