

If you would have been driving through the hills of Tennessee about 40 miles south of Nashville on I-65 in the 1990s, you would have come across a very curious exit called the Saturn Parkway. And if you would've taken that exit and gone a little farther, you would've come across something called the Donald Ephlin Parkway. That was the entrance to the Saturn Corporation, one of the boldest, most innovative, new experiments in labor management relations and organizations of the past 30 years. So let's take a look at what Saturn was all about and, unfortunately, why it failed.

Well, Saturn started in the 1980s when a number of innovative labor and management leaders said, we've got to adjust the way in which we work. General Motors came to Donald Ephlin, who was the vice president of the auto workers union, and said, we can't build a small car in the United States competitively. We've got to outsource that work.

Don, in his innovative way, said, well, wait a minute. Why don't we take a look if we couldn't take a clean sheet of paper, give it to some folks, and see if they can come up with a new way to do this. In short, they created what became known as the Committee of 99: 99 people, engineers, accountants, front line workers, union representatives, working together.

The goal was to go out and find out what we could do differently to build a small car competitively in the United States.

They came together, looking for who is doing the cutting edge, both from a technology standpoint and from a people standpoint. They visited Volvo, BMW. They went to Ford. They went to Lockheed. I think they visited 75 different companies in the US and abroad. And through all of this the overpowering thing was that there's a different way of working with people.

They created Saturn as a new kind of company and a new kind of car.

We came up with five proposals, and all three teams have come to a consensus that they kind of like proposal number four.

Saturn was built on the basis of partnership principles from the bottom up. They said, we'll have teams that assemble the cars. We'll have co-management on the front lines at the first lines of supervision with a union and a management co-leader. We will do that up through the manufacturing operations: even product development and strategy decisions will be made in a co-management way.

Well, Saturn had a lot of critics. But some of those critics were silenced in the first couple of years. In fact, only

about two or three years after it rolled the first car off its assembly lines, Saturn rose to the top of the customer satisfaction ratings. It was as satisfying to customers, in terms of sales experience and initial product quality, as any other car built in the United States.

You might go as far as to say that, down to the levels of turning the nuts and bolts on the car, that there was passion in people for their jobs.

Saturn enjoyed in the '90s a level of quality performance, a level of brand loyalty, that the rest of General Motors had not achieved.

But what happened? The traditionalists within General Motors and within the auto workers union really didn't like it.

Don Ephlin had retired from the UAW, and Steve Yokich became vice president. And he was not philosophically aligned with any of these partnership, joint management ideas whatsoever.

You didn't have a lot of deep support both within the UAW or among General Motors in Detroit for Saturn.

And so Saturn's sales and productivity began to decline. Morale of the workforce declined. They felt that they weren't invested in this company psychologically. They weren't going to invest new products in the company.

I think it's fair to say that the product was outdated.

The way to kill any car company is to delay the introduction of a new product because the competition is innovating. The competition is bringing out new products. And without a new product, Saturn was going to lose market share and began to lose market share.

And basic math rule: If you have an organization that maintains employment security while sales are falling, your overall costs increase.

You can't do it anything unless you've got money. And we were being strangled by a corporation that didn't know how to handle us. We were the outlaws, if you will.

To make a long story short, Saturn limped along. It built a new vehicle at one point called the Saturn SUV, called the Vue, which was very successful. But Saturn could not survive. And in 2008, General Motors closed down Saturn as part of its restructuring activities.

So what lessons should we learn? I think there are three lessons that should influence how we think about bringing about innovations and new ways of working going forward. First, I want us all to remember that

Committee of 99. They were an early form of crowdsourcing. They said, no individual could come up with this innovative design, but if we all put our heads together, and we go around the world and look at best practices, we can create something new, something that no one else could have imagined in ways that we can work together. And it was successful. So remember crowdsourcing as an option.

But expect resistance. Remember those traditionalists who said, this isn't the way we do things around here. And once the original champions left, the traditionalists took over. And they slowly, slowly starved Saturn for resources. And the end was inevitable.

And then finally, if you're going to try new ideas, and you're going to create new ways of working together and new organizations, build in a strategy for sustaining that innovation right from the beginning so that it will have legs that goes on into the future. There'll be opportunities to invent new ways of working. Again, as you go forward, remember these three lessons from the Saturn Corporation.