

Creating An Impactful Company Culture: A View of NUMMI From the Inside

Executive overview

During my formative working life I was very fortunate to be able to work at the NUMMI plant for six years. For those not familiar with NUMMI, the joint-venture was born in an old General Motors Fremont, CA, plant. GM wanted to understand the effective Toyota Production System, and Toyota wanted to see how that system could work with U.S. workers.

I realized while I was working there that the experience was the equivalent of a second Master's degree. It was clear to me that there was something unique and amazing going on at NUMMI. So rather than pursue an additional degree, I dug my heels in and decided to learn on the job.

I learned many lessons during my six years there and implemented many of the concepts during my subsequent tenure in Human Resources.

In this article I want to share with you some of those lessons that can be applied to improve a company's culture and have a meaningful impact in any organization.

Although each of these lessons can be implemented independently, a culture "system" becomes much more effective when all the pieces are heading toward a common goal or vision. Clarity and intention, or consciousness, are the keys to furthering any organization's culture.

What can be learned from the NUMMI experiment

At NUMMI, prior to the launch of the Tacoma truck line, I was hired to work in the Human Resources department. I started in the training and development department of HR and then moved to the labor relations department, doing a Qnal stint back where I started in the training and development department. During my tenure, I was privileged to help develop and build the Problem Solving Circles program (a name we used for the quality circle program).

NUMMI was operating in the same plant as before, with the same workers, and the same union, but everything else was different. The quality was outstanding and consistently recognized. For example, the Corolla was ranked "Best Compact Car in North America" in 1999, 2001, 2002, 2004, and 2006. The Tacoma was ranked "Best

Compact Pickup in North America” in 2002 and 2007. The plant was an effective machine.

I have been reflecting on the lessons can be used today from what I learned working at NUMMI during its “experiment” of sorts. This article draws some conclusions and presents what I think are the most important points to review and consider as people in business strive for continuous improvement, effective communication and decision making.

This is both a complex and simple story. The complexity is related to all of the different pieces that create the perception and feel of simplicity. The autoworkers had so much clarity on the job that it felt simple for them to perform effectively. It took great thought by management to be able to communicate what their jobs were and what the proper training and tools were needed for them to be successful.

The following components led to the company’s well-thought-out system:

1. Clearly understood and expressed values

At the center of the culture were clearly expressed values of mutual trust and respect, teamwork, equity, and involvement. There are many tangible and visual symbols that reinforced these values every day at work.

The four values or cornerstones as they were named at NUMMI are listed here. They are not meant to be independent of each other, but rather are completely dependent on each other. It is easy to see the links between teamwork, involvement, equity and mutual trust and respect. It is one of the examples of brilliant simplification. The challenge of all organizations is to determine values that truly describe who they are, which then encourages behavior that will make the organization uniquely successful.

Mutual trust and respect – This was probably the most important value at NUMMI. It showed up at work in many different ways. One of the more visible examples was the “andon” cord, a cord that could be pulled at every workstation. If an employee pulled the cord, the line stopped. To understand the impact pulling on this cord had, nearly every employee was forced to be idle until the line started up again. About 2,000 employees were placed in waiting mode. The “andon” cord symbolized that each employee had a critical role in ensuring that every car passing by his or her workstation met with the level of quality expected. The employees had both the power and obligation to contribute toward that goal.

Teamwork – The plant was set up in teams and groups. A team consisted of about five employees with one team leader. A group consisted of three or four teams with a group leader. Team members, as they were called, were expected to learn all the jobs in the team. To reduce boredom and injury, team members rotated every 2 1/2 hours. This required not only cross training, but it also resulted in a balanced workload. Rotation added to the feeling of being a member of the team and the importance of teamwork.

Equity – One vivid example of equity was the open office. Every employee had the same size desk in one of several large rooms. The only exception was the president who had his own office. To fully understand the significance of this, the vice president of manufacturing who had thousands of employees under him was seated several feet away from his direct reports. And he faced all of their direct reports in the same open area. When I attended a meeting in his area, I passed his desk only a few feet away from the walkway. This strongly symbolized the equity concept.

Involvement – One of many examples of involvement was the suggestion program. More than 70 percent of the employees provided at least one suggestion, while many provided more than one suggestion. With more than 4,000 employees, there were literally thousands of suggestions that were submitted and reviewed each year. Many of them were implemented. This encouraged employees to use their minds to create continuous improvement in the auto plant.

2. Make company mindset a critical component

In addition to having clear values, it is critical to have processes, systems and policies that support the intended culture. This is a key part of a conscious culture™

The examples presented in this section are just some of the ideas worth noting regarding how a mindset can be created to further an organization in defining its culture. These ideas and actions truly brought NUMMI forward in a defined and intentional way. Combining these mindset ideas with organizational values brings clarity, focus and simplicity to organizational effectiveness.

Kaizen – This is the Japanese term that means, in essence, continuous improvement. It was NUMMI's belief that survival in a competitive industry required continuous improvement. This philosophy showed up in many ways, including the suggestion system, improving efficiency in the workplace and in the Problem Solving Circles (or quality circles). Kaizen accurately reflects the mindset or way of being at NUMMI.

Muda – This is another Japanese term that helped employees understand waste. One of the keys to being a successful auto plant is to reduce different kinds of waste. Employees understood the different kinds of muda and would work towards reducing all aspects of waste. For example, if there was a way for each worker to spend five seconds less on a process, it reduced the waste of time. Employees were rewarded when their ideas improved efficiency or effectiveness.

