**APPLYING YOUR KNOWLEDGE**

Case 11–1: Nucor: The Art of Motivation

**Forging a Winning Workforce**

**Nucor’s egalitarian culture places a premium on teamwork and idea-sharing between frontline workers and management. Result: A highly profitable partnership.**

**Pay for Performance**

On average, *two-thirds of a Nucor steelworker’s pay is based on a production bonus*, with profit-sharing layered on top of that. It can be a lucrative formula, but the risks are real. In 2005 the typical worker received $91,293; three years earlier a steel slump left workers with $58,931. CEO and executive pay is similarly tied to performance targets.

**Listen to the Front Line**

Execs say almost all of *the best ideas come from the factory floor*—and the newest workers often come up with them. In the wake of its recent acquisitions, Nucor is sending new workers to existing plants to hunt for improvement opportunities and having older workers see what they can learn from newly acquired plants.

**Push-Down Authority**

To minimize layers of management, Nucor has pushed work that used to be done by supervisors, such as ordering parts, down to line workers, and pushed the duties of plant managers down to supervisors. CEO DiMicco says his *executive vice-presidents are like “mini CEOs, and I’m their board.”*

**Protect Your Culture**

As Nucor grows, protecting its egalitarian philosophy and team spirit is more of a challenge. A decentralized structure helps, but management makes *cultural* *compatibility a big focus of its acquisition research.* In visits to potential acquisitions careful attention is paid to how plant workers and managers interact.

**Try Unproven Technologies**

Forays into new technologies haven’t always paid off for Nucor, but it realizes *the importance of taking risks.* One project ot make wire from steel failed miserably, and a $200 million attempt to build up a supply of raw materials in the Caribbean had to be scrapped. But successes such as thin slab casting of sheet metal have made Nucor an industry leader.