



Power to the workers: Michelin's great experiment

Inside the company's 'responsabilisation' project — a management revolution

MAY 11, 2017 by: Andrew Hill

Managers at Michelin's plant in Le Puy-en-Velay noticed a singularly French change in behaviour three years ago. Workers at the factory, which makes tyres for customers in the mining, freight-handling and construction industries, had started to *tutoyer* their team leaders.

Ditching the formal “vous” form of address for the friendlier “tu” was a symptom of more profound change. Michelin, a paternalistic pillar of corporate France for more than a century, was handing more responsibility to workers at the 600-person plant in the Auvergne and urging managers to step back into a less formal coaching role.

In the past, says Yann Gillier, a manager at Le Puy, “you couldn't be a good boss if you hadn't passed through all the stages of [tyre] preparation”. Now, he says, the team's attitude is “*T'inquiète pas, Yann*” — don't worry — “we're going to organise production and you can check it'. [As manager] you just have to respond: 'No problem, I trust you'.”

Michelin's trust experiment at Le Puy and five other plants in Germany, Poland, the US, Canada and Northern Ireland is spreading. In March, Jean-Dominique Senard, the soft-spoken, priest-like chief executive, announced a plan to reorganise the whole group — more than 105,000 employees, at plants in 17 countries — along the same lines to become more agile and more responsive to customers.

At the project's core: *responsabilisation*, which Mr Senard translates as something between “empowerment” and “accountability”.

Isaac Getz, a Michelin adviser and professor at ESCP Europe business school, uses a more revolutionary term — *libération* — which sums up the radical nature of the change, and the risks ahead.

Changing the way Michelin is run will require sacrifices from management and unions, and an upgrade in the skills and self-confidence of the workers themselves. If successful, it would confound outside perceptions of hidebound French management, founded on connections between elite-educated executives, strict hierarchy and endless debate.

In 2012, Mr Senard became the first person not directly tied to the family to head the company alone. Michelin descendants still provide continuity through a small direct stake and a long-term governance structure — a solid foundation for *responsabilisation*. Mr Senard has set up more than 70 working groups to refine the plan and hopes to implement it from next year.

“The real risk is that management doesn't transmit with sufficient force — through explanation and training — that the group should move forward as fast as possible,” he says. “It's more a timing risk than anything else. But I can't imagine turning back.”

Rescued from near-collapse in the 1880s by brothers André and Édouard Michelin, the tyre maker expanded in the 20th century through rapid innovation, shrewd marketing, paternalistic ownership and management experimentation.

Almost from the start, the company chose to reward its best workers with shares and made a point of gathering ideas for innovations from staff.

Jean-Michel Guillon, now the group's head of personnel, says he joined Michelin 35 years ago because of its reputation for spawning new product and management ideas. But he admits the pursuit of innovation has in the past led the company "to the edge of the precipice".

In the 1990s, Michelin adopted "lean production", pioneered by Toyota, and created its own system, the Michelin Manufacturing Way.

Mr Guillon says it was meant to make the organisation more responsible, accountable and innovative. Instead, managers latched on to the productivity improvements. Eventually, "colleagues asked me, 'Jean-Michel, are we still in the same company? Hasn't our company lost its soul?'"

When the economic crisis hit tyre demand in 2009-10, Michelin realised, according to Mr Guillon, that "the key to competitiveness wasn't simply productivity, it was above all agility". Starting in January 2013, it began to accelerate the process of freeing teams to operate independently.

Olivier Duplain was leading the Le Puy working group charged with trying out new ways of encouraging co-operation. In the spirit of the project, he left it to them to prepare a presentation to senior executives at Michelin's Clermont-Ferrand headquarters in early 2014.

He was uneasy when they ditched PowerPoint and instead drew a picture of a steam locomotive, under a command-and-control driver, that had transformed itself over the course of the year into a high-speed train, run by a collaborative team.

The hand-written legend at the top of the Post-it note-covered sheet reads: "Before: a chore; apathy; everyone for himself, lack of accountability; disorganisation; selfishness." And at the bottom: "After: team agreement; shared knowledge; improving results; pride; team leader's trust". The team still shows the drawing to visitors, to help explain what changed.

