

Toyota's management philosophy



**ASSIGN
BUSTER**

The Toyota Way describes the 14 principles that form the foundation of this uniquely successful management style. Using profiles of a diverse group of organizations, from a variety of industries, it demonstrates how this model of success can be applied in any organization, to improve the quality, efficiency, and speed of any business process, including sales, product development, marketing, logistics, and management. This blueprint of Toyota's management philosophy offers managers in blue-collar, white-collar, manufacturing, or service environments specific tools and methods for becoming the best in their industries on cost, quality, and service.

- Principle 1: Management decisions should be based on a long-term philosophy, even if short-term financial goals may suffer.
- Principle 2: Create constant process flow to bring problems to the surface.
- Principle 3: Employ “ pull” systems to evade overproduction.
- Principle 4: Balance out the workload (heijunka)-work similar to the tortoise, not the hare.
- Principle 5: Construct a culture of ending fix problems, to get excellence right the first time.
- Principle 6: Consistent tasks are the basis for continuous development as well as employee empowerment.
- Principle 7: Make use of visual control so that no problems are concealed.
- Principle 8: Employ only reliable, carefully tested technology that complements your people along with processes.

- Principle 9: Grow leaders who systematically understand the work, comprehend the philosophy, and train others with it.
- Principle 10: Increase exceptional people with teams who go along the company's philosophy.
- Principle 11: Value your extended set of connections of partners and suppliers by testing them and helping them develop.
- Principle 12: See for yourself to meticulously appreciate the circumstances (genchi genbutsu).
- Principle 13: Formulate decisions little by little by consensus, thoroughly considering all options: put into practice decisions quickly (nemawashi).
- Principle 14: Grow to be a learning organization through persistent reflection (hansei) and nonstop improvement (kaizen).

While Jim Collins describes in his book, Good to Great his concepts of people and leaders.

Level 5 Leadership – the Level 5 Leaders are not the types which are charismatic and media. Chances are you've by no means heard of them. They are seen as humble, self-effacing as well as more concerned about the success of the company than their individual accomplishment.

First Who, Then What – Through a bus analogy, Collins argues that great companies first get talented people on the bus, then settle on where to drive it. As stated by Collins, the right people are your largely important asset.

Confront the Brutal Facts but Yet Never Lose Faith – Those Good to Great companies continue unwavering faith that they can as well as will prevail in

the end, in spite of of the difficulties, and all at once have the discipline to deal with the most brutal truths of their current reality - no matter what that might be.

The Hedgehog Concept also known as Simplicity within the Three Circles - The Good-to-Great companies do what they be able to do best (as opposed to what they desire to do best), what they are deeply zealous about, and they center on what guides their economic engine.

A Culture of Discipline - containing a disciplined culture is the other extreme of having a controlled one. Hierarchy, bureaucracy, if not excessive control is not needed.

Technology - No one in the Good To Great executives position technology as their top 5 drivers. No one of them jumped on the . com bandwagon due to panic. All of them took a careful approach as to how technology can be of great help to them to do what they do well much more.

There are so many genuine insights seen in this book. Understand that Collins has no intention to be "revolutionary". He is simply reporting data. The proposition is if you could model these significant factors, your company could as well reach the level of vastness.

The 5th Level Leader - 5th Level Leaders contain a combination of strong will plus personal humility. The 5th Level Leader shows an unwavering resolution and sets the benchmark for building great companies. In equilibrium, he demonstrates a forceful modesty, relies on inspired standards in addition to channels ambition keen on the company, and not into the character.

Comparing the two, they are similar in some ways. Collins and Liker both understand how to develop its own business. One of their similarities is their concept of people running the business. They see very good people running the operations to sales as one of their asset.

However, there are some differences on how the two authors value business. In his book, *Good To Great*, Jim Collins describes the business strategies of both successful and unsuccessful firms. Successful CEOs evolve innovative, wealth-creating plans that are long-lived, accommodate flexibility and change, and are firmly rooted in providing genuine value to customers. The unsuccessful CEOs tend to employ “quick fix” strategies doomed to be short-lived.

In his book, *The Toyota Way*, Jeffrey K. Liker describes Toyota’s preeminent form of lean manufacturing – the Toyota Production System (TPS). Liker acknowledges that firms can boost productivity in the short term by implementing TPS tools. But long-term sustainability critically depends on what he terms the Toyota Way, which is Toyota’s management commitment to invest in its people and promote a continuous-improvement culture.

Liker contends that if a company does not understand the culture behind TPS, even though it has all the tools and techniques of TPS in place, the real work of implementing lean has just begun. Essentially, TPS is about applying the principles of the Toyota Way so that workers are contributing to the improvement of the system and of themselves. The Toyota Way encourages, supports, and demands employee involvement, for it is people who carry the system to life by means of working, communicating, resolving issues, also

growing together. Thus, it is a culture even more than a set of efficiency and improvement techniques.

Based on the author's 20 years of studying Toyota, he offers 14 principles that constitute the Toyota Way and form the basis of the culture behind TPS. For ease of understanding, he divides these principles into the four categories-Philosophy, Process, People/Partners, and Problem Solving-that correlate to the four high-level principles (genchi genbutsu, kaizen, respect, and teamwork) explained in Toyota's own internal Toyota Way training document.

The idea of *understanding that drives action* is one way to put it. Good to great companies worked to understand at a deep level what made their company work, and by continually looking for new answers to the question, they developed the momentum to breakthrough into greatness

- Their leaders understood success was not about themselves as a person, but about the success of their company.
- They understood that the right people in the right seats on the bus make all the difference.
- They understood the importance of finding the truth and acting on it in the form of facing the brutal facts of reality, while maintaining unwavering faith that they would succeed.
- They understood that tapping passion, extraordinary competence, and the key economic driver builds progressive momentum.
- They understood the discipline of staying focused on the essentials and stopping the distractions.

- They understood technology is best used to accelerate momentum, not to create it.
- Finally, they understood that greatness comes from sustained commitment to disciplined people, disciplined thinking, and disciplined action that creates breakthrough momentum. Such understanding requires the integrated whole of the principles illustrated in this book. The challenge to all is to embody these principles, and by so doing, to live them out in everyday actions and interactions. By so doing, greatness, or even further greatness, awaits.