HONDA: AN AMERICAN SUCCESS STORY: REVOLUTIONIZING THE ART OF MANAGEMENT

(extraits en français des paragraphes les plus significatifs après la version anglaise.)

1. THE BOOK

Honda: An American Success Story: Revolutionizing the Art of Management.

Introduction 4 pages, text 238 pages (including footnotes, index).


2. THE AUTHOR

Robert L. Shook, presumed American, professional writer, author of more than twenty business books (eg Ten Greatest Salespersons), including co-author of The IBM Way with Buck Rodgers (1986).

3. METHOD OF WORK

The book is based largely on over 100 interviews conducted by the author at Honda of America (HAM), and at Honda Motors in Japan, during 1986 and 1987. Shook was given full cooperation by Honda, which makes this book the “officially authorized biography” of HAM operations. Beside these interviews Shook has utilized two earlier books on Honda in Japan as material for the historical background he presents at the start of the book.

4. ISSUES AND THEORETICAL CONTEXT

There is no explicit theoretical context to this book. No references are made to any academic debates. Instead, the context is practical. Here is the context in a nutshell. The competitive success of Honda vis-à-vis the US automobile industry should be examined to see what US businesses can learn. Honda's management methods hold many lessons for US industry.

The book can nevertheless be situated within a growing, if diffuse, body of literature on Japanese transplants and their management methods. This literature focuses on how the transplants seem to have been so successful despite widespread predictions only a decade ago that Japanese companies would fail if they ventured outside Japan. Shook's book places itself explicitly within this framework, arguing that Honda's success reveals that it is not American workers who are the main problem of American industry, but American managers, who must now learn what Japanese companies like Honda have to teach them.

This literature on Japanese transplants can be divided into two categories. On the one hand there are the positive books which argue the benefits of Japanese transplant management methods, both for western workers and for the rest of western industry. This approach is represented by the book under review here, as well as by Peter Wickens, The Road to Nissan (London: Macmillan, 1986), and by James P. Womack, Daniel Jones and Daniel Roos, The Machine that Changed the World (New York: Rawson Associates, 1990). On the other hand there are critical books which argue that, for the workers, transplants are far from the ideal workplaces claimed

5. FACTUAL ASPECTS OF THE BOOK

The author has been privileged to be able to interview over one hundred employees of Honda of America (HAM), and he liberally quotes their interpretations of what their work involves and of how Honda has taught them to view their fellow employees and their work. Shook paints a very positive picture of Honda. He frequently compares the positive way of approaching fellow employees and work found at Honda to the negative approaches he says are common in US industry (where people are not treated with dignity and respect, are not allowed to develop as individuals, and where product quality and customer service are not seen as central to the production process).

Reading the book gives a good feeling for the "ideologies" at Honda, or the Honda Way, at least as they are manifested in Ohio. Indeed the book ends with Shook's summary of the Honda Way as a set of corporate philosophies, which he claims to be the first explicit presentation of these ideas.

One of the key findings of the book is its situation of management philosophy at a sufficiently abstract level of thought that it can and should remain unchanging even as the company and its organization alter rapidly. Indeed the philosophy guides those changes, gives coherence to them, and explains them to employees so that employees accept continuous change and do not resist it. For example, Honda's overall corporate philosophy of "maintaining an international viewpoint" is said by Shook to explain why Honda decided (as early as 1979, note, already having constructed a motorcycle factory as a trial run) to build a transplant car factory in the United States even though internal studies predicted a financial loss.

6. THEORETICAL ASPECTS

The book will interest mostly those researchers working within the GERPISA framework on the themes of Employment Relations and the Transfer and Hybridization of Models.

Again, while there are no links drawn explicitly in this study to theoretical developments, there is a key statement, implicit, of the value of devoting theoretical resources to questions of the material role of ideas and ideologies in emergent new industrial models. While many of the "hard facts" of Japanese management methods have become increasingly familiar in recent years in the West (eg JIT, what we call teamwork, job rotation) we have tended to ignore the context of ideas and philosophies in which they are presented and through which they exist. This book provides a valuable cornerstone for future research from a comparative (ie crossnational) perspective.

7. RESUME

I summarize each chapter in turn, for GERPISA members with a little English but without the energy to read the whole book!
7.1. Introduction

In the early 1980s US industry was in trouble, but Honda was opening its American motorcycle and automobile plants. While Honda's products were accepted by consumers, American workers were blamed for poor US products. Honda then chose raw rural labour. Yet Honda's American products have the same quality as those from Japan. Honda's success, now seen as an exemplar, shows US workers are capable. While critics in the US attacked Japan's "unfair" practices, the Honda case reveals that it is management that is central. The Honda philosophy has created a positive work atmosphere. So Honda's US success is an American success story. There's nothing wrong with American workers: it is management that must change.

This is not a theoretical book but a guidebook for US managers. Honda is a small, maverick organization which became the world's largest motorcycle manufacturer only 12 years after it was founded (1948-1960). Honda has been the underdog, antiestablishment, has always met resistance and overcome it. Sceptics doubted Honda could succeed in the US, but as a latecomer to the Japanese car industry Honda has always had to be different. Honda is the largest Japanese company founded after the War, now producing all over the world.

This is the story of a hybrid company, part Japanese, part US. And it is Honda's approach to people, more than technology, that should be credited and which gives Honda its advantage.

7.2. The Honda Motor Company: The Beginning

Honda was founded in a war-ravaged Japan where bicycles were the main mode of transport, and started off my attaching purchased engines to bicycles (1946). Mr Honda was the son of a blacksmith, learned mechanical repair, raced automobiles, pre-war. In 1937 he started a piston-ring factory. Mr Honda was a mechanic with no education who despised the establishment and the class structure, who looked beyond Japan from the start. His business was destroyed in the war. Initial success led him to make his own engines. He believed Japan's future growth depended upon technology. Honda's partner Mr Fujisawa managed all the business (organization, marketing), in which Honda never developed any skills. Fujisawa had made money in the Sino-Japanese war, and Honda needed long-term investment. A division of labour developed: Honda did the engineering, Fujisawa the management.