How Michelin is changing

1. The site director: Laurent Carpentier, 52



Le Puy-en-Velay site director since 2016 — joined 2009.

"My role is changing, my decision-making changes: I'm not micro-managing, I'm more of a coach of people."

One team member, Michel Valette, who has worked at Le Puy since production started there in 1978, says workers used to take orders from the team leader and cope day to day with absences and changes.

Now the team plans production a week in advance, deciding how it should organise itself to meet targets and absorb absences. As a by-product, staff solve safety problems and cut waste more quickly. When they tried out their new independence, Mr Valette says colleagues “looked at us and said ‘what are they doing?’”

Managers felt even more disoriented. Laurent Carpentier, who arrived as director of the site last year from another Michelin plant that has not yet taken this step, says: “My role is changing, my decision-making changes: I’m not micromanaging, I’m more of a coach of people.”

“Sometimes you have a feeling of losing power,” says Mr Duplain. “But we [managers] get 10 times as much back from the team.”

2. The team member: David Salvador, 29



Team member responsible for maintenance — joined 2011.

“Before we had a top-down system: we applied the rules and that was that. Now there’s an enormous energy.”

The change seems to have improved results. Since 2013, production at Le Puy has increased every year, and as the trial rolled out to the whole factory, so did the workforce’s desire to exercise greater power.

Worker-led initiatives at the plant range from organising the 40th anniversary celebrations of construction of the site, to inviting a baker to sell fresh bread in the car park every morning. One team ran the tender for consultants to develop the *responsabilisation* training programme. Another is organising a site visit for executives from Volvo, an important client, in July.

Josiane Vigouroux, a secretary who has also been at Le Puy for 40 years, says mindsets have changed but she believes the factory could go further. For example: “I’m not sure I will have anything to say about my successor, and I don’t see why not.”

In a company where, according to one executive, it used to be taboo to put up a new coat hook in the toilets if it was not in your job description, these changes seem radical. But they are nothing compared with the challenge facing Mr Senard as he tries to convert the whole group.

3. The secretary: Josiane Vigouroux, 58



Technical secretary — joined 1977.

“There’s a clear difference between my first years working here and now. We used to have less right to say what we thought.”

Michelin is not about to dismantle its hierarchy. There are limits to the extent workers can exercise their freedom. Instead, as befits a company that has always been run according to strong Catholic values, the Catholic church’s longstanding principle of subsidiarity applies.

“It’s not about delegating everything. Big strategic decisions are taken at the appropriate level,” explains the chief executive. “It’s not got much to do with self-management . . . it’s independence in a strategic framework.”

Having got used to more independence and greater transparency, Mr Senard says, workers will understand better what they must do to make factories more competitive and will participate naturally in that improvement.

4. The worker: Michel Valette, 59



Co-ordinator of production flow — joined 1978.

“The team leader gives us all the elements — number of tyres for a week, absences — and we can do what we want. We have everything we need to prepare production a week in advance. Before we found things out day to day.”

Sometimes, those decisions may involve unpalatable outcomes. In 2015, faced with a sharp downturn in global demand for truck tyres, Michelin decided it would have to close its Ballymena factory in Northern Ireland by 2018 with the loss of 860 jobs, despite having chosen the site for one of the first trials of operational responsibility. Famous Ballymena natives such as Liam Neeson, the actor, backed a rally for jobs in the town.

“I’m here 32 years and the amount of projects they’ve rolled out has been unreal,” complains John Allen, convener at the Ballymena plant for Unite, the union.

He says he and his colleagues were always sceptical about the plan to give more autonomy to workers. “If you’re taking guys away for meetings in the morning, afternoon and night, they aren’t on the production line and producing tyres.”

Certain French unions remain suspicious of the initiative. “Perhaps it’s optimism on my part,” Mr Senard says, but whereas in the past, Michelin reached agreement with its workers by “appealing to people’s sense of responsibility almost artificially . . . what I hope is that in future it will happen more naturally.”

