



Lessons from Toyota

By: Glen Tichbourne, Senior Associate

Most people recognize Toyota as being the world leader in designing and building cars that consumers want to buy. One of the reasons for this success is their involvement of everybody at all levels in a relentless attack on waste.

Toyota has, of course, extended this thinking throughout its supply chain and is, therefore, very particular in its selection of suppliers.

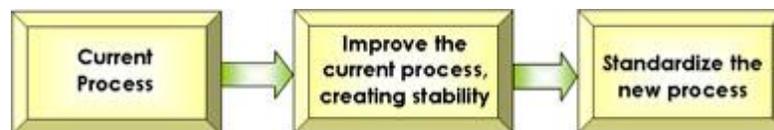
This information was part of a presentation made by a Toyota General Manager to a Chamber of Commerce.

Basic Toyota Business Foundation Blocks

These are the very basic building blocks that Toyota uses to make sure sound footings are in place upon which to build the rest of the operation. These are never compromised and are what Toyota believes to be the root of their success:

- Customer First. All decisions are based on what they believe is best for their customer and the relationship they have with the customer. If we are not focused on the customer first, then who are we focused on?
- Respect for Humanity. Toyota believes one of the major differences between themselves and their competition is the relationship they have with their workforce.
- Elimination of Waste. This is part of Toyota's everyday focus. They know that waste exists and they go after it with a vengeance. Each person in the organization is trained to identify it and generate ways to get rid of it.

Basic Plan of Attack for Improvement:



Supporting these steps are three basic tools:

- Standardize Work (everybody doing the task in the best known way)
- Make it Visual (for all to see at a glance)
- Eliminate the Waste (a daily activity)

The Three Phases of Development

To translate the foregoing principles into action, Toyota has adopted a three-phase model:

Phase One – Team Member Orientation. Each person needs to know what will be expected of them and be provided the knowledge and tools to be able to meet those expectations. Toyota spends considerable amounts of time in their interviewing process to assure they have laid the foundation for success by hiring the "right" people – those with the attitude that change is necessary and are willing to work with constant change for the better.

Phase Two – Vision and Alignment. Each person must understand the company values and, while they are at work, be willing to behave in a manner that supports those values. The glue that holds this all together is consistency on the part of the company to continually demonstrate what they believe in and how to behave.

Phase Three – Management Development. All members of management must continually work towards developing / enhancing their skills to support phases one and two.



What Toyota Looks for in a Potential Supplier's Facility

Work Place Organization – 5S is one of the main focus areas for Toyota. They believe an organized work environment is one that is efficient and safe. Much of the basic waste of confusion and clutter is eliminated in an organized work place and it becomes easier to be able to "see" improvement opportunities.

Quality Systems and Reporting Methods – making things right the first time and conveying that information to the workforce sends a message that anything less than zero defects is not acceptable. A great deal of waste can be driven out of operation by the elimination of mistakes.

Safety Record – remember one of the foundation blocks for Toyota is "Respect for Humanity." Do we need to say more?

Continuous Improvement Programs – not only is this another one of their foundation blocks, but also an indicator of how conscious they are of the value of change and making things better. Continuous improvement means you intend to be around for a long time, and Toyota would prefer not to have to spend valuable time looking for good replacement suppliers.

In a nutshell, Toyota looks for suppliers that do the following:

- Know their business and have an organized approach to running it
- Keep data-gathering and reporting simple, and make these processes visual to everyone so decisions can be made quickly and accurately by anyone
- Understand current reality – the first and maybe the most important step in determining what needs to be done to improve the future

What This Means

Regardless of your type of business or whether you ever intend to become a supplier to Toyota, consider the guidelines that they follow. Like most worthwhile management concepts, Toyota's are simple to understand but take great persistence to embed in a workplace culture. But once embedded, you will have an almost untouchable competitive advantage!

About the Author

Glen Tichbourne is one of Canada's pioneers in implementing Lean concepts, with over 20 years of related experience. He is a Senior Associate of Conway Management and provides a full range of Lean services to our customers.