

LEAN INSIGHTS

Don't blame the Toyota Production System

By Dr. Timothy D. Hill

In my 25 years of experience with Toyota — working with the company in Canada, China, Japan and the United States — I've seen the tremendous impact that the Toyota Production System (TPS) has had in the auto market, as well as countless other environments including healthcare, aerospace, government, office and administrative.

If this first-hand experience has shown me one thing, it's that TPS is not the source of Toyota's problems. Moreover, TPS continues to be the leading method for continuous improvement — and the company's most powerful tool in overcoming its recent challenges.

In a recent edition of John Shook's Lean Management column, he interviewed Jeff Liker, a professor of Industrial and Operations Engineering at the University of Michigan, about the troubles that have recently hit Toyota. Liker said:

I see the recalls as a very, very, very poor indicator of fundamental problems. They are rare, isolated engineering issues that, in this case, seem to have nothing to do with the health of TPS in plants or even product development. So far the more than six million vehicles recalled revealed three problems — an aftermarket floor mat that was misused by the public, a sticky pedal based on a composite material selected with a supplier about six years ago, and a software coding error made early in 2009. For a vehicle with about 5000 parts per model that is not a lot of errors in six years.

The most important challenge Toyota faces right now is to stay consistent with its values and principles at a time of extreme growth. So far, throughout the company's history, it has done this.

A most notable example occurred back in the 1990s, when Fujio Cho saw that the Toyota Way was weakening as the legions of Japanese co-ordinators and trainers failed to keep up with the company's North American growth.

He knew the Americans needed to become more self-reliant so, during his tenure as President of Toyota Motor Manufacturing Kentucky (TMMK), he started to develop a formal Toyota Way document. After ten years of work, he led the company to write *The Toyota Way* in 2001, which was eventually used as the guidebook to ensure a consistent global culture.

Cho had the foresight to see that the Toyota Way would not automatically sustain itself. Further efforts



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led to Toyota Business Practices — the concrete problem solving method to put the Toyota Way into practice. Then came a version of the Toyota Way for Sales and Marketing.

Toyota's recent problems are different — but the challenge is the same. The company's thinking has always been to "seek quality, and volume will follow". But the looming prize of becoming the world's number one automaker led some managers to replace the company's "quality first" policy with a "plan for volume and achieve volume" approach.

Does this mean that TPS has taken a hit? Not at all. The deficiencies for Toyota came from the managers, not

the gemba. It is likely that the burden of keeping pace with the increasing complexity of today's automobiles exceeded the pace of building capacity at the gemba.

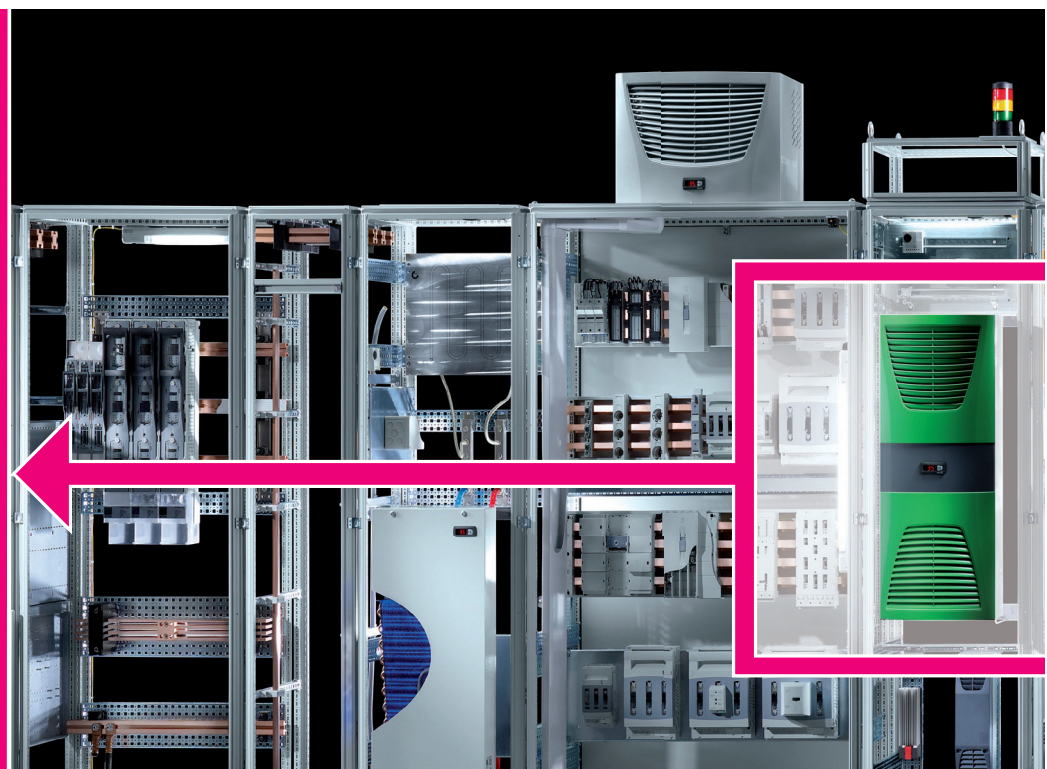
People should remember that the Toyota Production System was born in a crisis. If there's one thing that Toyota does well, it's to think its way out of a crisis. The next few months should be interesting as Toyota recaptures market share but faces judicial challenges.

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