In any case, a greater challenge may be for Michelin to overcome internal resistance.

5. The manager: Murielle Pestre, 54



Responsible for Michelin Manufacturing Way — joined 2006.

“The manager must learn to work with the team. They have to bring the challenge, but not the solution.”

One potential brake was the personnel department, headed by Mr Guillon, which has historically taken decisions on wage and career development centrally. In 2016, he started to push more responsibility for these areas to managers and employees at factory level.

Bertrand Ballarin, Michelin’s head of industrial relations, who has helped drive the *responsabilisation* project, identifies two groups of potential sceptics: diehards who do not believe in the premise and a larger group, who “don’t see very clearly how it is going to work, and how you get from point A to point B”.

Mr Ballarin believes the second group will be easier to persuade. Prof Getz says a third group could also undermine the plan: managers who are “convinced for the wrong reasons”, and who believe — like advocates of previous initiatives — that the only priority is to make more money. “They’re more dangerous than the first two,” he says.

As chief executive, Mr Senard sees himself now “much more as a mentor . . . supporting the teams” as well as guarantor of group strategy and investor relations.

6. The team leader: Olivier Duplain, 45



Product line team leader — joined 2011.

“It can be frightening to work in this system because sometimes you have a feeling of losing power. But we get 10 times as much back from the team.”

At the plant level, though, discussion of what managers actually do now their teams make the daily decisions is a live one — a harbinger of the uncertainties Mr Senard will now have to handle across the whole group.

Team members at Le Puy describe the bosses who used to issue orders as “coaches”, “referees”, even “judges”. The manager “gives direction”, says one. He or she is there “to take the big decisions”, adds another.

Team leader Olivier Duplain points out that workers still need someone to say “that went well”. Fellow managers agree they are using more soft skills than hard ones.

Ask them whether they are needed any longer, though, and they respond in similar ways. “That’s the question,” says Yann Gillier, “and it can be frightening.”

Why rugby matters to Michelin

ASM Clermont Auvergne, who lost to England’s Saracens on May 13 in the final of rugby’s European Champions Cup, played in yellow-and-blue Michelin colours.

It is the most visible thread of Michelin paternalism that still runs through Clermont-Ferrand in the Auvergne, where the company has its headquarters and its Cataroux factory, sprawled between the city centre and the district of Montferrand.

On one side of the plant is a network of streets named after moral virtues (rue du Courage, rue de la Charité, and so on). They were built in the 1920s as low-cost housing for the workers, nicknamed “Bibs” after the Bibendum “Michelin man” mascot. On the other side stands the Stade Marcel Michelin, home to ASM, one of Europe’s top professional rugby teams.

The initials originally stood for Association Sportive Michelin, the athletics club started in 1911 by Marcel Michelin, son of André. (ASM changed the name to Association Sportive Montferrandaise in the 1920s after company names

were outlawed from French sports clubs' titles). Until the professional era, many of the players were Michelin workers. Before the second world war, Marcel sometimes drove Bibs who had played in away matches back to Clermont-Ferrand in time to start work again on Monday morning.

The direct Michelin links weakened as the amateur era ended in the 1990s. But the president of the combined ASM fan clubs, Thierry Fraise, who describes himself as “general of the Yellow Army”, says it is still “quite reassuring for the supporters that Michelin is behind us. It’s part of the history of the town.”

Another ASM supporter, Patrick Chadyron, who has worked at Michelin for 40 years, says his great-grandfather was one of the first 10 employees of the group. “There aren’t Michelin maternity hospitals or schools any more. But ASM are still here,” he points out, though these days, the Cataroux plant’s jaunards — ASM supporters — could just as easily find themselves working alongside fans from another club.

Like Michelin, ASM has had to adapt to professionalisation and globalisation. The squad features very few players from the Auvergne, let alone from the tyre maker. Michelin’s *responsabilisation* strategy, meanwhile — based on agility, speed, and decision-making by those in the field — increasingly resembles the rugby team’s game-plan.