Honda grew in the 1950s within Japan, and took over its own distribution so as to be independent. The company remained a maverick, shunned by the establishment, with no MITI support, not seen as attractive by good graduates. Mr. Honda refused to behave "correctly". Honda stressed individualism over groupism, ignored precedents, had a less rigid structure. Many top Honda executives of the 1970s, 1980s, 1990s, joined Honda in early 1950s. Mr. Honda became the model for the company and its inspiration: his perfectionism especially (he had a sharp temper that was not to be a model).

The team of Honda and Fujisawa was critical to success. Fujisawa separated R&D as a separate company in 1957. Honda wanted to race foreign competition from the mid-1950s to make his products the best in the world. By 1960 Honda was winning international motorcycle races. Racing was good for marketing and forced technological advances. Fujisawa however insisted upon mass marketing. The Supercub scooter of 1958 was the big breakthrough, sold as more like a bicycle than a motorcycle. By 1960 Honda production was over 1 000 000 per year.

The shift to automobile production was ambitious because of the difficulty of entry into a mature industry. MITI wanted no more new entrants. Honda rushed into car production rapidly to avoid potential legislation. Despite the Western view of MITI help for industry, Honda has never benefited. Car racing was planned immediately. Mr. Honda wanted practical, not theoretical, engineers: university graduates had to "go to the spot" and not be haughty. Honda had success in car racing in the 1960s (F-L), but then switched resources to environmental research. The result by 1973 was the CVCC engine, which overcame legislative standards in the US without a catalytic converter. Internal politics between people with strong views pervaded decision-making on technology and marketing.
7.3. Honda Comes to America

In 1958 an internal group formed to study Honda's overseas marketing chose to bypass the US because it foresaw little demand for Honda's little motorcycles. Fujisawa took the opposite view: attack the US first precisely because it is the most difficult. The maverick goes straight for the top. Toyota had just failed with its Toyopet car. The Japanese Finance Ministry made Honda's exporting efforts difficult. But in fact the USA had the roads and the disposable income.

There are many cultural differences between Japan and the US, due in part to physical size and population density. Japanese groupism is due to having to work together, compared with the settler history of the US, which promotes individualism. Japan is homogeneous, whereas the US is a melting pot. However, the Japanese education system promotes fierce competition.

Honda avoided traditional Japanese trading companies and American distributors, not wanting to be restrained by their lack of ambition. Company leaders do their own market research personally. A small team was sent to California in 1959 with no fixed plan. They had a slow start. Mr Honda had promised them a world-class product, but mechanically the motorcycles had problems because Honda had not known about different riding conditions in the US. The problems were fixed very quickly indeed (one month). While Honda tried to sell its biggest machines in the US, it was the Supercubs which attracted attention (50cc). So Honda tried to sell these outside the traditional motorcycle market (leather and grease), clean, and in shop windows (not so different from the distribution system in Japan). Honda pushed good service too. An entire new market was created. Advertising emphasized the friendly nature of the machines. By 1964 Honda controlled half of the entire US market.

Entering the automobile business was quite different because of the power of the Big Three and because the automobile was a big purchase for customers. Honda's first attempts to sell cars in the USA came in 1969. A different distribution system was needed, because the Japanese and American systems were so different. It was difficult to find dealers to take Honda cars. Not until the mid 1970s were there any exclusive dealerships. The 1973 CVCC engine in the Civic was the key to Honda's high-tech reputation in the US. A sales boom followed its introduction, and that of the Accord in 1976. So in fact the products gained acceptance quickly.

7.4. Honda: Made in the USA

Honda immediately began to think of building a factory in the US (as soon as 1974). This was long before trade restrictions, and in a context of the need to add production capacity somewhere in the world. The low value of the yen should have meant building in Japan. Could Honda take on the Big Three? In fact Honda has manufacturing plants all over the world. Only VW of foreign makers was to build a plant in the USA in this period. In that case quality was bad compared to Germany, which raised questions about Honda. Moreover, demand for cars was still not big enough to support a plant. Honda followed its international philosophy and decided to build in the US despite predictions of financial losses. However, the waters would be tested with a smaller motorcycle plant first.

Ohio politicians flew to Japan when they heard rumours of a Japanese motor company wanting a US site. By 1976 Honda was dependent on the US for 50% of its sales. A long site search ended near Marysville Ohio (1977). Honda believed that the rural Ohio work ethic was similar to that in rural areas near to Honda's Suzuka plant in Japan. Yet there was great US concern over the quality possible with US workers.

Before the plant was finished in 1979 a small group of Japanese was sent to start a long and tedious process of selecting workers from the many applications. Three interviews were held for each worker: it was crucial to form the right nucleus of employees.

The corporate culture was to be neither Japanese nor American. The new Japanese and American managers had to develop a new corporate culture between them. Very long discussions were held on eg how to name posts, use of the word "associate" to describe all employees, debate over whether wearing uniforms would be viewed as "too Japanese", and so on. Everything was discussed from scratch, some things being tested and altered in practice.
Inexperienced workers were sought, so Honda could develop its own people with no bad habits. Experienced Japanese showed the Americans how to build motorcycles (little verbal communication). Long training developed teamwork, and some were sent to Japan for exposure to the Honda philosophy. Honda undertook expensive investments in people.

Production was increased slowly, once quality targets were reached. By 1980 the automobile plant was announced (ten times more expensive). This was a big step. Logic dictated no plant, but marketing wanted a car made in America, and philosophies of internationalism and facing tough challenges first led to the factory, which opened in 1982 (two years later), and was expanded (more than doubled to 360,000 capacity) in 1986.

Honda's goal is "self-reliance" in the US, though technologies (ie products and processes) will be shared with Japan. An engine plant was built too, also starting with motorcycle engines.

Honda is neither an automobile nor a motorcycle company, but an engine company. There is a lawnmower factory too in North Carolina. And there is a Canadian plant since 1986. Each of these follows the Honda philosophy of building factories close to markets served.

7.5. The American Marketing Organization

The United States accounts for 50% of Honda's worldwide automobile sales. US sales surpassed Japanese sales in 1987. The United States had been seen as a risky market but one of great potential. Toyota and Nissan dominated in Japan. Going global meant tackling the USA.

