**The GM Culture Crisis: what leaders must learn from this culture case study**

The independent investigation of the GM ignition switch recall crisis that led to at least 13 deaths was completed and the report ([Volukas Report](http://www.nhtsa.gov/staticfiles/nvs/pdf/Valukas-report-on-gm-redacted.pdf)) was just released.  GM CEO Mary Barra also shared some major changes they are making.  It’s a live case study on a sad culture crisis we all can and [must learn from](http://www.cultureuniversity.com/the-world-needs-education/) since culture is the most powerful force in organizations.  Rarely do we have a chance to pull back the covers and see a culture with some serious dysfunction that still accomplishes amazing work on a global scale in spite of it all.

**A Sad Culture Story**

The Volukas Report reads like a novel with many characters, potential villains, a Wisconsin State Patrol report that surfaced the specific problem, an Indiana University study that identified the issue, countless committees, and legal case after legal case.  Unfortunately the hero never emerged in this story. Engineers even identified the problem when they reviewed a crashed vehicle in a junk yard and “dispatched an investigator to buy a fish scale from a local bait and tackle shop” to measure how easy it was to move the ignition switch out of the “run” position.  It was shocking just how often this problem was specifically highlighted without resolution but it was “regarded as an issue of customer convenience rather than safety.”

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Mary Barra was called before House and Senate Subcommittees two months ago to explain the GM ignition switch recall crisis.  I wrote a post for Switch & Shift and predicted Mary Barra would lead [the greatest culture transformation of all time.](http://switchandshift.com/gms-mary-barra-will-lead-the-greatest-culture-transformation-of-all-time)  There were many signs that seemed to indicate she understood the scope of the culture challenge ahead of her and some of her initial steps were in the right direction.  That predication isn’t looking good after release of the Volukas Report and Mary Barra’s initial response in a Town Hall meeting with employees.

**The GM Culture is the problem**

After pouring through the [325 page investigation report](http://www.nhtsa.gov/staticfiles/nvs/pdf/Valukas-report-on-gm-redacted.pdf) and the [transcript of the Town Hall Meeting](http://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2014/Jun/060514-mary-remarks.html), it’s clear that both the investigator and GM are not adequately addressing the root cause of this issue – The GM Culture.  I stand by that conclusion, as would the vast majority of workplace culture experts I know, even though the report included the following point: “whether ‘general’ culture issues are to blame is difficult to ascertain.” It is not “difficult to ascertain” at all.

This story screams “culture problem” like no other and it will not end with firings, countless policy and procedure changes, and a host of other top-down changes.  Mary Barra started on the right path in the Town Hall meeting by showing respect for the victims and no excuses when sharing the report findings:

“To give you a sense of the thoroughness and forcefulness of the investigation, I want to paraphrase a few of the key conclusions:

* GM personnel’s inability to address the ignition switch problem, which persisted for more than 11 years, represents a history of failures.
* While everybody who was engaged on the ignition switch issue had the responsibility to fix it, nobody took responsibility.
* Throughout the entire 11-year history, there was no demonstrated sense of urgency, right to the very end.
* The ignition switch issue was touched by numerous parties at GM – engineers, investigators, lawyers – but nobody raised the problem to the highest levels of the company.
* Overall, the report concludes that from start to finish the Cobalt saga was riddled with failures, which led to [tragic results](http://www.cultureuniversity.com/why-you-must-manage-culture-or-face-the-tragic-consequences/) for many.”

After reading the report from the independent investigator, the only point I disagree with is the point about it not being raised to the highest levels of the company.  Yes it did not reach the top leadership team and the report confirmed Mary Barra did not know about the issue until December, 2013. Her response was clear when she did hear: “Get the right data; then do the right thing.”  Unfortunately many senior executives did know about the problem including a Vehicle Line Executive, a Chief Engineer, and three “senior managers” that were asked to “champion” the investigation.

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**Obvious culture issues in the investigation report**

She stopped short of sharing some of the points from the report that provide a clear picture of some undesirable aspects of the GM culture.

* **Reluctance to Raise Issues or Problems**: “Some witnesses said that there was reluctance to raise issues or concerns in the GM culture.”
* **The GM Salute**: “One witness described the GM phenomenon of avoiding responsibility as the ‘GM Salute,’ a crossing of arms and pointing towards others, indicating that the responsibility belongs to someone else, not me.”
* **The GM Nod**: “Mary Barra described a phenomenon known as the ‘GM Nod’…when everyone nods agreement to a proposed plan of action, but then leaves the room with no intention to follow through, and the nod is an empty gesture.”
* **A Proliferation of Committees**: The issue passed through “an astonishing number of committees.  We repeatedly heard from witnesses that flagged the issue, proposed a solution, and the solution died in committee or with some other ad hoc group exploring the issue.  But determining the identity of any actual decision-maker was impenetrable.  No single person owned any decision.  Indeed it was often difficult to determine who sat on the committees or what was considered, as there are rarely minutes of meetings.
* **Conflicting Messages from Top Management**: two clear messages were consistently emphasized from the top: 1) “When safety is at issue, cost is irrelevant” and 2) “Cost is everything.” One engineer said that the emphasis on cost control at GM “permeates the fabric of the whole culture.”
* **No sense of urgency**: “One engineer wrote: this issue has been around since man first lumbered out of [the] sea and stood on two feet.”  The processes seemed designed to only accelerate corrective action when safety or cost was a driving factor.

I found myself in total shock as Mary Barra took the “accountability bait” and explained the inappropriate behavior of a select number of employees.

