
EXPERT PERFORMANCE

Charting Your Course to Higher Performance

Motivating Sustained High Performance Psychological Lessons from Toyota

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"The real difference between success and failure in an organization very often can be traced to how well the organization brings out the great energies and talents of its people."

Thomas J. Watson, Jr.

On February 2004, the Santa Clara Convention Center echoed with the powerful rhythm of Taiko drummers as 5,000 employees and guests of New United Motors Manufacturing International (NUMMI) gathered in the main hall.

The lavish party celebrated NUMMI's first 20 years in business. But for those familiar with the history of NUMMI -- the first collaboration between General Motors and Toyota -- there was much more to celebrate than just another automaker's anniversary.

When it was first proposed in the early 1980's, NUMMI was designed to provide General Motors with insight into Toyota's production system and management techniques. In return, Toyota would have the opportunity to establish its first manufacturing operations on US soil and would benefit from

GM's existing supplier relationships and large dealer networks.

Yet, in our view, NUMMI's greatest contribution has not been to the balance sheets of either General Motors or Toyota — although both companies have benefited greatly from the venture. Instead, we believe that NUMMI's greatest contribution has been to demonstrate how specific changes in management strategy can significantly and rapidly increase employee engagement and improve business productivity.

A Brief History

After almost 20 years of operations, General Motors' Fremont, California Plant was a disaster. A huge facility of over 5 million square feet, the plant was bleeding red ink. Its workforce of 5,000 employees averaged 20 percent absenteeism, thousands of grievances, and 3 to

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4 wildcat strikes per year. With declining sales and assembly costs at least 30% higher than other plants, GM decided that the facility was too big a drain on the rest of the company. But instead of closing the plant entirely, GM leaders turned to Toyota, their chief competitor in the small car market, and proposed a mutually beneficial joint venture.

Toyota jumped at the opportunity. And, despite efforts from Chrysler and Ford to block it, the collaboration was approved with one important condition.

Because of GM's labor agreements, the plant could not start with a new slate of workers. Instead, it had to first offer reemployment to the old Fremont employees — the same United Auto Workers whose poor performance had contributed to the Fremont plant's failure.

Toyota executives agreed, insisting only that the plant's management come exclusively from Toyota.

Against the Odds

In late 1984, the plant reopened as NUMMI with 2,200 United Auto Workers — 85% of them rehires! The plant and all of the old equipment were unchanged. The only significant difference was the new plant management.

Yet almost immediately, quality and employee satisfaction were remarkably improved. And within two years of operations, absenteeism and grievances averaged only 2%,

(with a workforce now numbering 2,500). Assembly costs had dropped to about 50% of other GM plants, and production was now double the GM average. Most importantly, sales and customer satisfaction were up significantly.

The Mechanics of the Turnaround

What led to such a dramatic turnaround in performance?

How could one group of managers achieve such high levels of performance, while another highly trained and experienced group of managers failed miserably with the same people, in the same building, using the same equipment?

Since NUMMI was an “experiment” intended to provide GM with insights into Toyota's legendary production system, all aspects of the plant's operations were closely scrutinized. While a number of factors -- like Toyotas new inventory management system -- certainly had some impact on the plant's performance, the most significant change at Fremont was the new employee management strategy.

Instead of the traditional view of employees as just another expense on the balance sheet, Toyota managers positioned employees as significant contributors to the overall mission of the plant.

Under the former GM management, supervisors attempted to increase employee

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productivity by giving orders. Now workers were placed into small teams with the power to organize and manage themselves. They were given goals and strategies, and trained to measure their results and take steps to improve productivity.

Toyota also eliminated many traditional management perks that separated executives from workers -- status symbols such as executive dining rooms, reserved parking spaces, and private executive offices. This created more of a team environment.

Toyota's management strategy also included discussing relevant business issues with workers in advance, soliciting their views and suggestions. These changes encouraged employees to more actively participate in the plant's performance.

The Toyota Secret

Since its first years of operation, NUMMI has opened its doors to business leaders from a variety of industries who want to observe the Toyota Production System and learn from its practices. Many improve their operations, but few approach the efficiency, quality and productivity levels achieved at Toyota.

Even GM has been unable to translate NUMMI's success to its GM-managed plants.

Why do outside observers have such difficulty duplicating Toyota's management success when Toyota is so open about sharing its methods?

Is there a hidden secret that Toyota's managers simply aren't sharing?

No. There really is no secret.

The problem is that most observers, and most articles written about the Toyota system, focus on one or two "tangible" elements of the

production process -- the lean staffing, just-in-time inventory, use of work teams, etc. They frequently miss the more subtle, psychological, basis of Toyota's high performance -- its people management

strategy. Yet each element of Toyota's system is an essential component of the whole process.

Without a fully engaged workforce, the other elements of Toyota's production practices would not yield such remarkable results.