Honda is the biggest motorcycle maker in the world by far. The company wants to dominate racing to show that it is the best. Honda engages in mass marketing and mass sales. Motorcycles were sold differently from automobiles, and scooters like Supercub differently again. With scooters a new market was being created. The first Honda cars were not very good, but sales rose rapidly with Civic/CVCC. Car distribution is very hard in Japan (no space) but there is plenty of space in the USA. To obtain its own dealers in the USA Honda had to have the product (Civic/CVCC). CVCC pollution figures were impressive, beating all proposed legislation. It received lots of positive publicity. Honda chose car dealers who had experience, tried to get the best. From the mid 1970s and in the 1980s Honda was continually stretched to meet demand, with all its factories working at full capacity for nearly two decades. In 1974, Honda sold 43,000 cars in the USA. By 1975 the only reason more than 103,000 were not sold was because of lack of production capacity. Honda never tried to interfere with US marketing organization. By the late 1980s Honda dealerships had highest unit sales, lowest inventories and most profits in the USA.

Honda paid close attention to consumer demand. Designers go into the field to undertake their own market research. The product development process involves continuous communication across functions. Engineering is product-oriented but market-suggestions are always heeded. Engineers listen to dealers. Honda reacts quickly to customer demand. Top people "go to the spot" if there is a problem.

Honda learned from VW's experience with poor quality products "made in the USA". VW announced closure of its plant in 1987. Consumer perception of poor made-in-USA quality was a major problem. In the USA, Honda sold its cars in the 1970s and 1980s based on quality and reliability, so these factors had to be very high at Marysville.

Honda developed the first Japanese "second marque", Acura, in 1986. These cars were meant to be top-quality competition for German imports. Acura introduction also helped Honda overcome the problem of a swiftly declining dollar in 1985-6 because it meant a shift of imports to high-price, more profitable cars. A separate image was needed in the US because Hondas had been sold for fuel economy, lower price, value for money as well as quality: no Mercedes type image however. With Acura, Honda wanted to dissociate itself from the Honda name in marketing, but everybody still knew they were made by Honda so would be top-quality. Acura was also planned to retain aging customers who were moving up-market. Acura was a success, selling over 100,000 in its second year. Nissan and Toyota followed later Acura was judged first in quality for several years in the late 1980s, for all marques in the US, according to neutral
customer surveys. The Honda marque came second consistently (Honda beat Mercedes for the first time in 1986).

A different advertising agency was selected for car sales. It pushed Honda out of the small car image to high technology in the mid 1970s. But Honda was careful not to exaggerate in its advertisements or make claims that could not be met.

7.6. Providing Superior Service

Outstanding service is very important to Honda. Provision of top service to customers was critical to Honda's survival in Japan in the 1950s. Only the best Japanese companies ever made it to the USA to compete there. Customer service ideals were transferred from Japan, quite different from poor US service standards.

Everyone working for Honda is supposed to think about the customer. High-quality production is the key, not extensive customer relations afterwards. Cars are designed to make them easy to service. In this engineering-oriented company the top people want to know how the product fares in the customer's hands. The cars rarely have faults. Fit and finish is strictly controlled in production to avoid later problems.

When problems do arise, the philosophy is to fix them at root straight away. Honda goes out and looks for problems, not waiting for them to come in from customers.

Americans are prepared to pay for good service despite the shift in society towards self-service”.

In California a group of skilled technicians answers the questions of service-station mechanics on the telephone. All problems are logged in a computer, and the results are analysed for recurrent problems. So mechanics are helped and Honda gets early warning of faults in products.

Service to customers is essential. In Japan a high level of service is mandatory. Honda brought this philosophy with it to the USA. Selling the car is only the beginning. Repeat business is viewed as essential to sales strategy. Customers are to be won one at a time rather than through mass advertising.

7.7. Respect for the Individual

The Japanese manager of HAM also wears a uniform. At all Honda plants it is hard to tell who is the "superior". There are no private parking spaces, unlike traditional factories where parking places are a symbol of prestige. Cafeterias are shared. Managers can be seen on the factory floor. No-one at HAM has a private office. Open plan offices have no obvious symbols to show who is who. Accessibility is the key: removing internal physical and social barriers. This should reduce the intimidation of factory workers when talking to managers.

In early days workers voted to reorganize the work-day (shorter lunches, go home earlier). They vote which holidays to take, and how best to make up for lost production time (which days or hours to work overtime). A panel of ordinary associates reviews cases of dismissal of employees and has power to reinstate them (court of last appeal). One-fifth are reinstated.

Honda wondered: could Americans, managers in particular, work in such an egalitarian system? Could Honda hire the managers it wanted? Naturally some don't get on in the Honda system: they need clearer signs of rank and order. But associates seem to enjoy the egalitarian atmosphere even though it is unusual in the USA. The achievements at the core of car production are more important than the "trim". Open-plan offices are more efficient, and condescending behaviour can be cut out. Moreover, managers like it because they feel that they too don't "stick out.

Honda's accent on youth is rare for a Japanese company. Merit, not age, is what counts. Juniors are expected to rebel against seniors. Young people are seen as more flexible, and older people should only guide them. What will happen, however, as the Ohio workforce ages?
Visits to Japan for training came early on, not after a few years of employment. Hundreds have been on costly six-week trips. They learn new processes to teach others back in Ohio, even if they are relatively new employees. Some Americans have been several times to Japan. Associates pick up a lot in a short trip. Two hundred went to Sayama for two-weeks-to-three-months to see the new Accord model being built in 1985, just before it was introduced at Marysville. Then they taught their American colleagues. Canadians at Honda have then learned from Marysville. People are proud that the company cares for them, and this is not just "public relations."

7.8. The Teamwork Factor

Teamwork is explained in terms of team sports. But there are other types of teams (surgeons, ballet dancers). Teamwork means each person doing their specific job properly. Lack of it leads to big problems. This is behind America's problems. The Japanese are better at teams because of their group culture. Yet American culture also includes teamwork, in patriotic nation-building. It is for managers to inspire teams.

Honda has always wanted to eliminate "us and them" feelings, unlike US industry where executives protect themselves and there is resentment. Perks for some may be an American idea but do not motivate others to produce well. Honda does not want elitism. No categorizations of associates, except for production and maintenance, gives the benefit of functional flexibility. Lack of barriers results from the Honda Way. Managers should demonstrate leadership by doing dirty tasks themselves sometimes. There is indoctrination at orientation for new recruits into a "we" culture. There is an apparent lack of order at Honda that some have to get used to.

