

Spreading the “Toyota Way” Worldwide

Toyota Institute’s Mission

By Naoe KAIDA

In contrast to the growing concentration of Japanese business offices in Tokyo, Toyota Motor Corp. still has its headquarters in the city of Toyota, Aichi Prefecture, the place where it was founded. It takes about an hour by car from Toyota City to get to Nagoya, the prefectural capital. To reach Tokyo from Nagoya, it takes one hour 20 minutes on the *Shinkansen* bullet train *Nozomi*. The majority of Toyota executives live in or near the cities of Toyota and Nagoya. While Toyota is by origin a regional company deeply rooted in its neighborhood, it is on the point of becoming the world’s top automaker, taking over the post that General Motors Corp. of the United States has assumed for more than 70 years. The key force behind Toyota’s rapid growth is the reputed performance of its cars that are fuel-efficient and “don’t break down.” Another factor is the company’s management style, with its unwavering commitment to continuous *kaizen* (improvement) measures such as cost cuts and reexamination of business procedures. And what makes Toyota truly strong is that regardless of how big its operations become, all its employees share the willingness to keep on improving in quest of still higher standards of product quality.

In 2002, Toyota set up the Toyota Institute, an internal organization for developing human resources. The institute is a department in the company, but at the same time is an inhouse college for staff education, where the Toyota president serves as a dean. The institute is not intended to simply teach technology and know-how, but is designed to pass on and spread the “Toyota philosophy” and the “Toyota tradition” to the next generation and overseas footholds.

The direct impetus for setting up the institute was the formulation in 2001 of a code of conduct dubbed the “Toyota Way 2001.” It was based on two pillars

– “Continuous Improvement” and “Respect for People” – and the five keywords of “challenge,” “*kaizen*,” “*genchi genbutsu*” (go and see for yourself), “respect,” and “teamwork.” At first glance, these words may seem mundane, but they are laden with the history of Toyota.

Valuing People

In 1950, Toyota suffered a serious management crisis, prompting the then factory chief to come up with his own ideas for improvement measures. These *kaizen* measures were taken over and became widely known, leading to the globally prominent Toyota production system today. At the heart of this system is the awareness that people should be valued. This in turn calls for creating a factory devoid of waste and pursuing efficiency. By being valued, people feel gratitude and pass this feeling on to the next generation and to younger people. With gratitude having ripple effects, steps are taken to further eliminate waste and enhance efficiency.

When a person is employed by Toyota, he or she will learn Toyota’s ways of doing work and solving problems from the boss and *senpai* (senior workers) through daily work and will eventually be able to absorb Toyota’s code of conduct. In effect, anyone who becomes a Toyota employee will experience the “Toyota Way” and can come to carry on the company’s tradition.

However, following the trade friction of the “bubble era” in the 1980s, the Japanese automobile industry has moved to produce cars in markets where they are needed, instead of exporting completed cars. In a production base newly opened overseas, there were no people who knew of the Toyota Way, and no system was available to pass the tradition on. Thus the Toyota Way 2001 was set up, with the aim of making the Toyota philosophy – the source of its strength –



Toyota Motor President Katsuaki Watanabe announces the company’s production plan for 2008. The target for the automobile group is to produce 9.95 million vehicles and sell 9.85 million worldwide, nearing the 10 million mark on both fronts.

easy to understand for everyone, including overseas employees. Then the Toyota Institute was founded with the mission to train people who can properly tell others about the Toyota Way.

From Seniors to Juniors

Central to the training at the Toyota Institute is the handing down of Toyota’s management philosophy from *senpai* to *kobai* (junior workers). For all Toyota employees in their early 20s, a “special business training” camp is held where workers about five years their senior take on the role of instructors. Each instructor is assigned a group of 25 junior workers and is responsible for everything from deciding on the theme of a lesson to actually carrying out the training.

Instructors are recruited from within the company and it is customary for each department to send their best and