The Essential Piece of the Puzzle

Those who try to follow in the footsteps of successful leaders often learn the techniques they use, but don't understand the principles

Most observers focus on pieces of Toyota's production process, but miss the psychological basis of its high performance.

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behind the techniques, missing the fact that without the latter, the former cannot deliver.

Every business situation is unique and techniques themselves are not always directly transferable. What works in one business environment doesn't necessarily work the same way in another.

For example, allowing workers to make a change in how a consumer product is produced might yield a better quality result. Yet the same kind of unscheduled "field change" would be unacceptable on a construction site, where changes in one component of a building can impact the integrity of the entire structure.

So while you might not be able to apply Toyota's exact people-management strategies to your business, when you understand the psychological principles behind the practices, you are in a better position to determine the specific techniques you can use in your company to achieve **your** performance objectives.

The Power to Motivate

Believe it or not, everyone is motivated.

In a few minutes, we'll give you a dramatic example of this from the NUMMI turnaround. But first, you need to understand the different types of motivation.

Intrinsic motivation (the motivation that lies within each one of us) is far more powerful than **extrinsic motivation** (the carrot and stick that we impose on others to get them to do what we want.) It's the difference between *wanting* to do something because it matters to you, and *having* to do it because it matters to someone else.

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However, when you understand the psychological principles that fuel motivation and find ways to link them to your business goals, you can get people to much higher

levels of performance than you previously thought possible -- and you can sustain this high performance over the long-term.

Satisfaction is Not Enough!

Research into human motivation has found that what makes people highly motivated in their work is different than what makes them merely satisfied with their job conditions.

When you provide sufficient pay, good benefits, attractive surroundings, a pleasant boss, etc, you end up with satisfied workers.

When you provide responsibility, recognition, involvement, and challenge, you take people

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beyond mere satisfaction and inspire them to higher levels of performance.

Many business leaders try to motivate employees to higher performance by improving working conditions. They increase pay, improve benefits, and train supervisors in the latest management techniques.

While making sure that workers are satisfied with their job conditions is an important first step, having a good boss, pleasant work surroundings and fair pay and benefits don't naturally lead people to "give it their all." If they did, every company would easily achieve its full potential.

To truly maximize your company's performance, you need to take a different approach. You need to make people *want* to contribute -- to take ownership of their work, to show initiative, and to voluntarily go beyond what's expected. What you're looking for is genuine commitment, not simple compliance.

Understanding the psychological principles of intrinsic motivation is the key to building a culture of full commitment.

#1-The Drive to Feel Important

After our basic needs for food, sleep, and shelter are met, the most significant human drive is the desire to feel important.

Universities, hospitals and churches have long recognized that raising money becomes much

easier when major benefactors visualize their names immortalized on a piece of marble or a bronze plaque. And non-profit organizations of every kind know that recognizing volunteers and donors gives them a sense of importance and is a sure way to encourage further involvement.

In order to perform at the highest possible level, today's organization needs to tap into the skills, the creativity, and the effort of all their people. Toyota's ability to position employees as **important** to the company's success enabled them to turn these average workers into a competitive advantage, an achievement few businesses have been able to replicate.

An astonishing example...

In a 1992 interview, a 20-year GM veteran, who worked at the Fremont plant under GM's management, then returned as a NUMMI employee, described how he changed in response to the new management strategy.

At the old GM plant, where workers were expected to simply comply with the orders of superiors, people would amuse themselves thinking up ways to disrupt the system. "Things like putting loose screws in a compartment to be welded shut, so that the incessant rattle would drive customers crazy. Or leaving a half-eaten sandwich behind a door panel. Six months later," he chuckled, "the customer would be driving down the road and wouldn't be able to figure out where

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the terrible smell was coming from. It would be my rotting sandwich in the door.”

After the plant reopened, however, everything changed. NUMMI managers gave employees personal business cards and allowed them to determine their own titles.

And what title did this formerly disruptive employee choose?

“Director of Welding Improvement.”

His job was to monitor manufacturing robots that welded the car frames together. But his attitude became one of responsibility and ownership.

“Now,” he said, “when I go to a San Francisco Forty-niner’s game, or Golden State Warriors game or go down to Disneyland, I look for Geo Prisms and Toyota Corollas in the parking lot. When I see one, I take out my business card and write on the back of it: *I made your car. Any problems, call me.* I put it under the windshield wiper of the car. I do it because I feel personally responsible for those cars.”¹

Because of the profound changes in management strategy at NUMMI, this factory worker, like so many others, had

changed his entire view of the workplace and its role in his life.

When he felt more important to the company, he reciprocated with greater commitment to the organization’s values and goals. His attitude toward his work changed from being a resentful “hired hand,” anxious to “put one over on the boss,” to being a responsible and committed partner in the success of the plant.

As another 17 year employee noted, “It’s the way they treat people. You’ve got a say now in how your job is done. It makes a person feel important.”²

This new management strategy at NUMMI created a profoundly different motivational environment at the plant. Managers didn’t have to offer more money or other incentives. They didn’t spoil or cater to their workers. Instead their changes tapped in to workers natural desire to feel important and triggered intrinsic motivation.