The team leader is not a foreman but a motivator, guiding rather than ordering. Teams are organized according to specific functions, of various sizes. Team leaders fill in for absent workers, train new ones. There is no reserve pool for absentees. Team leaders come early to check reports and the previous shift's problems, then hold a short team meeting prior to production. All defective parts are reported by the team leader to the source of the defect. Team leaders help anybody falling behind. Team leaders are the breeding ground for future managers.

Job rotations reduce boredom, increase morale and raise understanding and quality. Better understanding helps team work and also helps workers to improve the production process. As they are promoted, managers are moved into areas they know nothing about, to learn more, and to help them communicate across departments and to keep wider circumstances in mind when making decisions.

Car racing helps sales, technology, and excellence is part of management's philosophy. Racing is goal-oriented and the goal must be reached quickly. It is necessary to perfect teamwork and communication to succeed. Problems must be solved fast. Similarly in a factory environment. Automobile industry competition is like a race.

There is no trade union representation and management is not supportive of unions. Honda says it is for workers to choose. Unions were necessary in the past because of abusive managements. Some now believe them too powerful. Better treatment of workers at Honda means less need for a union. Why should workers pay for a union each month when it has no role? The union will not get into the Honda factory as long as there is harmony within. Workers already receive union-equivalent wages and bonus. Any unionization would have to be on different terms than in the past or Honda's team spirit could disappear.

The Honda associate's pride in Honda is like the pride felt for high schools or universities in the USA. There is a friendly competition between the factories within Honda. When the top Japanese HAM manager was invited to a big dinner in Detroit he took six production associates with him instead of fellow managers.
7.9. Instilling Pride

Good service is rare in the USA today. What can be done to re-instill pride in the workplace? Pride leads to good quality and to good productivity. Inversely, people feel good when the product is good and is recognized in society. At HAM people believe they are producing a good product and high rankings in customer surveys lead to feelings of pride. Working for Honda is very prestigious locally.

People are taught firmly but gently never to compromise on quality. Management never breaks its own rules on quality for the sake of making a shipment. People want to believe in management and so it must stick to its announced rules and goals. Even small hard-to-see scratches are not permitted. Managers should set high standards and people will work to them. This may be considered extreme to some outsiders. Quality takes precedence over production. Suppliers too have to understand quality demands. Detroit quality wasn't good enough for Honda. Suppliers go to great lengths to resolve any problems that do arise.

It is a team effort to maintain high quality, with each worker monitoring the work of the others. Associates should realize that their quality work relates directly to sales. As a result workers feel pride when they see "their" products on the roads. People have to be allowed to do the job well and then they'll become proud.

There are quality control personnel but they only catch certain problems. Quality has to be built in, and workers have to find each-others’ errors. Every single car is road tested. The majority of cars are rejected at the end of the production line, not because of poor work but because of Honda's high standards. Every single problem is logged and reported.

Honda benefits, like health insurance and profit-sharing, are not unique. But other advantages include a health club, a whole recreation centre, and a company garage to service all makes of automobiles for the associates.

It is also part of Honda's philosophy to be a good corporate citizen. (Several examples are given of philanthropic gestures.)

7.10. People Involvement

Honda wants to motivate all its people as much as its managers. Various leadership styles can be used to inspire people. Dictatorship is the most common management style in the business world. But Honda permits its people to have a strong voice. When people use their minds as well as their hands then the company also wins their hearts. Honda believes it is not possible for managers to control thousands of workers from above. It is the workers who must control themselves.

Workers know their job best and are encouraged to improve it. Workers are authorized to think, this is the key. The collective mind of thousands of workers is utilized by smart management. How to utilize this resource? US management doesn't. (1) let people know they are sincerely wanted, (2) a creative atmosphere, (3) expression must be encouraged and good ideas implemented. Discussions involve team leaders, for instance, in deciding what makes a good team leader. Individualism is encouraged. non-conformity is stressed. People are free to take risks. Managers are told to solve their own problems, not to apologize to superiors for problems. This makes people feel good because they have responsibilities. Teamwork and individualism go hand in hand.

It can be confusing at first for employees not to be strongly supervised. People get used to it. Graduate engineers first work on the production line. Yet nobody tells a new hire what is expected of them, they have to find their own tasks. Employees work out their jobs for themselves. Some people cannot manage this. But it does mean that no limits/boundaries are placed on activities, leading to a freedom to grow. People both learn what their job is and see it as not having limits. Even at the top level job descriptions are vague. Japanese managers, in their HAM careers, pass through various stages and functions, often seemingly unrelated steps. The implication of fixed job descriptions, however, would be to look elsewhere for solutions to
problems. At Honda, when a problem arises, managers keep decentralizing to help associates resolve it. Management's role is to support the associate.

Consensus decision-making is used. It helps bring out ideas, leads to crosspollination between functions, and leads to acceptance of ideas at implementation. But there are no unnecessary delays because decision-making is prioritized. Emergencies are dealt with swiftly and other decisions are postponed. A manager often will not express his views, allowing associates to find an answer themselves. The manager is still responsible for the group decision. Horizontal networking in decision-making teaches people about the needs of other functions. There are many meetings. The highest level of management represented depends upon the scope of the decision to be made.

Open plan offices are no guarantee of communication. Managers must go out to the factory floor too. Managers spend much of their day on the line, whatever their specific responsibilities are. They go to observe all problems rather than receive reports on them. All HAM managers do some line work when they start. This helps them understand production in a practical sense. It also breaks down blue/white collar divisions. The plant manager openly admits he knows much less about production than the workers. Workers and managers get to know each other. When the Japanese HAM manager moved from R&D in Japan to manage his first factory in Japan, he worked from 05:30 to 21:00 for a year to learn about production. Personal communication is preferred to memos. Managers say spending 50% of time on the factory floor is more efficient because problems are prevented.

A series of videos, lasting for eight hours, has been made to show production associates the whole production process up to sales. They all see it all, over a two day course. This helps them understand the whole process and their part in it.

Honda holds a world-wide idea contest in Japan to test its workers inventiveness. Ideas need have nothing to do with Honda's business but can be on technology for bizarre purposes. The idea is not to enlarge markets but to foster mental stimulation.