System to develop global human resources

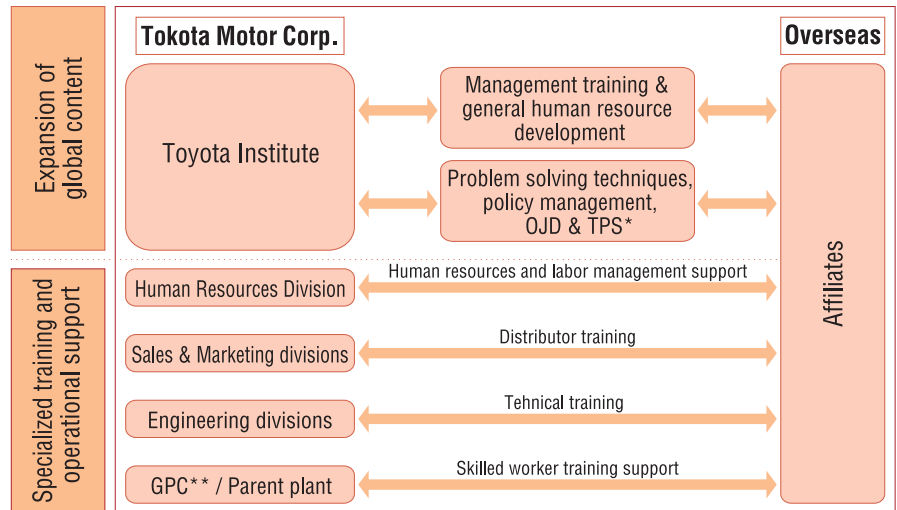
brightest staffers. The special training camp allows young employees with only a few years of experience at the company to receive job training from their seniors, but the camp is not for juniors alone. By having seniors act as instructors to juniors and relate the company's ways of solving problems and their own experiences with the Toyota Way, the camp is designed to make competent *senpai* employees reconfirm the Toyota philosophy and become aware of the role they play in handing down the corporate tradition.

There is also another style of camp, called "a specialized training camp" that is carried out in a similar way, with workers who have spent some years at the company being taught by staff about five years their senior. But its main purpose is to give Toyota the opportunity to pick out personnel capable of teaching the Toyota Way and encourage them to grow as instructors.

Meanwhile, Toyota is taking steps to disseminate the Toyota Way in a short period of time to overseas manufacturing bases to which the company's philosophy is new. Competent employees from overseas subsidiaries and affiliates are gathered regularly at intensive training camps where they are taught the Toyota Way. A "certified trainer" program has been set up to train staff as instructors so that they can teach other employees. The certified trainer is the equivalent of the *senpai* who teaches the Toyota values to *kobai*. During a term of two years, a certified trainer is responsible for spreading the Toyota Way to more than 100 overseas employees a year.

President Plays Role in Training

In addition to conducting thorough training for all employees, the Toyota Institute also carries out management training courses for executive candidates among staff worldwide. One such course is the Executive Development Program (EDP) for those of assistant manager posts and above. The goal of the EDP is to groom leaders so that they will be armed with sufficient management knowledge and leadership skills based on the Toyota Way, and also to help them further their personal connec-



Note : *OJD: on-the-job development, TPS: Toyota Production System; **GPC: Global Production Center
Source : "Sustainability Report 2006," Toyota Motor Corp.

tions both in Japan and abroad. The course is held every year for those who have been recommended as promising leaders of the future, and is limited to 20 employees each from Japan and from overseas. Under the EDP, the Toyota president and executives give lectures on subjects such as actual *kaizen* measures they have implemented or problem-solving expertise based on the Toyota Way. The lectures are followed by face-to-face discussions between lecturers and trainees. By teaching the Toyota Way from the managerial point of view, the company aims to develop the promising staff into executives who can put the philosophy into action.

When the training camp is over, trainees are separated into groups of five and choose a theme to study such as a new project proposal or a business restructuring plan that would bring tangible or intangible returns to the company. Over a period of six months, the groups do research on their chosen themes and compile recommendations in a report. To undertake the research, the members, who belong to different departments, must find the time to get together for discussions between work hours, and are required to incorporate their individual knowledge, and at times put their personal connections to use. Toyota executives may on occasion attend these meetings to dispense advice. The groups can conduct their research overseas if deemed necessary.

After the six-month course, the groups make a presentation of their research findings to the Toyota president. The president sets his ordinary schedule aside to spend a whole day at the training facility and listen to the proposals. He may ask sharp questions to the presenter, pointing out that some proposals lack last-ditch efforts to put on finishing touches or, in the case of good proposals, he may give his word to consider their viability. Participating in this presentation process is one of the ways the Toyota president directly involves himself with in an effort to develop the company's successors. It is symbolic of the pivotal role that the company head plays in transmitting the Toyota Way, and of the importance that Toyota places on human resources education.

With a "global standard" becoming the buzzword in the business community, many Japanese firms are reviewing their conventional management systems. However, Toyota, while having succeeded in becoming a globalized company, remains committed to passing on the Toyota Way that has been accumulated since the 1950s. The company is sparing no effort to share its philosophy with overseas staff in the firm belief that the source of its strength lies in the Toyota Way. **JS**

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