*“Fifteen individuals, who we determined to have acted inappropriately, are no longer with the company.  Some were removed because of what we consider misconduct or incompetence. Others have been relieved because they simply didn’t do enough: They didn’t take responsibility; didn’t act with any sense of urgency.”*

15 employees?  Seriously? I just don’t get it after reading the report since it was very clear this is a serious culture problem.  Countless people came and went without dealing with the issue in any different manner than those that came before them, further reinforcing why this is a culture problem.  I am all for accountability and dealing with misconduct or incompetence.  I get the need to show some accountability and tough action.  I totally agree with the changes if these people consistently showed incompetent or toxic behavior that was clearly in conflict with important GM values that top leadership consistently supported.  This “tone” of inappropriate behavior may have been evident with a few people in the report, not 15!

Mary Barra went on to recap some of the actions they have taken:

1. “We named Jeff Boyer Vice President of Safety for the company, elevating and integrating our safety processes under a single leader.  Jeff reports directly to Mark Reuss, and Jeff and I meet regularly.
2. We added 35 safety investigators that will allow us to identify and address issues much more quickly.  And we have already seen the positive results of their work.
3. We instituted our Speak Up for Safety program encouraging employees to report potential safety issues quickly.  And we are going to recognize them for doing so.
4. We announced the creation of, and have implemented, a new Global Product Integrity organization that will enhance our overall safety and quality performance.
5. Finally – and this is an incredibly important one – we restructured the safety decision-making process to raise it to the highest levels of the company.  Senior management is now going to be at the center of these issues.”

She then talked about the Volukas Report and committed to implement the recommendations “on an expedited timetable.”

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**Culture recommendations from the Volukas Report**

I was still trying to get over the perplexing emphasis in the Town Hall Meeting on firing 15 people when I reached the recommendations in the investigator’s report “to ensure that a commitment to consumer safety is a prominent part of the Company’s culture and is embedded within the fabric of the organizations.”  This was it.  This was the part I have been waiting to see for months.  The “culture” recommendations were covered in the second of nine areas.  The first area was organizational structure recommendations that weren’t bad so I read on with anticipation.  You judge for yourself from some of these “culture recommendation” highlights:

* “Implement regular communications with employees to raise awareness about safety and reinforce the tone at the top.”
* “We recommend GM promote the [Speak Up For Safety] program through visible communications, such as posters on employee bulletin boards.  Bulletins or newsletters could include features recognizing employees who have raised safety issues.”
* “Visibly promote and rigorously enforce the non-retaliation policy.”
* “Regularly communicate to suppliers the importance of safety and GM’s expectation that suppliers will promptly and accurately identify any potential safety issues.”
* “Explicitly communicate to employees that they should not be reluctant to classify issues as safety issues or potential safety issues.”
* “Develop protocols for escalating potential safety issues to appropriate levels of management.”
* “Continue to review and strengthen the process for expeditious reporting by employees of potential or actual safety issues and non-compliance.”

These and the many recommended policy and procedure changes in the report are not near enough to address the subject of culture. They may look fine on the surface and be suitable to make it through the government investigations.  They are not near enough to evolve the GM culture.  Not even close.

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**It’s about culture and leadership**

What important words were completely missing from the transcript of Mary Barra’s Town Hall Meeting? 1) Culture, and 2) Leadership. Yes, not one reference.  There were likely plenty of PR and communication experts involved in helping to prepare the message but she missed an incredible opportunity for a clear and memorable turning point in GM’s culture journey.

It was a perfect time for leadership to take ownership for allowing this culture to persist and to begin building the trust and transparency needed to unite the workforce in support of their customers.  Unfortunately the headlines around the world are focused on the disciplinary actions, for example: [GM Axes 15 over Botched Recall](http://money.cnn.com/2014/06/05/news/companies/gm-recall-probe/index.html) (CNN Money),  [GM Fires 15 in Wake of “Deeply Troubling” Recall Report](http://www.foxnews.com/leisure/2014/06/05/gm-fires-15-in-wake-deeply-troubling-recall-report/) (FOX News)

**What must happen?**

The jury is still out on whether Mary Barra will directly take on real and meaningful culture change.  It’s clear to me that this will not be the greatest culture transformation of all time as I predicted.  I was wrong since culture and leadership inexplicably disappeared from the communication landscape.

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I reviewed a number of [specific improvements in my prior Switch & Shift post](http://switchandshift.com/gms-mary-barra-will-lead-the-greatest-culture-transformation-of-all-time) I believe are necessary to support meaningful change.  Some of these changes have been covered but most have not.

Mary Barra showed genuine concern for the victims and it is commendable.  I want to see that same genuine concern for her 200,000 employees and for her to talk about how the GM leadership let them down. A question she should ponder is: how many of her employees would have made the same decisions as some of the 15 released if they were in the exact same situation? I don’t know the details behind the scene on these 15 former employees but her remarks showed no acknowledgement of the power of culture in shaping behavior and the role of top leadership in this saga.  As Edgar Schein, arguably the #1 culture expert in the world, said: “Culture is not this surface phenomenon but [it is our very core](http://www.cultureuniversity.com/leadership-humble-inquire-the-state-of-culture-work-edgar-schein/).  We live in a culture, we display a culture, we’re always driven by our culture.”

As a Detroit-metro resident, I am rooting for GM and Mary Barra to successfully tackle this culture issue with clarity and speed. They clearly need the advice of some culture experts to zero in on meaningful change since we are still at the surface of this problem after a 325 page report. Stay-tuned for a future post on Switch & Shift as we continue to watch this live culture case study unfold.

What did you think of Mary Barra’s remarks and some of the details from the special investigation? Is GM on the right track?