Nemawashi – This is a third Japanese term that speaks to the mindset of effective communication and decision making. There are different levels of nemawashi, and I am sharing a high-level example. The top executives met on a regular basis to make significant decisions on the plant. The meeting often lasted only 15 to 30 minutes. The reason the meetings lasted for such a short time was that all of the conversation and changes to proposals occurred outside the meeting. This allowed for meaningful dialogue instead of a debate of egos in the room. Presenters of proposals spent one-on-one time with all leaders to understand any concerns they had. Leaders were given ample time to reflect on any proposal. Changes were regularly made to any proposal before it went to the nemawashi meeting. Although this took more time, it led to strong buy in by all and long-term success. This mindset of nemawashi occurred at other levels in the plant.

A3 – This is the concept of ensuring that all proposals and ideas shared needed to be clear, concise and well thought through. A3 refers to the size of the paper in the paper tray (11” x 14”). All proposals, no matter how complex or expensive, were required to be submitted in a specified format on the front (and possibly back) of an A3. This level of discipline ensured new proposals or programs had great consideration before making it in front of the decision-making body. It was required that all problem-solving efforts be completed using the A3 format.

Problem Solving Circles – I had the privilege of being the lead on this critical program. PSCs started with five pilot circles. Eventually, there were more than 400 circles meeting each week to work on problems for their teams.

One of the key concepts I want to share with you is that the primary purpose of this program was not solving problems, but in fact, team building and leadership development. Each time there was a meeting, the discussion led to solving a problem within the scope of the team’s control.

After team leaders received training in facilitating and leading meetings, and team members along with team leaders received training in problem solving, each circle met once per week for an hour to follow the problem-solving process.

We then had an annual plant-wide competition to select the best example. It was set up as a big event for everyone to see the other examples. I was honored to bring the winner of the NUMMI competition to Japan to compete with the best of each Toyota plant.

A side note of truth is that there were two competitions in Japan: one for the auto plants in Japan and one for the plants outside of Japan. This was only fair because the skill sets and problem-solving levels of the Japanese plants were significantly greater than non-Japanese plants. It would not have been a fair competition if all plants were judged in one contest.

Job titles – All of the manufacturing jobs, about 4,000, fell under one of three job titles: team member, team leader or group leader. This idea is consistent with the values of equity and teamwork. Most U.S. companies would struggle to limit the number of job titles to three for thousands of employees. Each role was clear and the path to move toward team leader or group leader was well-defined.

Job security – There was specific language in the labor agreement that spoke to job security. The essence of it was that employees would not be laid off unless there were severe economic conditions that threatened the long term viability of NUMMI. Before laying off any single employee, other actions, like reducing managers' salaries, would take place first. This clearly sent a message that everyone was in the same ship rowing in the same direction. This was extraordinarily meaningful to employees.

3. Require training for promotion

NUMMI ensured that employees on all levels and in all roles had clarity in the responsibilities and the proper training to execute those responsibilities.

The themes of training and promotion were tied together because, in order to be promoted from team member to team leader or from team leader to group leader, employees were required to complete specified training on their own time to be eligible to apply for a promotion.

Training leaders – For team members to become team leaders, they had to attend three Saturday classes on the company values and systems (no pay). The same process was true for team leaders who were interested in being promoted to group

leaders. The brilliance of this approach is that most employees who attended the training sessions could not be promoted due to the large number of those interested. However, it was an opportunity for NUMMI to reinforce to a larger audience what was needed for success in the organization.

On boarding – New hires spent the first week on the job in on boarding sessions. Every new hire, before going to a job, heard the NUMMI story, which included information about the values, terms, processes and systems. When I was a new hire working in the training and development department, spent the second week working on the line building cars. It was important for me to understand what it was like to build cars. Too often in American companies there is a need to get new hires to show productivity immediately, and the integration process never happens. New hires give a lot of weight to those first two months in deciding whether they want to stay or not. Spend the time integrating them.

Promotion – Another brilliant concept involved the office staff criteria for being promoted. If you worked in human resources and wanted to be promoted to Assistant Manager of one of the human resources departments, you had to work outside of your department for at least one year.

For example if you wanted to be the Assistant Manager of the training and development department, then you must have worked in staffing, safety or labor relations. If you wanted to be promoted to the manager of training and development, then you were required spend at least a year outside of the human resources department.

The simple yet powerful idea helped every manager understand what it was like to work outside of the “career” department. It also encouraged all office staff to gain a broader view of the organization. For some, this was too much of a stretch. And for others, it allowed the opportunity to better understand the larger picture.

4. Develop a brand in order to hire

The desire and interest to work at NUMMI was any employer’s dream. When we let the public know that we were hiring for the new truck line, we had to set up a booth in the parking lot to hand out applications. There were so many people interested in working there that the line of cars to pick up an application extended more than two miles onto the freeway. NUMMI effectively conveyed to the public the value and purpose of working at NUMMI. It became a brand that many companies would be jealous of.

Hiring process – Besides some of the standard approaches used by many employers, including applications and assessments, NUMMI required 30 minutes on a simulation. This was not a complicated computer modeling system. It was a fake square car made of wood. Applicants were told to complete specified tasks that simulated building a car. Nearly half of those applicants who made it to the simulation stage dropped out. They realized that if this was only 30 minutes of a given day, it was going to be very hard work. And it was not work for everybody. It was a very simple and powerful method of self-selection.

It came close to duplicating the actual work itself so permitted applicants to figure it out ahead of time and drop out without having to discover in the job itself how difficult it was. In my work experience since then, I have regularly tried to think of ways to simulate the actual work itself during the interview process, before hiring. In some roles this is not an easy task, and it does not take from the importance and value of this idea.