

# Accounts of Achievement...

## A Case Study Featuring Par-Kan Company

### *The Company...*

The Par-Kan Company history dates back to 1958 when it opened as a metal fabricating business under a different name. Today, under president David Caldwell's leadership, the Par-Kan Company continues to implement the original mission statement established by the founder over 35 years ago: "To provide our customers with quality product, when they need them and at a fair price." In the mid-sixties the company was only marketing to the agriculture industry. Soon the company began to use welding technology and engineering skills to manufacture refuse containers under the trade name of Par-Kan. In the years to follow, the company was sold a couple of times and even closed briefly in 1990 but quickly reopened under the name of Par-Kan Company. The plan of the new management was to continue manufacturing the Par-Kan refuse equipment but with the intention of expanding the company into new markets. Eventually, a ground support division was established consisting of equipment servicing the aircraft industry, then a line of grease handling equipment used by restaurants to store used cooking oils to be recycled, and later the grain weigh division was developed, supplying weigh carts to the agriculture industry. David Caldwell became president of Par-Kan in 2000, and the company was enjoying good success during a thriving economy. In early 2001, David and the ten members of his executive team participated in *Effective Management Development*, facilitated by LMI Partner, Jim Jordan. The team was just a few months into applying the techniques acquired from the *EMD* process, when Par-Kan, like so many companies across the nation, was suddenly faced with an unexpected and unprecedented challenge.



David Caldwell  
President, Par-Kan Company

### *The Challenge...*

Par-Kan immediately felt the abrupt setback in business caused by the events of September 11, 2001. One of the industries substantially affected was, of course, the airlines industry which was also one of Par-Kan's largest markets. Par-Kan transitioned into "secure mode" to protect itself against the unpredictable economy. The short-term plan was to be conservative and suspend budgets in areas such as training and development. David soon discovered, however, that being too cautious was influencing his environment. Over the next two years, the attitude at Par-Kan became unproductive, distrustful, and unstable. David's top priority quickly shifted to improving the corporate culture. He wanted to create respect, pride, and high productivity among employees that would result in individual growth, as well as top and bottom line growth for Par-Kan. Employee turnover had become an issue of concern and was impacting standard production times, salaries, and causing customer complaints. David remembered the success his leadership team experienced in the *EMD* process. Jim Jordan had kept in touch with David in the years following 9/11, through follow-up goal setting sessions. David had recently read the book "Gung Ho!", by Ken Blanchard, and in a session with Jim, described the company culture referenced in the book and said: "this is what I want!" David firmly believed that in order to obtain buy-in from employees, leaders had to be products of the product. So in 2003, despite the country being at war and the uncertain economy, David made the decision to invest in reshaping the corporate culture, and ultimately, Par-Kan's future.

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*"For all the managers, as well as myself, the toughest change was to give up control, to share information and trust employees enough to let them do their jobs. Accomplishing this was the real key to turning things around."* - **David Caldwell, President**

***“Par-Kan had the skill, the people, the products, and the clients. We were simply the catalyst that brought those entities together through the LMI Process.” - James Jordan, LMI Partner***

## ***The LMI Process™...***

When Jim Jordan led Par-Kan’s executive team through the *EMD* in 2001, the participants learned that in order to effectively manage employees, you must first become an effective manager. Prior to his arrival at Par-Kan, David co-incidentally worked with one of Jim’s former clients. His staff was taking part in LMI’s *Effective Supervisory Management*. David, however, did not participate in the program and he noticed a lack of enthusiasm and commitment from the employees. The group shared the feeling that if this was not important enough for their boss to learn, then why should it be important to them? David would not allow that mistake to happen twice. Under his leadership, all levels of the organization would take part in the *LMI Process*. In 2004, David took the first step with 13 supervisors by enrolling them in the *ESM*. Later, the group went through the process again with four new supervisors. The impressive result the second time around was that each of the original participants had learned something new. Jim and David also arranged for everyone to have a mentor and integrated the book “Gung Ho!” which proved to be an additional benefit in the development process. In 2006, David invested in the support staff with *Effective Staff Development*. That same year the executive team began the company’s strategic and operational planning through *Organizational Strategic Analysis* and the *EMD Plan of Action*. They identified the company’s vision and purpose by defining goals that each level of the organization understood and respected, creating an unprecedented teamwork attitude. Later the executive team also took part in *Effective Personal Leadership*. David was immediately noticing significant changes in attitudes, values, productivity levels, communication skills, and morale. He noticed employees being proud of the worthwhile work they performed. What had previously been a dangerously negative culture, was quickly becoming an environment, as David exclaims, “infected with pride.”



## ***The Difference...***

The measurable results Par-Kan has experienced from the *LMI Process* make up a long, impressive, and constantly growing list. In the last two years, gross sales increased 40 percent and profits significantly climbed from 1.9 percent to 9.3 percent before tax. Overall productivity increased a total of 20 percent and turnover is now considered minimal. The notable increase in profits have resulted in higher profit sharing for employees to 2 percent of earnings, plus higher year-end bonuses of an additional 2 percent of earnings. Average employee wages grew by 7 percent in 2005, a result of reduced turnover. Labor, as a percentage of sales, was reduced by 4.3 percent and customer complaints decreased 40 percent when measured over a 12 month period. Warranty issues are practically a thing of the past. The change in culture has also allowed Par-Kan to implement several additional employee incentives: a wellness program, smoking cessation program, employee of the month awards, perfect attendance awards, daily exercise and stretching sessions, and weight loss programs. David always wanted to make these programs available to the organization but never could without the buy-in from the entire team. Innovative ideas are becoming realities everyday. One of Par-Kan’s most valued clients recently purchased the newest Par-Kan design for transporting cargo to the aircraft. The new design, a pallet dolly, allows cargo to be handled only once, preventing breakage and loss, as well as keeping it dry in inclement weather. David continues to execute the *LMI Process* throughout the organization. Recently, another ten employees enrolled in the *EPL*. David says, “We have grown as a company, but we have a long way to go. Our continued use of LMI programs will help us achieve the ambitious goals we set for ourselves.”

*“The supervisory group has grown tremendously as leaders during the LMI process and people respect each other.”*

- David Caldwell