

Inside the Mind of Toyota

Management Principles for Enduring Growth

By Satoshi Hino

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The author states that The Toyota Production System is difficult to introduce successfully without adopting the more comprehensive Toyota Management System. This system came into being while competing for the Deming prize, which Toyota won in 1965.

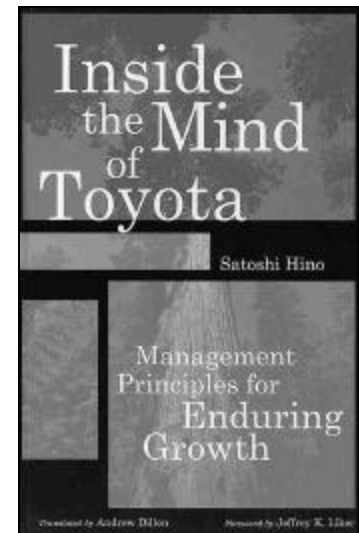
Toyota's success testifies to the value of following standard work. Of it, the author writes that "DNA is deoxyribonucleic acid, the medium for genes. Taking an analogy from music CDs, the music is the gene and the CD is the DNA. To express this relationship in terms of documented procedures of a company's organizational knowledge, we can say that recorded procedures are the genes and documents themselves are the DNA. The process of revision is what we call evolution and it is in this sense that documented procedures are the same as evolving genes. One generation's tacit knowledge becomes genes passed on to succeeding generations. The equation of documents and DNA thus reveals written procedures to be evolving genes. When a company possesses DNA in the form of documents, the organizational capabilities cultivated by each generation of managers are transmitted undiluted to the next generation. Standards are therefore a form of human wisdom hammered out with the aim of continually improving work methods."

Toyota applies standards to concepts, protocols, procedures, and things. By explaining many of

the standards, the author helps us see inside the mind of Toyota. All activities at Toyota conclude with a report and with standardization. Standardization is among the most important aspects of a manager's job. Once the rules are set, not even the president can change the standards. A change requires a committee's decision. Surprisingly, the author says, "Japanese culture is traditionally hostile to documentation."

The book seemingly has something to interest nearly everyone — meaty, fact-based sections written by the author, supported by excerpts from others. For example:

- R&D, including design reviews, parts minimization, and modular designs.
- Product Development, including a statement that development resources are proportional to development time (such as shortening development lead-time will diminish development resources).
- Manufacturing, explaining that Toyota rules prescribe using the same assembly sequences and the same manufacturing equipment in all plants.
- Purchasing and outsourcing, including a discussion of CCC21 with the aim of reducing costs by an average of 30 percent over three years, by working with suppliers to reduce the actual manufacturing costs.
- Sales, including nine rules for



Toyota Sales.

- Finance, including five rules for Toyota Finance.
- People, including discussion on motivation when employees as a group are losing their fighting instinct and their creativity.
- Other discussions include lateral propagation of ideas, product/model strategies, and the Toyota Way.

Toyota's 2010 Vision assumes an emphasis on recycling, the spread of advanced road and traffic systems, and motorization on a global scale. It calls for internal reform of engineering and product development, management systems, and profit structures. Toyota is still in the process of reinventing itself.

This "deep-think" book is for the serious student of Toyota. Every lean promotion office and every strategic planning office should consider having a copy.

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