

# Ingredients of «Toyota»'s Success

O. A. Kvasova

Institute of Humanities, Social Sciences and Technologies

Language advisor: Tatyana B. Lysunets

**Abstract:** This article draws a realistic picture of «Toyota»'s phenomena and successful development during more than 50 years. The author, relying on American researchers, shows the main aspects of company's principles and tries to follow up the main events led toward this success.

**Key words:** Toyota's Production System, one-piece flow, mergers and acquisitions, unparalleled quality, layoff, tough analysis, «pull» system, «push» system, high-tech automobile production.

Nowadays the company «Toyota» is not only a major corporation and one of the leading industrial companies in the world market car production, but also a vivid example of the success of long-term and reliable business.

The success of the company «Toyota» for decades is continued to arouse interest from managers and business people worldwide. The reliability of «Toyota»'s cars has become a benchmark for the global automobile industry, so anyone, who is interested in improving the quality of goods and services, should be familiar with the experience of this corporation. Probably it can be necessary to adopt the philosophy and some principles of Japanese management for own great development. But to find real ingredients of «Toyota»'s success is not just an easy issue. This article shows some of these ingredients and tries to reveal the «Toyota»'s phenomena in the whole.

Starting from the foundation in 1937, «Toyota Motor Corporation» and all the subsidiaries of the company were constantly seeking to contribute to the sustainable development of society by producing and offering innovative products and services of the highest quality. Because of this aspiration, they were able to develop its own philosophy, values and methods of management, which are transmitted to us from generation to generation.

Its management philosophy has been published in the «Guiding Principles» of «Toyota» (in 1992 the first version, and in 1997 - revised). Values and methods have been described in the book «The Toyota Way» («The philosophy of Toyota», published in 2001). For practical implementation of the Toyota's «Guidelines» it is required that the values and practices are shared by employees of enterprises «Toyota» all over the world (Jeffrey Liker, 2005).

Thus, the first ingredient - the development - is not just products with high quality, but also attempts to cultivate own values and philosophy starting from the foundation.

Firstly «Toyota» gained worldwide attention in 1980, when it became clear that the Japanese quality and efficiency has something special. Japanese cars worked longer than the cars from the U.S.A, and required much less maintenance. In the 1990s, «Toyota» has become particularly stand out among the Japanese car companies. It was not the eye-popping design or operational characteristics of its vehicles, although its way was easy, and the design solution is often very elegant. It has achieved an incredible process stability and product quality. «Toyota» constructed cars faster than other firms, and its machines were more reliable. But it's not just high-tech automobile production.

That's why, the second component is the emphasis on the quality and stability of car's production. «Toyota» heads did not chase for a striking design but preferred elegant variants, that were subsequently appreciated by many drivers.

«Toyota» was one of the first companies that have managed to build its internal organization, which also contributed to the success of the firm. The company has a motto: «Before we build machines we build people». The purpose of the main leaders of «Toyota» is to develop people so that they can make a worthy contribution to the common cause, able to think and to follow the principles and philosophy of «Toyota» at all levels of the organization. A leader should be a visionary to

understand what to do, who knows about teaching others how to do it, and able to educate people who need to understand what is required of them and do their job well. This approach gives a far greater impact than using of the leader only for short-term solutions to financial problems, operational decisions of different situations or find a way out of the predicaments. Devotion to the leader affects the competitiveness of the company and its viability in the long aspect. The company, bringing its own leaders and considering an important control function as «to create a learning organization» lays the foundation for a genuine long-term success.

Thereby, next ingredient is construction of the internal organization. Development of people, who can contribute to the company cause, primarily must be the basic element of leaders activity. Moreover, employees have a great responsibility to satisfy customers. For more than 50 years, Toyota experienced an extraordinary history of continuous growth without major layoffs despite the ups and downs of national and global economies (Masaaki Imai, 2005).

«Toyota» is one of the most important players in the automobile market today. And a lot of researchers are seriously engaged in the studying of «Toyota way» for the global recognition. Therefore, there are many books that provide insight into the tools and methods of Toyota's Production System (TPS). One of the most recent and also the most extensive book was written by Jeffrey K. Liker, Professor of Industrial and Operations Engineering at the University of Michigan in Ann Arbor, USA. Through his research, Liker identifies fourteen principles of the «Toyota Way», which he divided into the following four sections. And it's necessary to point out these fourteen principles in four specific part of success. Partially they can be the same as the previous ingredients.

**Long-Term Philosophy:** Toyota is about long-term thinking. The focus from the very top of the company is to add value to customers and society. This drives a long-term approach to building a learning organization, one that can adapt to changes in the environment and survive as a productive organization. Without this foundation, none of the investments Toyota makes in continuous improvement and learning would be possible.

**The Right Process Will Produce the Right Results:** Toyota is a process-oriented company. They have learned through experience what processes work, beginning with the ideal of one-piece flow. Flow is the key to achieving best quality at the lowest cost with high safety and morale. At Toyota this process focus is built into the company's DNA, and managers believe in their hearts that using the right process will lead to the results they desire.

**Add Value to the Organization by Developing Your People and Partners:** The Toyota Way includes a set of tools that are designed to support people continuously improving and continuously developing. For example, one-piece flow is a very demanding process that quickly surfaces problems that demand fast solutions, or else production will stop. This suits Toyota's employee development goals perfectly because it gives people the sense of urgency needed to confront business problems. The view of management at Toyota is that they build people, not just cars.

**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. Tough analysis, reflection and communication of lessons learned are central to improvement as is the discipline to standardize the best-known practices.

Toyota's business practices differ from those of Western automobile manufacturers in a number of aspects, but it is also should be point out as some ingredients of success.

Thus, the fifth part is a sustainable business policy, which is passed on from one generation to the other and not by short-term decision making or by the attitudes of changing management teams and variable customer tastes.

Next term is about growth. It comes from the inside out and not through mergers or acquisitions, in other words, growth through continual improvement of products and services but not through continued restructuring.

The last important ingredient of success is the control over production. For Toyota's business it's clear to follow up that production is controlled by customers' demand ("pull" system) not by production capacity ("push" system).

A rigorous researching of «Toyota» actually can show a lot of those parts that made this company one of the most successful corporation in the world. But anyway, these parts are connected with the basic ingredients which are listed previously.

Summing up, it is important to mark all ingredients of «Toyota»'s success again.

Firstly, it's development as high-quality cars, as own philosophy and manager principles.

Secondly, the emphasis on the quality and stability of car's production.

Next thing is construction of the internal organization.

The forth big ingredient is fourteen principles of the «Toyota Way», that are the basis for company's development.

Then it is sustainable business policy.

The sixth part is about continual improvement of products and services.

The control over production is the last ingredient of great success.

It's easy to say that these seven ingredients were the development framework of the company «Toyota» and allow active development up to these days.

### **References:**

1. Jeffrey Liker «Dao Toyota: 14 management principles leading companies of the world» / Jeffrey Liker - Moscow: Alpina Business Books, 2005. – 402 pages.
2. Masaaki Imai. Kaizen: The Key to Japan's Competitive Success / Masaaki Imai, - 2nd ed. - Moscow: Alpina Business Books, 2005. – 274 pages.

Kvasova Olga Andreevna – Student at the Institute of Humanities, Social Sciences and Technologies of TPU.

E-mail: kvasova2009@mail.ru