

# Case study on nucor corporation



Rashmi Shrestha (10324) April 06, 2011 Nucor Corporation What are the basic success indicators of Nucor to convince that the company was doing exceptionally well? \* Highest return on equity, sales growth and profit margin; least debt/capital percentage (exhibit 1) \* Zero turnover \* A focused strategy Why has Nucor performed so well? Relate your answer to organizational design elements. \* Strategy: Nucor maintained a focused strategy that revolved around its major competencies.

The firm paid a lot of attention to innovation, one critical factor required to stay ahead of competitors. \* Structure: The organizational structure of Nucor Corporation was decentralized, making the hierarchy more streamlined. Considerable autonomy was provided to the general manager at each plant that enhanced quick decision-making, while at the same time encouraging an open and informal communication system in the organization. More importantly, Nucor had high tolerance for experimentation and willingness to take risk.

The firm did not did not discourage employees who made mistakes. Instead, those mistakes were accepted as a creative effort on the part of the employee, were encouraged to communicate those ideas to work on how they could have been made better without repeating the same mistakes. \* Culture: It can be inferred from the case given that Nucor Corporation conserved a ..... culture in the organization characterized by equality, care, communication and co-ordination.

Compensation in the organization was based strictly on performances rather than status and role of the employee in the organization, and the

compensation system was designed in a way that ensured that every employee was covered. The firm maintained an egalitarian approach toward employee benefits; allowing employees specifically at the lower levels to earn bonuses and benefits strictly based on their performances. It was evident that the firm had genuine concerns for its employees.

The firm was also inclined towards corporate social responsibility through the Nucor Scholarship Fund which did prove quite costly for the firm. But, the goodwill it earned for the firm was priceless and at the same time, also created loyalty towards the firm's employees as a result of which the turnover at the firm was minuscule. \* Staff/people: Nucor Corporation placed an extremely high value for its employees. This was a smart move on the part of the firm that made the people element in the organization feel significant, special and that every employee was equally important for the firm to survive and succeed.

The firm demonstrated its commitment to fairness through a fair and transparent employee grievance procedure. Further, the firm also ensured that its employees were doing their job free from pressure or the fear of being laid off from work during recessionary periods. The organization made a move that went against the industry practice by reducing the work weeks instead of laying off workers. The feedback given by employees (operators and operating supervisors) were valued and even implemented if they were found to be useful and relevant.

As a result, the labor force at Nucor was non-unionized because of the fact that there was no need of a labor union, and also because the organization

took good care of its employees. \* System: Nucor Corporation believed in simplicity and transparency in the information system that it maintained. All required information from all its individual plants were summarized concisely and were streamlined for corporate review. The firm did not emphasize on too much information and considered information overload to be bad just as too little information.

But, still high importance was placed on information. Further, the system at Nucor Corporation was designed in a way that encouraged innovation from within the organization itself, involved their own human resource for research and development and also recruited workers from the local area. Employees who actually confronted or dealt with technological issues in the organization were empowered to participate in decision-making for investment in technology. How would you describe the leadership at Nucor? Has Nucor leadership managed change sufficiently and appropriately? Why? Why not?