The HAM suggestions programme is not just for offering opinions but for changing their own work. Goals are safety, productivity, and reduced tedium. Managers are to respond very quickly: 48 hours guaranteed. Workers should be encouraged to try out even those ideas managers are sceptical about. Fifty-nine % of suggestions are implemented. Four examples are given. The top HAM manager spends 10-15 % of his time reviewing associate suggestions and implementations on the shop floor. There are monetary rewards for the company, and a stimulating atmosphere is created. Japanese managers are impressed by the advances made in the USA at an early stage. In the USA it was important to cut red tape and offer feedback quickly. In Japan workers are more patient. Honda workers also implement their own suggestions.

NH circles (Honda quality circles) are group-oriented. They require proper leadership and training programmes. They have a good reputation in wider industry. NH circles were started in the USA nearly three years after car production started (six years after motorcycle production). They are well organized but without rules and regulations. Honda offers guidelines as to how to organize. No management authorization is needed to start one, and members are paid (overtime rates). Presentations are made to managers afterwards. In 1987 nearly one in three associates participated in an NH circle. There is a competition and the best go to Japan to present their ideas. Four examples are given. Financial savings, learning, and teamwork development are the benefits.

The Voluntary Involvement Program adds up all an associate's activities, providing incentives in the form of displaying names and photographs, and gift certificates. It does not lead to competition between associates, just to recognition of involvement.
7.11. Two-Way Communication: People Speaking Out and People Listening

Honda is very good on communications, despite language barriers and its base in Japan. Communications had to be explicit to overcome language and cultural barriers. No complex organization structures prohibit associates from dealing with top managers. Honda has a flexible organizational structure compared to Japanese companies in general. Strong leadership and communication is needed to avoid chaos given the flexible organizational structures.

The top manager himself welcomes all new hires. He says Honda is technology-oriented but that people are the most important asset to Honda, and he wants them to think. All members of a racing car team have to think together as a team to resolve problems. Car making is the same. Many small changes lead to avoid advancement.

Meetings are held all the time. There are shift-start meetings for associates in production areas. They are very open with all views allowed to be expressed. People are given encouragement. Later, team leaders meet with their superiors. Managers have larger, more formal meetings. Department managers spend a large part of their day in meetings. Their presence is necessary to obtain consensus decisions, even if they are only remotely affected. At all meetings, all present are accorded equal status to express their views.

Many visual displays are used to overcome language problems. Likewise in training, to start with, emphasis was placed on showing people what to do directly. This all leads to great attentiveness. Clarity of communication is forced.

The Speak-out program is to attract complaints (fill out a form). Copies are sent to two people to ensure two views. Follow-up is essential, and must come quickly for the program to work.

Waigaya meetings are open with no fixed agenda. They are across functions with no regard to rank. Mr. Honda was a one-man genius but an individualist. Honda goes beyond this to extract the group's genius. There are various forms of Waigaya, and various people may be present. More than brainstorming, ideas are criticized, rejected and improved in the meetings.

7.12. Quality Efficiency and Productivity

Those sceptical about the quality of US workers were proved wrong in 1982. And the plant is more efficient and better organized than US competitors. Efficiency is important but quality was vital. The plant could not afford to be judged as inferior.

Honda's superiority comes from many small changes and judicious borrowing of ideas like those of W. Edwards Deming. Knowledge was first learned by one person and then he was responsible for sharing it with colleagues. Machine operators are compared to golfers in terms of their variability. Like a golf teacher a manager must be there to observe to correct problems.

Japanese workers don't stop immediately the bell rings but finish their immediate tasks first. US workers were expected to stop but didn't. They are very conscientious.

Small steps lead to continuous improvement. Managers remind workers that the business is very competitive. Each person is asked to make their contribution to higher productivity. There are small stocks and frequently deliveries. Honda's version of JIT was developed in Japan due to land shortages but then was revealed to have other advantages. Storage costs are kept down.

Machinery has to be maintained or repaired. Minor problems are fixed by the workers. Experts are also needed. It takes a full day to bring somebody in from Japan, so US skills need to be made use of. Hence the establishment of Honda Engineering at Marysville. A pre-production crew starts the plant up in the mornings. The atmosphere has to be closely regulated and a large amount of energy is used. Preventive checks on machinery are undertaken.

Since 1972 Honda has searched for products to take back to Japan in the ships transporting cars to the US. Honda therefore helps to reduce the US trade deficit with Japan.
**7.13. Long-term Relationships**

A company's fixed assets are normally thought of in terms of physical assets. But people are Honda's most valuable assets. People are the cornerstone, not inventions or machines.

Many local people felt that Honda would not match Japanese quality standards. There is no life-time employment guaranteed at HAM, but people are recruited for the long term nonetheless. Hand-picking associates is the policy. Other companies give written tests to weed out, but Honda's tests are all personal. Well-picked people avoids costly and demoralizing turnover of people. This is time-consuming, but preferred. Honda jobs are hard to obtain. Most workers have no prior experience, so bring no bad habits with them. Attitude, not past history, is the key. Team players are sought, not superstars. People are asked various questions to test their reactions (including how they feel about working long hours). Hiring is not the place for Honda to save money, because people are so important. Honda tries to be honest about the hard work expected and the attitude of commitment expected. No members of the same family are hired, so Honda spreads around the wealth created.

People have to be properly utilized or the recruitment effort is wasted. People receive investment in training. Turnover is 2%. Promotions come from within, for morale reasons, and because they also know the organization well. Bringing in outsiders is seen as a sign of failure.

There are long-term relationships with parts-suppliers too, who are considered "business partners". They must have the same approach to quality as Honda. A rigorous process of mutual learning accompanies the search for suppliers. Honda engineers scrutinize the factory of the potential supplier. Shortcomings identified must be dealt with before the negotiations proceed. Only later are quotes asked for. Sample parts are examined. Honda doesn't want prices so low that the supplier cannot stay in business. Quotations must be broken into details. All preparation with suppliers comes up front in the Honda case. Honda wants to be an important customer to each supplier so that Honda is taken seriously. All suppliers receive a monthly report card on quality and delivery etc. Local sourcing is to rise from 60% in 1988 to 75% in 1991. Honda prefers to source from domestic firms, with Japanese transplant investors its last choice. Several domestic suppliers report how doing business with Honda has helped them. Honda holds a day for suppliers each spring to congratulate the good ones.

