

Why Doesn't Everybody Nucor? An *In Practice*™ Series by Helen Kelly

Article One Surely It Cannot Be True



Just for a time, set aside assumptions about big companies and picture this: a firm with operations in forty-nine locations across seventeen US states - employing 12,000 people of whom seventy work at corporate headquarters - that ...

- operates without committees, task forces, lengthy handbooks, performance appraisals or paper trails
- delegates all operating decisions and most of its budget to front-line teams of friendly, smart, decisive people
- has never had a layoff in over forty years in business
- seeks to hire people who are first and foremost curious, creative, straightforward, thorough and highly articulate
- expects of employees only five things:
 - know the job
 - ask questions and experiment
 - share what you learn: what's new that works and why, what doesn't go right and why
 - do what it takes to prevent the wrong things happening again
 - let us know how we can help
- trains new hires on the job by follow-me-around, show and tell, stories and questions

...and whose CEO holds one idea which serves both as his job description and his operating philosophy: *"Hire the right people, give them the resources and tools to do the job, and then get the hell out of their way."*

Is this an illusion? Is it an imagined managerial future? Could such a company be profitable? Is this a high-tech chip maker or a 21st century smoothie company – where people are quick and nimble, unbounded by bureaucracy or hierarchy?

No; it is a forty-year old American steel giant, Nucor Steel, whose cultural uniqueness and outstanding achievement make it America's most successful collaborative workplace.



The darling of stock analysts and management academics alike, Nucor is the 10th largest steel company in the world by employee numbers yet the third largest by profit. Based in Charlotte, North Carolina, the company manufactures steel and makes customized steel products at mini mills and steel finishing plants across the United States and across a great variety of local cultures.

Do the facts impress you?

Wait till you see the figures. In 2006 Nucor was the largest producer of structural steel, steel bar, steel joist, steel deck, cold finished bar and metal building systems in the US.

Well, they must pay over the odds, you say? Not at all. Starting pay is markedly below market rates. (You'll find details of Nucor's Pay and Benefits in the article *How Human Resource Policy Funds the Culture.*) Yet in this heavily unionized industry, with one exception Nucor employees have always been non-union. How do they do that? Read on for perhaps more surprises.



- Production teams decide when to adjust a process
- Production teams elect their own Supervisors - and demote those who don't coach.
- Staff turnover has held steady for thirty years at less than 2% - and that almost always due to retirement.

The company has been profitable - every year and every quarter - since 1966. Sales have grown from \$3.5 billion in 1995 to \$12.7 billion in 2005, while steel shipments have grown from 7.7 million tons in to 20.7 million tons in the same period.



Even during the 2000 - 2003 steel industry collapse, Nucor invested in millions in new plant and equipment. Nucor is the single largest recycler in the United States.

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How could such a culture endure despite the company's size, the cultural diversity, the prevalence of unions in the steel industry, and the industry's notoriously dramatic ups and downs?



Well, seeing is believing, so I asked whether I might visit. Nucor welcomed me warmly at their corporate offices and offered visits to as many mills as I'd like. I visited HQ, two mills and a Vulcraft joist division. Here's my report. I hope you enjoy meeting Nucor's employees as much as I did. Perhaps you will come away inspired -- and wondering, as I did

...why doesn't everybody Nucor?

