

Blame GM, Not Toyota, for NUMMI Plant Closure

By Steve Tobak

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Today, the last car will roll off the assembly line of California's last remaining auto plant. NUMMI, or New United Motor Manufacturing Inc., was formed as a revolutionary 50-50 joint venture between Toyota and General Motors back in 1984. The idea was simple: combine Toyota's quality and manufacturing know-how with GM's North American parts and distribution network. Even the United Auto Workers (UAW) bought into it.

For 25 years, NUMMI operated as a miracle of automotive company. Plant supervisors were trained by Toyota in Japan. Equipment was upgraded to Toyota's stringent manufacturing standards. And former GM auto workers learned, for the first time, that shutting down a production line could be a good, along with Japanese words like kaizen, meaning continuous improvement.

Toyota assembled its first vehicle in the U.S. and its first by union workers at NUMMI. Millions of cars and trucks would follow.

In 25 years there was one strike that lasted all of two hours. The plant won J.D. Power awards as the second or third best automotive plant in North America six times between 1994 and 2002. Its track record for vehicle defects ranked with the best in the world. Peak production at the 370 acre facility on the outskirts of Silicon Valley topped 400,000 cars and trucks in 2005.

But in June of 2009, GM announced that NUMMI would not be part of the new, post-Chapter 11 General Motors. GM unceremoniously pulled out of the NUMMI partnership and stuck Toyota with the tab. I'm sure it didn't intentionally use the bankruptcy process to burden its competitor with shutdown and layoff costs. Of course not.

Sure enough, faced with its own excess manufacturing capacity during an unprecedented downturn, Toyota couldn't run NUMMI profitably on its own. Two months after GM pulled the plug, Toyota announced plans to shutter the plant. But

before it did, it ran the mammoth facility at a loss for nine months and solely funded a \$281 million severance package for the plant's 4,700 employees.

Today, much of what you'll read in the media, including pointed comments by California and UAW officials, place the blame for the NUMMI shutdown and responsibility for the site solely on Toyota. For example, San Jose Mercury News columnist Chris O'Brien

wrote this:

Toyota must commit to rehabilitating the site, which it has so far refused to do.

-- Toyota has been doing its best to duck any responsibility. Because of that, it will require politicians from President Barack Obama and Gov. Arnold Schwarzenegger on down to press on every possible pressure point.

And if Toyota doesn't recognize its responsibility here, our politicians need to grow a backbone and make sure it does.

What short, selective memories O'Brien and others in the media have. It was *GM and its majority owners, the federal government and the UAW*, that abandoned NUMMI and left Toyota with an expensive mess to clean up. Are those the "politicians" O'Brien's referring to?

Well, NUMMI employees see things a bit differently. A talk show host on the most listened to radio station in California, ABC's *KGO*, discussed the NUMMI shutdown yesterday afternoon. He invited anyone affected by the plant closure to call in. And for an hour, every single caller blamed GM for abandoning the facility, not Toyota.

One more thing. Toyota, a relatively small automaker at the time, used its newfound American beachhead to unseat GM as the number one auto maker in the world. What I want to know is what did GM learn from NUMMI? I think it could have learned how to cost-effectively make quality vehicles and avoid going bankrupt. Then 4,700 NUMMI workers would still have jobs.