The story of Capitol industries, an Ohio plastics company that has grown due to Honda business, is told. It was tough to get the first contract, and required a heavy initial investment. Capitol knew it was doing well when it graduated to making parts with aesthetic relevance (ie could be seen by customers). Honda business has helped Capitol to do business with other companies. Honda's long-term vision is admired.

Honda also wants to keep its long-term business with one advertising agency. Honda wanted to keep its relationship with the same people even as the advertising agency was sold to another company.

**7.14. Long-term Thinking**

Planning is long-term, with formulation of objectives. This is said to be a Japanese characteristic.

US businesses are forced by shareholders to take a short-term perspective. In Japan there is long-term vision that means that R&D may not be cut during recessions. In Japan, R&D is the last thing to be cut. Honda emphasizes its R&D subsidiary. The Marysville plant also represents long-term commitment. Production was increased only slowly, only after quality goals were met. Honda did not invest just in response to short-term currency movements. Management focuses on the long term. That is why there is investment in people from the start. Likewise with sales, each customer is seen as a long-term client. The long-term goal of Americanization is by now in part achieved. Honda wants to develop its own technology, for instance in mechanical components, in order to stay ahead. The top manager is always an engineer. Technological independence is critical to the company's philosophy.
Long-term plans must be constantly reviewed. Long-term goals are formulated by top management with implementation lower down the hierarchy. Those lower down also feed back their opinions.

7.15. Nothing is Constant but Change

Change is constant. It should be welcomed, not resisted. Management has to react fast to change, hence the large proportion of revenues spent on R&D. Honda is always changing as a company. Honda always wants to stay ahead.

Fast reactions are vital, as well as ability to respond quickly to rule changes (ie government policies, trade restrictions). Honda doesn't dispute rule changes, just adjusts. Competition in the USA is becoming more intense all the time. Model changes are executed quickly, plants are expanded rapidly, and technology introduced quickly.

Where as marketing people in business are usually ahead of manufacturing functions in anticipating change, associates at HAM have to be ready to accept change, and different jobs, all the time. Honda's commitment to the USA shows its willingness to change. Honda hired lawyers as managers in the USA. Supplier companies have to be willing to change even after contracts are signed, when dealing with Honda.

Physical expansion of the automobile plant is the most obvious sign of change. Builders have been on the site constructing something new every day since 1978. A sophisticated building project was needed to coordinate with engineers in Japan. Plans were changed during construction, several times. Despite flexibility, Honda always adheres strictly to original target dates.

Change will be resisted unless properly communicated. Honda wants to keep workers informed to maintain their support. Change is steady and continuous, and people thrive on an atmosphere of change.

"Big is best" is a US motif. But now quality has become more important. Honda has always wanted to maintain a small-company vitality.

Mr. Honda wanted a global company from the start. Honda had to "go around" the Japanese competition to sell in the rest of the world. Engineers were sent to Europe for a year to study driving conditions (c.1970) to prepare the Civic to be a "world car". A replica of a US freeway was built in Japan to test cars on Companies must think globally like this. Political action, which US companies support, can only help in the short term. Honda provides a good model for becoming competitive. Americans need to learn about foreign cultures and languages. The USA needs to change leadership and attitudes to promote service and quality if they wish to follow HAM. HAM is a model for how to avoid becoming a second rate power.

7.16. The Honda Way

Nearly 200 people were asked what the Honda Way meant to them. Reactions varied. For some it was a spirit, for others a dream, for others a feeling, for others it was impossible to describe. In part it is Mr. Honda and Mr. Fujisawa's philosophy. The Honda Way has been vital to Honda's success. Set beliefs remain unchanged even as organization changes. A company's whole product line can change. But principles remain the same.

Products are made to compete internationally. Hence the construction of HAM even though it was at first expected to lose money. There is commitment to produce products in the countries of purchase.

Equality, respect for people, involvement, trust and communication, mistakes are allowed, people are given responsibilities.

The toughest problems should be approached first. Risks should be taken. Failure carries many useful lessons.
An entrepreneurial spirit, in which individuals are praised. Simple solutions are sought. Day-to-day operations are decentralized.

Managers must physically observe problem areas. Only then can they contribute to solutions. Honda is against too much theory. Practice is what counts.

Honda is a young company compared to the Zaibatsu. The emphasis is on youth and on youthful thinking. Honda has always promoted from within. The top managers push youthful leaders forward. Ideas, not money spending, are stressed in solving problems. Paradoxically there is a deep and rich culture but a rejection of tradition.

Honda seeks perfection, not the status quo. Even models that appear perfect are changed. Honda’s cars were the best in America in the late 1980s. The winner takes all.

8. CRITICAL COMMENTARY

The book is well written and simple to read, and should serve as a mine of information to be sorted and reinterpreted according to the desires of the reader. I purposely did not read it except for a few critical pages until my own book on Honda was complete. In my personal judgement this is a very sound and stimulating book within its own framework. Given the close cooperation of Honda itself in the research and in reviewing the text, it should not contain errors.

Honda is a very important company, as a Japanese company which has been a key leader on the path to global manufacturing, as an automobile company which is pioneering new forms of global organization, product development, etc., and as a company which - North American operations in particular - has been intensively studied and learned from by many other companies (eg Chrysler, Toyota, BMW, Rover). This last aspect alone makes a substantial book on Honda of value to all those interested in the emergence of new industrial models. This book was written at the zenith of Honda’s triumph in the US market and with US production.

Given my own increasing recognition that management philosophies are essential to understanding the organizational dynamics of Japanese companies in Japan and abroad, I consider that Shook’s investigation is very useful for the light it throws on them, even though readers will need to undertake their own interpretive work on the material in the book. The fact that Western companies have not recently tended to work with such philosophies (except for the more recent adoption of sometimes simplistic slogans) should not make us blind to them; they play a vital role in Japanese management methods, both in terms of organization (and hence internal politics too) and in terms of the role of the worker in the labour process.

