

FEDERAL HEATH SIGN CO.:

# LET THERE BE LIGHTS!

Manufacturing Digital learns that across markets and across the country, Federal Heath Sign Company delivers striking and innovative lighting solutions

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Two of the most spectacular displays on the Las Vegas strip bear the fingerprints of Federal Heath Sign Co. The glowing Paris Las Vegas Balloon and the two miles of neon and fiber optic décor lighting that illuminate the façade of legendary Harrah's showcase the creativity and knowledge of this industry leader.

But the expertise of Federal Heath Sign extends far beyond the brightest city on Earth. Name any high-profile company in markets such as hospitality, restaurants, retail, finance, automotive and petroleum, and they are likely to have selected Federal Heath Sign to design, manufacture, install and maintain their signage.

"In a nutshell, our speed and flexibility distinguish us," says CEO Kevin Stotmeister. "And trust - we do what we say we'll do."

Based in Oceanside, CA, Federal Heath Sign provides custom electric signage, canopy and fascia products, commercial remodeling, nationwide conversions and maintenance service. Operations stretch across the country with more than 20 offices and four state-of-the-

art manufacturing facilities with a combined floor space of 350,000sf between Texas, California and Ohio.

#### STAFF AS PROBLEM SOLVERS

Every aspect of the organization is rooted in Lean thinking. Always devoted to continuous improvement, the company has, since the hiring of Lean Development Manager Rick Foreman three years ago, intensified the effort to apply the most sophisticated tools of Lean to squeeze out any conceivable waste or non-value added practices.

All 450 employees have, as a result, become problem-solvers. Office staff and shop floor employees alike participate, for example, in book clubs where discussions revolve around how to deploy the authors' business principles.

"We empower our team members and teach them how to look for waste," Foreman explains. "In the process, we establish a culture of shared understanding, awareness and even accountability. We reinforce those behaviors and celebrate the success that comes with it."



Federal Heath Sign Company is based out of Oceanside, CA

## FACTS AT A GLANCE



COMPANY NAME: Federal Heath Sign Co.

CEO: Kevin Stotmeister

OPERATIONS: Provider of custom electric signage, canopy and fascia products, commercial remodeling, nationwide conversions and maintenance services

ESTABLISHED: Origin 1901. Federal Heath Sign entity created 2003

EMPLOYEES: 450

[www.federalheath.com](http://www.federalheath.com)

The effort has paid off. Even as the recession has forced the company to cut payroll by 100 employees, its productivity has never been better. "A lot of our metrics keep getting better and better in terms of cycle time, customer satisfaction, and our ability to control cost by controlling our inventory," Stotmeister says. "It helps our client base as well."

### USING RELIABLE SUBCONTRACTORS

A variety of customer surveys also put the focus on clients' desires. Monthly written surveys, random telephone queries and an online questionnaire add to the information gathered by senior executives, who each keep in touch with three to five of the company's Star Customers.

The surveys have over the years revealed the importance of having reliable subcontractors, a realization that Federal Heath Sign has taken to heart. "Everything can go 100 percent correct,

## Manufacturing | Federal Heath Sign Co. | 5



Productivity is at an all time high at Federal Heath Sign Company

but if we have a subcontractor installer partner that goofs up, it wrecks the entire experience," Stotmeister notes. "We rely on partnerships with our supply chain and put emphasis on making those extremely sound which, again, distinguishes us from the competition. When we look for a supplier, we don't look for the lowest price but more importantly for someone we can trust and count on. In turn, customers can count on us and trust us even more."

### HIGH-PROFILE CLIENTS

Federal Heath Sign has evolved from the time in the early 1900s when the founders of its predecessor company revolutionized the idea

of using incandescent lighting for commercial advertising and sidewalk illumination to the demands for digital imaging by many of today's clients. In the 1990s, it switched focus from serving local custom customers around the country to pursuing and landing contracts with national high-profile clients such as Target, Chevron, Hyatt Hotel, Holiday Inn, YUM (KFC, Taco Bell, Pizza Hut), AT&T, GM, Darden (Olive Garden, Red Lobster), and Brinker International, which includes chains such as Chili's.

The company further solidified its position as an industry leader of change and innovation in 2003 when Federal Sign was combined with Heath & Company. Acquisitions in 2005 & 2006 have enabled the company to secure so many clients in the petroleum market that the sector now accounts for almost 40 percent of its business.

"We're seeing an industry trend to replace gas price signs with digital electronic units as opposed to static numbers," Stotmeister observes. "We've done a lot of that work and it has pushed up the volume and revenue that we've seen from petroleum."

"We also see significant use of LED," adds Sid Rasnick, Senior Vice President of Operations. "For years, we've never been afraid to invest in new technology. We believe in state-of-the-art equipment and have mirrored the manufacturing facilities in an effort to seamlessly transfer files and communications."

The plants have also been equipped with low energy lighting, an investment that is expected to cut costs by \$60,000. Going green is nothing new to Federal Heath Sign, which adopted a comprehensive recycling program and green practices long before it became a mainstream movement, Rasnick points out.

Despite the economic downturn, Stotmeister predicts future growth as the company aggressively seeks out acquisition opportunities to expand the scope of services.

"We're not necessarily just looking at other competitors to acquire, but at other technologies, and products and services that fit

our vision of providing more value to our existing clients," Stotmeister says. "Last, but not least, we'll continue the focus on Lean, continuous improvement and operational excellence. Those are now really rooted in our culture and in five years it will be even more so. As we bring in new employees, and the years go by, they'll think, 'hey, it's always been like this.' That's what cultural change is all about." ■



The company has a number of high profile clients

