

Management practises of toyota and its sustained growth analysis flashcard



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The business approach and the values that inform their conduct has been compiled in a document entitled the The main objective of our study is to focus on the “ The management practises of Toyota” but without understanding the principles of Toyota, that is the Toyota way it is not possible to appreciate its management practises. The paper starts with the Toyota way and then goes on to explain Toyota’s management practises.

Toyota Corporation is a multinational corporation, with its headquarters in Japan. It’s the world’s largest automaker which employs approximately 316000 people worldwide.

It was founded by Kiichiro Toyoda in 1937 to create automobiles. Toyota owns and operates Lexus and Scion brands.

It has 522 subsidiaries. In addition to automobile manufacturing, Toyota also provides financial services through its division Toyota financial services. It is one of the largest conglomerates in the world. The Toyota Motor Company was awarded its first Japanese Quality Control Award at the start of the 1980s and began participating in a wide variety of Motorsports. Toyota ranks number one in global automobile sales for the first quarter of 2008.

It displaced GM and became the world’s largest automaker for the year 2008.

It held the title of the most profitable automaker (\$11 billion in 2006) along with increasing sales in, among other countries. According to the 2008 Fortune Global 500, Toyota Motor is the fifth largest company in the world. Toyota’s success comes from balancing the role of people in an

organizational culture that values their continuous improvements with a technical system focused on high value added “ flow” or processes. Toyota has imbibed in itself the Japanese quality and efficiency.

It is the way Toyota engineers and manufactures the autos that resulted in unbelievable consistency in both product and process. This is what made Toyota stand out as a high performing company with a unique culture.

TOYOTA’S MISSION AND VISION Mission Statement: “ To attract and attain customers with high-valued products and services and the most satisfying ownership experience in America. ” Vision Statement: “ To be the most successful and respected car company in America” Toyota has sought harmony between people, society, and the global environment, as well as the sustainable development of society, through manufacturing.

Since its foundation, Toyota has continuously worked to contribute to the sustainable development of society through provision of innovative and high-quality products and services that lead the times. Information on the Guiding Principles, which serve as the foundation of this approach, as well as Toyota’s CSR policies, production system, manufacturing philosophy, and management practises can be found here.

TOYOTA’S PHILOSOPHY Toyota’s management philosophy and practises has evolved from the company’s origins and has been instrumental in developing the Toyota way.

Toyota’s response to the challenges of promoting environmental and social excellence involves a total commitment from management and employees.

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This commitment is informed by a set of managerial values, business methods and practises collectively known as THE TOYOTA WAY. The Toyota way has four main components: * Challenges * Kaizen (continuous improvement) * Genchi Genbutsu (going to the source to make correct decisions) * Respect * Teamwork All Toyota employees are expected to embody these values in their daily work and other activities, including environmental protection and social initiatives.

To “ respect” the environment, other people and the communities around them, they must “ go to the source” to identify and analyze problems (Genchi Genbutsu), move on to “ challenge” conventional ideas and old habits, thereby implementing their commitment to “ continuous improvement” (Kaizen) through “ teamwork”. Among other things, the framework provided by the Toyota way enables the company to respond to a wide variety of social and environmental challenges at various stages and areas of its operations and activities.

The Toyota Way incorporates the Toyota Production System and Toyota’s management practises. The Toyota production system includes “ lean management” and “ just in time production” which have been developed by Toyota.

These production systems triggered a global transformation in supply chain philosophy. Toyota has long been recognized as an industry leader in manufacturing and production. The Toyota production system is only an example of what the Toyota way can accomplish if practised effectively. The Toyota production system is explained in detail in the later part of the report.

At Toyota people believe that using the right process will lead to the results they desire.

Principle 3 Toyota uses “ pull” systems to avoid overproduction. A method where a process signals its predecessor that more material is needed. The pull system produces only the required material after the subsequent operation signals a need for it. This process is necessary to reduce overproduction.

Principle 4 Level out the workload (heijunka). (Work like the tortoise, not the hare). Toyota believed in the goal of minimizing waste (muda), not overburdening people or the equipment (muri), and not creating uneven production levels (mura).

Principle 5 “ Build a culture of stopping to fix problems, to get quality right the first time”.

Toyota believed that quality takes precedence (Jidoka). Any employee in the Toyota Production System has the authority to stop the process to signal a quality issue. Principle 6 “ Standardized tasks and processes are the foundation for continuous improvement and employee empowerment. ”

Although Toyota has a bureaucratic system, the way that it is implemented allows for continuous improvement (kaizen) from the people affected by that system.

It empowers the employee to aid in the growth and improvement of the company.

Principle 7 “ Use visual control so no problems are hidden. ” Toyota Included in this principle the 5S Program – steps that are used to make all work spaces efficient and productive, help people share work stations, reduce time looking for needed tools and improve the work environment. The 5S’s are as follows: * Sort: Sort out unneeded items * Straighten: Have a place for everything * Shine: Keep the area clean * Standardize: Create rules and standard operating procedures * Sustain: Maintain the system and continue to improve it * Safety Principle 8

Toyota believed in use only reliable, thoroughly tested technology that serves people and processes.

Technology is pulled by manufacturing, not pushed to manufacturing.

Section III — Add Value to the Organization by Developing Your People

Toyota way includes a set of tools that are designed to support people for continuous improvement (kaizen) and continuous development. The view of management at Toyota is that they build people, not just cars. Principle 9 Toyota encouraged leaders who thoroughly understood the work, live the philosophy, and teach it to others. Toyota believed that without constant attention, the principles will fade.

The principles have to be ingrained, it must be the way one thinks.

Employees must be educated and trained: they have to maintain a learning organization. Principle 10 “ Develop exceptional people and teams who follow your company’s philosophy. ” Toyota built teams consisting of 4-5 people and numerous management tiers. They believed that success is based on the team, not the individual. Principle 11 “ Respect your extended

network of partners and suppliers by challenging them and helping them improve.

” Toyota treats suppliers much like they treat their employees, challenging them to do better and helping them to achieve it.

Toyota provides cross functional teams to help suppliers discover and fix problems so that they can become a stronger, better suppliers. Section IV: Continuously Solving Root Problems Drives Organizational Learning The highest level of the Toyota way is organizational learning. Identifying root causes of problems and preventing them from occurring is the focus of Toyota’s continuous learning system. Principle 12 Toyota believed in the policy of- “ Go and see for yourself to thoroughly understand the situation (Genchi Genbutsu). ” Toyota managers are expected to “ go-and-see” operations.