What does this book not do? The following points are not intended to be a negative critique, given that Shook has a particular aim in writing this book. (His success cannot be analysed here, though we can note that many companies have tried to learn from Honda, so he has chosen a good subject.)

- It does not attempt to analyse whether elements of the Honda philosophy visible at HAM are the same in Japan, or have been modified, perhaps concretized in different ways (different metaphors and stories, for instance), or indeed are new inventions created by the transplant managers (whose critical role in the early establishment of transplant organization and philosophies at each company, in my view, may not have been fully appreciated up to now due to the Western interest in the Japanese).

- The book contains very little information, and nothing at all which is new, on the "hard facts" of management: there is nothing directly on product technology and product development, on buyer-supplier relations, on production technologies, on the material organization of production, on product distribution methods, information about these only being presented sporadically to illustrate points about management philosophy.
9. THE GOOD PAGES

No particular pages struck me as strikingly more informative than others. However, here are some points which appealed to me (from my own perspective) as noteworthy.

Pages 51-2:
"A constant corporate goal is to establish Honda in the United States as an American corporation. As Tetsuo Chino says, "Americanization of production is part of that. We are increasing our R&D in this country to assure that our cars are accepted by the American people. Most of the profits made in this country are reinvested here. Last, we want to Americanize management. Ultimately, we would like to see Honda accepted as an American company."

Pages 89-90:
"While the uniform has some built-in safety and quality features (no buttons or belts that might get caught in machinery or scratch the paint finish), its fundamental purpose is to tell everyone, loudly and clearly, that no one is more or less important than anyone else. Everyone from the company president to the most recently hired employee dresses in the same manner and everyone is referred to as an associate. Unlike a military uniform with highly visible insignias to depict rank, nobody at Honda stands out in the crowd or can be readily identified as a superior. This is true of all Honda manufacturing plants worldwide."

Page 90:
"While designating parking spaces may be a petty matter, the business world unabashedly flaunts such status symbols with shameful regularity."

Page 116:
Honda manager Al Kinzer: "Now, I think people want to believe in management. They want to believe management is sincere and means what it says. But for this to happen, it's paramount that management practices what it says... When it comes to quality, we never compromise. Never. There is only one standard that is acceptable and it never varies.

"It's so easy to let people off the hook in the heat of the day when you're being pushed. So you always must remember that no product, under any circumstances, ever goes out the door if quality is compromised. You can't say, 'Okay, shipping must go on today. Just this one time we'll slacken our standards and let the car go out the door, and we'll hope and we'll pray that it will go unnoticed.' Once you do, you've taught your people that a double standard exists, one that's dependent upon how management feels at a particular time. Once you do that, you've violated your rules on what your real objective is, and you've lost it. And once it's lost, you can never get it back. Your people are confused, and they no longer understand what you truly want to accomplish."

Page 125:
HAM manager of associate development: "We want associates to use their heads as well as their hands. When a company uses only its people's hands, it's merely buying them. But when the company solicits their thoughts, their hearts eventually are won because then people have a total commitment to their company."

Page 160:
"The message is clear: Increased productivity is not necessarily achieved by speeding up the production line, working harder, adding on new plant space, or purchasing more equipment such as robots to reduce manhours. The entire plant can become more productive by using and streamlining each process performed by each associate."

Pages 207-8:
The Honda Way: "It is a corporate culture that over the years has evolved and endured. Based on definite values and beliefs, the Honda Way not only provided a strong company identity but it guides behavior."
The Honda Way influences every significant decision made throughout the entire organization. As both internal and external changes occur, these principles and beliefs provide associates with a common and consistent sense of direction. The Honda Way has far more to do with the company's success than any technological or economic resources.

10. KEY WORDS

Japanese transplant, hybridization, corporate philosophy, Honda, Honda in the United States, employment relations.

11. APPENDICES, TABLES ETC.

There are no tables or statistics or charts at all. One appendix lists key events in the history of Honda since 1946 but this has little value (in any case a more complete version of this history is available from the company).

12. NOTE WRITTEN BY:

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HONDA: AN AMERICAN SUCCESS STORY: REVOLUTIONIZING THE ART OF MANAGEMENT.
(Extraits en français)

1. L'OUVRAGE

Titre: Honda: An American Success Story: Revolutionizing the Art of Management.

Introduction 4 pages, texte 238 pages (ci-inclus les notes et l'index).


2. L'AUTEUR

Robert L. Shook, supposé américain, écrivain professionnel, auteur de plus de 20 livres sur la gestion (par exemple Ten Greatest Salespersons), également co-auteur de The IBM Way with Buck Rodgers (1986).

3. METHODE DE TRAVAIL

Le livre est pour la plupart fondé sur plus de cent entretiens conduits par l'auteur auprès de Honda of America (H.A.M.), ainsi que auprès de Honda Motors au Japon, en 1986 et 1987. Shook a reçu la pleine coopération de Honda, ce qui fait de ce livre la "biographie officielle autorisée" des opérations de H.A.M. Aussi que ces entretiens, Shook se sert de deux livres existants sur Honda au Japon pour des matériaux portant sur l'histoire brève qu'il nous offre au début du livre.

4. PROBLEMATIQUE DE L'OUVRAGE

Ce livre ne présente aucune problématique théorique explicite. Il n'y pas de référence faite aux débats intellectuels. Il s'agit plutôt d'une problématique pratique, que voici, en bref. Les succès concurrentiels qu'a connus Honda vis-à-vis de l'industrie automobile américaine doivent être examinés pour voir ce que peuvent apprendre les entreprises américaines. Les méthodes de gestion de Honda offrent plusieurs leçons pour l'industrie américaine.

Par contre, ce livre peut être situé au sein d'une littérature croissante, très diverse, qui a pour sujet les transplant japonais et leurs méthodes de gestion. Cette littérature s'organise autour de la question de comment les transplant auraient connu autant de succès malgré les prévisions faites voici moins d'une décennie selon lesquelles les entreprises japonaises échoueraient lors d'implantation hors du Japon. Le livre de Shook se met explicitement dans ce cadre, tout en affirmant que les succès de Honda montrent que ce ne sont pas les ouvriers américains qui posent la difficulté la plus significative de l'industrie américaine, mais les managers américains, qui sont désormais obligés d'apprendre ce que les entreprises japonaises ont à leur montrer.