Intrinsic Motivators
1. The Drive to Feel Important
2. The Desire to Achieve
3. The Desire to Contribute
4. The Desire for Recognition

2 - The Desire To Achieve

The desire for achievement is present from the earliest years. When you watch a child take his first steps or turn on the light switch for the first time, you’ll notice an innate sense of accomplishment. In adults we

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see this sense of personal pride come out after a job well done.

Along with the innate desire to achieve is the desire for autonomy and a sense of personal competence. The feeling of true achievement comes when an individual tackles a problem and masters it.

If you take away a person's sense of "ownership" of a task, by giving too many directions or exerting too much control, you take away most of the motivational benefit that comes from achievement. When they successfully complete a task, it's because **you** told them how to do it, not because **they** accomplished something important on their own.

In the Toyota System, managers *don't* solve problems for employees. Instead they ask questions and encourage workers to try new solutions and learn as they go.

As Fujio Cho, President of Toyota Motor Corporation, said in 2002 address:

"We place the highest value on actual implementation and taking action. There are many things one doesn't understand and therefore we ask them, 'Why don't you just go ahead and take action -- try to do something? You realize how little you know and you face your own failures and you simply can correct those failures and redo it again and at the second trial you realize another mistake or another thing

you didn't like so you can redo it once again.' So by constant improvement, or should I say, the improvement based upon action, one can rise to the higher level of practice and knowledge."

Excessive control stifles people's innate drive for achievement. It takes away most of the satisfaction that comes from accomplishment and inhibits further effort. So it's no wonder that leaders who constantly direct and correct tend to end up with less motivated people.

NUMMI's new management strategy challenged employees to improve both themselves and the organization through continual learning and problem solving. The increased sense of autonomy workers were given triggered their internal drive for achievement.

The result?

Workers not only willingly met management's expectations, but frequently put in extra time and effort in their desire to achieve even more.

3 - The Desire to Contribute

Everyone wants to be a hero, whether it's a hero to their country, their family or their team members.

Feeling that you're making a significant contribution is a major motivator that spurs you to want to contribute even more.

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The system at NUMMI gave each employee an opportunity to contribute to something much bigger than their individual jobs. Everyone in the plant was asked to submit suggestions for improving operations and increasing product quality. Everyone on the assembly line was given the power to stop production if they saw a defect or a potential problem.

The message to every employee was, "Your contribution is essential to our company's mission of producing the highest quality cars for the American public."

Today's organizations need heroes at every level. While most heroic acts are modest, it's the sum of all contributions, small and large, that move an organization to a superior level of achievement. Making every employee feel that he or she can be a hero by contributing to something greater than themselves brings out the best in people and ignites their drive to perform.

4 - The Desire for Recognition

The desire to achieve and the desire to be a hero can be self-sustaining for a time. But after a while most of us need praise and recognition for our efforts.

No matter how accomplished we are, every one of us responds positively to praise and encouragement. Praise fuels our self-esteem and pushes us to achieve more and try harder.

Yet many of us become so preoccupied with tasks and results that we ignore the fundamental need that our employees and subordinates have for recognition. This is particularly true when it comes to people who consistently perform at high levels; however, this is a strategic mistake.

Praise is an important motivator to prioritize when you want to encourage employees at all levels to innovate, take chances and contribute novel ideas. The Toyota system depends on employees to minimize waste and defects in the production process. Every employee has the power to stop the manufacturing line if he or she *thinks* there is a problem. But this involves risk.

Toyota's system builds in praise for each employee who stops the production line -- even if no defect is found -- and recognizes the employee for staying alert to *possible* problems.

Toyota managers also recognize and reward other behaviors the company wants to encourage -- such as perfect attendance and providing suggestions for improvement.

Maximize Your Ability to Motivate

Businesses leaders have long recognized the relationship between employee engagement and company profits. But, while many agree that their people are their most valuable assets, only a few have been able to capitalize on the full potential of their workforce.

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People rise to the occasion when leaders create the right psychological environment for peak performance. It is this principle that explains how some organizations are able to grow from seemingly nowhere to rapidly outpace more established competitors. Organizations of any size that can harness the creativity and discretionary efforts of their people are able to maintain or even increase their leads, despite stiff competition and turbulent times.

Understanding the psychology of motivation puts tremendous power into your hands. While there is no such thing as a “one size fits all” management technique, these principles of motivation are universal.

We encourage you to take these principles and apply them to your own organization to create a psychological environment that encourages full and enthusiastic participation and contribution from people at all levels.

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Dr. Jane Adler and Dr. Robert Karlsberg are experts in leadership development and the psychology of high performance. They work with business leaders to identify and capitalize on new opportunities, accelerate key business results, and develop strategies for market preeminence.

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