Cette littérature portant sur les transplant japonais se divise en deux catégories. D'une part on trouve les œuvres ayant un point de vue positif, qui proposent les avantages des méthodes de gestion des transplant japonais, et pour l'ouvrier occidental, et pour le reste de l'industrie
Actes du GERPISA n°13


5. ASPECTS FACTUELS

L'auteur a été privilégié de pouvoir parler à plus de cent personnes employées par Honda of America (H.A.M.). Il les cite souvent à propos de leurs interprétations sur la nature de leur travail, et sur la manière dont Honda leur a appris à considérer leur collègues et leur travail. Shook présente un point de vue de Honda très positif. Il fait fréquemment des comparaisons entre la perspective positive de considérer les collègues et le travail à Honda, d'une part, et, d'autre part les traitements négatifs qu'il considère largement répandus dans l'industrie américaine (où les gens ne sont pas traités avec dignité ou respect, ne peuvent pas se développer comme individus, et où la qualité du produit et le service à la clientèle ne sont pas considérés comme aspects centraux du processus de production).

Lire ce livre donne un bon sentiment des Honda, autrement dit le Honda Way (la voie Honda), au moins dans leur manifestation dans l'Ohio. En fait le livre se termine avec le résumé (par Shook) du Honda Way en tant que philosophie de l'entreprise, ce qu'il declare être la première présentation explicite de ces idées.

Un des principaux nouveaux résultats du livre est la manière dont la philosophie de gestion est située à un niveau suffisamment abstrait pour qu'il puisse et doive rester inchangé en dépit des changements rapides de l'entreprise et de son organisation. En effet la philosophie agit comme guide pour ces changements, leur donne une certaine cohérence, et les explique aux salariés afin que ces salariés acceptent le changement continu et ne lui résistent pas. Par exemple, la philosophie générale de est citée par Shook comme explication de la décision de Honda (ayant dès 1979, c'est à noter, construit une usine pour la fabrication de motos comme "ballon d'essai") de faire construire une usine transplant automobile aux Etats Unis malgré les études internes prévoyant des pertes financières importantes.

6. ASPECTS THEORIQUES

Ce livre présente un intérêt surtout pour les chercheurs du GERPISA qui s'attachent aux thèmes de Rapport Salarial et de Transféralité et Hybridation de Modèles.

Encore, bien qu'il n y ait pas de liens faits explicitement dans cette étude avec les développements théoriques, implicitement dans cette étude de cas on trouve une affirmation clé de l'importance de consacrer des ressources théoriques aux questions du rôle matériel des idées et des idéologies dans les nouveaux modèles industriels. Tandis que plusieurs parmi les des méthodes de gestion japonais sont devenus assez connus récemment en l'Occident (par exemple JAT, ce que nous appelons le teamwork, flexibilité de postes (rotation)), nous avons eu tendance à ignorer le contexte d'idées et d'idéologies dans lequel ils nous sont présentés, et à travers lequel ils trouvent leur existence même.
8. COMMENTAIRE CRITIQUE

Ce livre est bien écrit et facile à lire. Il doit servir comme mine d'informations que le lecteur peut organiser et re-interpréter selon ses propres buts. Délibérément, je ne l'ai pas lu moi-même, sauf quelques pages essentielles, jusqu'à ce que mon propre livre sur Honda soit achevé. Selon mon jugement personnel, le livre de Shook est très solide et très stimulant, dans le cadre où il a été écrit. Etant donné l'étroite collaboration de Honda-même dans la recherche et dans l'édition du texte, celui-ci ne doit pas comporter des erreurs.

Honda est une société très significative: comme société japonaise qui a été un "leader"-clé dans la recherche de la "production globale"; comme un constructeur d'automobiles qui crée de nouvelles formes organisationnelles, développement de produit, etc.; et comme société qui - ses opérations nord-américaines en particulier - a été étudiée intensivement par plusieurs parmi les autres constructeurs (Chrysler, Toyota, BMW, Rover). Ce dernier aspect seul rend un livre substantiel sur Honda utile pour tous ceux qui s'intéressent à l'émergence de nouveaux modèles industriels. Ce livre a été écrit au zénith du triomphe d'Honda sur le marché américain et dans sa production américaine.

Avec ma reconnaissance personnelle croissante de l'importance des philosophies de gestion pour comprendre la dynamique organisationnelle des sociétés japonaises au Japon et à l'étranger, je considère l'étude de Shook très utile pour la lumière qu'il met là-dessus, même si le lecteur est obligé d'entreprendre ses propres travaux d'interprétation sur les matériaux dans le livre. Le fait que, pour la plupart, les sociétés de l'Ouest n'ont pas adopté de telles philosophies (sauf pour l'adoption récente de "slogans" parfois naifs) ne doit pas nous rendre aveugles quant au rôle clé qu'elles jouent dans la gestion japonaise: et en termes d'organisation (donc également le conflit interne), et concernant le rôle de l'ouvrier dans le processus de travail.

Qu'est-ce qu'il manque dans ce livre? Shook avait des buts exacts en écrivant ce livre. Les points suivants, donc, ne doivent pas être compris comme critique négative. (Nous ne pouvons pas examiner si ou non il a réussi dans ces buts, mais notons qu'il a bien choisi son sujet, plusieurs autres constructeurs ayant essayé d'apprendre des leçons de Honda.)

- le livre n'essaie pas d'analyser si les éléments de la philosophie d'Honda qui sont visibles aux États-Unis sont les mêmes qu'au Japon, ou s'ils ont été modifiés, peut-être concrétisés différemment (métaphores, histoires), ou s'ils sont, par contre, des innovations développées par les "transplant managers" (dont le rôle-clé dans l'établissement de l'organisation et de la philosophie à chaque implantation n'a pas toujours été apprécié, je crois, dans le contexte de l'intérêt en Occident pour les choses japonaises).

- le livre ne donne pas beaucoup d'informations, rien de tout nouveau, sur les "faits durs" de la gestion: rien directement sur la technologie des produits, le développement des produits, les relations avec les fournisseurs, les technologies de production, la distribution du produit: les informations sur ces sujets ne sont apportées que sporadiquement par Shook, afin d'illustrer la philosophie de gestion.

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